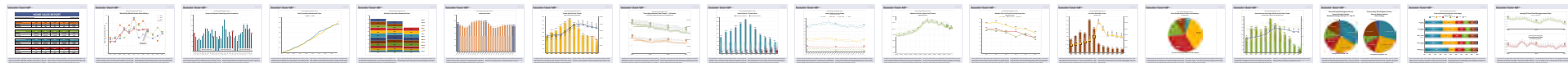




Harrisonburg & Rockingham County Real Estate Market Report

HarrisonburgHousing*today*.com

October 8, 2011



An analysis of real estate activity through August 31, 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: September

79 homes sold in September 2011, showing a 44% increase from September 2010 when 55 homes sold -- and a 10% increase from September 2009 when 72 homes sold.

Home Values: September

Median sales prices decreased 2% and average sales prices decreased 11% when comparing September 2011 to September 2010.

Days on Market: September

Homes sold in an average of 224 days in September 2011, a 22% increase from 184 days in September 2010 and a 3% increase from the 217 day average in September 2009.

Foreclosures

160 trustee deeds have been recorded thus far in 2011 compared to 600 home sales reported through the HRAR MLS. At this pace, foreclosures will likely decrease in 2011.

Inventory

Inventory levels decreased slightly in September 2011 to 846 residential properties for sale, down from 877 one month ago, and down from 981 one year ago, in September 2010.

Pace of Home Sales: Year to Date

600 homes have sold thus far in 2011. This marks a 2% increase from the 2010 year to date when 587 homes had sold, and only a 0.5% 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 (211 days) increased 10% since 2010 year to date when the average was 192 days on the market.

Supply

All price ranges still show an excess of housing supply, with 12 months under \$200k, 13 months between \$200k and \$300k, 17 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 \$103/sf during the 2nd and 3rd quarter of 2011 as compared to \$101/sf in the 1st quarter of 2011.

Buyer Activity

67 buyers committed to buy in September 2011, compared to 74 in September 2010, and 52 in September 2009. Year-to-date contracts (739) have increased 15% over last year.

Single Family Home Sales

470 single family homes sold thus far in 2011, compared to a 2010 total of 555 homes. The median sales price has decreased to \$187,000.

Townhome Sales

130 townhomes sold thus far in 2011, compared to a 2010 total of 203 townhomes. The median townhome sales price has decreased to \$140,250 thus far in 2011.

Lot Sales

52 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 slightly to \$52,750 over the past year.

Land Sales

38 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 \$16,673 in 2011 from \$14,552 in 2010.

HOME SALES REPORT

Harrisonburg & Rockingham County

October 8, 2011

# Home Sales	2008	2009	2010	2011	% Change ('10 - '11)
September	80	72	55	79	43.64%
Year-To-Date	762	603	587	600	2.21%

Median Sales Price	2008	2009	2010	2011	% Change ('10 - '11)
September	\$199,942	\$204,500	\$175,500	\$172,000	-1.99%
Year-To-Date	\$197,900	\$190,000	\$180,000	\$173,500	-3.61%

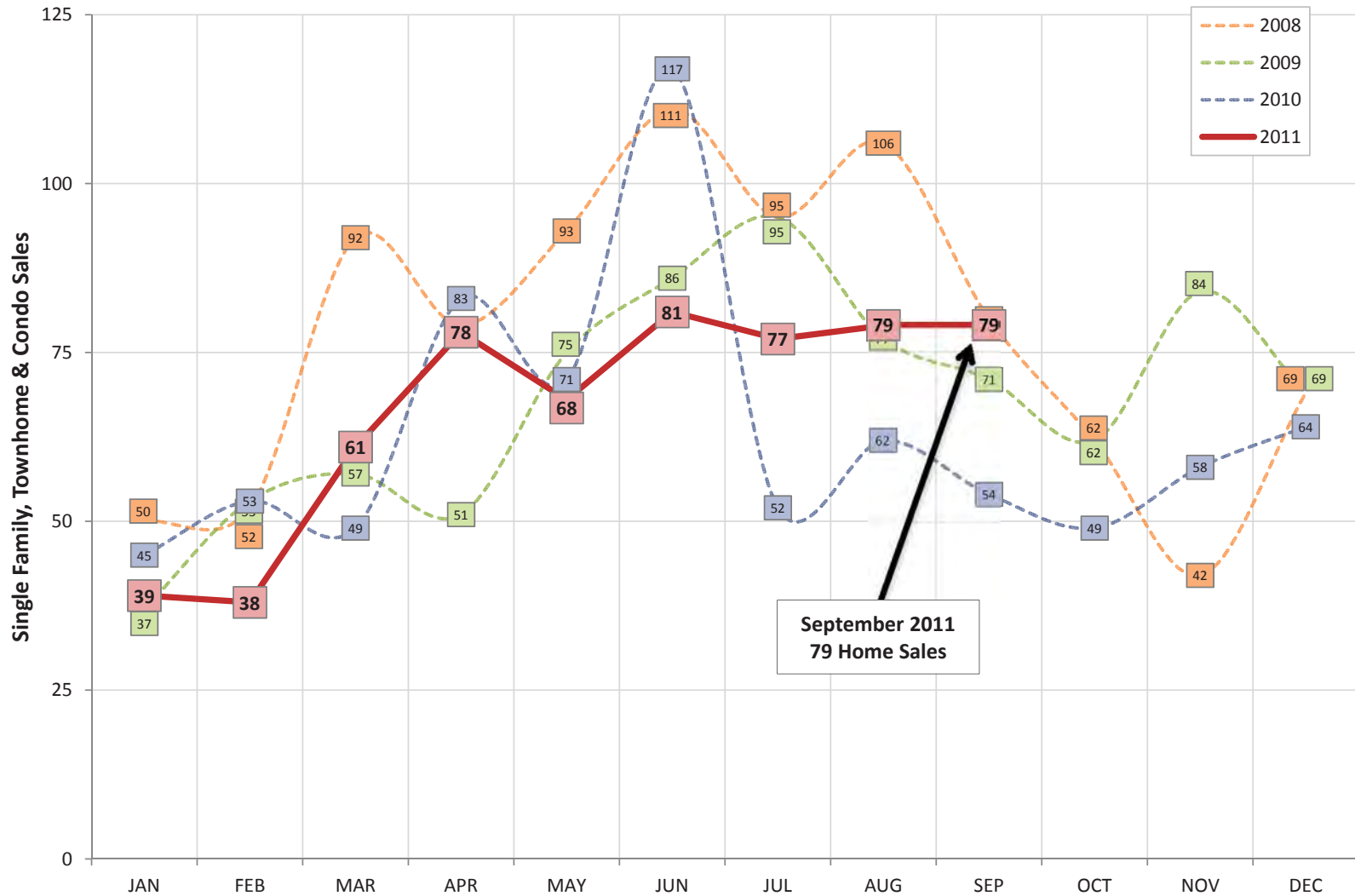
Average Sales Price	2008	2009	2010	2011	% Change ('10 - '11)
September	\$216,034	\$219,715	\$193,474	\$172,404	-10.89%
Year-To-Date	\$223,704	\$219,379	\$210,517	\$196,939	-6.45%

Average Days on Market	2008	2009	2010	2011	% Change ('10 - '11)
September	200	217	184	224	21.74%
Year-To-Date	167	190	192	211	9.90%

Home sales soared, again, in September 2011 with 79 residential sales as compared to only 55 home sales last September. September's 44% increase in home sales brought year-to-date home sales to 600 transactions, a 2% increase over 2010 year-to-date. Not surprisingly, median sales prices declined slightly both in September

and year-to-date, 2% and 4% respectively. This decline in sales prices seems to be slowing in 2011, which would make sense given the apparent stabilization in the pace of home sales. The average length of time that homes were on the market, however, continues to increase -- with year-to-date figures at 211 days.

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

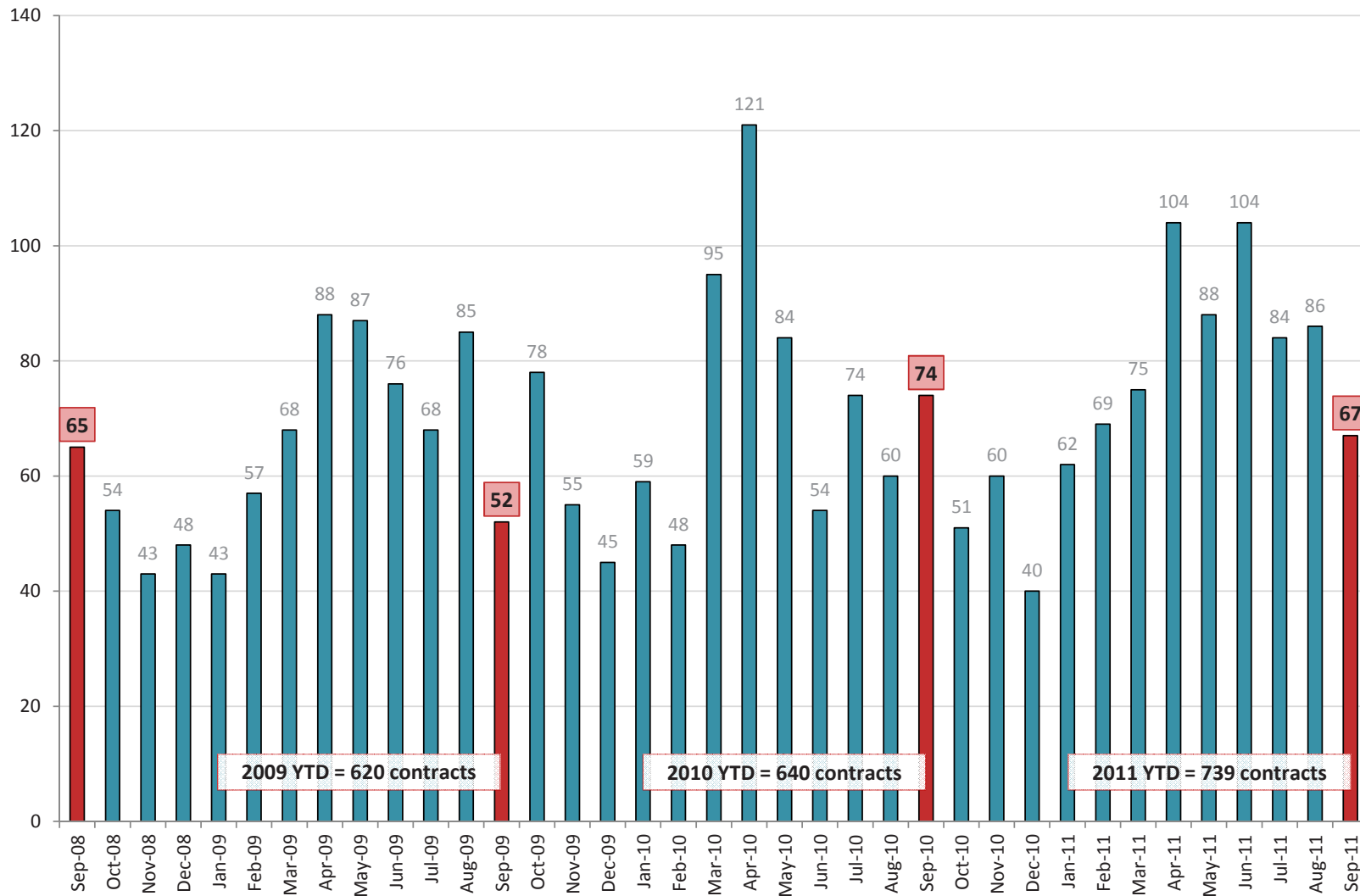


September 2011
79 Home Sales

September 2011 home sales (79) marked an increase over both September 2010 (54 sales) and 2009 (71 sales). The increase over last September is to be expected, as home sales were quite slow in the second half of 2010 due to the mid-year expiration of the federal home buyer tax credit. The increase over September 2009,

however, is a welcome sign that the pace of home sales in 2011 may signify and overall stabilization of the local housing market. Of note, home sales from April 2011 through September 2011 have been quite stable, without a significant Summer increase, which may indicate we'll continue to see a strong Fall sales season.

