



# Harrisonburg & Rockingham County Real Estate Market Report

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HarrisonburgHousing*today*.com

February 12, 2012



*An analysis of real estate activity through December 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: January

39 homes sold in January 2012, showing a 2.5% decline from January 2011 when 40 homes sold -- and no change from January 2009 when 39 homes sold.

### Home Values: January

Median sales prices increased 18% but average sales prices decreased 1% when comparing January 2012 to January 2011.

### Days on Market: January

Homes sold in an average of 257 days in January 2012, a 35% increase from 191 days in January 2011 and a 29% increase from the 199 day average in January 2009.

### Foreclosures

19 trustee deeds were recorded in January 2011 compared to 39 home sales reported through the HRAR MLS.

### Inventory

Inventory levels decreased in January 2012 to 671 residential properties for sale, down slightly from 672 one month ago, and down from 778 one year ago, in January 2011.

### Buyer Activity

59 buyers committed to buy in January 2012, compared to 62 in January 2011, and 56 in December 2011.

### Single Family Home Sales

32 single family homes sold in January 2012, compared to a total of 622 in 211. The median sales price has increased to \$207,450.

### Townhouse Sales

7 townhouses sold in January 2012, compared to a 2011 total of 169 townhomes. The median townhome sales price has increased to \$146,000 in January 2012, up from \$144,000 in 2011.

### Supply

All price ranges still show an excess of housing supply, with 9 months under \$200k, 10 months between \$200k and \$300k, 13 months between 300k and \$400k, and 25 months above \$400k.

### Price Per Square Foot

Median price per square foot of single family homes increased to \$103/sf in the 1st quarter of 2012, as compared to \$102/sf in the 4th quarter of 2011 and \$101/sf one year earlier in 2011-Q1.

### Lot Sales

3 lots of less than an acre sold in January 2012, compared to a 2011 total of 60 lots. Median lot sales prices have risen slightly to \$62,000.

### Land Sales

Only 1 parcel of land greater than an acre sold in January 2012 compared to 49 land sales during all of 2011.

# HOME SALES REPORT

Harrisonburg &amp; Rockingham County

February 12, 2012

| # Home Sales | 2009      | 2010      | 2011      | 2012      | % Change ('11 - '12) |
|--------------|-----------|-----------|-----------|-----------|----------------------|
| January      | 38        | 45        | 40        | 39        | -2.50%               |
| Year-To-Date | <b>38</b> | <b>45</b> | <b>40</b> | <b>39</b> | <b>-2.50%</b>        |

| Median Sales Price | 2009             | 2010             | 2011             | 2012             | % Change ('11 - '12) |
|--------------------|------------------|------------------|------------------|------------------|----------------------|
| January            | \$168,975        | \$159,500        | \$165,500        | \$195,000        | 17.82%               |
| Year-To-Date       | <b>\$168,975</b> | <b>\$159,500</b> | <b>\$165,500</b> | <b>\$195,000</b> | <b>17.82%</b>        |

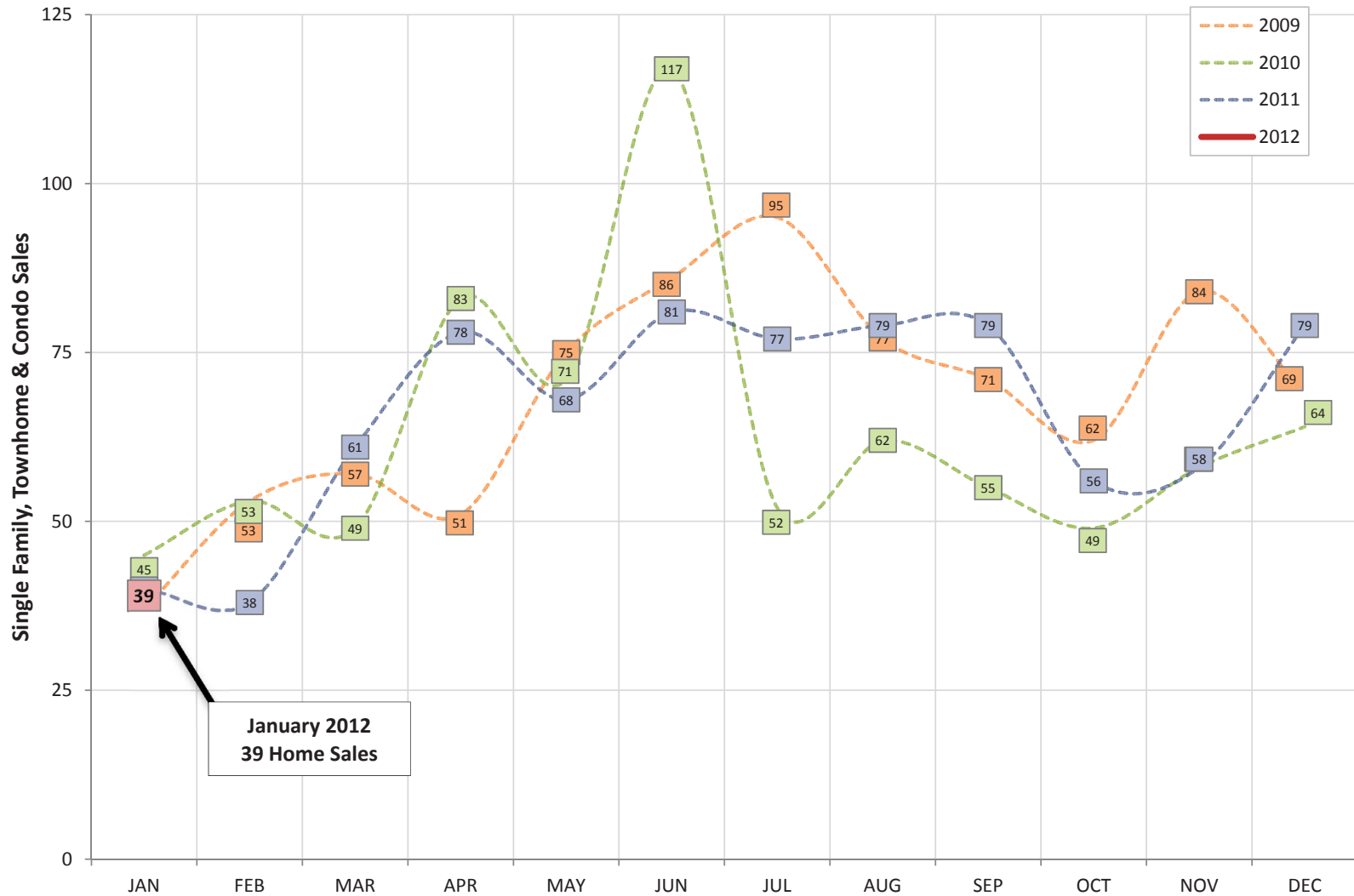
| Average Sales Price | 2009             | 2010             | 2011             | 2012             | % Change ('11 - '12) |
|---------------------|------------------|------------------|------------------|------------------|----------------------|
| January             | \$207,174        | \$206,249        | \$203,895        | \$201,361        | -1.24%               |
| Year-To-Date        | <b>\$207,174</b> | <b>\$206,249</b> | <b>\$203,895</b> | <b>\$201,361</b> | <b>-1.24%</b>        |

| Average Days on Market | 2009       | 2010       | 2011       | 2012       | % Change ('11 - '12) |
|------------------------|------------|------------|------------|------------|----------------------|
| January                | 199        | 165        | 191        | 257        | 34.55%               |
| Year-To-Date           | <b>199</b> | <b>165</b> | <b>191</b> | <b>257</b> | <b>34.55%</b>        |

January home sales have remained relatively consistent over the past four years, and the 39 home sales in Harrisonburg and Rockingham County last month are only a small decline (of one sale) as compared to last January. The median sales price shot up by 18% when comparing January to January, but this may have been

mainly based on the composition of which houses happened to sell this January as compared to last January. The median price shows a more predictable trend of a 1% decline between January and January. Days on market also increased by 35% over the past year.

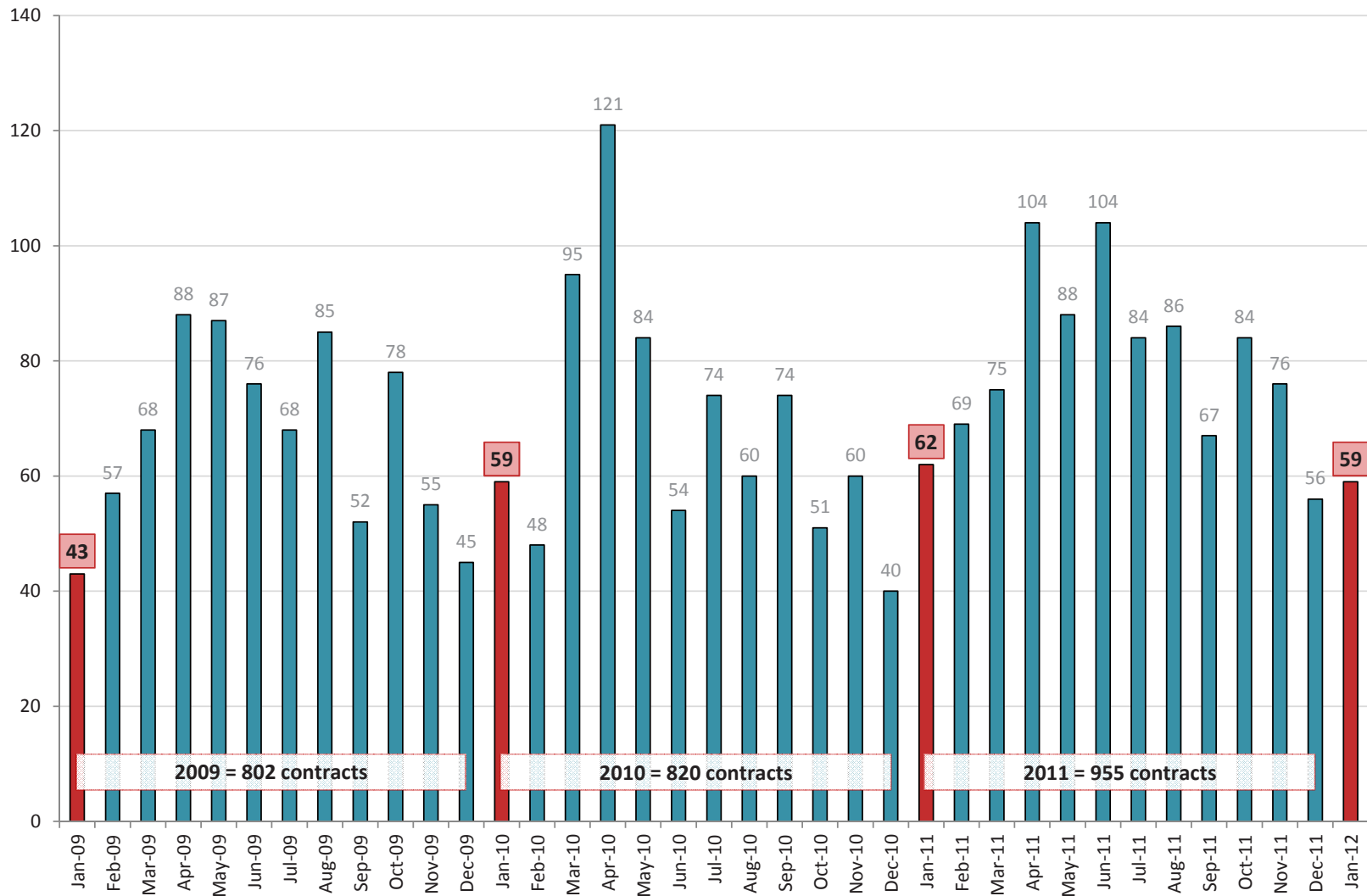
### Harrisonburg & Rockingham County Month-By-Month Home Sales History



Afer a strong month of home sales in December 2011, sales slowed down a bit to only 39 sales in January 2011 - a typical sales level for January. The trend between January and February will be interesting to observe this year, as the past two years showed very different trajectories. Last February (2011), the sales fell 5%, whereas

the prior February (2010) they increased by 18%. Last year's home sales (2011) were unaffected by federal home buyer tax credits, so the month to month sales trajectory last year should be a relatively safe trend to compare against this year.

