



AUGUST 2012

Harrisonburg & Rockingham County Real Estate Market Report



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



Barrington Colonial featuring 4 BR, 4 BA, 4086 SF for \$425,000 3080Baybrook.com

Executive Summary

The summary below is based on residential sales in Harrisonburg and Rockingham County as reflected in the HRAR MLS.

Pace of Home Sales: July

93 homes sold in July 2012, showing a 7.9% increase from July 2011 when 77 homes sold -- and a 78.8% increase from July 2010 when only 52 homes sold.

Home Values: July

Median sales prices decreased 4.5% but average sales prices increased 3% when comparing July 2012 to July 2011.

Days on Market: July

Homes sold in an average of 231 days in July 2012, a 0.4% increase from 230 days in July 2011 and a 19% increase from the 194 day average in July 2010.

Foreclosures

149 trustee deeds have been recorded thus far in 2012 compared to 478 home sales reported through the HRAR MLS.

Inventory

Inventory levels increased during July 2012 to 727 residential properties currently for sale, up from 721 one month ago, and down from 882 one year ago.

Pace of Home Sales: Year to Date

478 homes sold in the first seven months of 2012. This is a 7.9% increase from 2011 when 443 homes had sold, and a 1.7% increase as compared to 2010 when 470 homes sold.

Home Values: Year to Date

Median sales prices increased 3% and average sales prices decreased 2% when comparing 2012 YTD values to 2011 YTD.

Days on Market: Year to Date

The length of time on the market for homes selling in 2012 (221 days) increased 3% since 2011 when the average was 214 days on the market.

Supply

All price ranges still show an excess of housing supply, with 9 months under \$200k, 10 months between \$200k and \$300k, 14 months between 300k and \$400k, and 45 months above \$400k.

Price Per Square Foot

Median price per square foot of single family homes has decreased to \$101/sf in the 3rd quarter of 2012, as compared to \$106/sf in the 2nd quarter of 2012.

Buyer Activity

90 buyers committed to buy in July 2012, compared to 84 in July 2011 (a 7% increase), and 74 in July 2010 (a 22% increase).

Single Family Home Sales

365 single family homes sold thus far in 2012, compared to a total of 622 in 2011. The median sales price has increased to \$193,000.

Townhouse Sales

113 townhouses sold thus far in 2012, compared to a 2011 total of 169 townhomes. The median townhome sales price has declined to \$139,500 in 2012 from \$144,000 in 2011.

Lot Sales

25 lots of less than an acre sold thus far in 2012, compared to a 2011 total of 60 lots. Median lot sales prices have risen to \$59,000 from \$54,500 during 2011.

Land Sales

22 parcels of land greater than an acre sold thus far in 2012 compared to 49 land sales during all of 2011. The median price per acre has decreased slightly to \$15,491 in 2012.

HOME SALES REPORT

Harrisonburg & Rockingham County

August 8, 2012

# Home Sales	2009	2010	2011	2012	% Change ('11 - '12)
July	95	52	77	93	20.78%
Year-To-Date	454	470	443	478	7.90%

Median Sales Price	2009	2010	2011	2012	% Change ('11 - '12)
July	\$185,000	\$200,000	\$200,000	\$191,000	-4.50%
Year-To-Date	\$188,650	\$183,950	\$169,900	\$175,000	3.00%

Average Sales Price	2009	2010	2011	2012	% Change ('11 - '12)
July	\$216,213	\$213,225	\$224,063	\$209,134	-6.66%
Year-To-Date	\$220,909	\$211,532	\$200,383	\$196,468	-1.95%

Average Days on Market	2009	2010	2011	2012	% Change ('11 - '12)
July	202	194	230	231	0.43%
Year-To-Date	192	191	214	221	3.27%

YTD: sales pace increases; median price increases. July 2012 was a tremendously strong month of home sales in Harrisonburg and Rockingham County -- as July's 93 home sales marked a 21% improvement in sales pace compared to last July. Furthermore, the first seven months of the year are the best Jan-July we have seen

since prior to 2009. The 7.9% increase in YTD home sales has likely contributed to the 3% increase in YTD median sales prices as compared to 2011. As we continue to 2012 we are likely to see further stability and strength in the pace of home sales and a continued gradual improvement in sales prices.

HOME SALES REPORT :: BY AREA

# Home Sales	City of Harrisonburg			Rockingham County		
	2011	2012	% Change	2011	2012	% Change
July	32	41	28.13%	45	52	15.56%
Year-To-Date	160	174	8.75%	283	304	7.42%