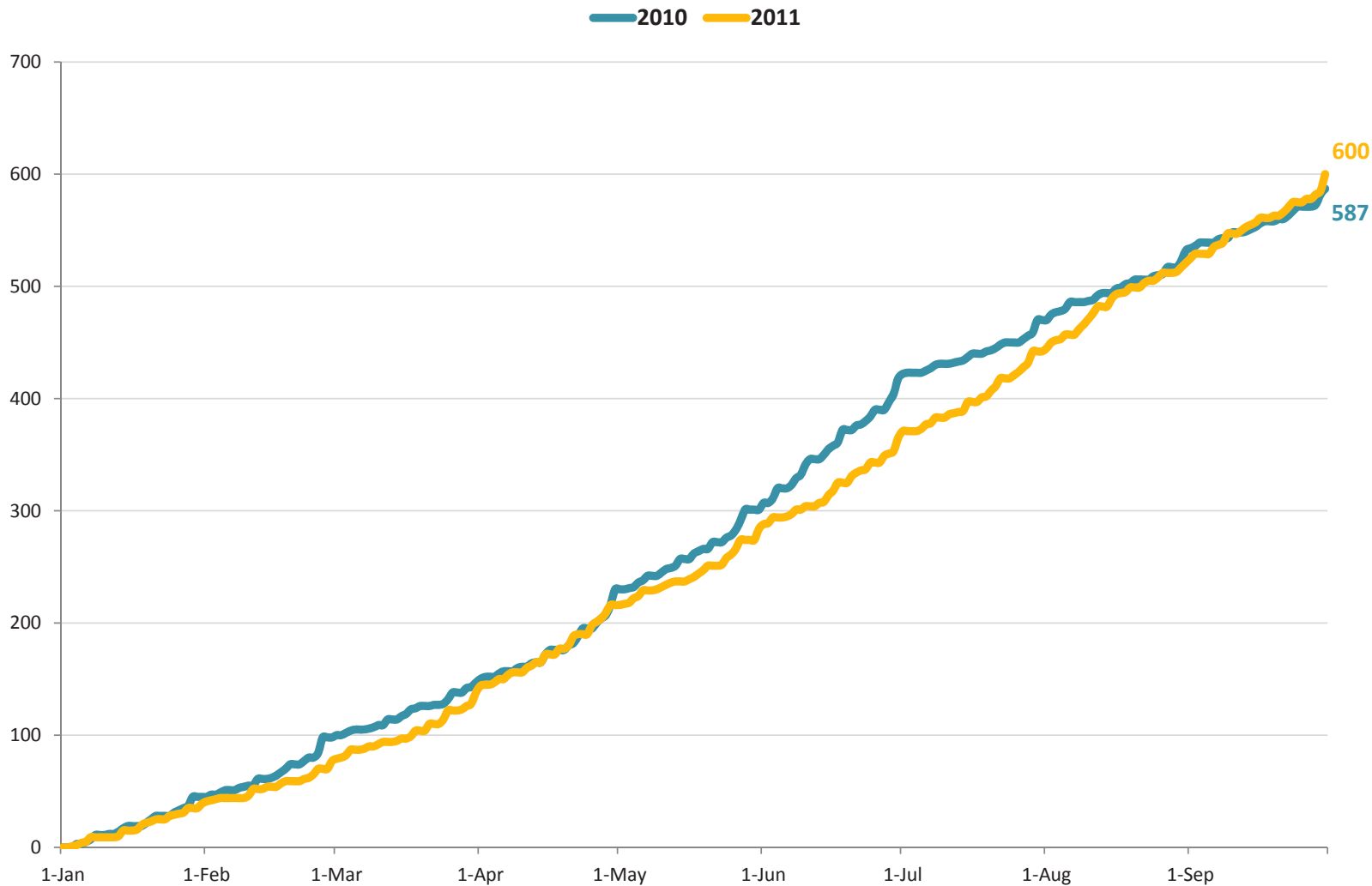
Harrisonburg & Rockingham County
Buyers Per Month Committing to Buy Properties



The pace of home buyers committing to buy properties slowed slightly in September 2011 (67 contracts) as compared to September 2010 (74 contracts), but other big picture indicators suggest we will see continued strength in the market. Year to date, 739 contracts have been ratified, as compared to only 640 contracts during the

same time period last year. This year-to-year 15% increase in buyer commitments has been slowly translating into an increase in the pace of home sales. The pace of contracts during the fourth quarter of 2010 was quite slow, and thus I expect we'll continue to see further year to year growth in this measure.

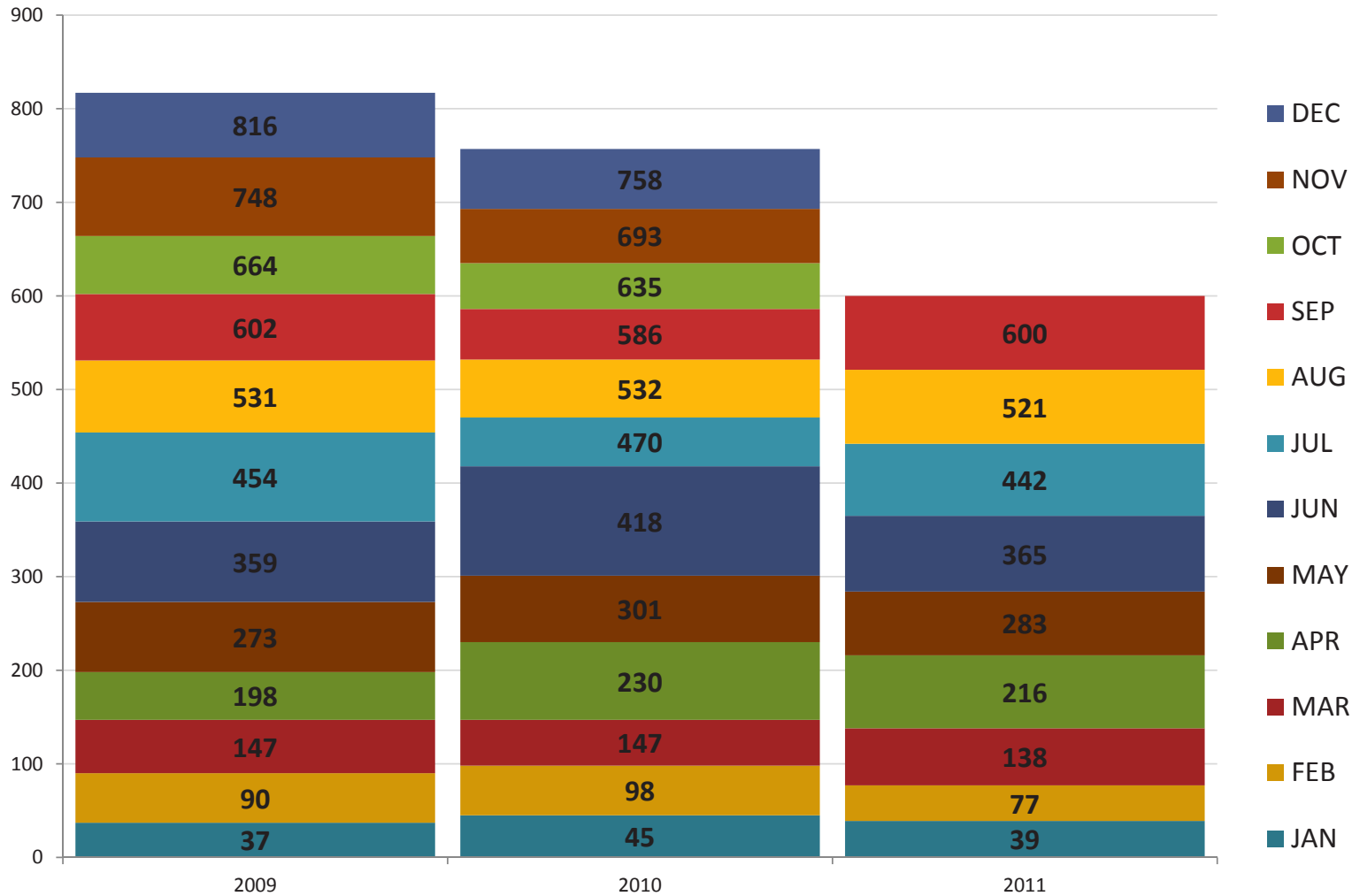
Harrisonburg & Rockingham County Daily Cumulative Residential Sales



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 2.2% edge over 2010. Slower sales in the fourth quarter of 2010 should extend the lead for 2011 as we proceed.

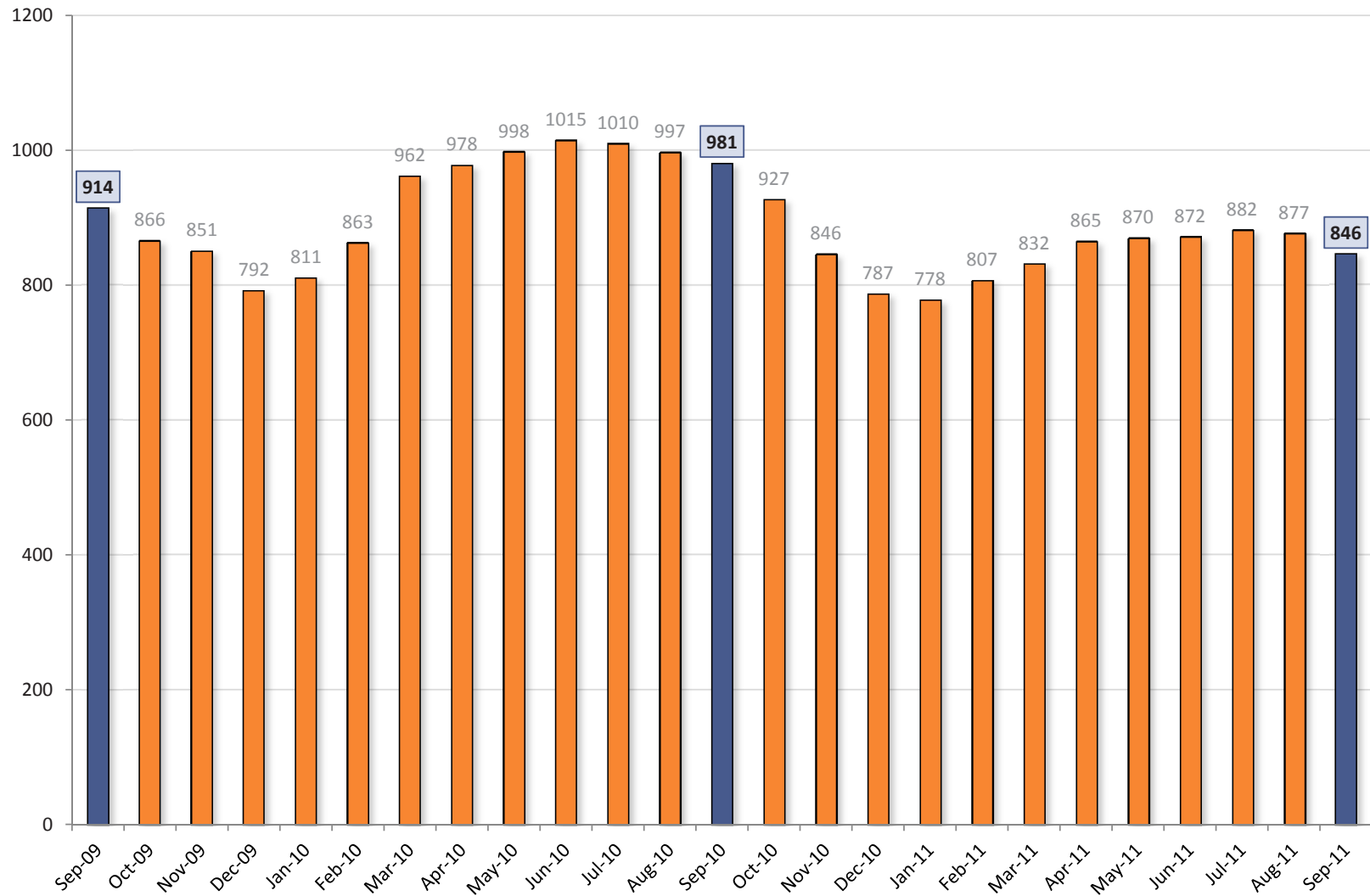
Harrisonburg & Rockingham County Monthly Cumulative Residential Sales



This graph shows the month by month cumulative count of residential sales in Harrisonburg and Rockingham County. You'll note that the 600 home sales in the first nine months of 2011 exceeded the first nine months of 2010 (586 home sales) and came close to exceeding sales during the first nine months of 2009 (602 home

sales). Slower sales during the fourth quarter of 2010 (particularly October and November) should allow the home sales in 2011 to finally exceed the pace of home sales in the previous year -- a phenomenon that has not happened in several years.