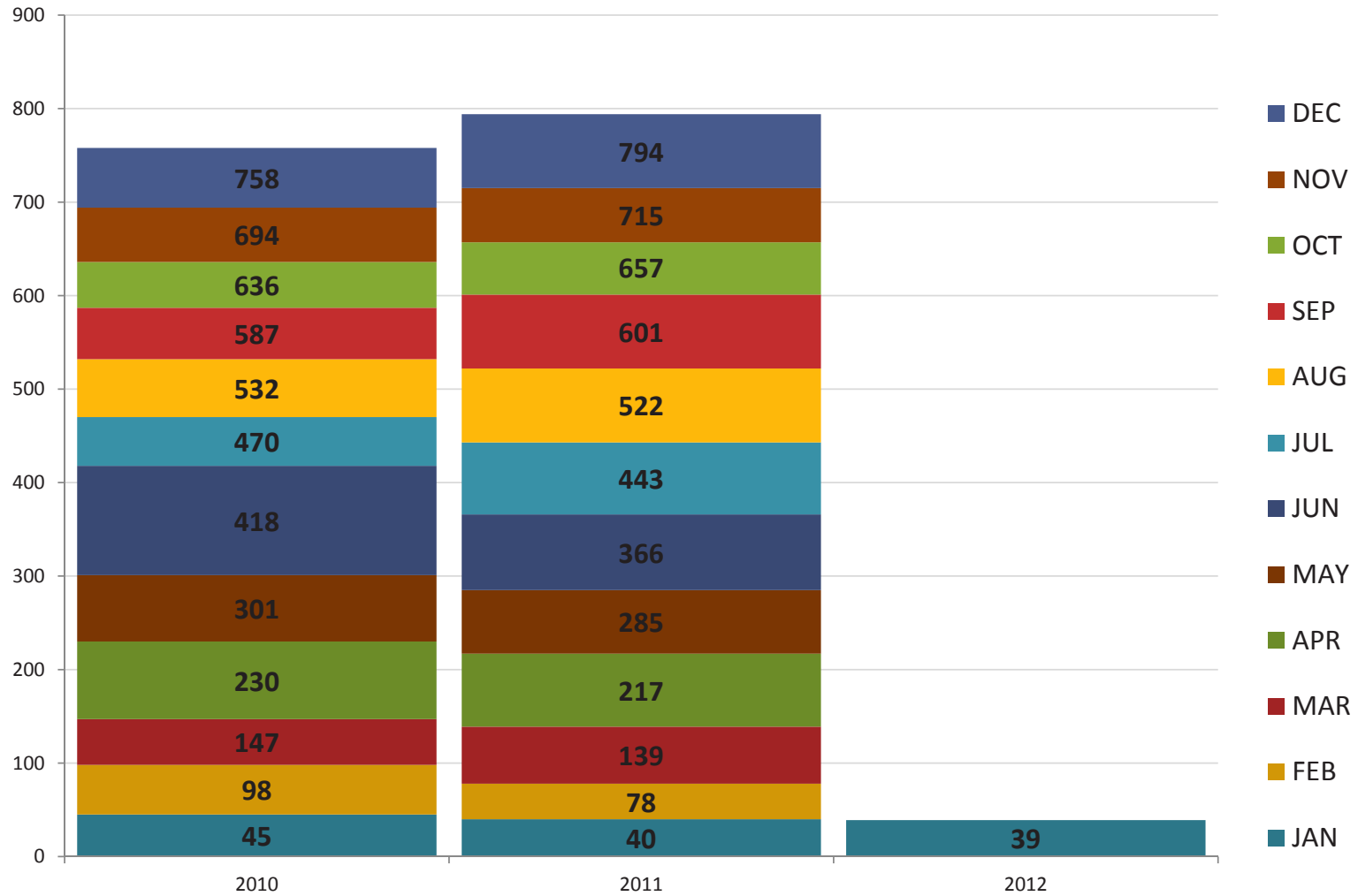
Harrisonburg & Rockingham County  
**Buyers Per Month Committing to Buy Properties**



The pace of buyers committing to properties (contracts being written) has steadily increased over the past several years. This January, 59 buyers signed contracts to buy properties, marking a 5% decline from last January (62 contracts). When

combining both December and January figures, however, current levels of buyer activity are quite strong. Over the past two months 115 buyers signed contracts, as compared to only 102 during the same two months the prior year.

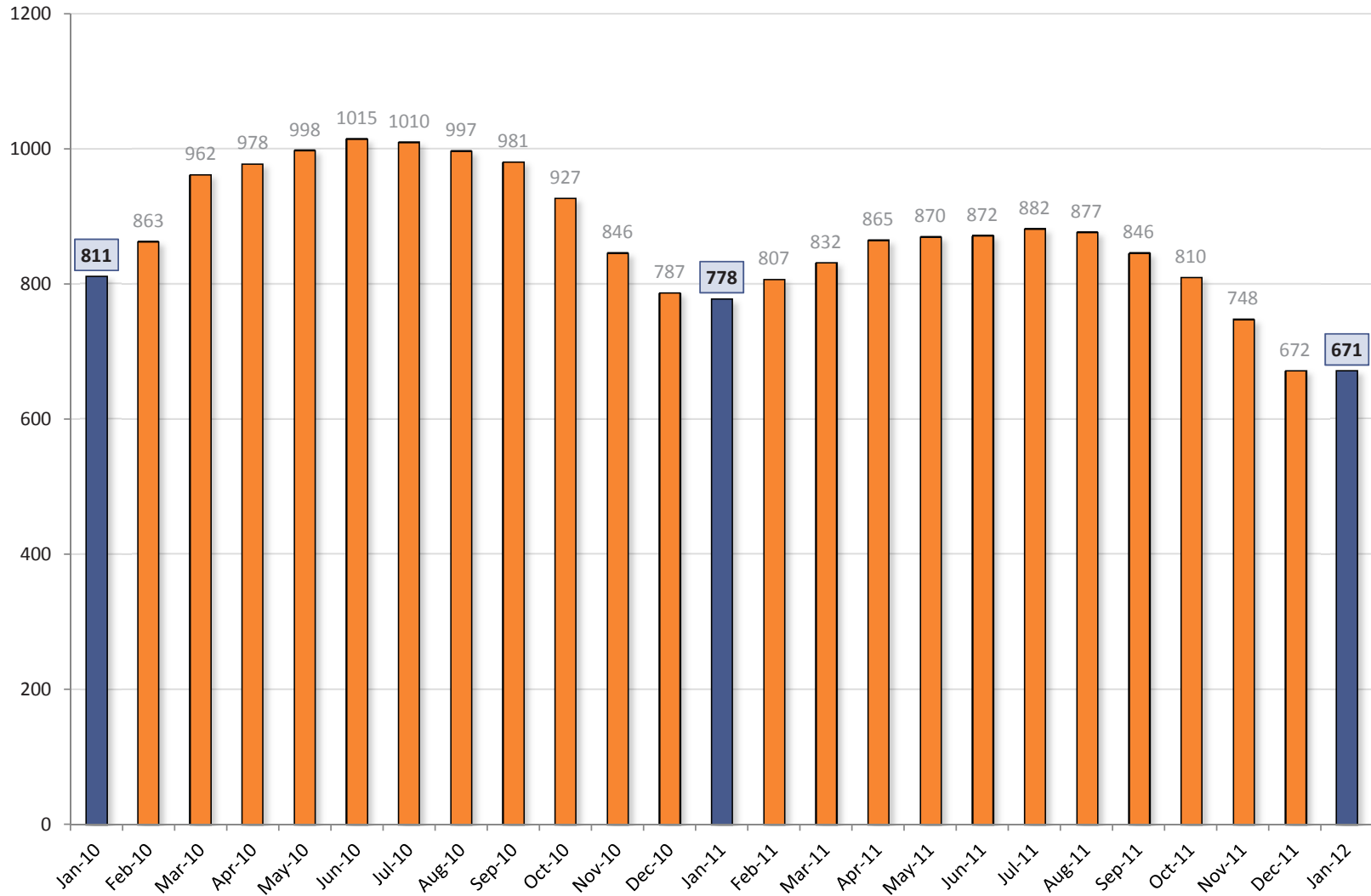
### Harrisonburg & Rockingham County Monthly Cumulative Residential Sales



This graph shows the month by month cumulative count of residential sales in Harrisonburg and Rockingham County. Last year's home sales (791) exceeded 2010

home sales (758), and this year is off to a good start with relatively similar January sales levels.

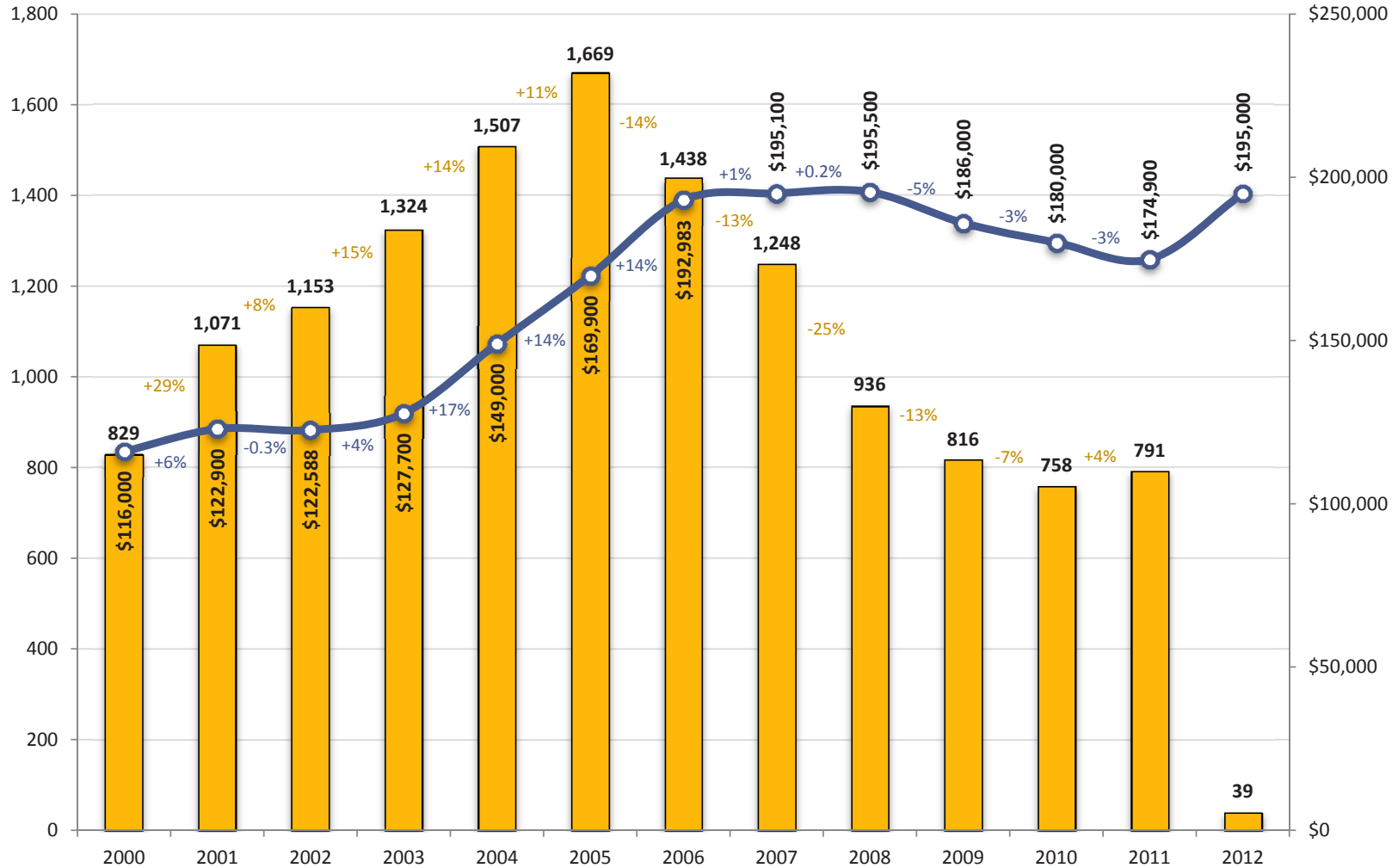
Harrisonburg & Rockingham County  
**Inventory Levels**



Inventory levels continue to significantly decline in Harrisonburg and Rockingham County when viewed in a one-year and two-year time horizon. There are 14% fewer homes on the market today than there were one year ago. This decline in the number of homes on the market for sale is certainly helping the overall health

of our local housing market. For several years now, the number of sellers in the market has far exceeded the number of buyers. Lower inventory levels help to move us back towards a balance in the market. We should continue to see declines in inventory through January before inventory starts to climb again in the Spring.