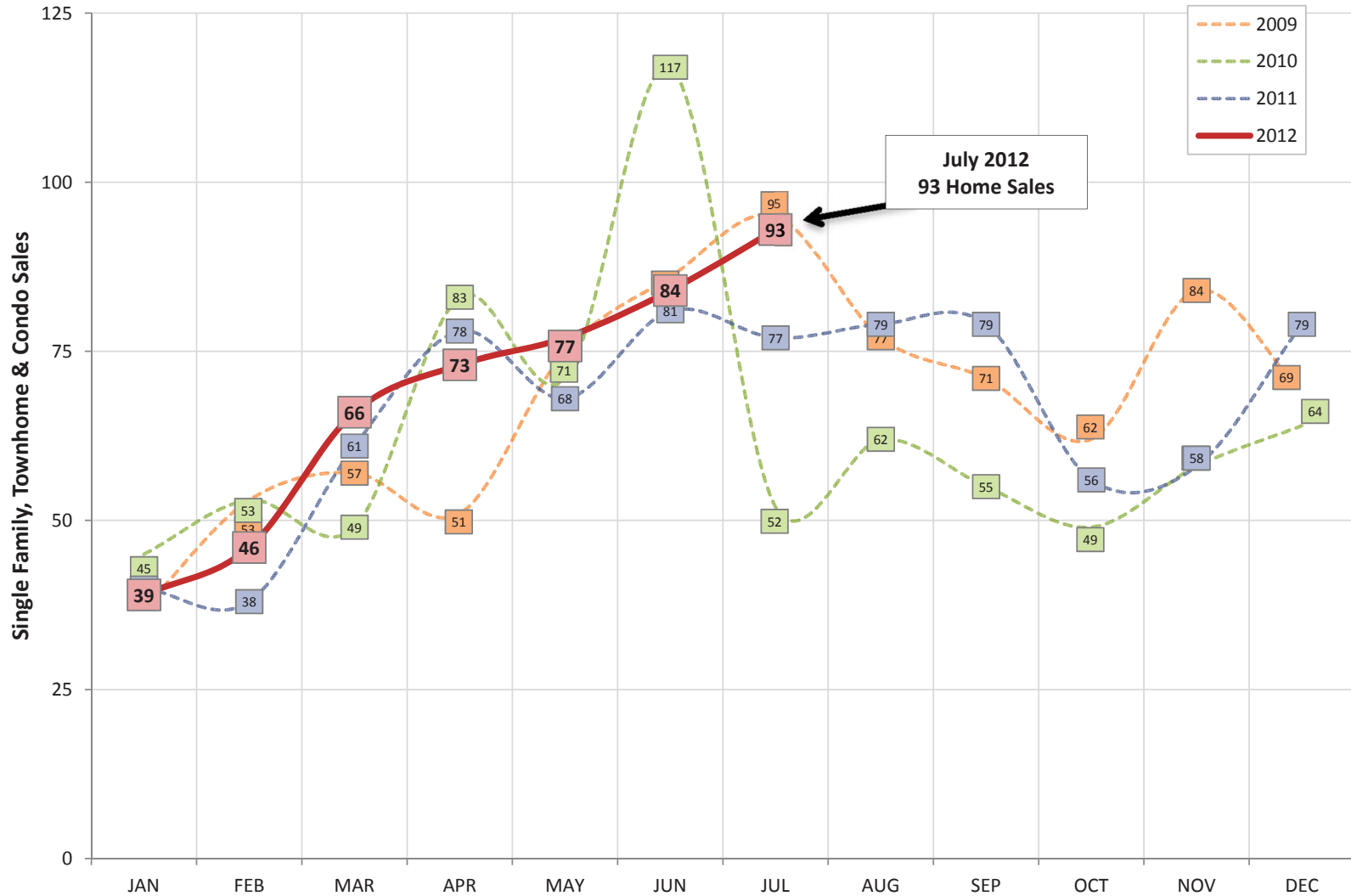
Median Sales Price	City of Harrisonburg			Rockingham County		
	2011	2012	% Change	2011	2012	% Change
July	\$187,000	\$159,600	-14.65%	\$218,750	\$223,750	2.29%
Year-To-Date	\$163,000	\$161,700	-0.80%	\$175,482	\$190,000	8.27%

Average Days on Market	City of Harrisonburg			Rockingham County		
	2011	2012	% Change	2011	2012	% Change
July	277	201	-27.44%	197	255	29.44%
Year-To-Date	223	236	5.83%	209	212	1.44%

Prices recovering more quickly in the County. This new data table breaks out overall sales trends between properties in the City of Harrisonburg as compared to Rockingham County. Don't mind the drastic swings when only comparing one month of data, as the sample size is quite small -- pay more attention to the YTD

changes in the metrics noted above. For example, while both the City and County have seen an increase in sales pace (+9%, +8%) the City has seen a 0.8% decline in median sales prices, while the County has experienced an 8% increase!

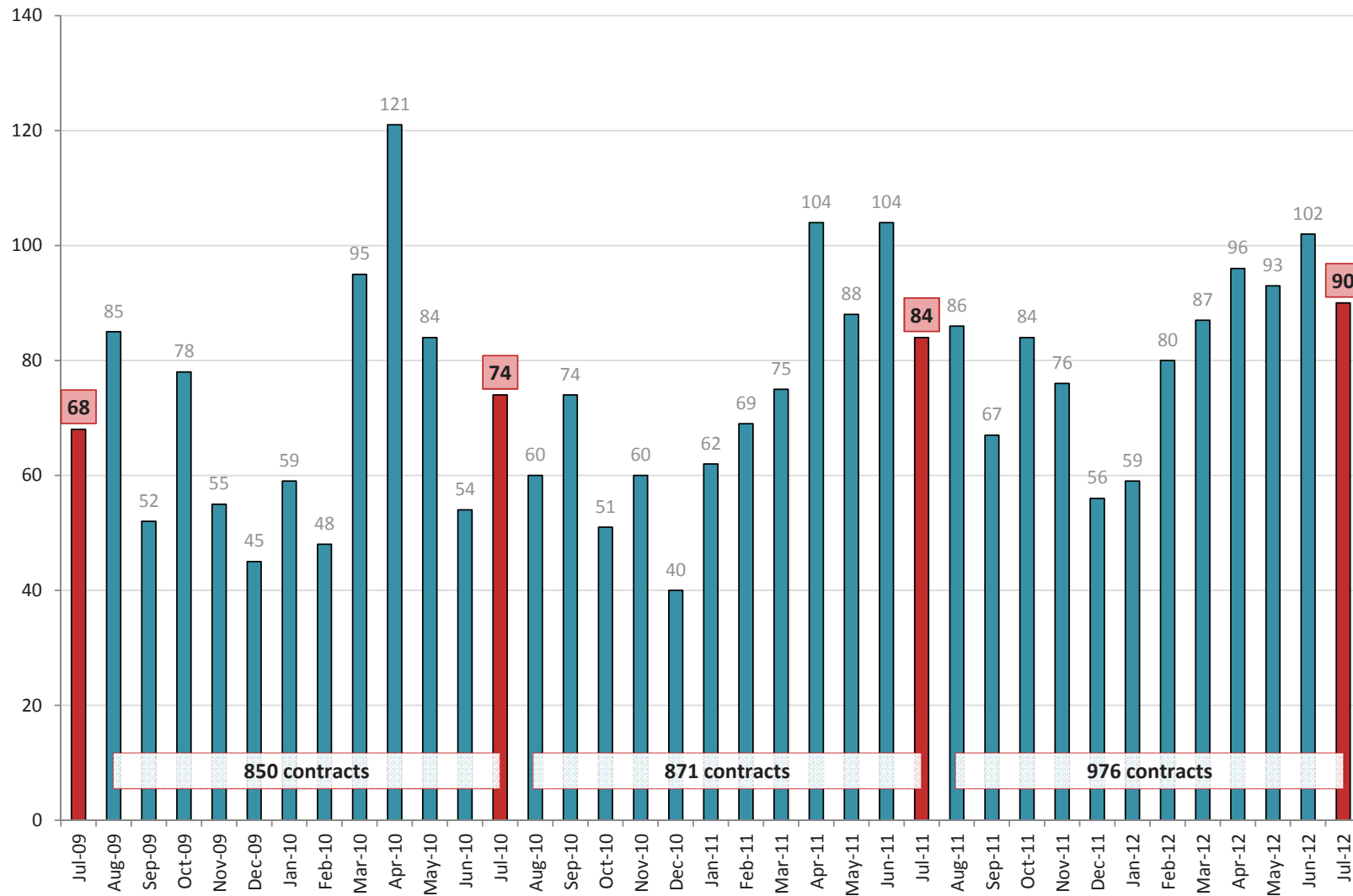
Harrisonburg & Rockingham County Month-By-Month Home Sales History