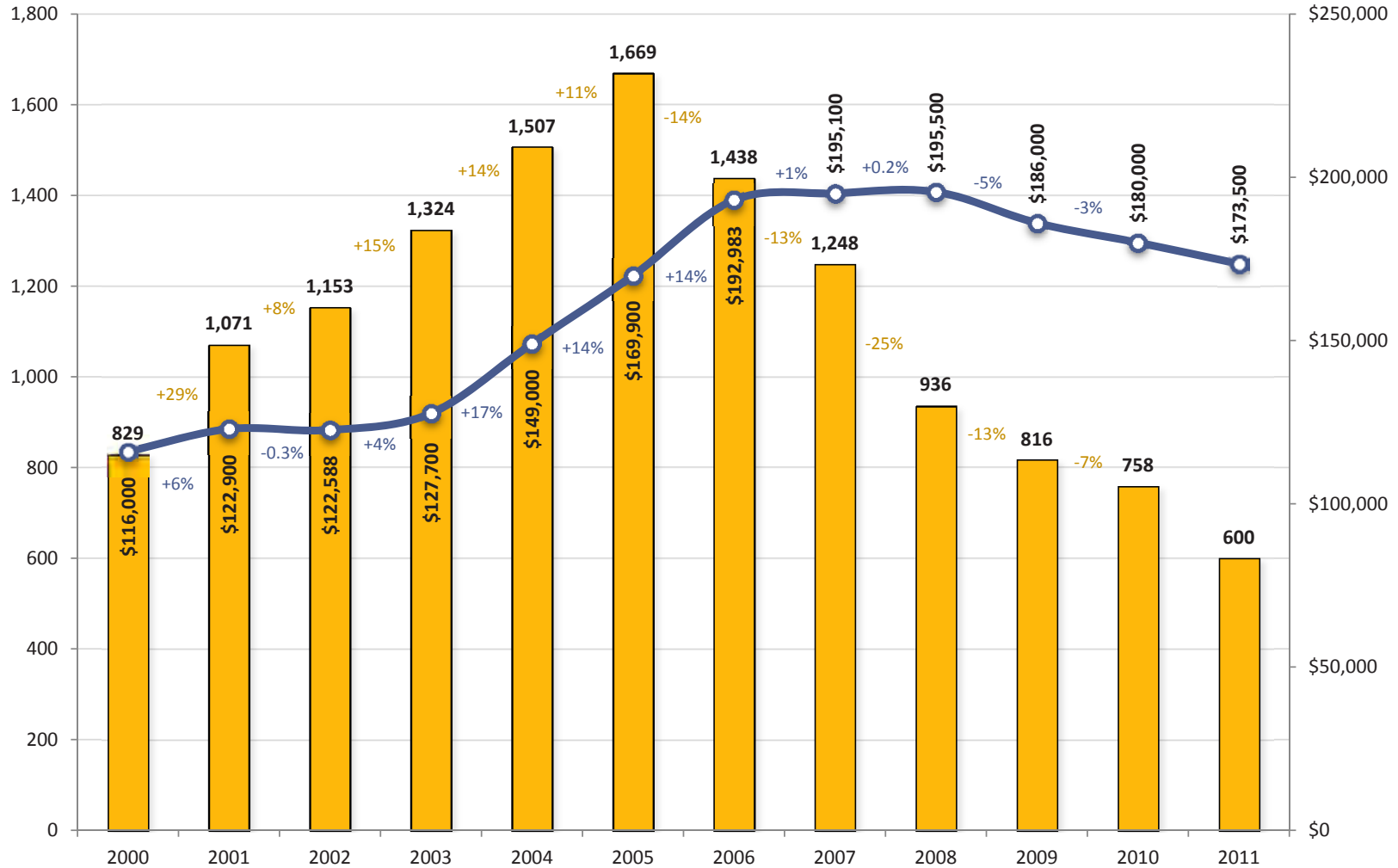
Harrisonburg & Rockingham County
Inventory Levels



Inventory levels remained rather sane during 2011, without a huge rush to market during the summer months. Over the past 12 months (September to September) inventory levels have actually decreased 14%, helping to (slowly, slowly, ever so slowly) start to balance the market between buyers and sellers. Given the trends

from the past several years, we should now start to see inventory levels decline as we finish out the remainder of 2011. Perhaps we'll even get down to a low of 700 homes for sale during the typically low months of December or January?

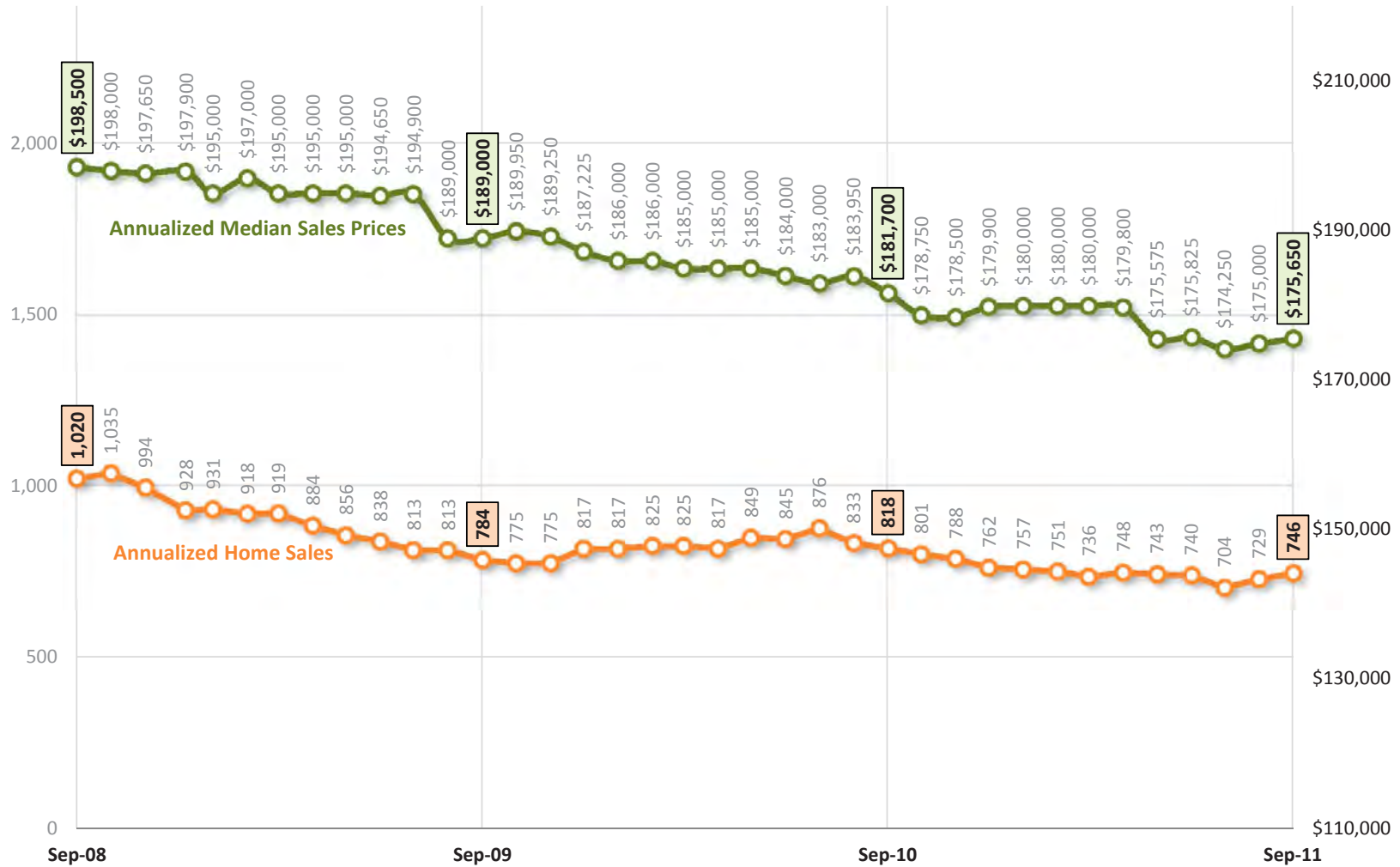
Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes & Townhomes



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. If we do start to see a stabilization of the pace of home sales (at least 758 sales this year) we might 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 (-3.6%) is on very similar to the market adjustment we experienced between 2009 and 2010 (-3.2%).

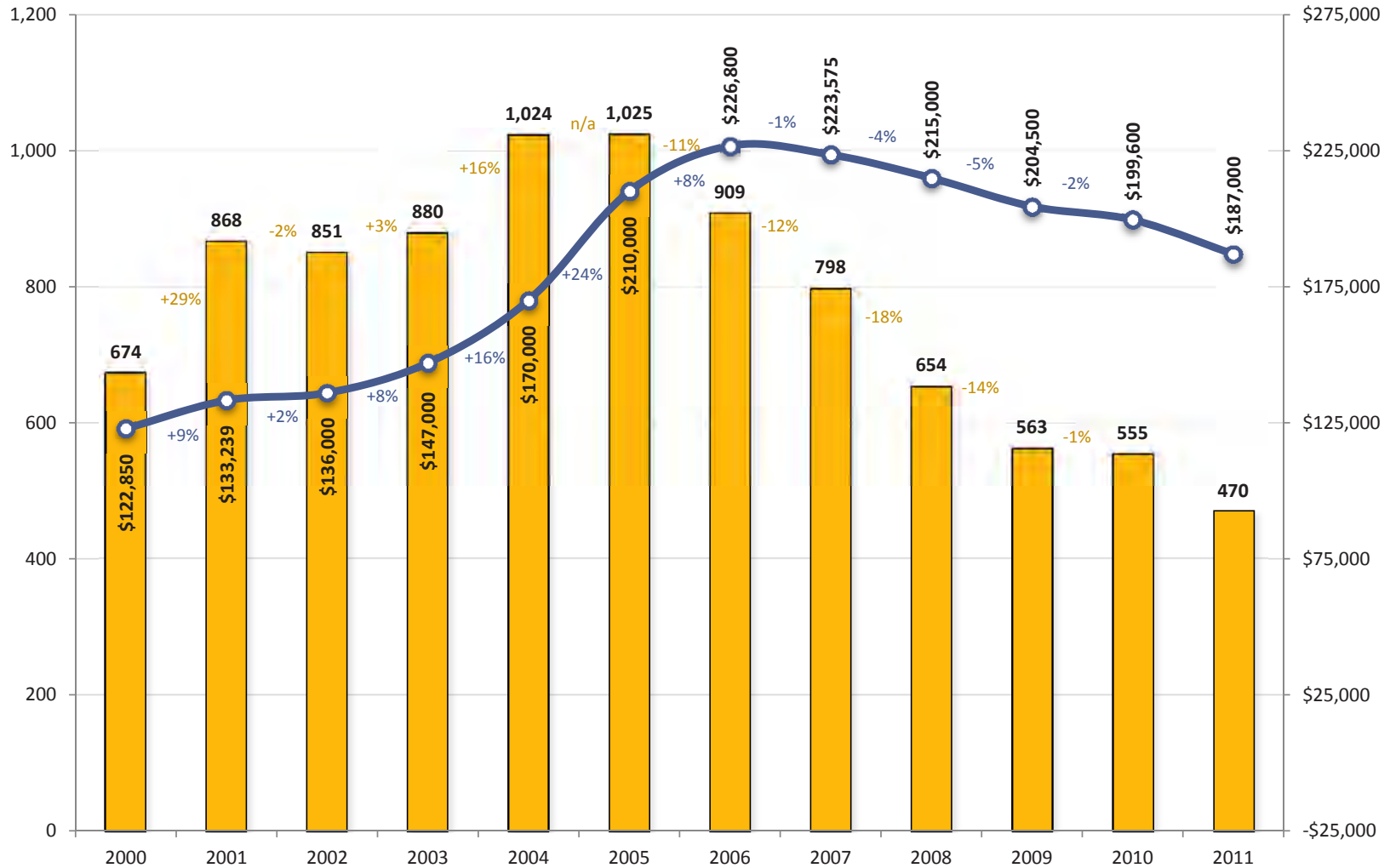
Harrisonburg & Rockingham County Time-Adjusted Home Sales Trends :: All Homes # Home Sales, Median Sales Price in each 12 Month Period



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 27% decline in annualized home sales and a 12% decline in median sales prices. It is interesting to note that both the annualized pace of home sales the annualized median sales price have started to increase over the past several months.