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

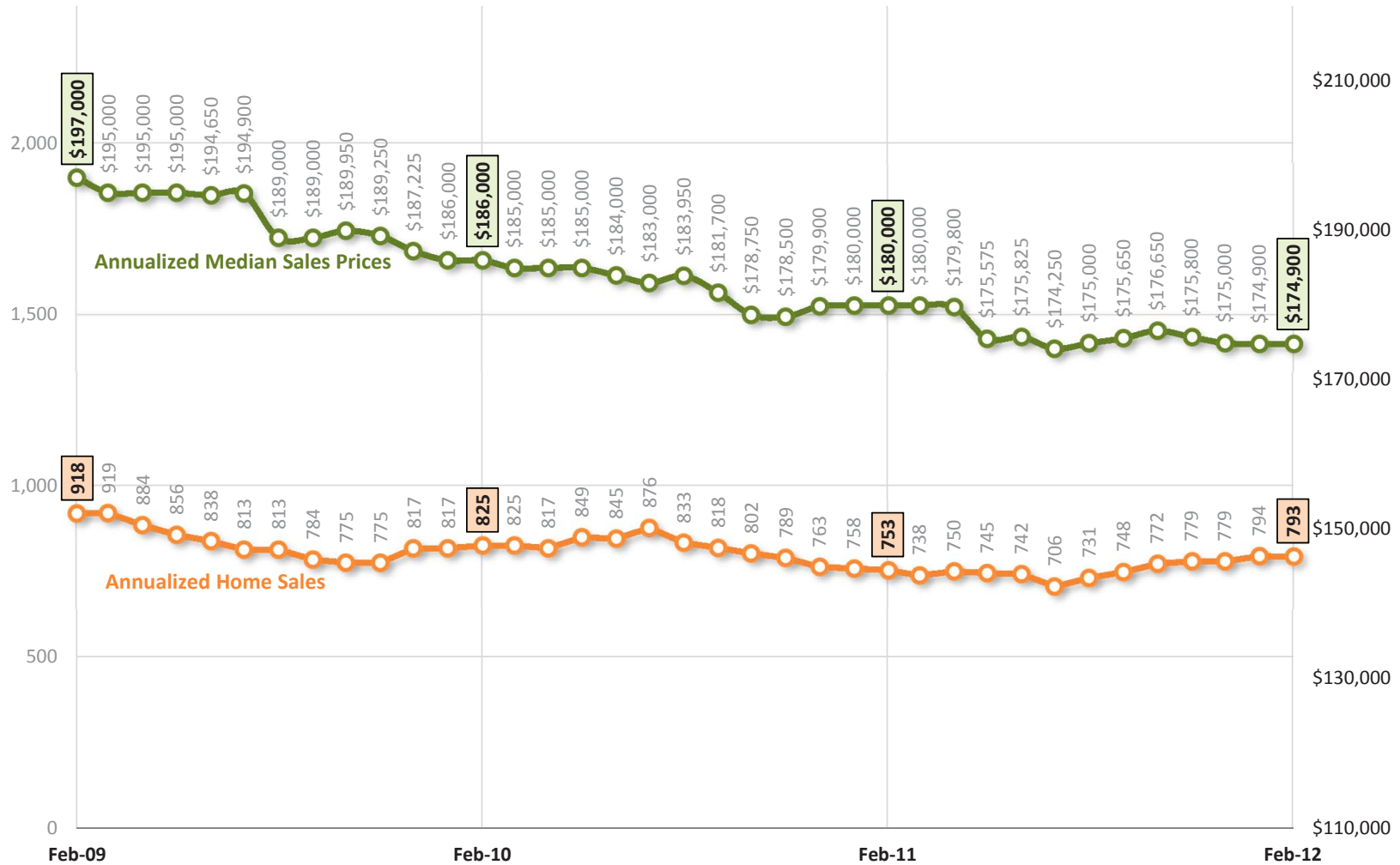


This graph provides an overall indicator of the state of our housing market, showing both the number of homes being sold each year (since 2000) as well as changes in the median sales price during the same time period. After five years of declines in home sales (2005-2010) the pace finally picked up in 2011 with a 4% year-over-

year increase. Please note that the tremendous increase in median sales price in January is likely only a result of the composition of which homes sold this January. It is unlikely that median values will jump back up 11% (as shown in January) as the year continues.



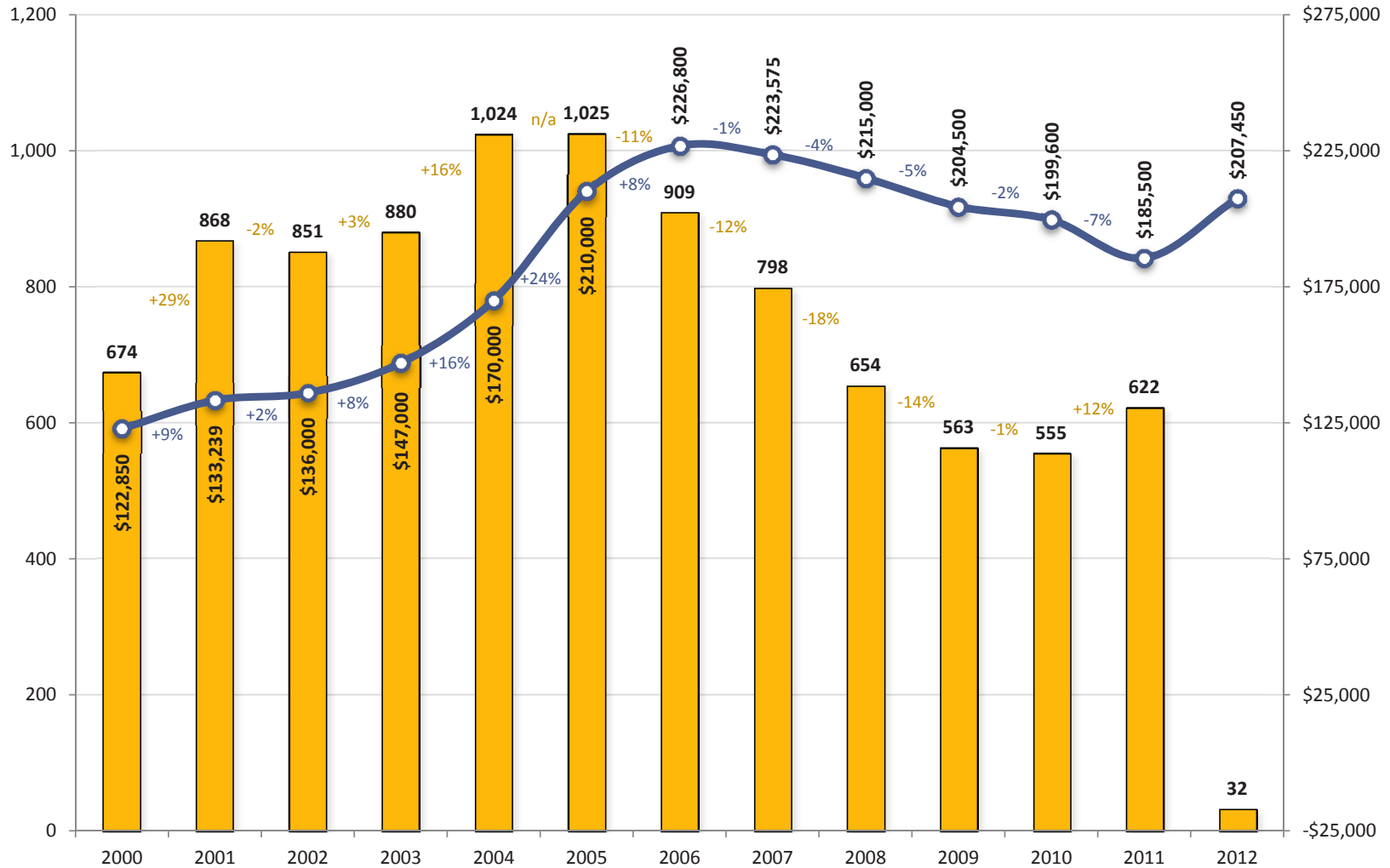
### Harrisonburg & Rockingham County Time-Adjusted Home Sales Trends :: All Homes # Home Sales, Median Sales Price in each 12 Month Period



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 15% decline in annualized home sales and a 10% 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, and prices have remained relatively stable as well.