July shows unseasonably strong sales performance. Perhaps 2009 is the best point of comparison when attempting to understand this year's strong sales performance during July. The spring/summer market in 2012 has shown a steady and strong April-May-June sales trend that matches the 2009 trend much more closely than

last year. It is difficult to say, however, what the trajectory will look like for the remainder of the year. After strong sales in July 2009, the subsequent months dropped off quite a bit in August/September --- while last year August/September home sales remained as strong as July 2011 levels.

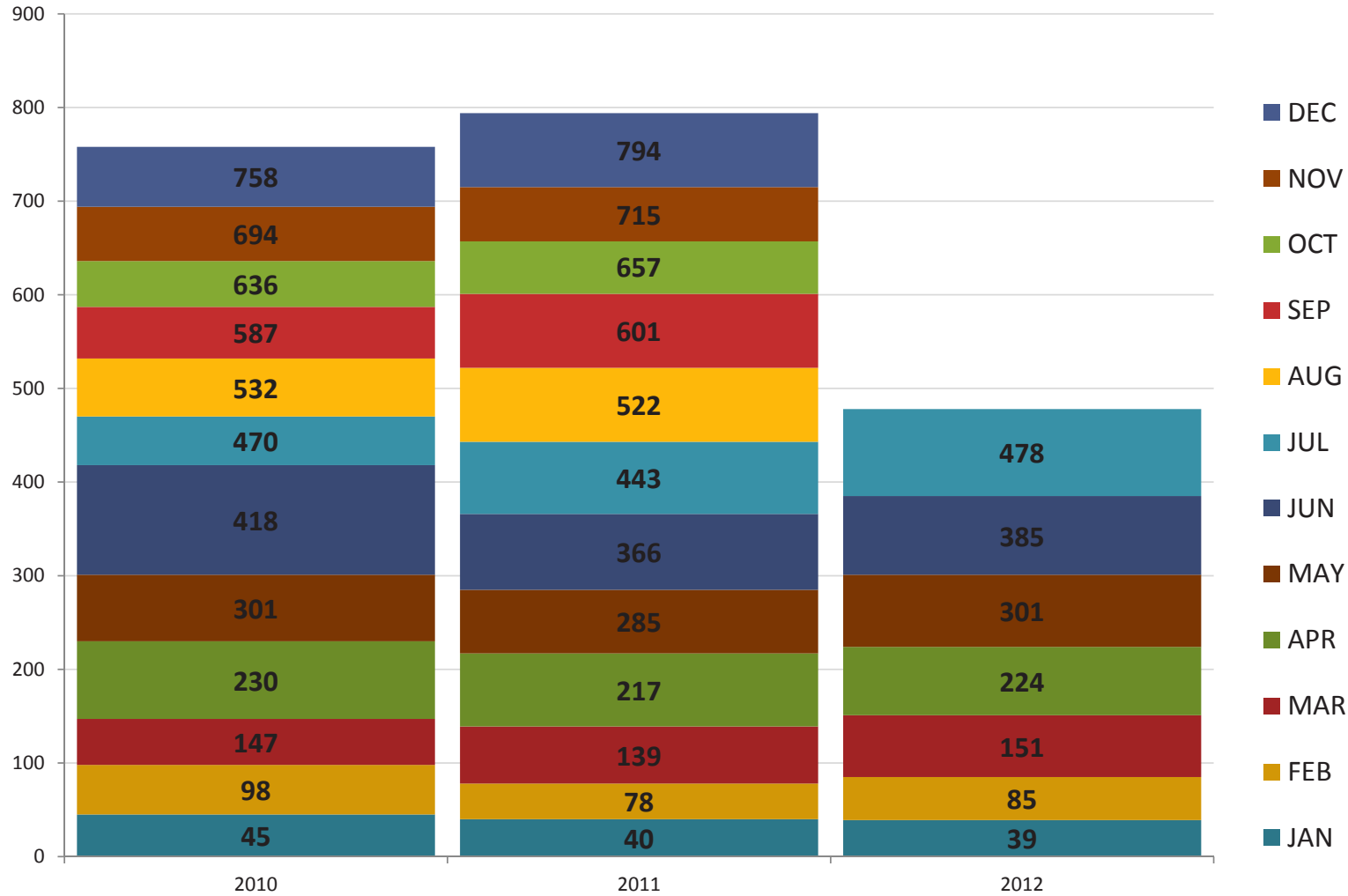
Harrisonburg & Rockingham County
Buyers Per Month Committing to Buy Properties



Strong contract figures continue in July. Contract figures have steadily increased over the past several years for July --- from 68 to 74 to 84 to 90 last month. This has added to the already strong pace of contracts in 2012 to mark a 12% increase in the

annualized pace of contracts. As I have noted before, all of these contracts do not result in closings --- but the strong increase in contracts has certainly been a central contributor to the overall increase in sales pace seen thus far in 2012.