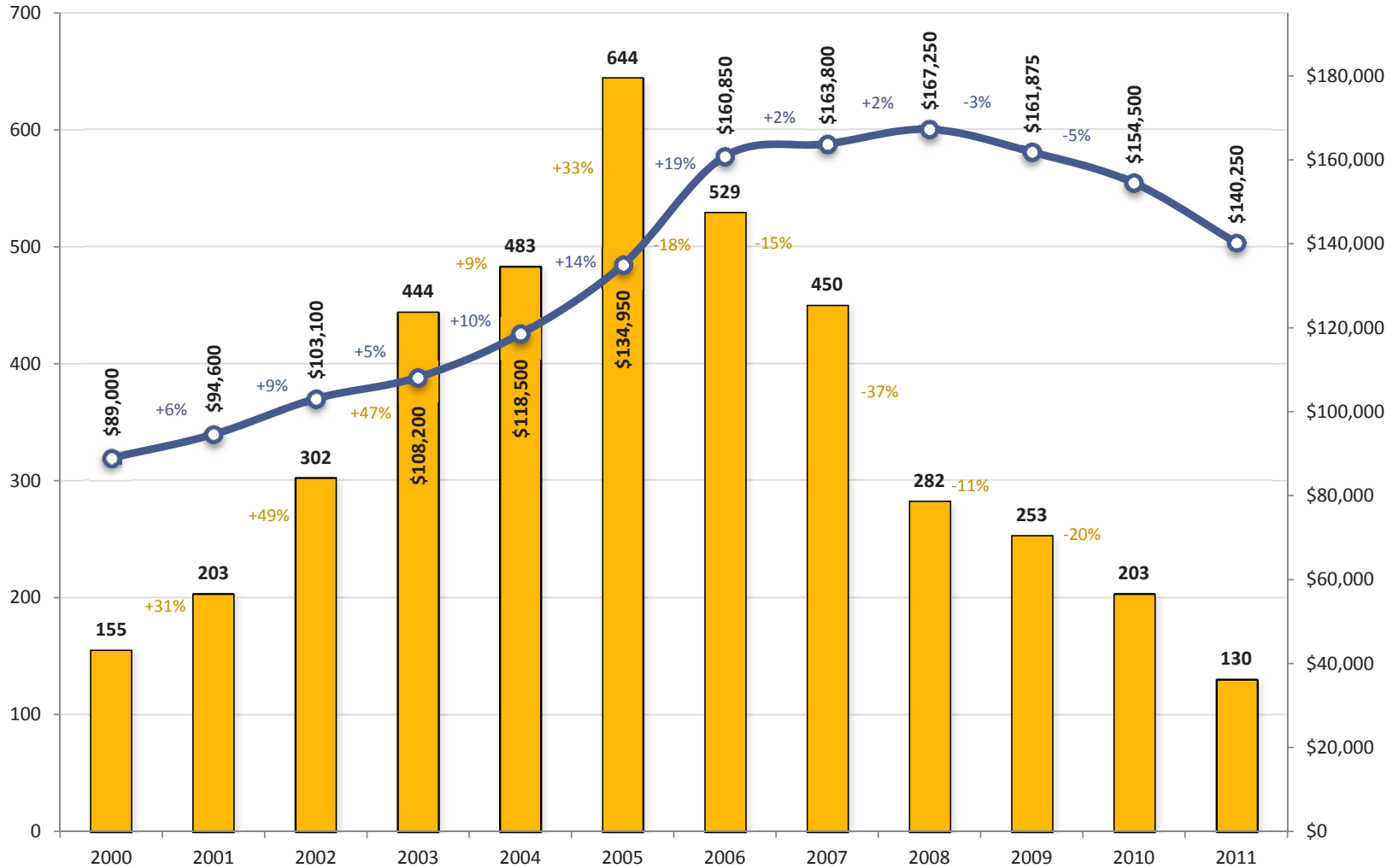
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Single Family Homes



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. Based on year to date sales, we

are likely to see an increase in the number of single family homes sold in 2011 (as compared to 2010). Despite this forthcoming 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.

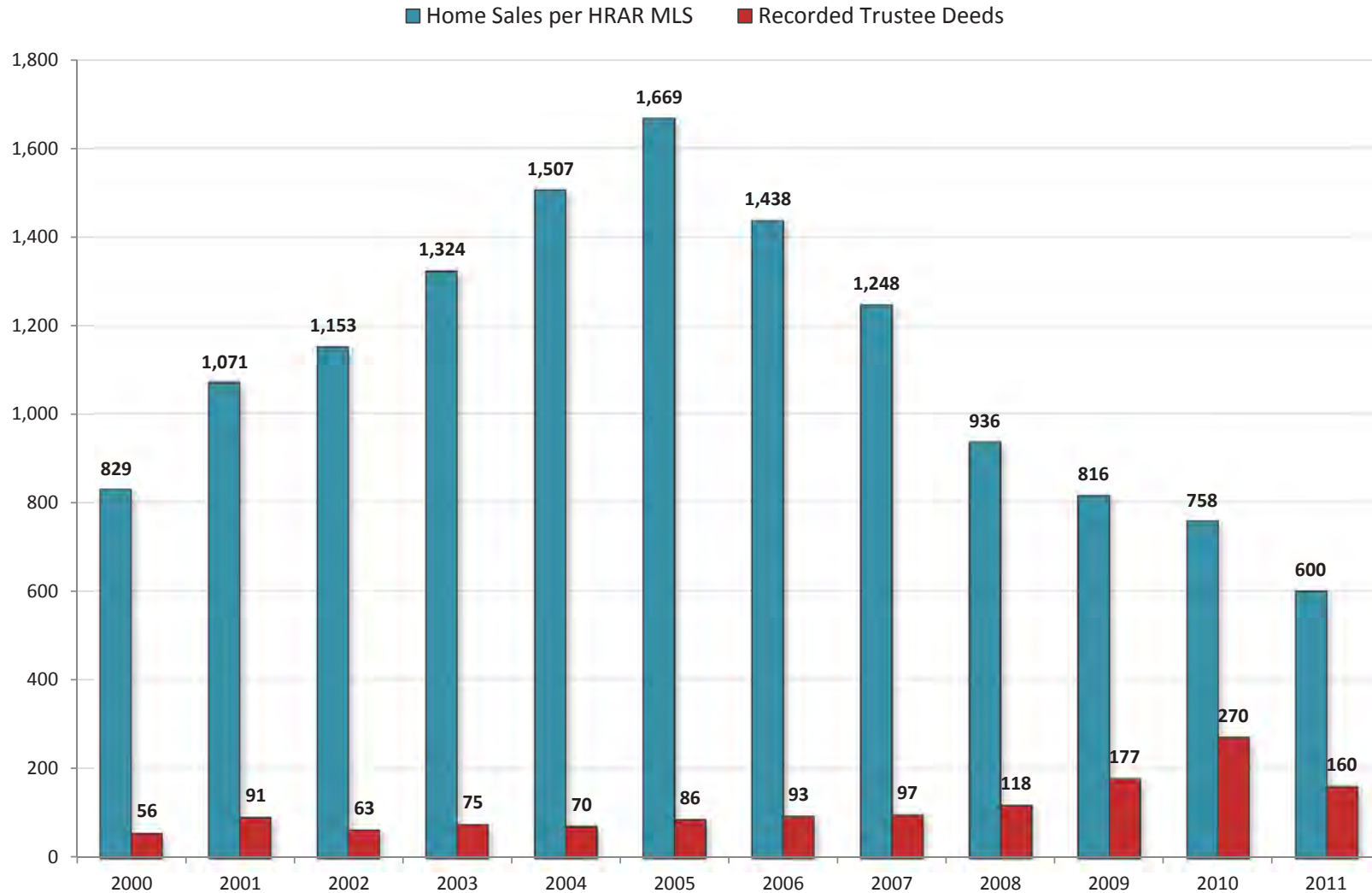
Harrisonburg & Rockingham County Home Sales & Price Trends Townhomes



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 (-9%). At this point, the median sales price

of townhomes is down to only \$140,250 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 160 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

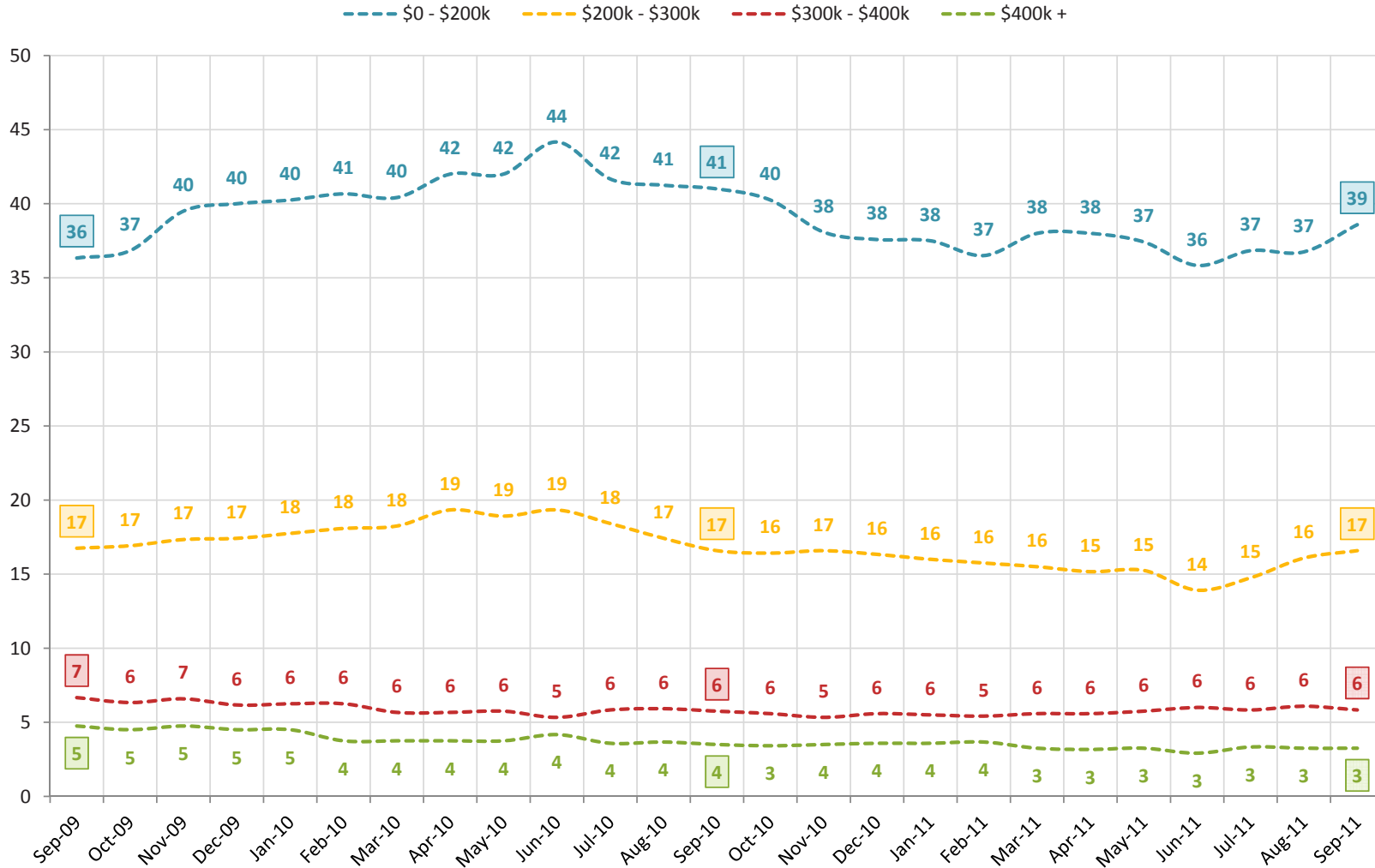


The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales (without a Realtor), nor any new home sales directly from a builder. The red bars show the 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 (3.75 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