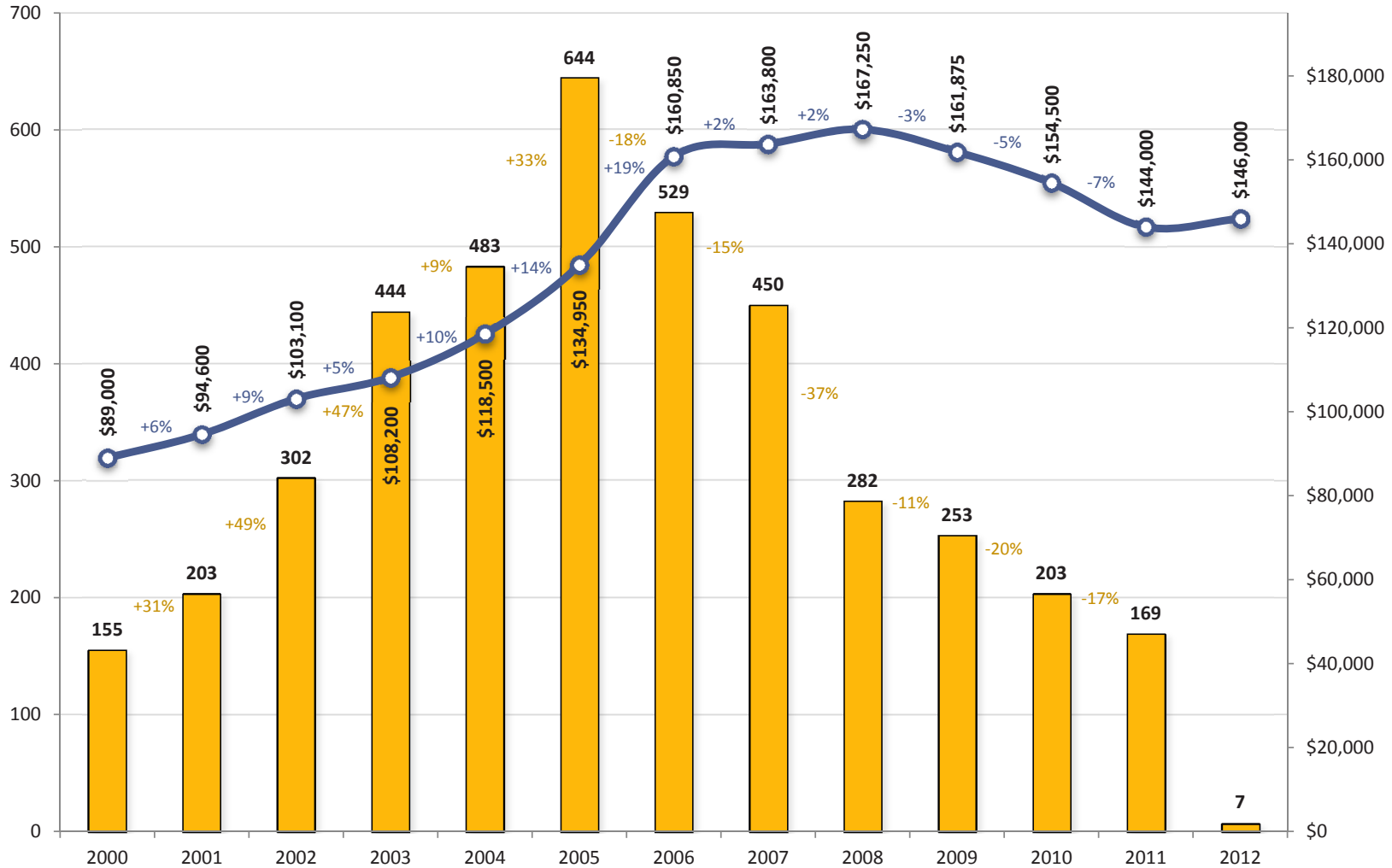
### Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes



The single family home market in Harrisonburg and Rockingham County seems (in some ways) to be recovering quite nicely compared to the overall market. Last year, the pace of home sales in the single family home market increased by 12% -- nearing 2008 sales levels with 622 sales. Despite this stability in the pace of

single family home sales, we have not yet (necessarily) seen stabilization in median sales prices, which declined 7% between 2010 and 2011 -- even though they appear (based on January data alone) to have now increased by 12%.

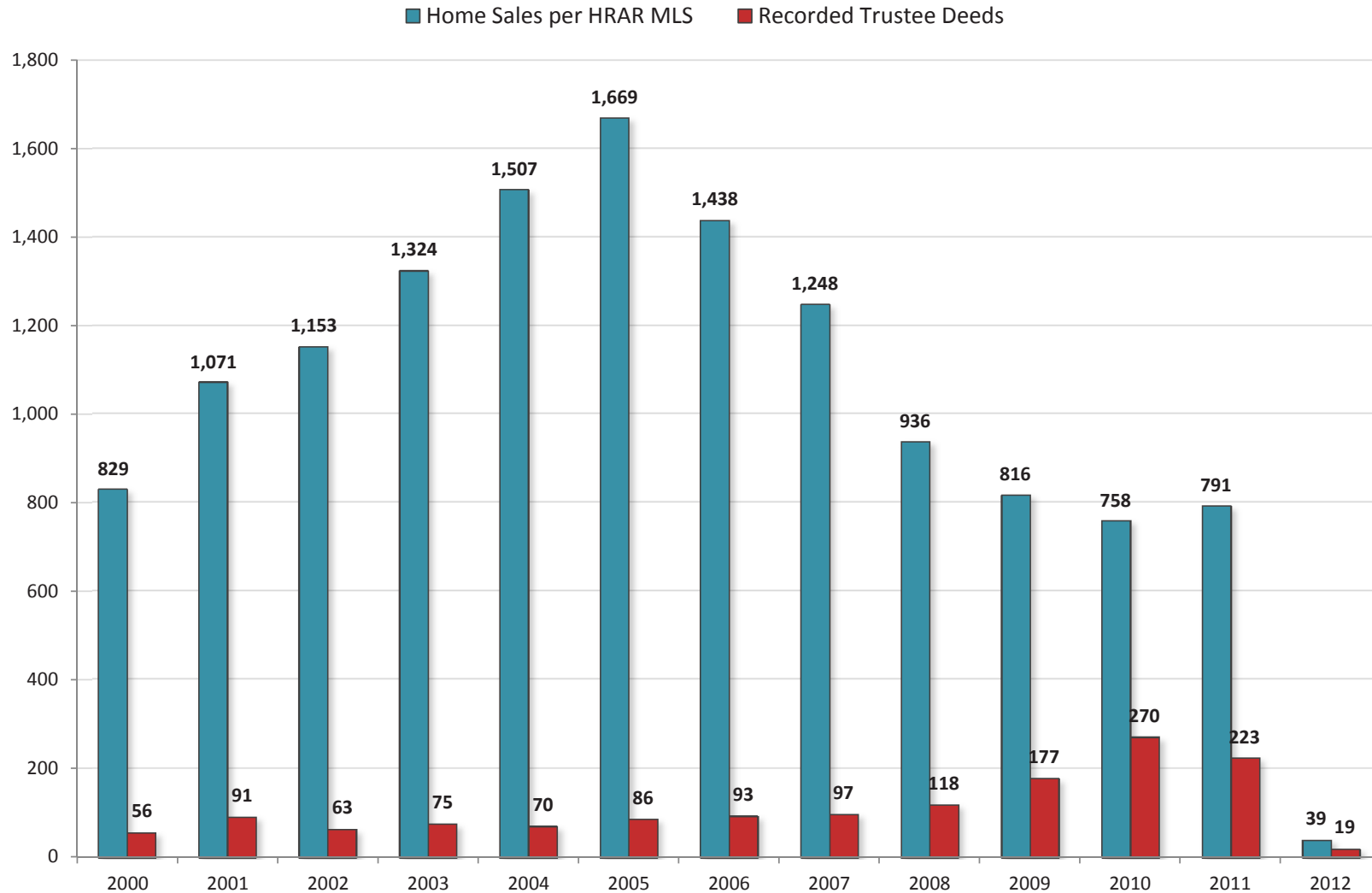
Harrisonburg & Rockingham County  
**Home Sales & Price Trends**  
 Duplexes, Townhomes & Condos



If the single family home market is stabilizing, it may be at the expense of the townhouse market. The final count of 169 townhouse sales in 2011 marks an additional 17% decline in townhouse sales --- from an extraordinary peak of 644 sales in 2005. As could be expected, median sales prices are also still declining,

with an overall change of -7% over the past year. The slight increase in median sales price (2011 to 2012) will likely not persist as we have additional months of data to include in 2012, as we must see an increase in the number of townhome buyers before we will see any long term price stabilization.

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

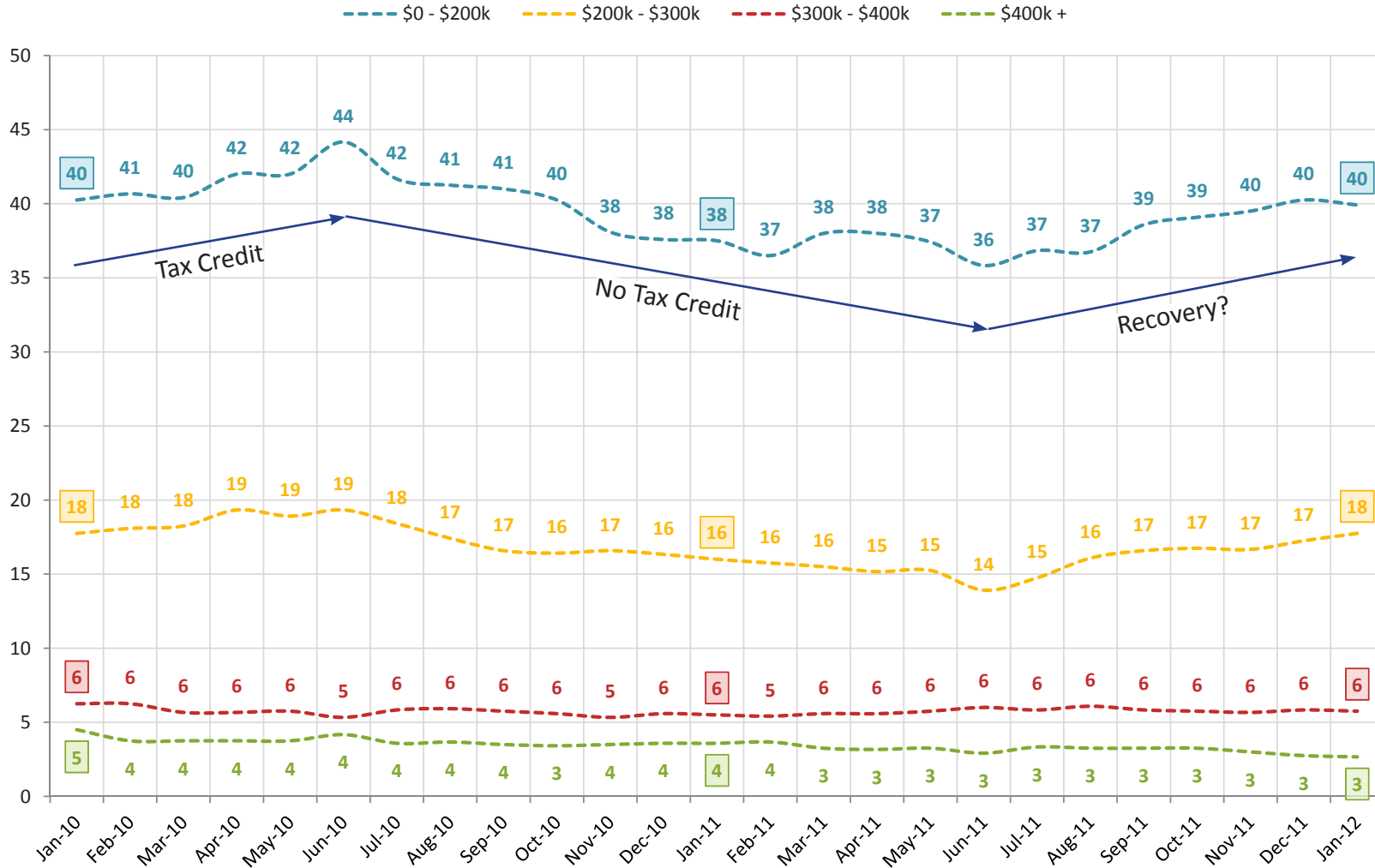


The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales (without a Realtor), nor any new home sales directly from a builder. The red bars show the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

recorded during each of the past 10+ years. Some of these foreclosed properties then show up in the blue bar when they are listed and then sold as bank owned properties. The good news is that home sales finally increased in 2011 (after a 5 year decline) and foreclosures finally decreased in 2011 (after a 6 year increase).