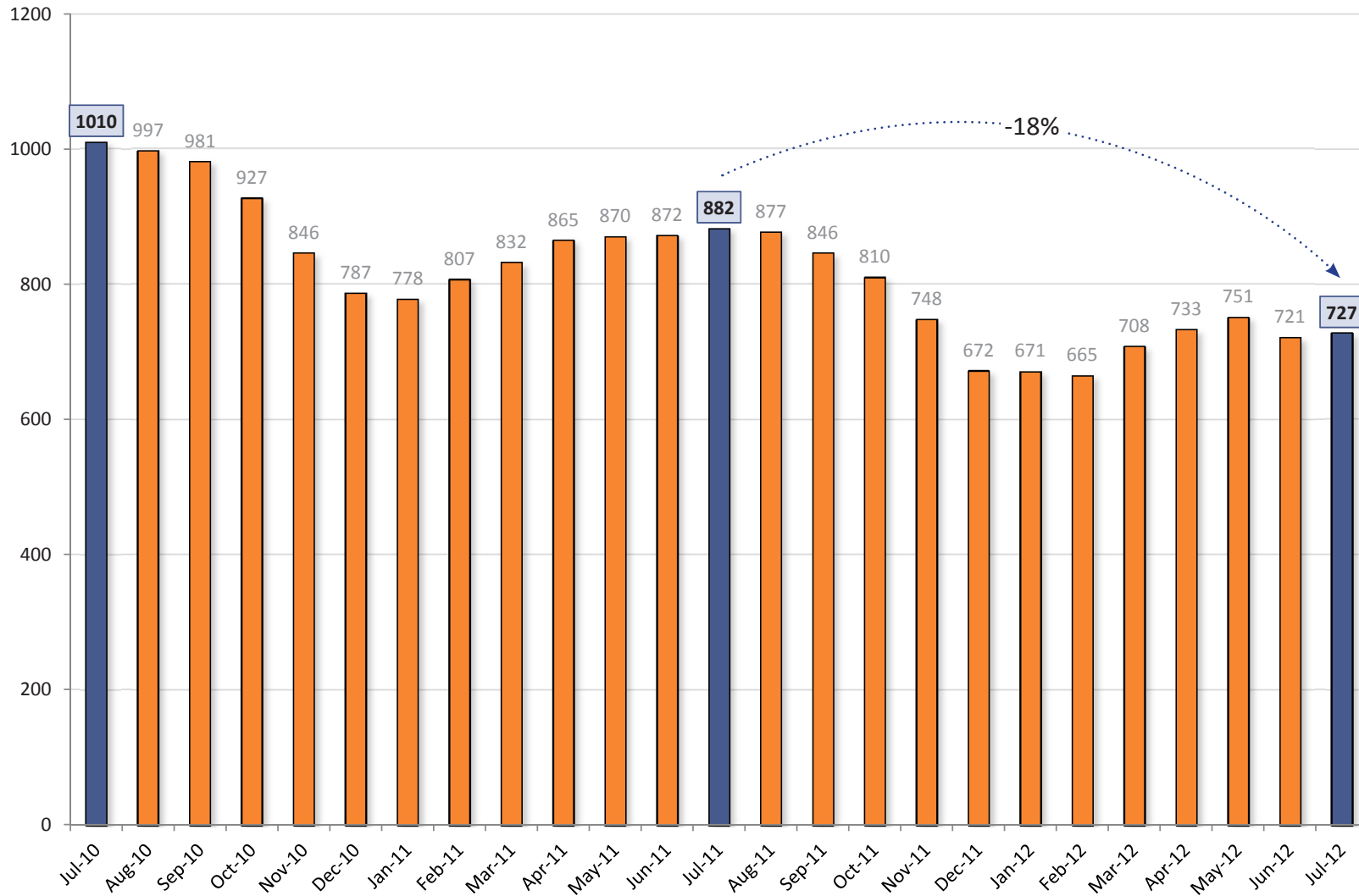
Harrisonburg & Rockingham County Monthly Cumulative Residential Sales



July helps 2012 surge even further ahead. This graph shows the month by month cumulative count of residential sales in Harrisonburg and Rockingham County. Last year's home sales (794) exceeded 2010 home sales (758), and this year is off to a

good start with stronger year-to-date sales (478) as compared to 2011 (443) during the same time period. Looking at 2011 and 2012 side by side you will note that March, May and July have shown the biggest gains this yer as compared to last year.