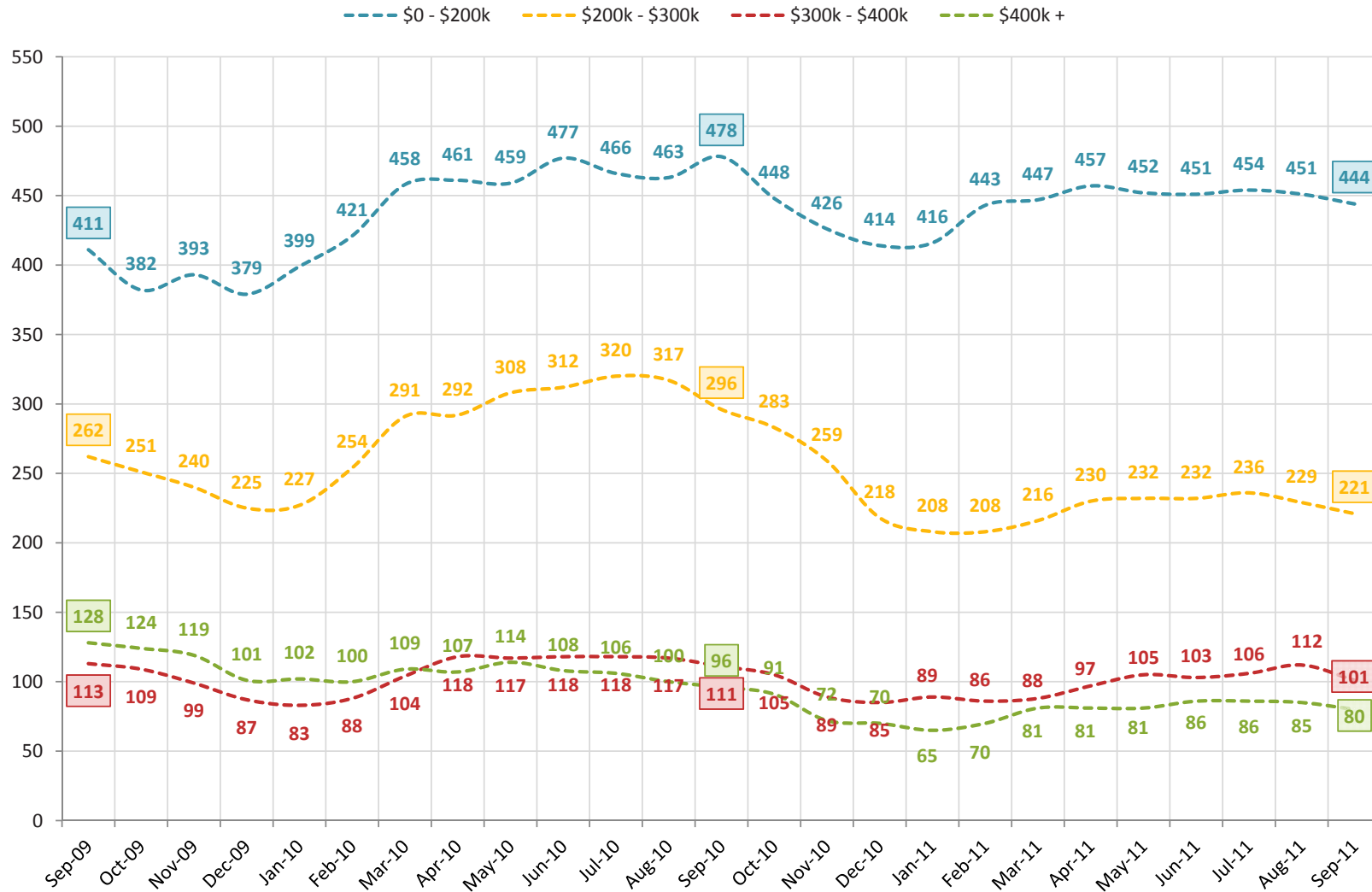
(Average of Past 12 Months)



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 finally started to show an increase again, with steady increases since June 2011.

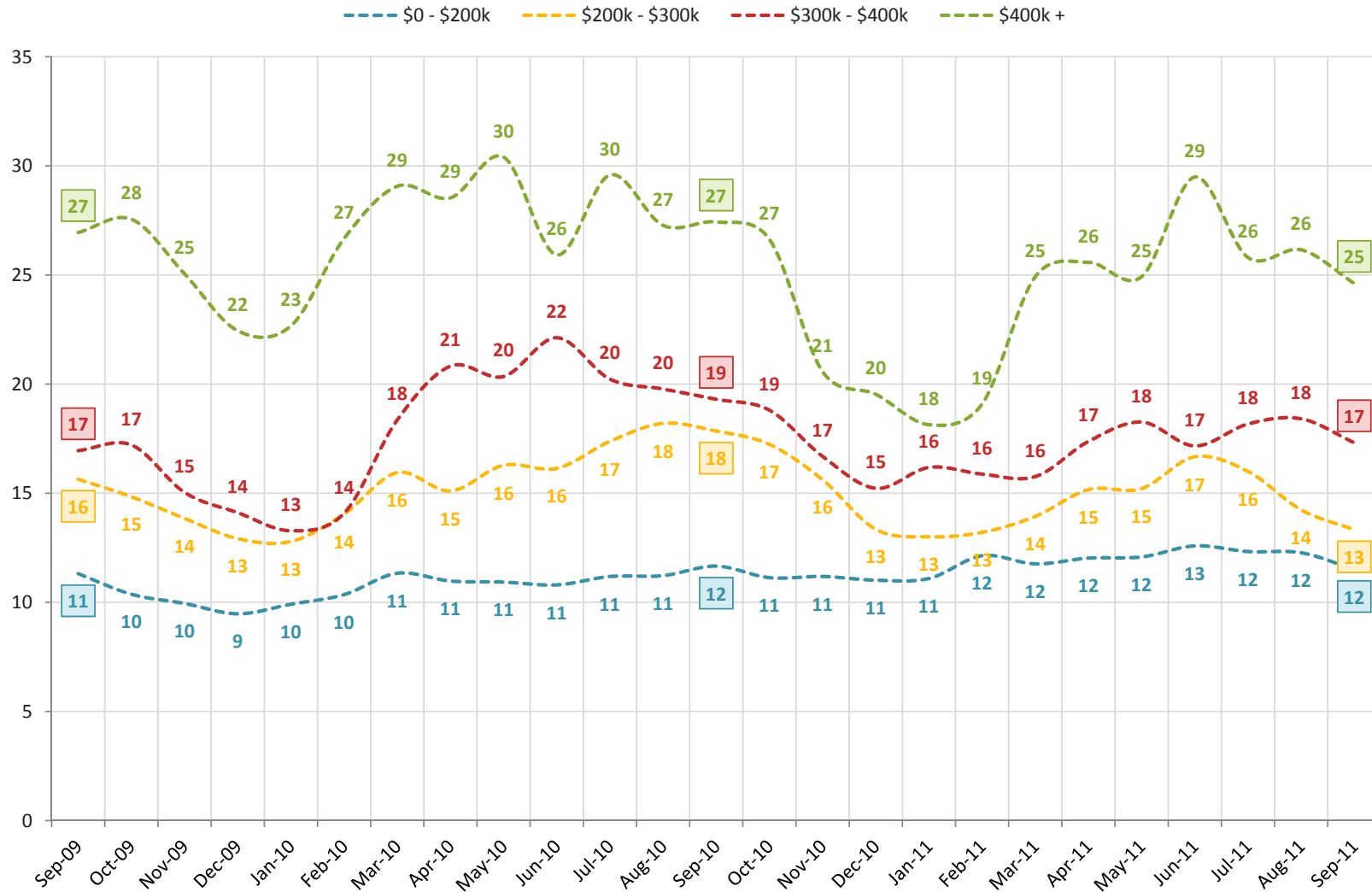
Harrisonburg & Rockingham County Inventory Levels by Price Range



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 38% decline in inventory from 128 homes for sale in September 2009 to only 80 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.

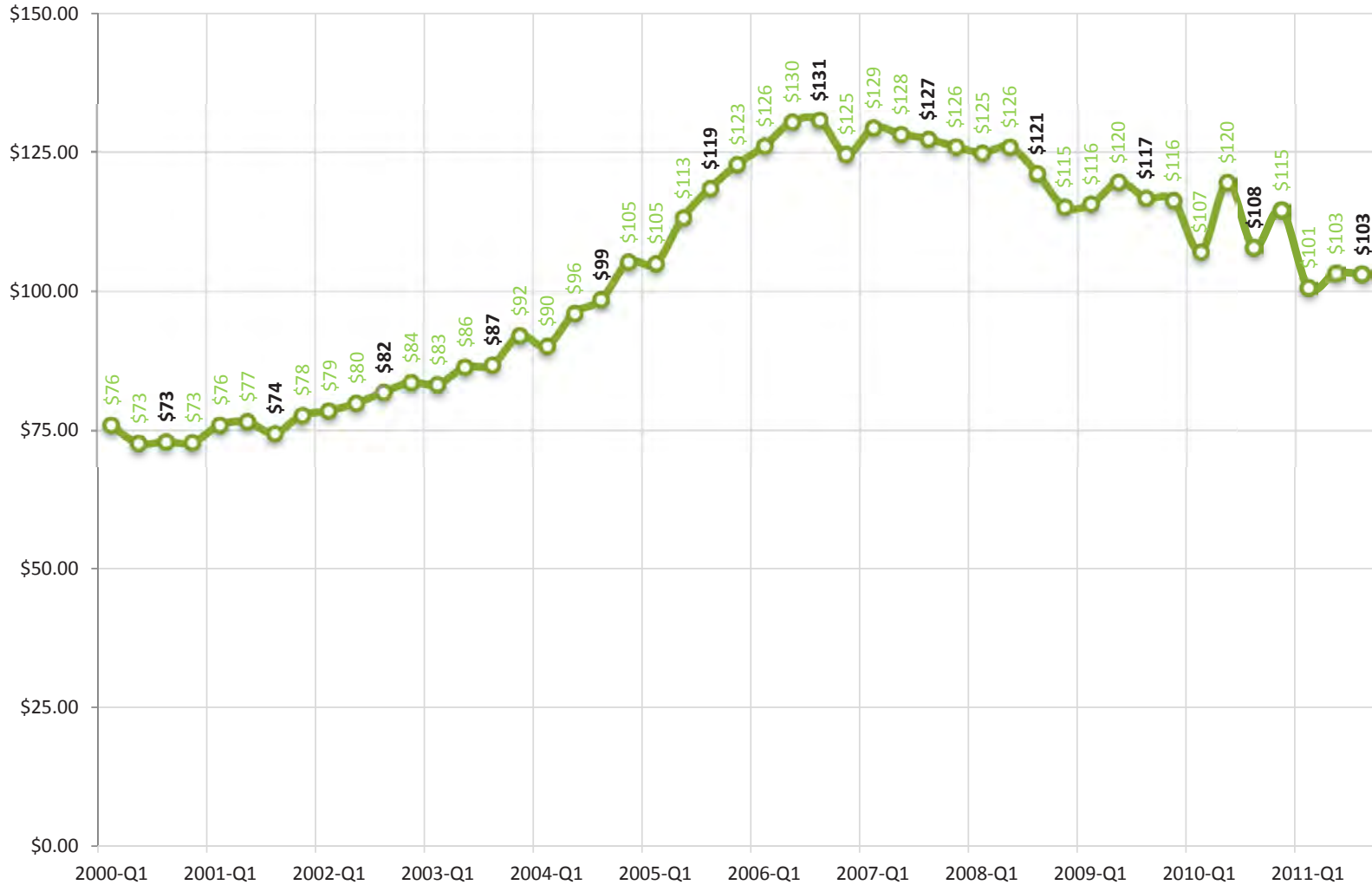
Harrisonburg & Rockingham County Months of Housing Supply by Price Range



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 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 prices increase. Of note, after several months of healthier supply metrics in the \$400k+ market between November 2010 and February 2011, the supply has increased yet again in this price range to more than two years.