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

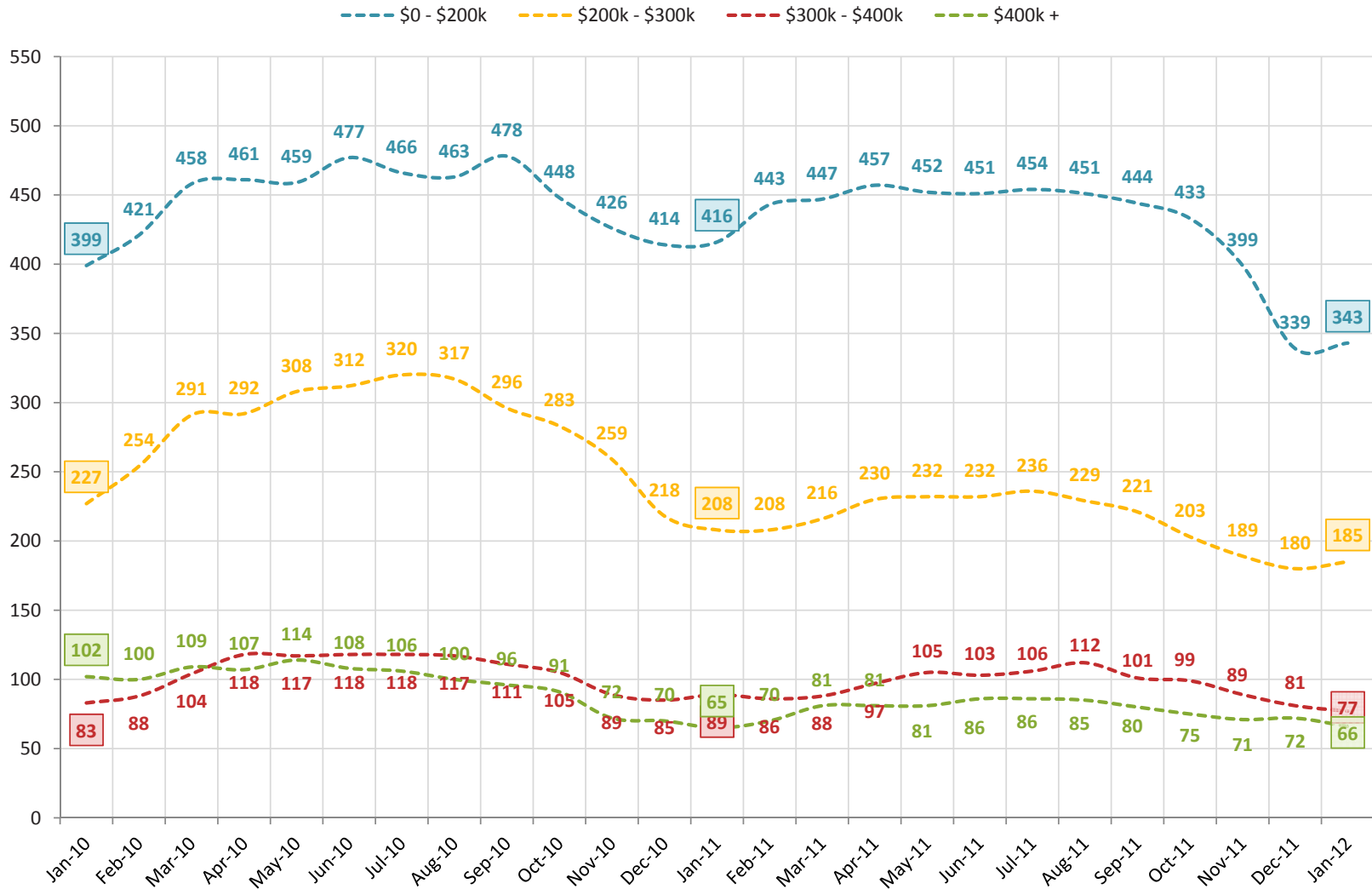
(Average of Past 12 Months)



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.

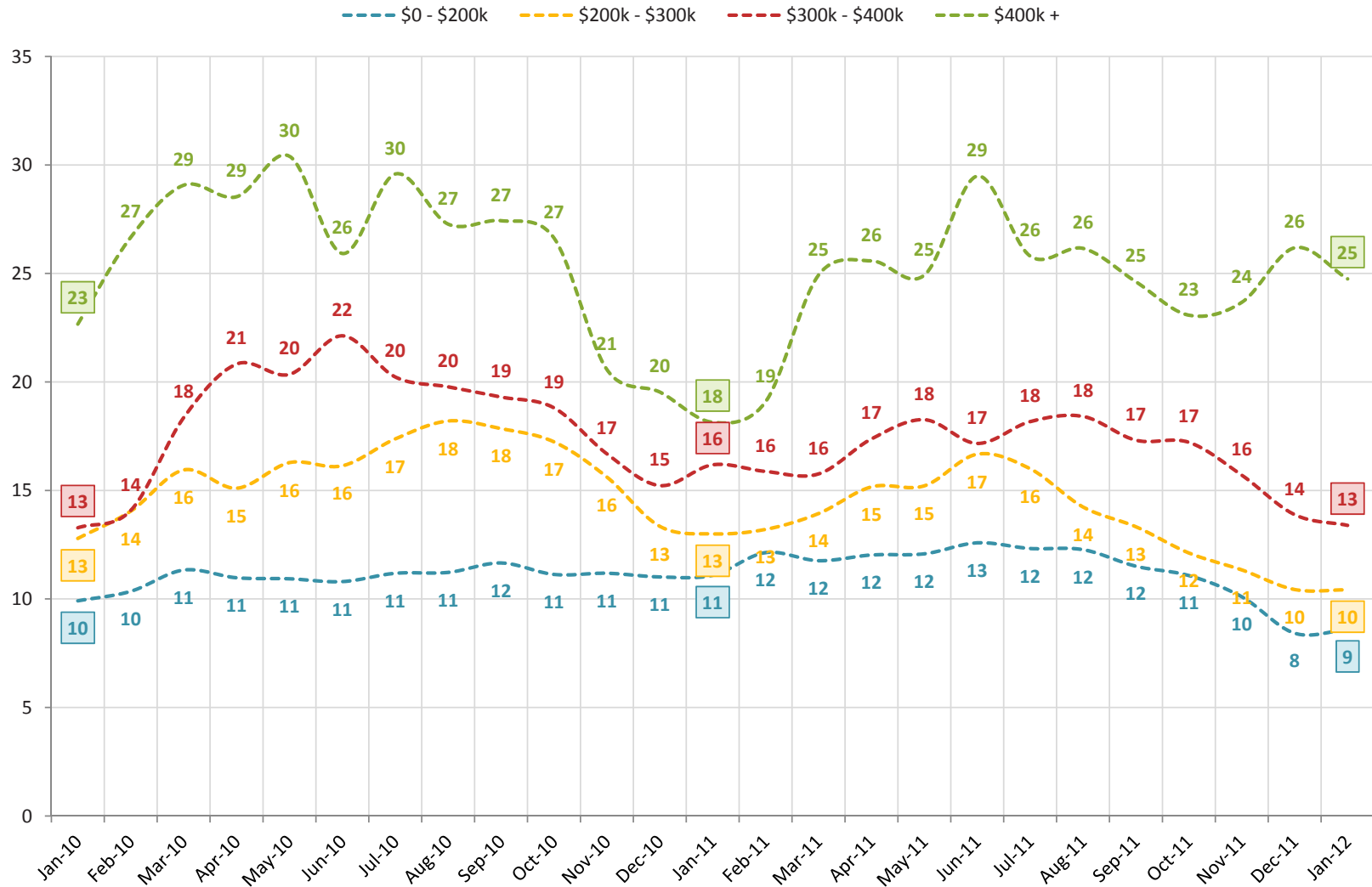
### Harrisonburg & Rockingham County Inventory Levels by Price Range



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 five months ago there were 451 such properties for sale, and today there are only 343 for sale -- this marks a 24% 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.

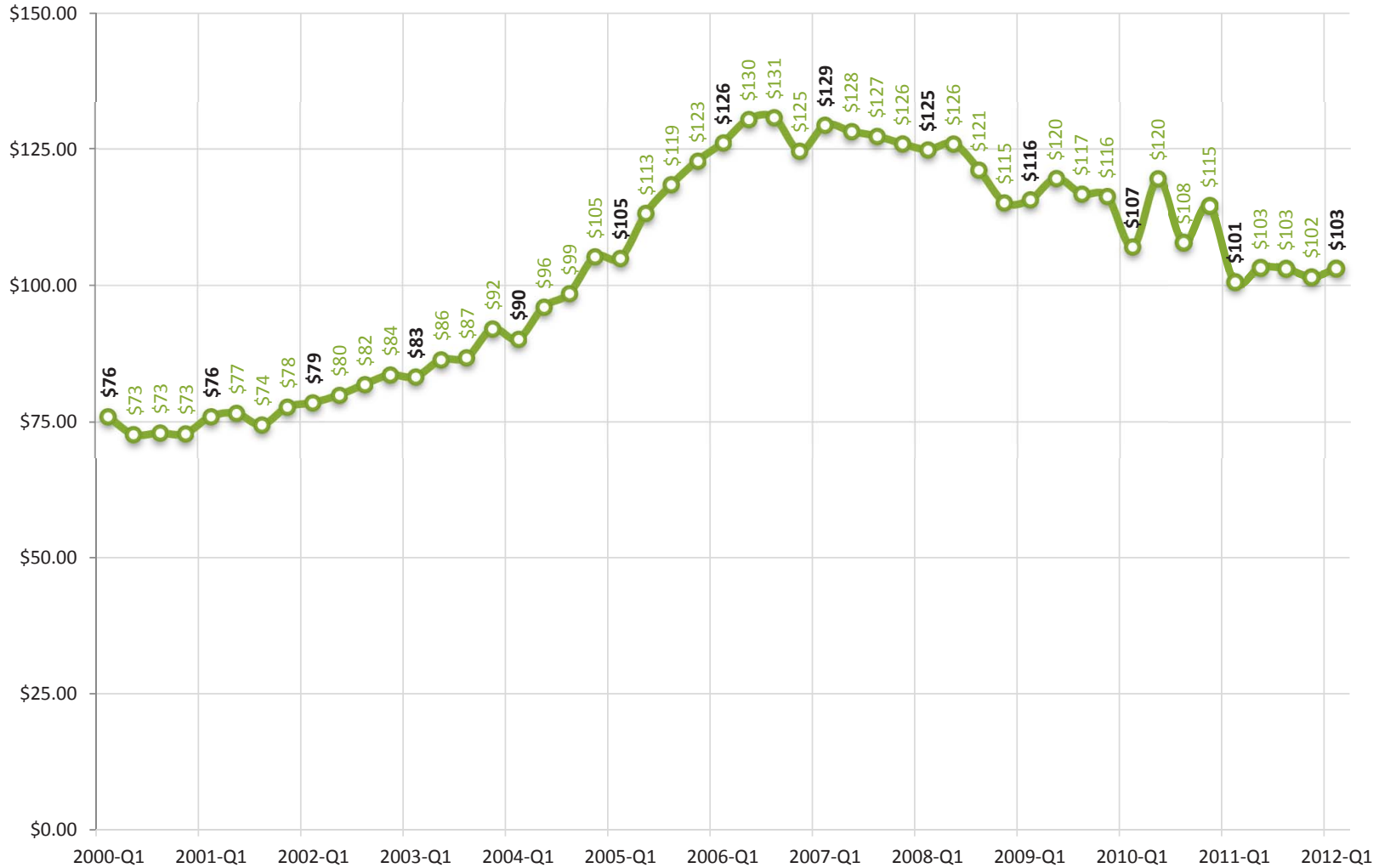
### Harrisonburg & Rockingham County Months of Housing Supply by Price Range



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 9 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. 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 near 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