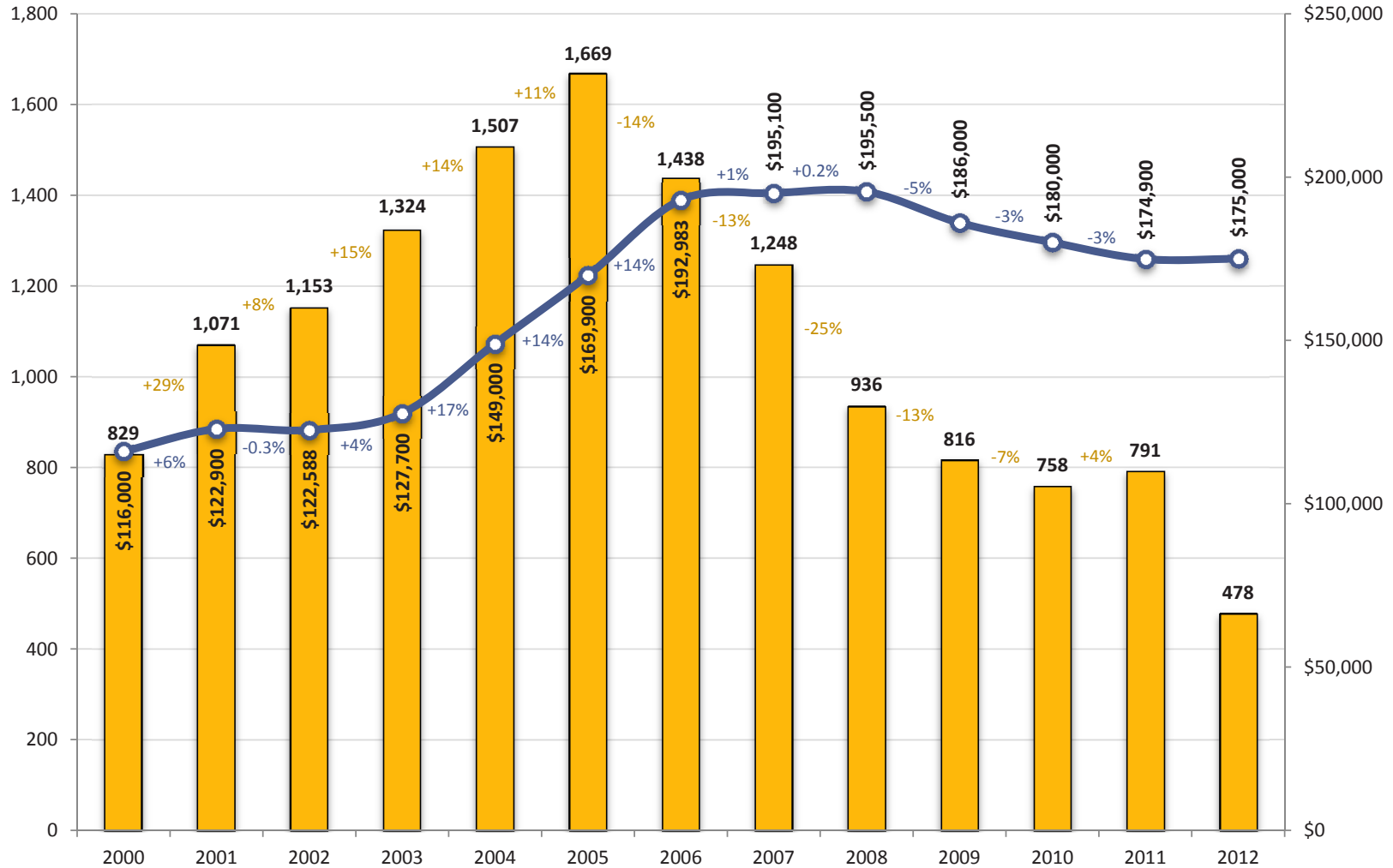
Harrisonburg & Rockingham County
Inventory Levels



Inventory levels keep on dropping. The declines in median sales price seen over the past several years are partly due to the imbalance in the market between the number of sellers (too many) and the number of buyers (too few). With contracts on the rise (see page 6) and inventory declining (see above) we are slowly moving

towards a more balanced market. It has actually been quite a rapid improvement over the past two years --- with an 18% decline in inventory over the past 12 months, and an overall 28% decline over the past 24 months. After a surprising decline in inventory during June 2012, inventory levels picked back up in July.

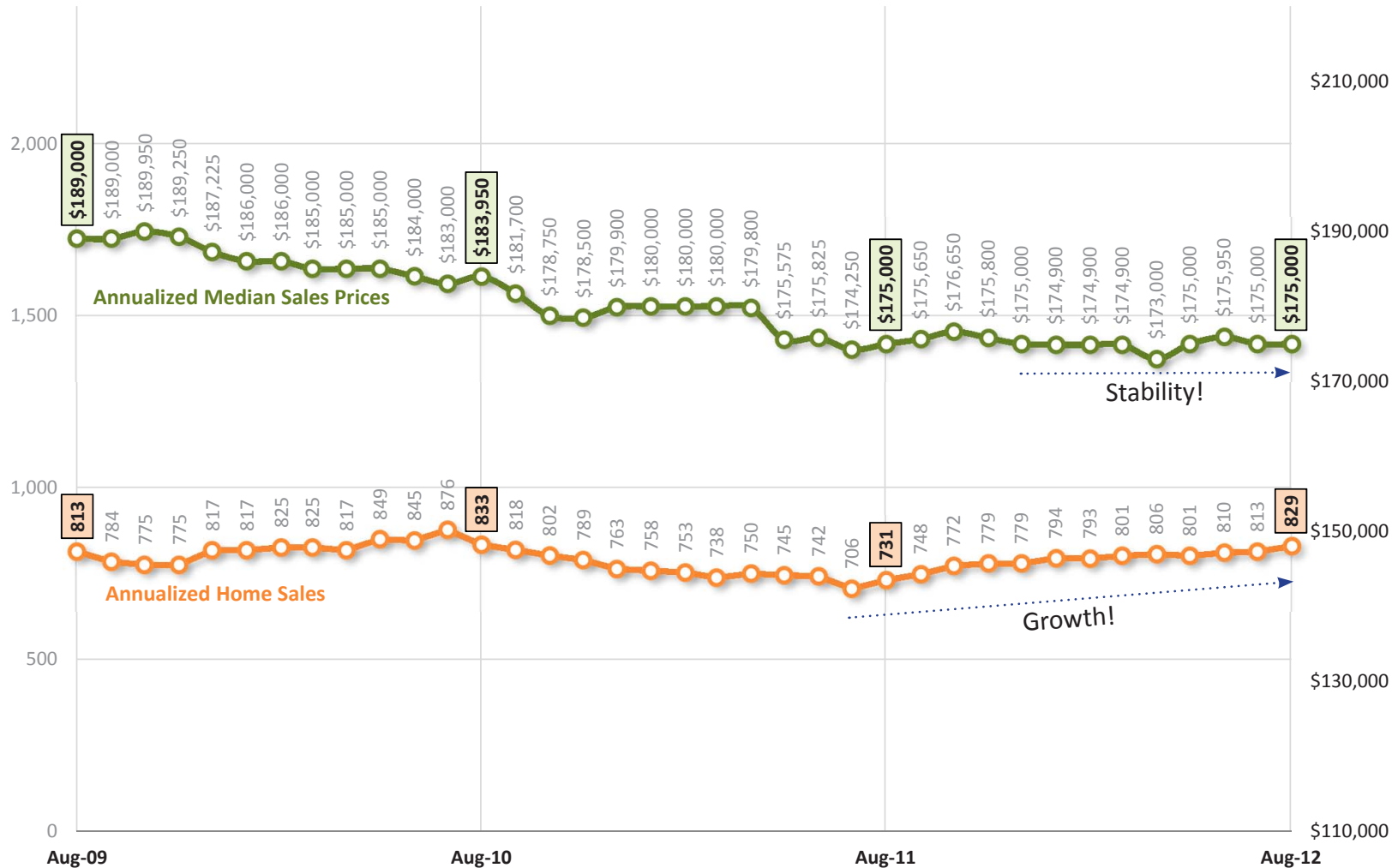
Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes & Townhomes