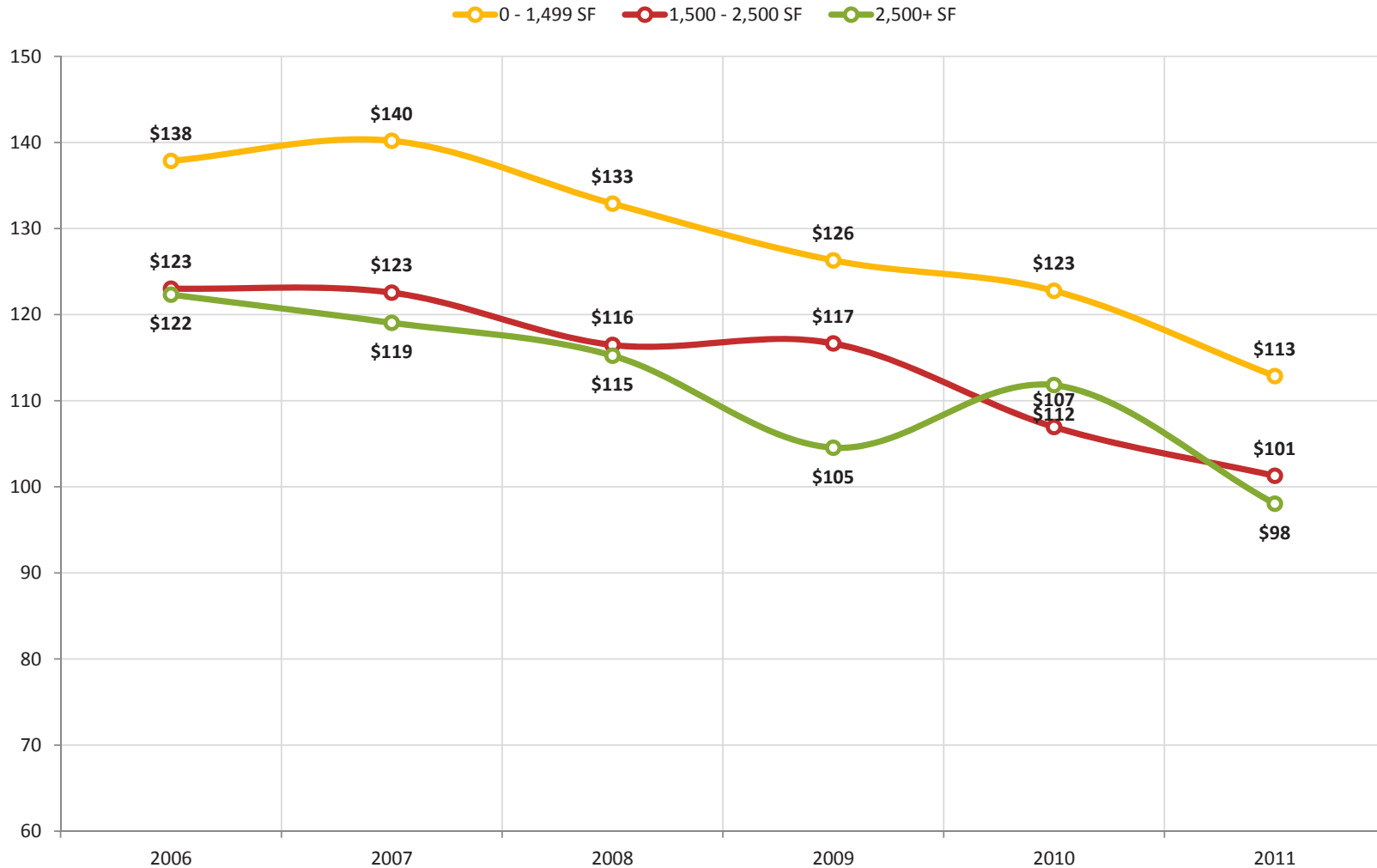
Harrisonburg & Rockingham County Median Price Per Square Foot Trends Single Family Homes



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 upward blips in this metric.

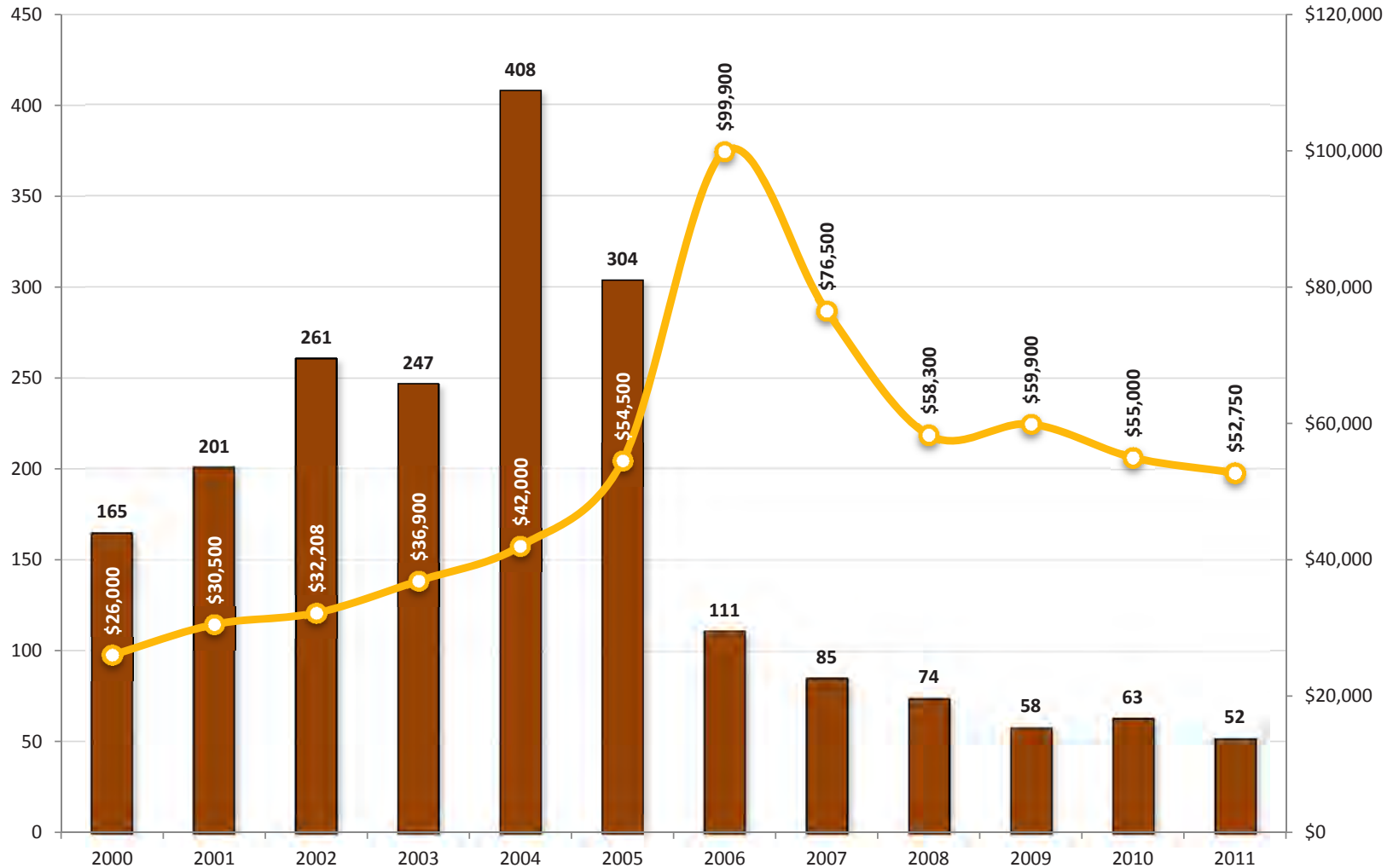
Harrisonburg & Rockingham County Median Price Per Square Foot by Home Size Single Family Homes



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 (\$98/SF) than homes that offer less than 1500 SF (\$113/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.

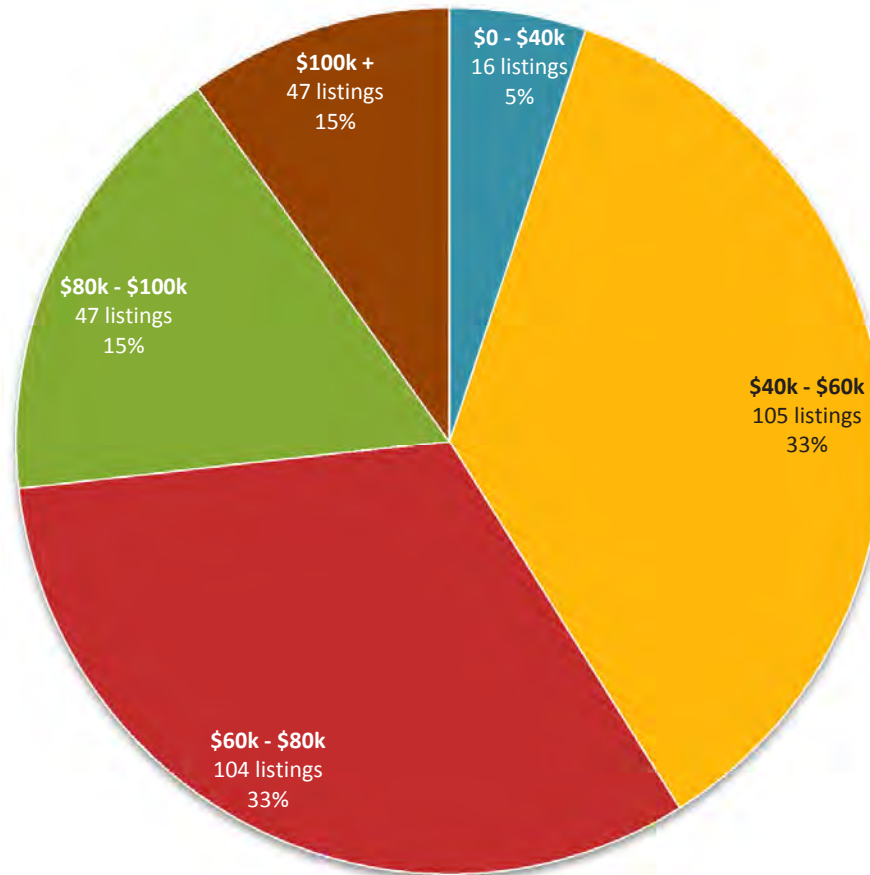
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



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 52 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 slightly, to a current value of \$52,750.