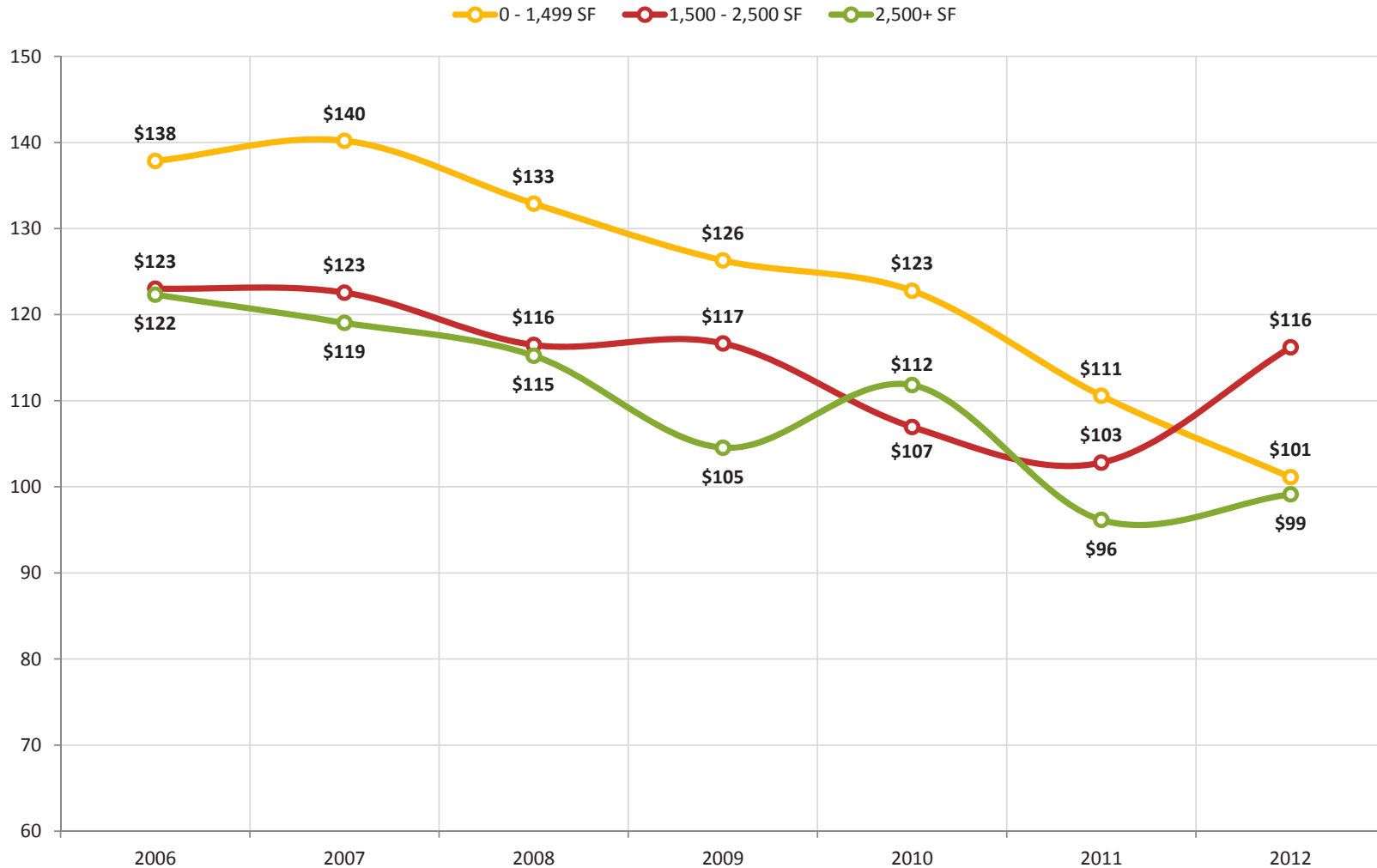


In addition to monitoring home values by overall median sales prices in our market, it can be insightful to examine the median price per square foot of homes that are selling. The graph above shows the median price per square foot of all single family homes sold over the past 10+ years. The value trend 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. However, the median price per square foot of single family homes sold has been staying relatively level through 2011 and 2012 -- a trajectory we have not seen recently.



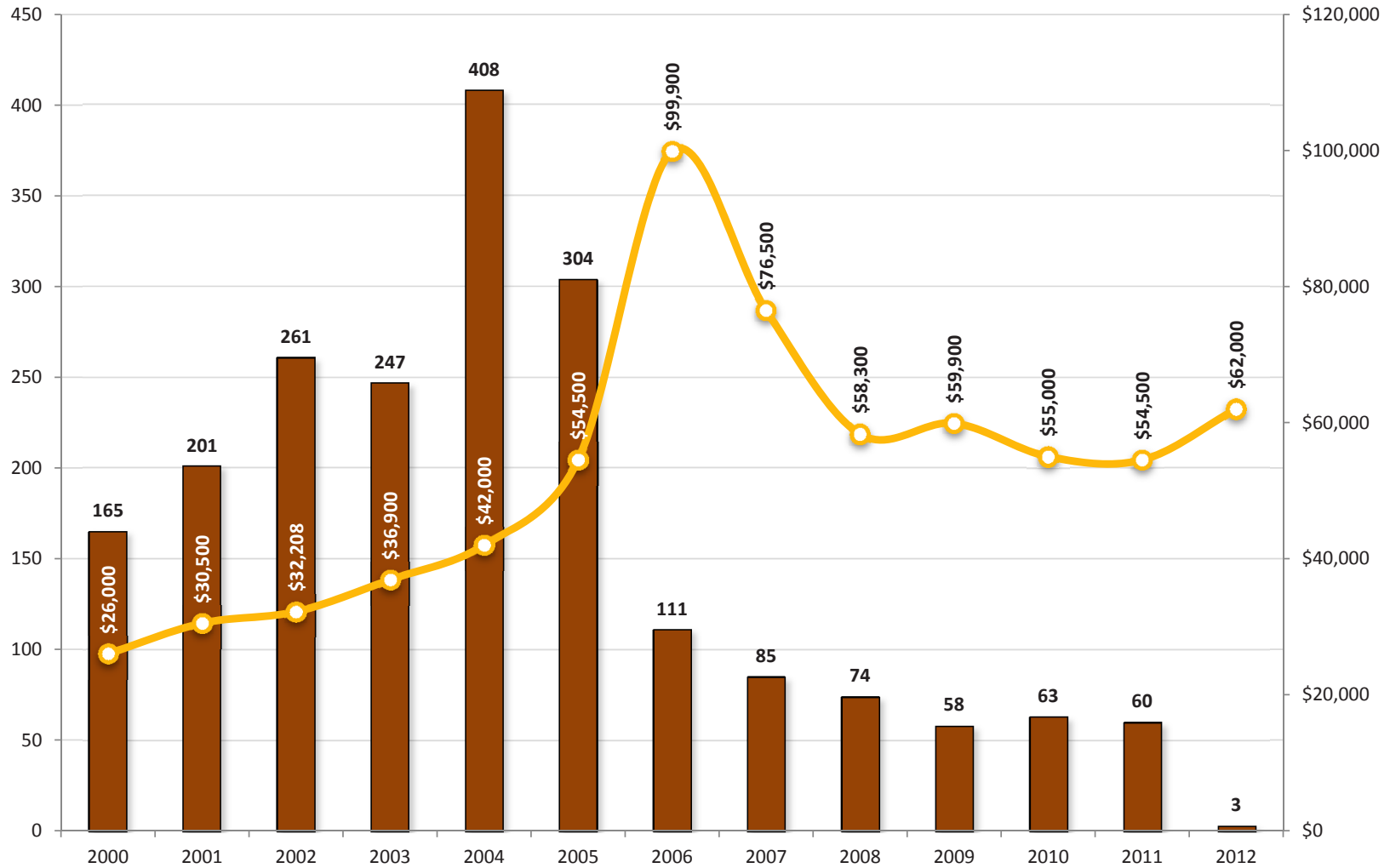
Harrisonburg & Rockingham County  
**Median Price Per Square Foot by Home Size**  
 Single Family Homes



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 (\$99/SF) than homes that offer less than 1500 SF (\$116/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.

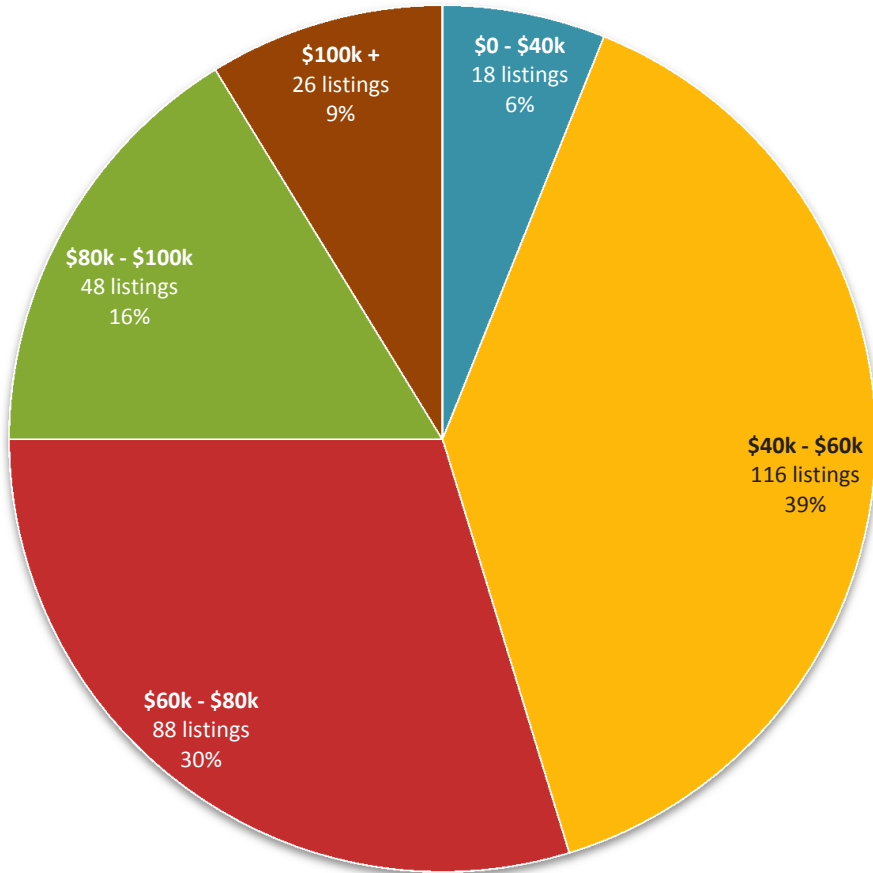
Harrisonburg & Rockingham County  
**Lot Sales & Median Prices**  
 less than 1 acre



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 is starting to decline, at least when examining January data, to a current value of \$62,000. 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