Home prices steady. This graph provides an overall indicator of the state of our housing market, showing both the number of homes being sold each year since 2000 (yellow bars) as well as changes in the median sales price during the same time period (blue line). After five years of declines in home sales (2005-2010) the

pace finally picked up in 2011 with a 4% year-over-year increase. With stronger YTD sales in 2012 (+7.9%) we will likely see further improvement in the pace of home sales this year, and it seems quite possible that home values (as measured by median price) will level off this year.

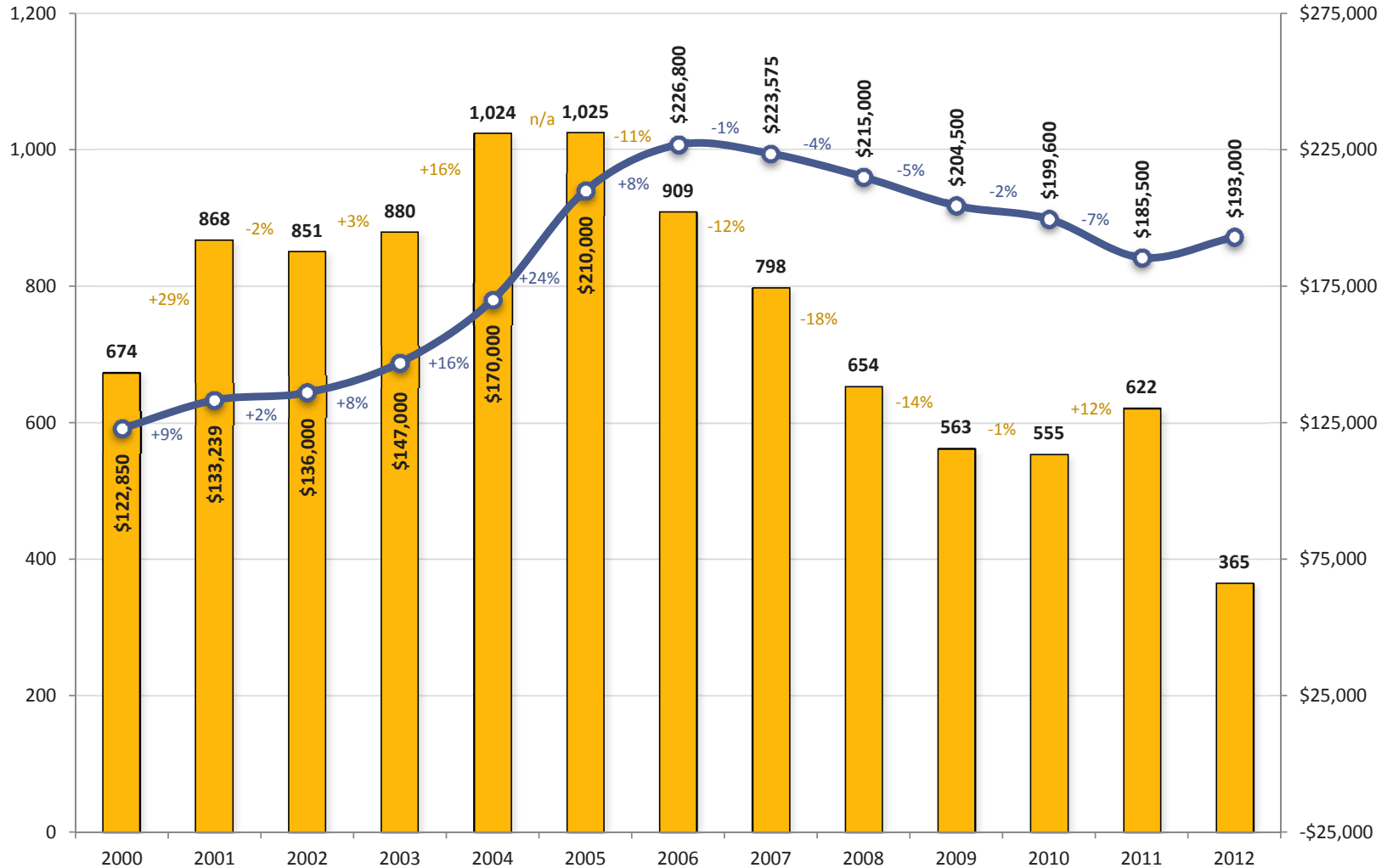
Harrisonburg & Rockingham County Time-Adjusted Home Sales Trends :: All Homes # Home Sales, Median Sales Price in each 12 Month Period



Increasing sales pace; stable sales prices. 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. After steady increases in the annualized pace of home sales over the past year, we have now surpassed the 813 sales/year mark seen three years ago in August 2009. Perhaps as a result of this increase in sales pace, sales prices have been relatively stable for eight months.