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

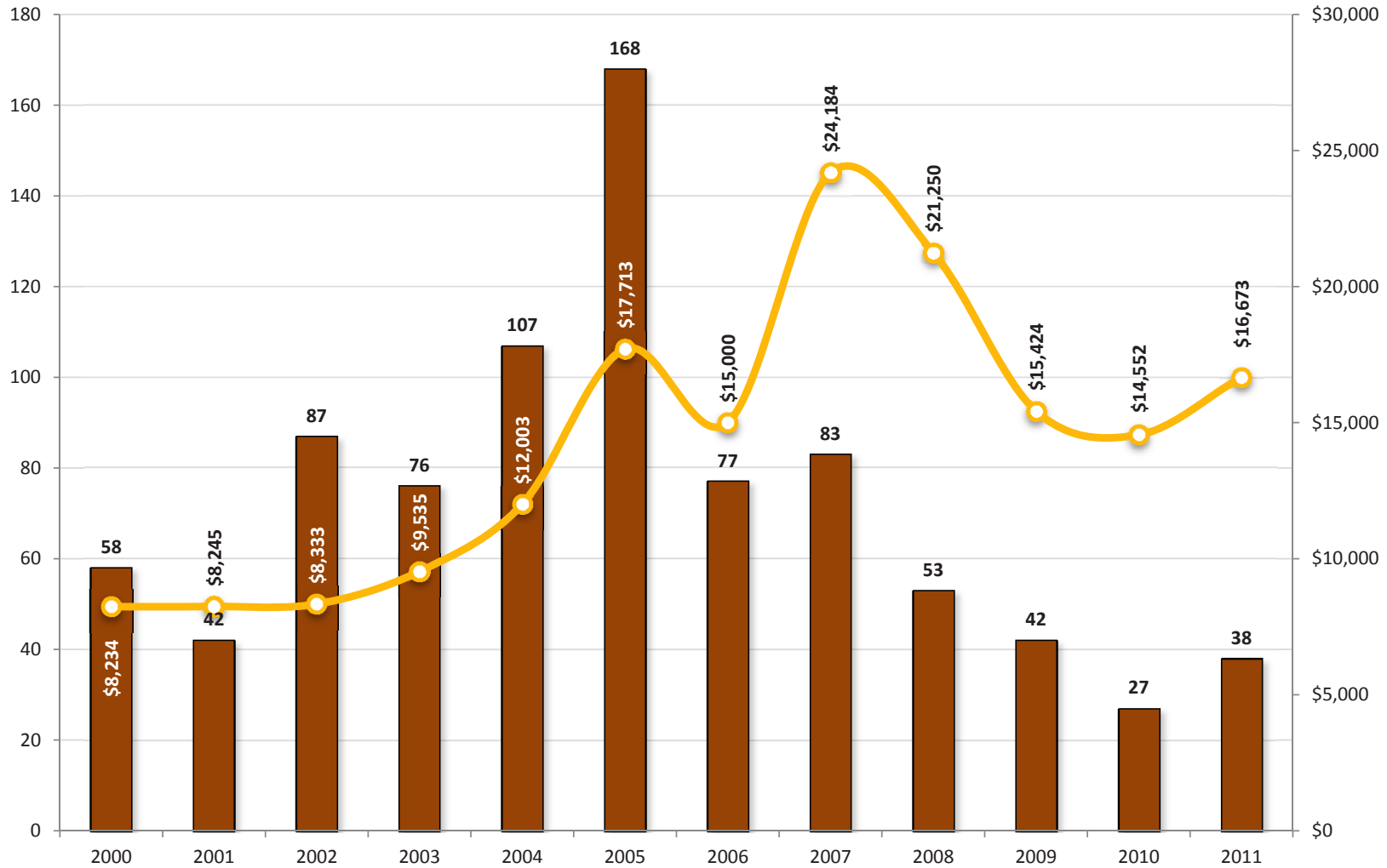


314 Active Lot Listings; Median List Price: \$69,250

Despite the fact that only 63 lots (of less than an acre) sold in all of 2010, there are an amazing 314 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 314 lots for sale is currently \$69,250. 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, 63% 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.

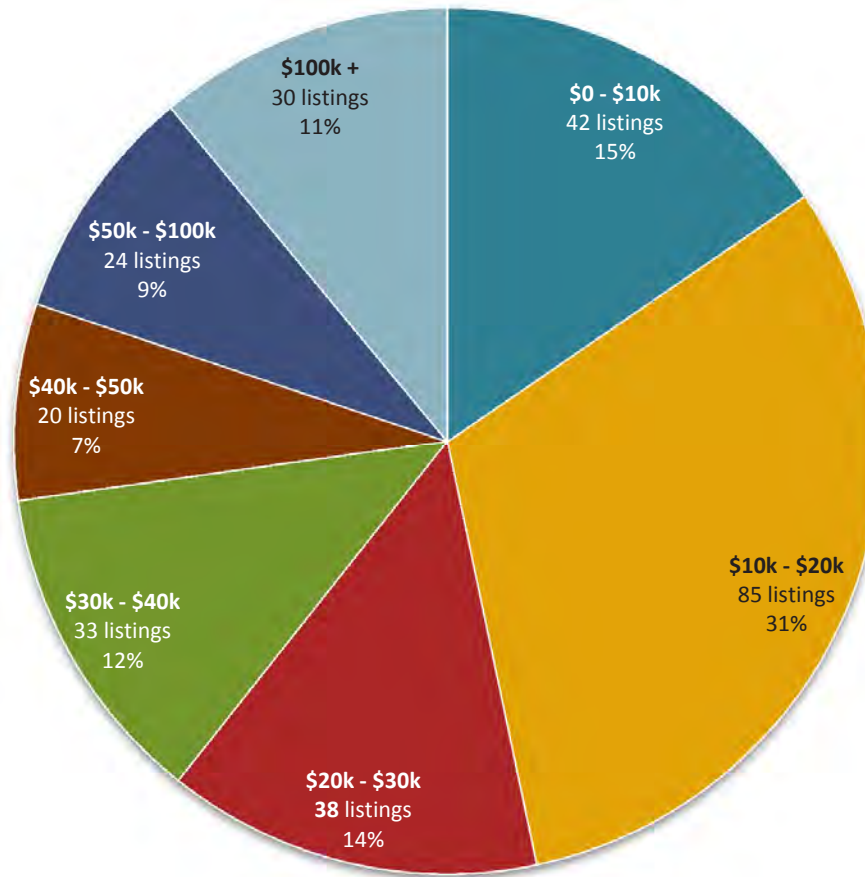
Harrisonburg & Rockingham County
Land Sales & Median Price Per Acre
 1 acre or more



Parcels of land larger than one acre in Harrisonburg or Rockingham County are selling quite quickly this year as compared to last year. During all of 2010, only 27 such land sales were recorded in the HRAR MLS, but we have already seen 38 sales during the first nine 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 \$16,673 per acre.

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

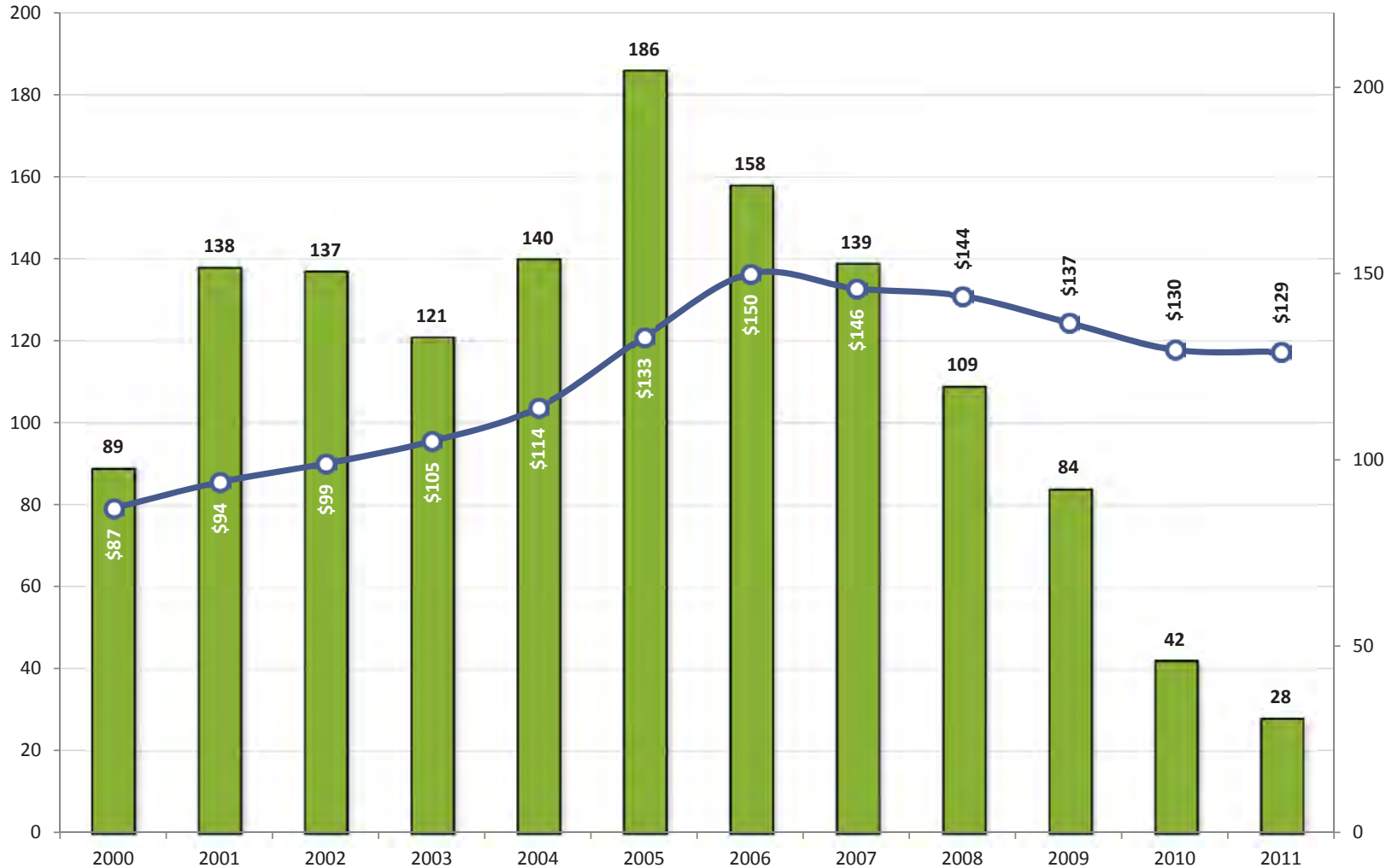


272 Active Land Listing; Median List Price: \$22,771 / Acre

Despite the fact that only 27 parcels of land (of one acre or more) sold in all of 2010, there are an amazing 272 parcels of land currently for sale. Furthermore, despite the fact that the median sales price of land is hovering around \$17,000 per acre, the median list price of the 272 parcels for sale is currently \$22,771 per acre. Given

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

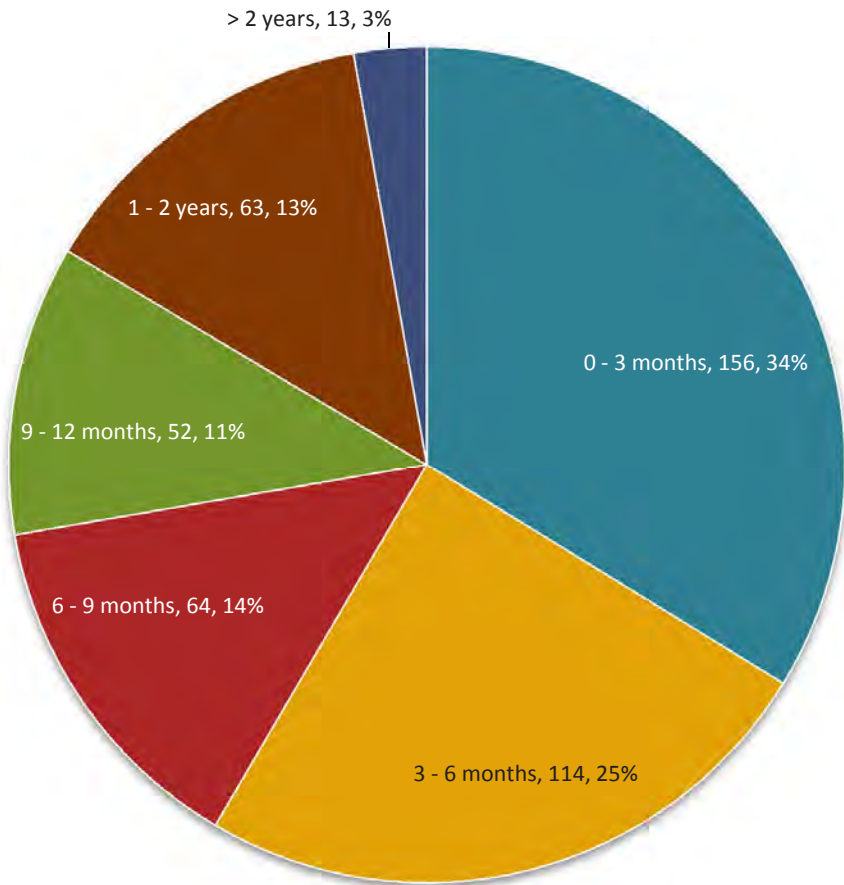
Harrisonburg & Rockingham County
New Construction Single Family Home Sales Trends
 Number of Sales, Median Price Per Square Foot