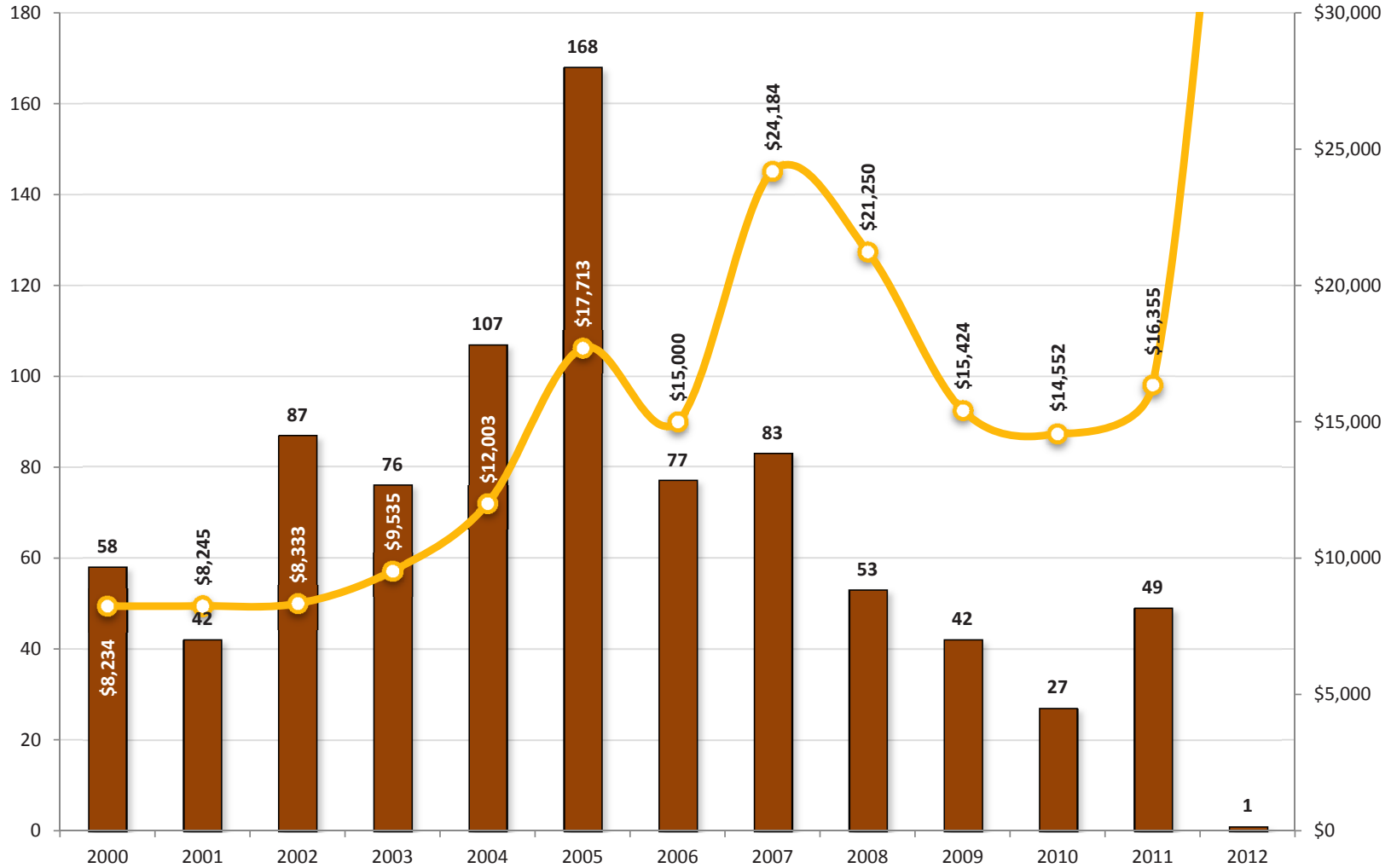


**296 Active Lot Listings; Median List Price: \$65,000**

Despite the fact that only 60 lots (of less than an acre) sold in all of 2011, there are a remarkable 296 lots currently for sale. Furthermore, despite the fact that the median sales price of lots is hovering between \$55K and \$62K, the median list price of the 296 lots for sale is currently \$65,000. Given last year's 60 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, 55% 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 \$54,500.

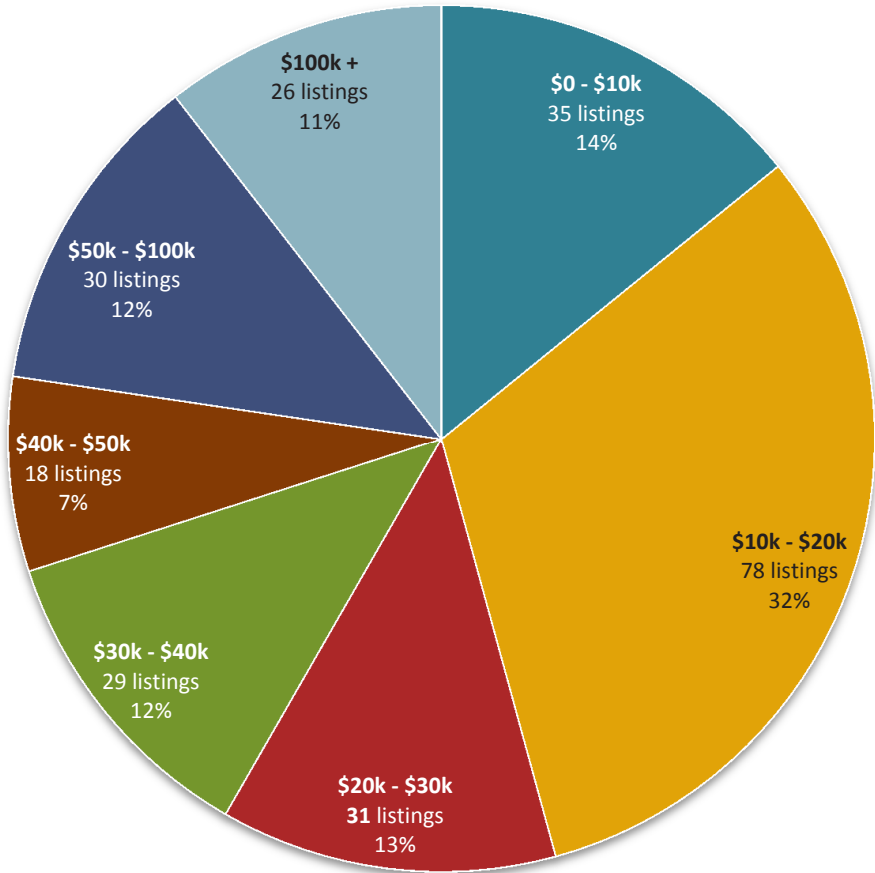
Harrisonburg & Rockingham County  
**Land Sales & Median Price Per Acre**  
 1 acre or more



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. With only one sale in January 2012, this is an effective decline in sales pace, even though the median price per acre shot off the graph.

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

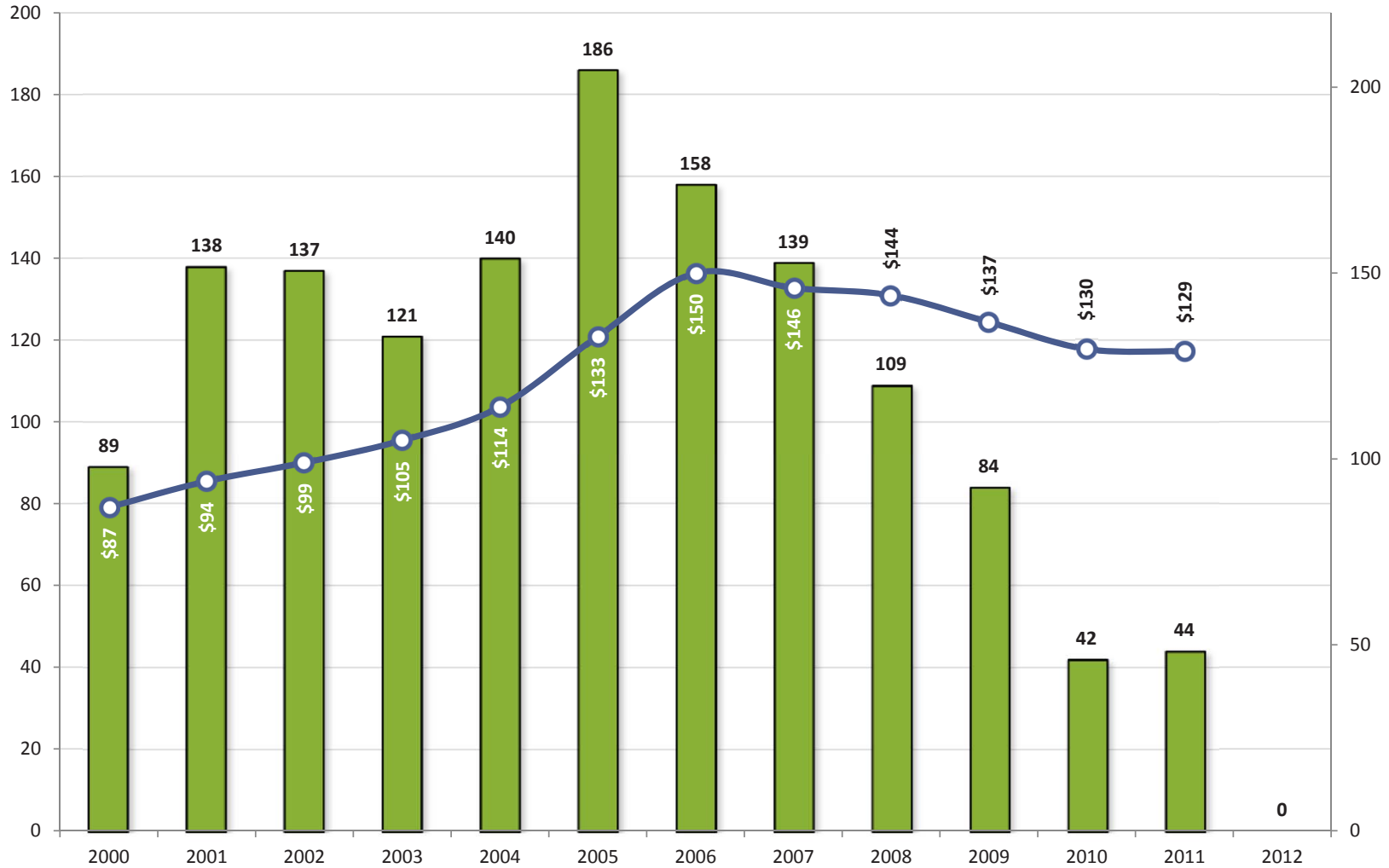


**247 Active Land Listing; Median List Price: \$22,993/ Acre**

Despite the fact that only 49 parcels of land (of one acre or more) sold in all of 2011, there are a remarkable 247 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 247 parcels for sale is currently \$22,993 per acre. Given last

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

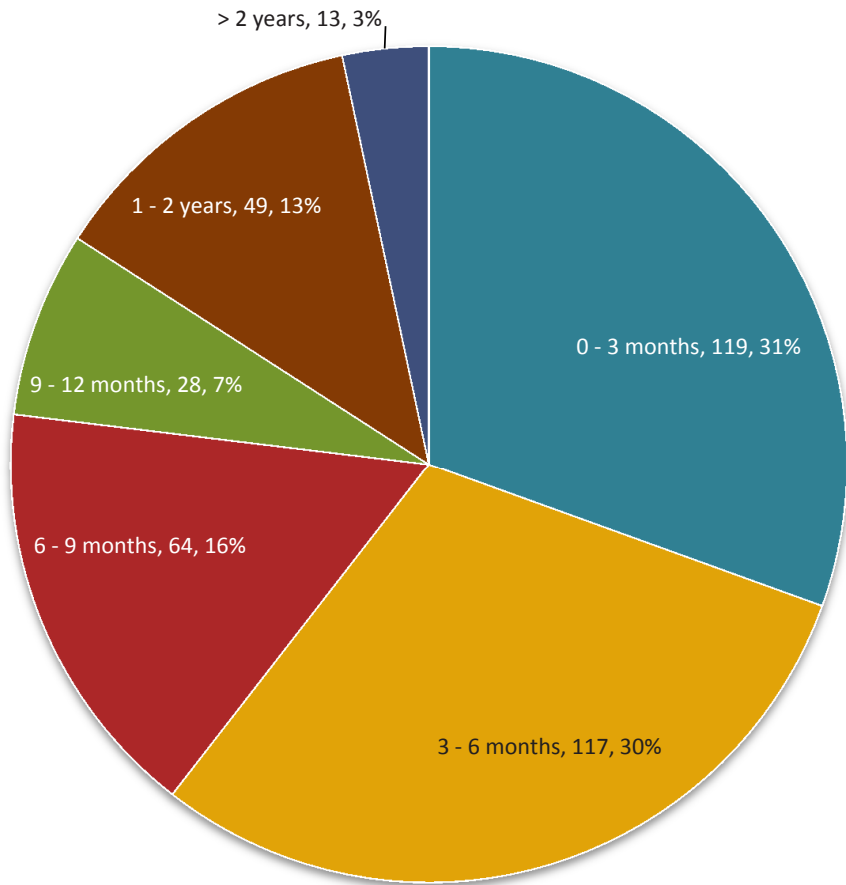
Harrisonburg & Rockingham County  
**New Construction Single Family Home Sales Trends**  
 Number of Sales, Median Price Per Square Foot