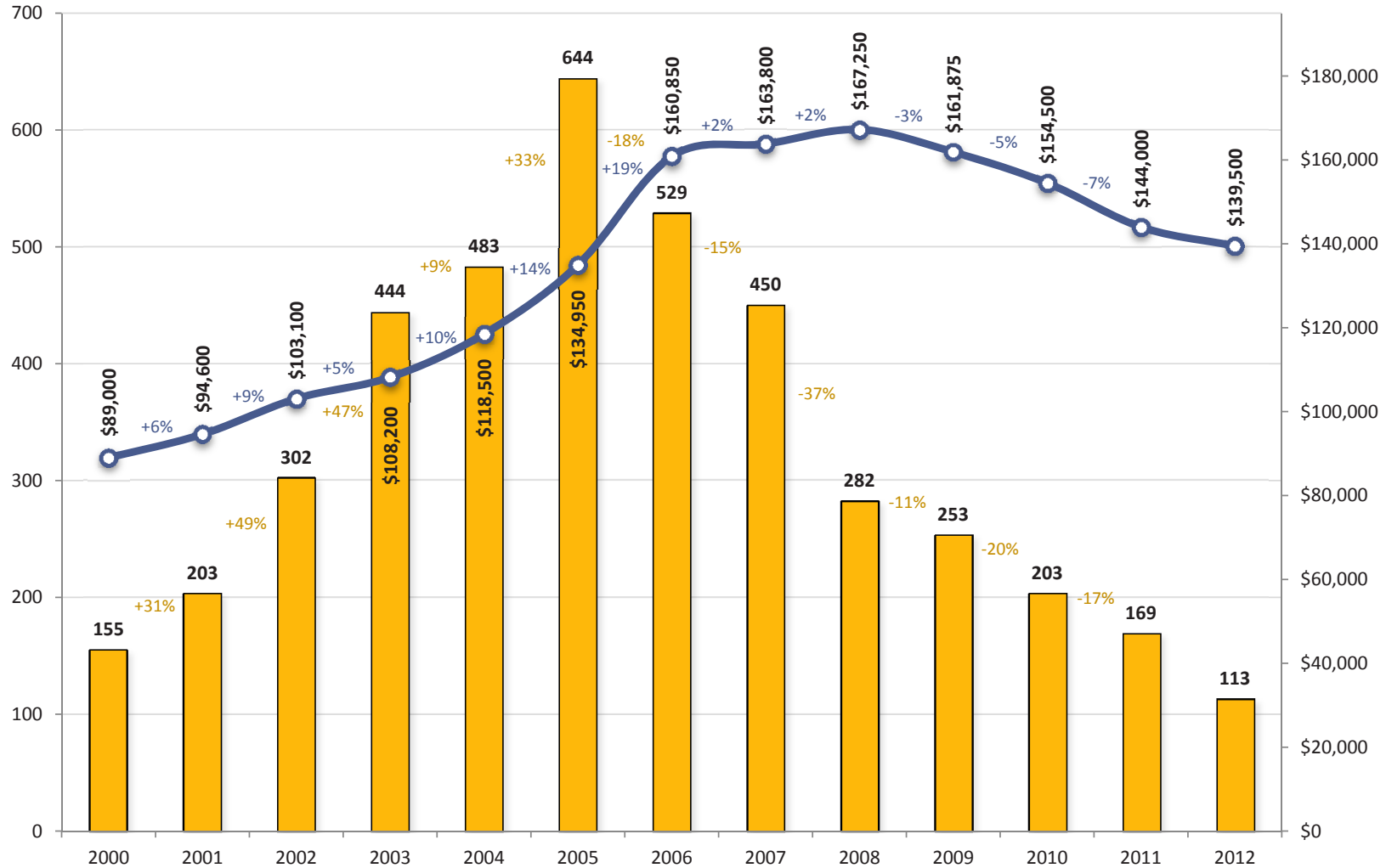
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Single Family Homes



Prices of single family homes increase. The single family home market in Harrisonburg and Rockingham County seems to be recovering quite nicely compared to the overall market. Last year, the pace of home sales in the single family home market increased by 12% -- nearing 2008 sales levels with 622 sales. Single family

homes are performing well again in 2012, and median prices are currently showing an increase from \$185,500 (last year) to \$193,000 for the first seven months of 2012.

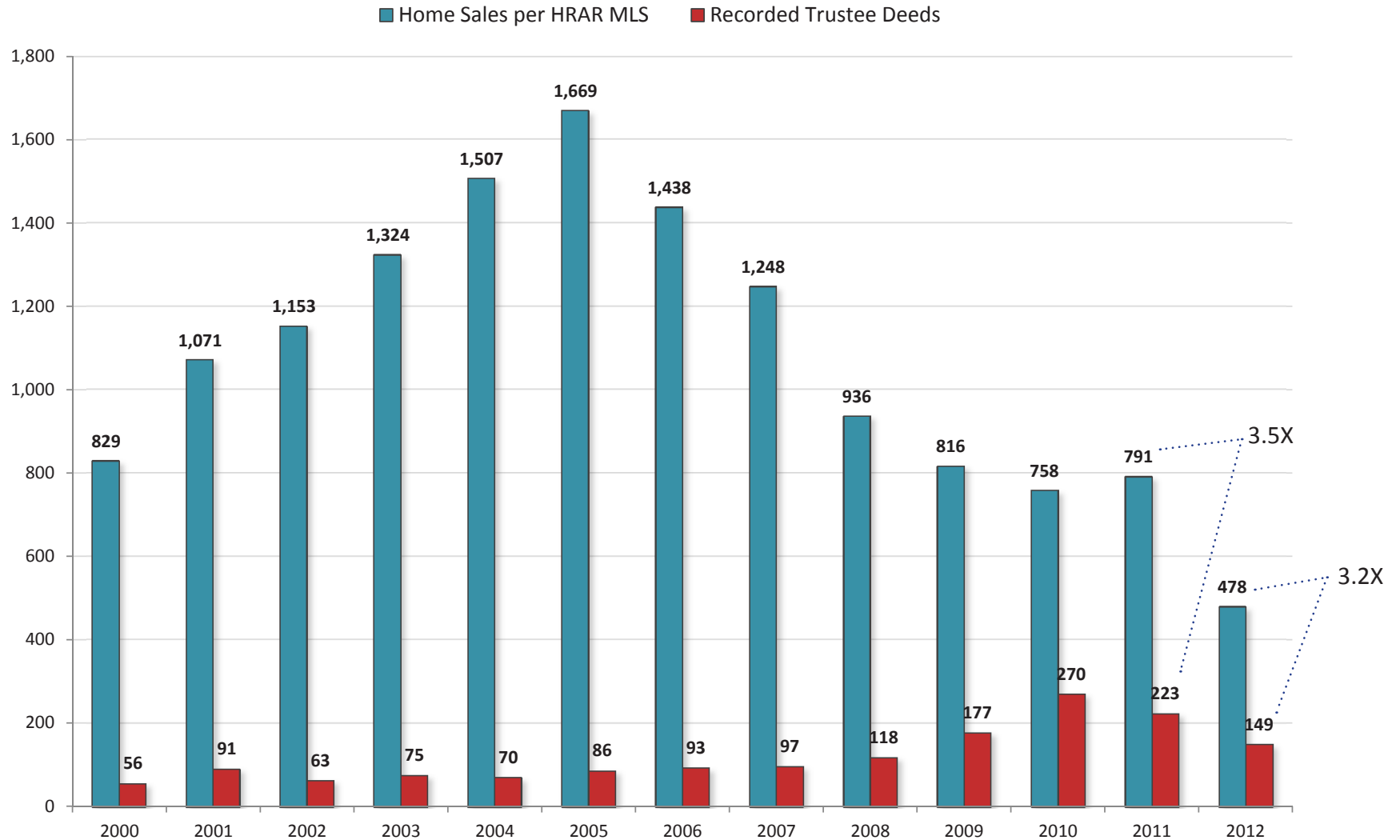
Harrisonburg & Rockingham County Home Sales & Price Trends Duplexes, Townhomes & Condos