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

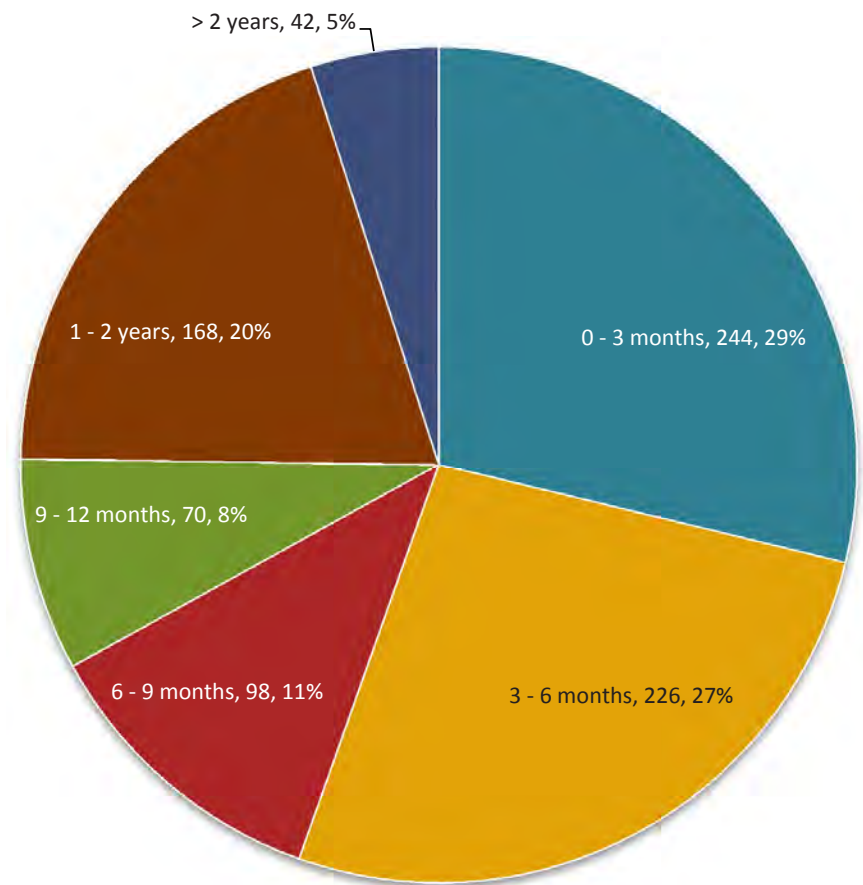
home sales. It is interesting to note that not only has the pace of new home sales started to stabilize, the median price per square foot is also showing some signs of steadying, with only a slight decline between 2010 and 2011.

**Harrisonburg & Rockingham County
Days on Market Analysis
Residential Listings Sold Apr '11 - Sep '11**



Average Days On Market: 208

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

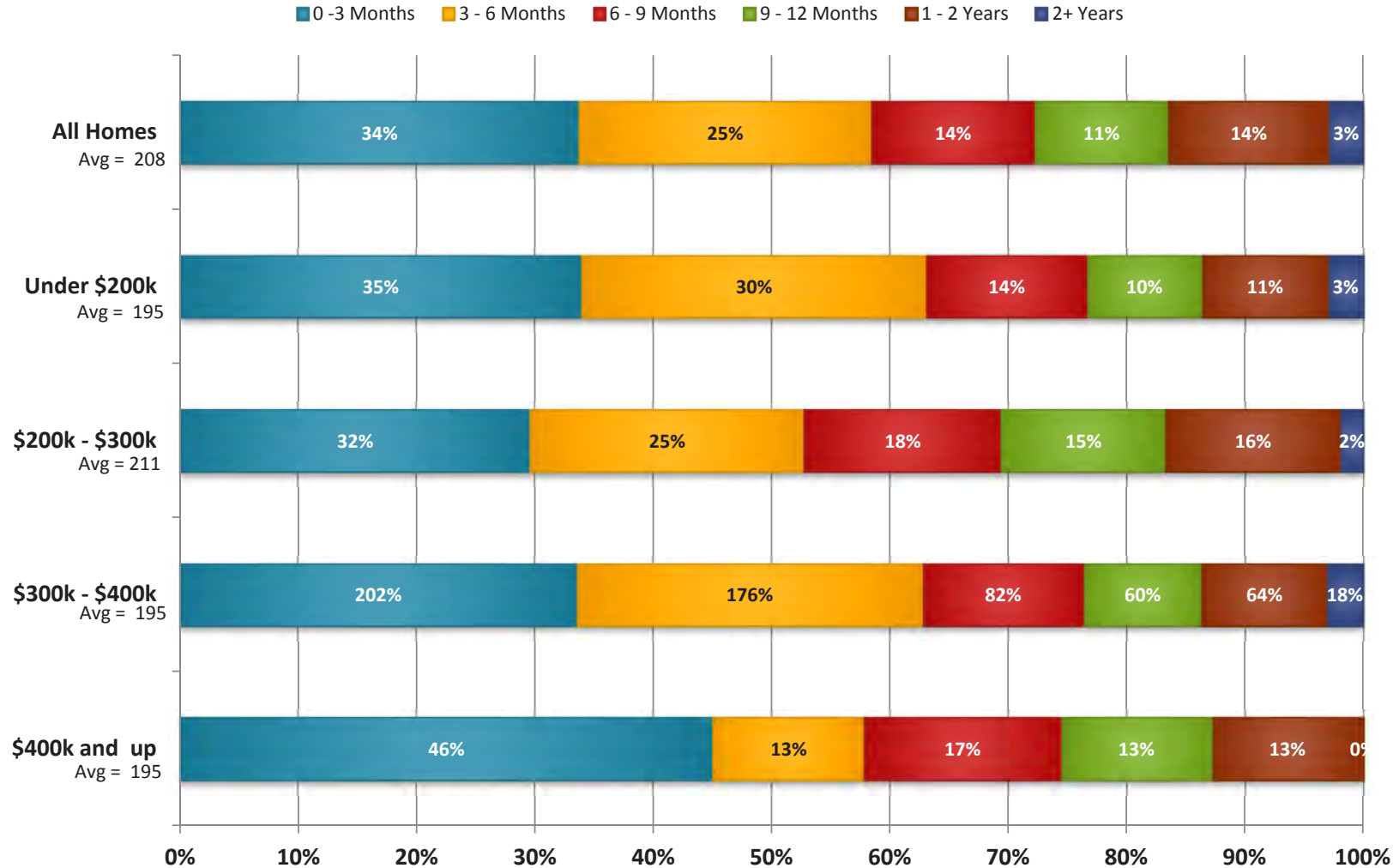


Average Days On Market: 250

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, 1 out of 3 homes that sell 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 59% of homes that sell

have closed 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. 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
 Apr '11 - Sep '11

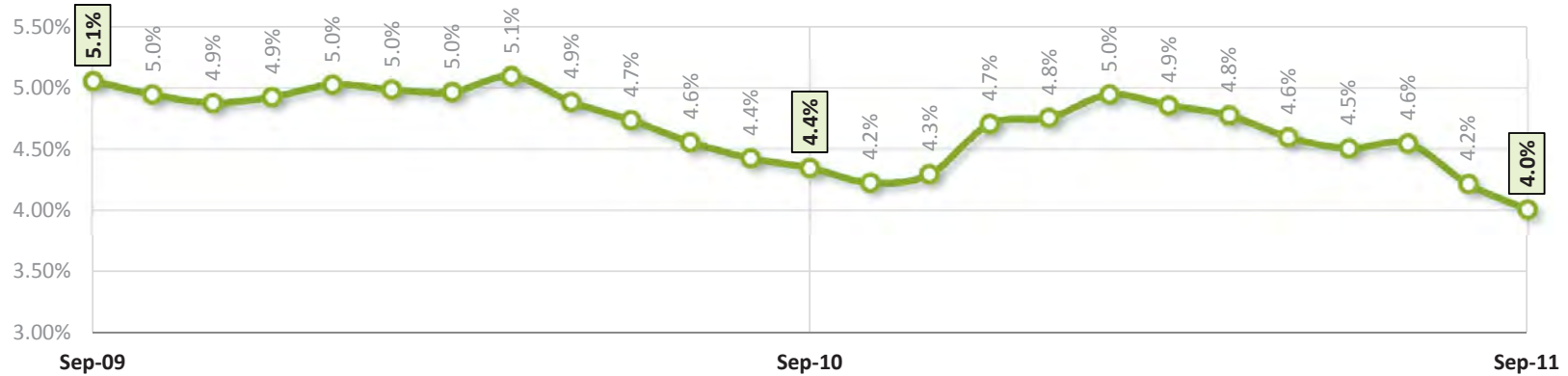


The time that it takes to sell a home in today's market varies based on the price range of the home in question. For example, a full 46% of homes that sold over \$400,000 sold in the first 90 days of being on the market, while only 32% of homes between \$200,000 and \$300,000 were able to sell in that 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

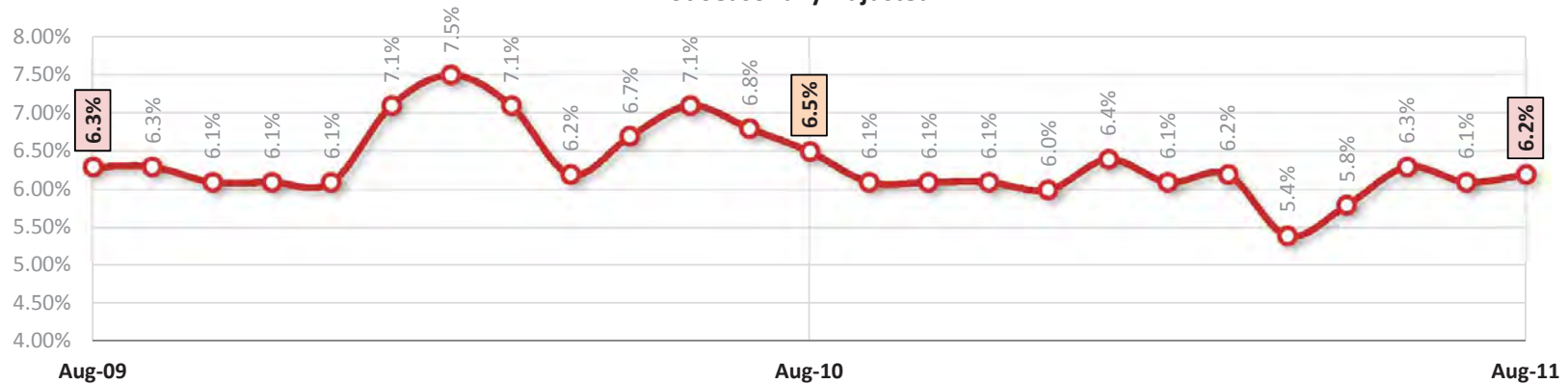
Source: Freddie Mac



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% the lowest interest rate seen in many years -- many decades, actually. 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 rose ever so slightly in August 2011 to only 6.2%. We continue to see low unemployment rates in our area as compared to other areas of the country.

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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Online, Local, 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>

Harrisonburg & Rockingham County Trustee Sales
<http://www.HarrisonburgForeclosures.com>