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 44), however, still leaves plenty of room for improvement -- even though there have not been any new home sales yet during 2012. It is interesting to note that not only has the

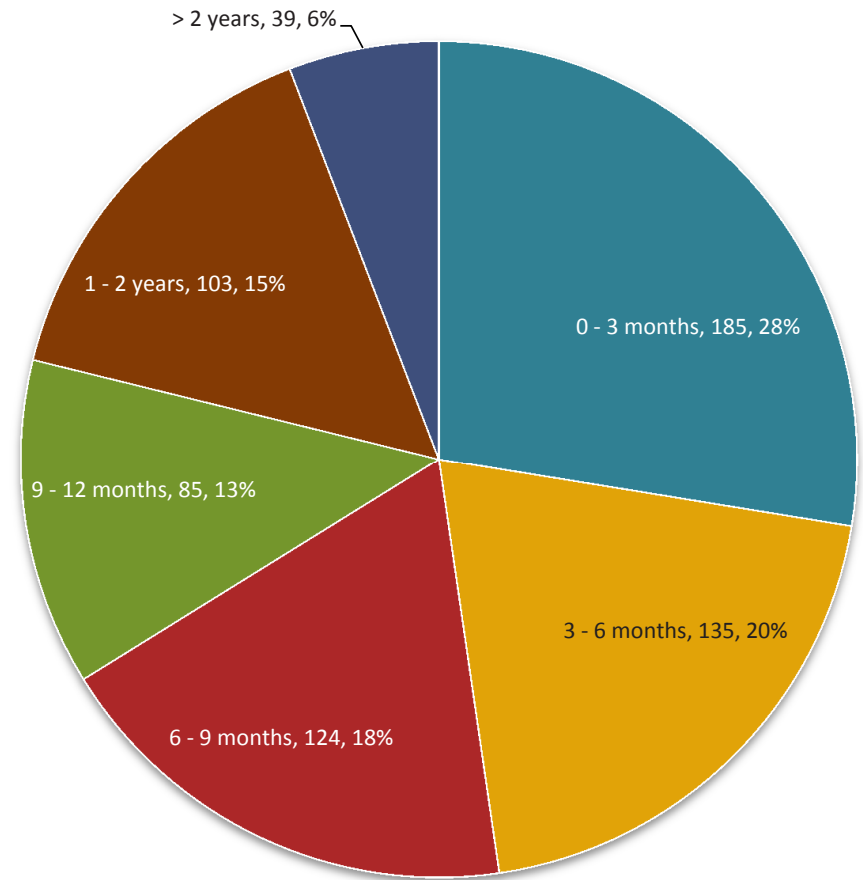
pace of new home sales started to stabilize, the median price per square foot is also showing some signs of steadying, with only a very small decline between 2010 and 2011. As the inventory of re-sale homes slims down, the sales of new homes should continue to increase.

### Harrisonburg & Rockingham County Days on Market Analysis Residential Listings Sold Aug '11 - Jan '12



**Average Days On Market: 206**

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

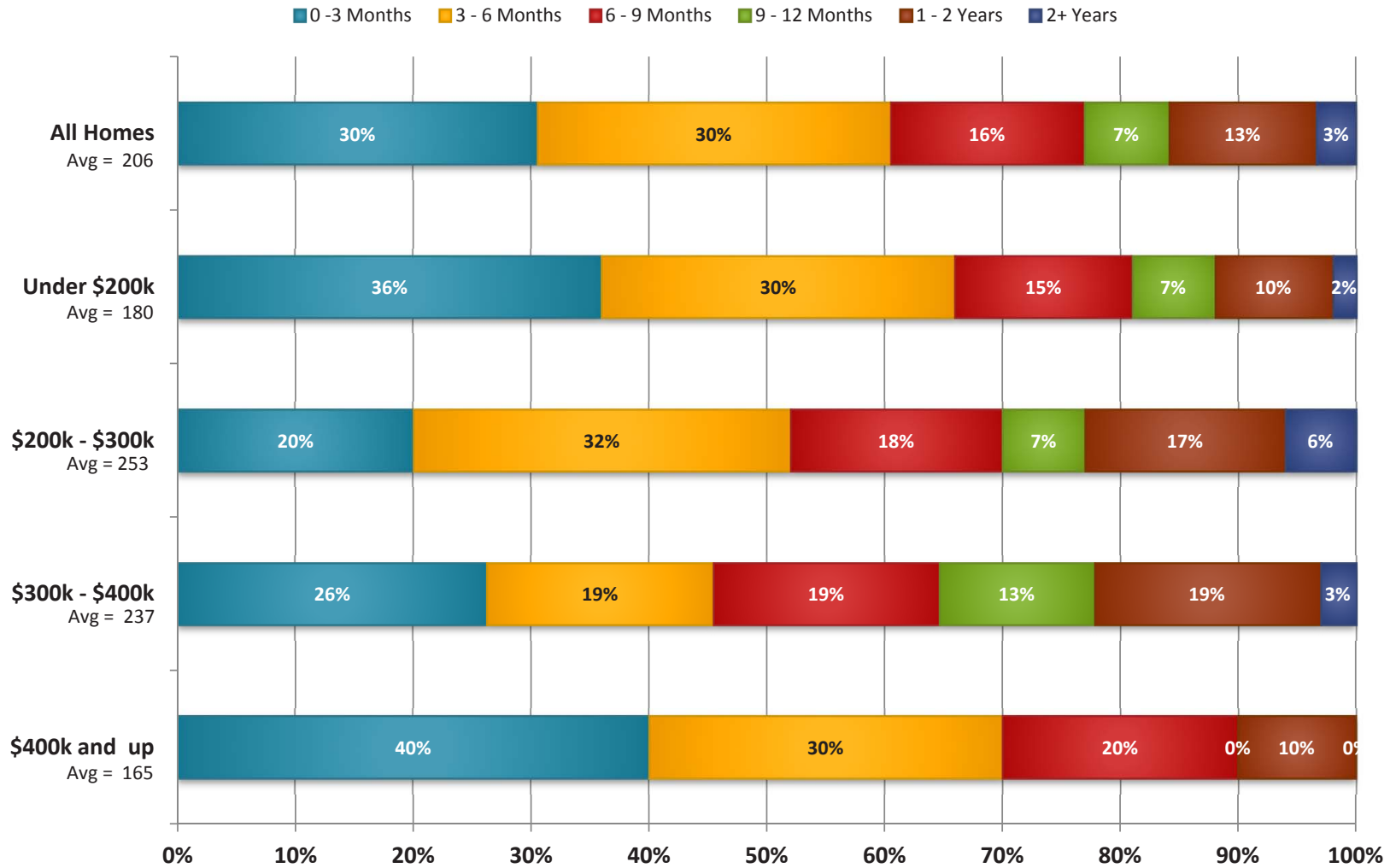


**Average Days On Market: 267**

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, almost 1 out of 3 homes (31%) 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**  
 Aug '11 - Jan '12



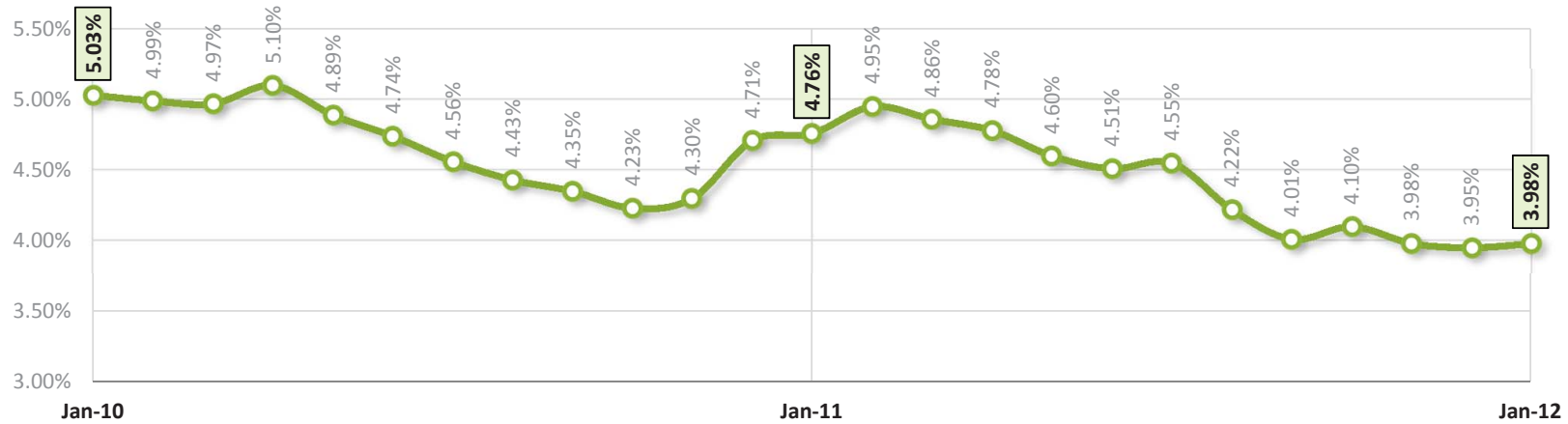
The time that it takes to sell a home in today's market varies based on the price range of the home in question. For example, a full 40% of homes that sold over \$400,000 sold in the first 90 days of being on the market, while only 20% of homes between \$200,000 and \$300,000 were able to sell in that 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

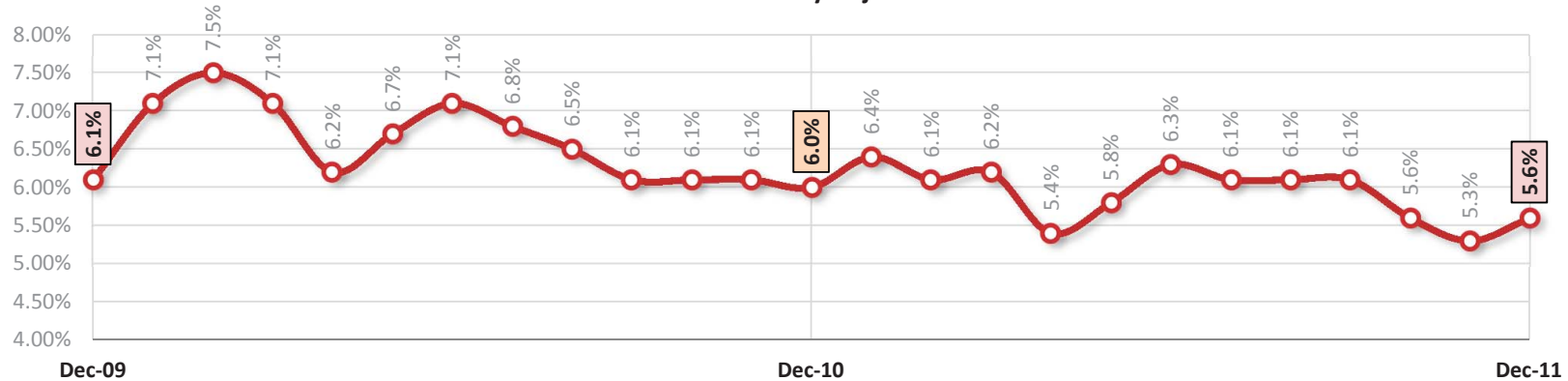
Source: Freddie Mac



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 3.98% one of the lowest interest rate seen in many (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 levels below 6% for most of the past several months.

## 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>

**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**  
<http://www.HarrisonburgPropertyTransfers.com>