Townhouse sales comparatively sluggish. If the single family home market is stabilizing, it is at least partially at the expense of the townhouse market. The final count of 169 townhouse sales in 2011 marked a 17% year-over-year decline in townhouse sales --- from an extraordinary peak of 644 sales in 2005. Townhome

sales thus far in 2012 have started to pick up pace in the past few months, with 113 year-to-date closings. Median sales prices, however, are continuing to decline this year -- though at a slower pace of decline. After a 7% decline in price from 2010 to 2011, the price decline between last year and this year has only been 3%.

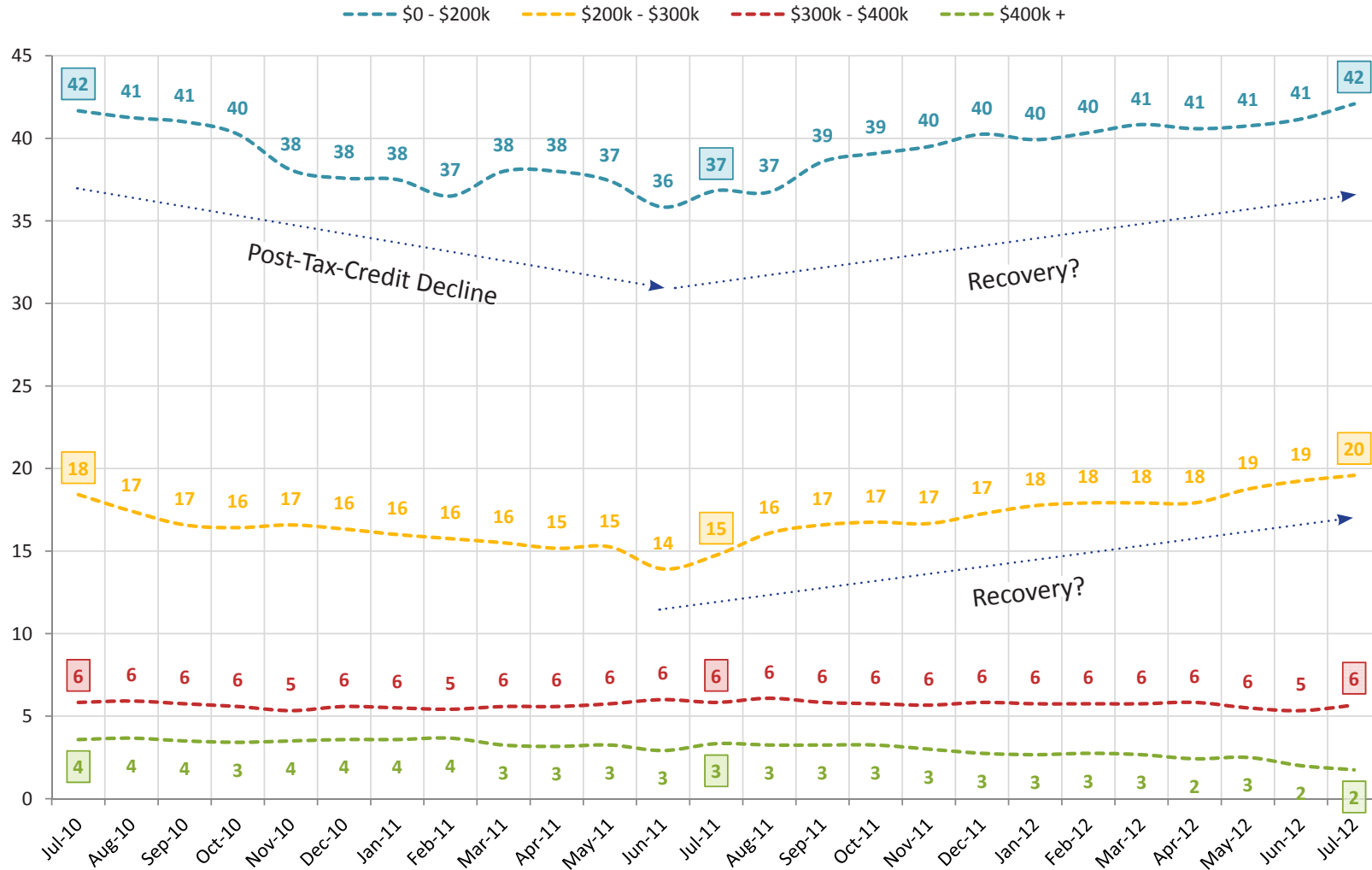
Harrisonburg & Rockingham County Home Sales vs. Trustee Sales



Foreclosures up slightly from last year. 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 new home sales directly from a builder. The red bars

show the number of Trustee Deeds. Some foreclosed properties then show up in blue when they are listed as REO properties. The foreclosure rate has increased somewhat in 2012, as there were 3.5 times as many home sales as foreclosures during 2011 and only 3.2 times as many home sales as foreclosures thus far in 2012.

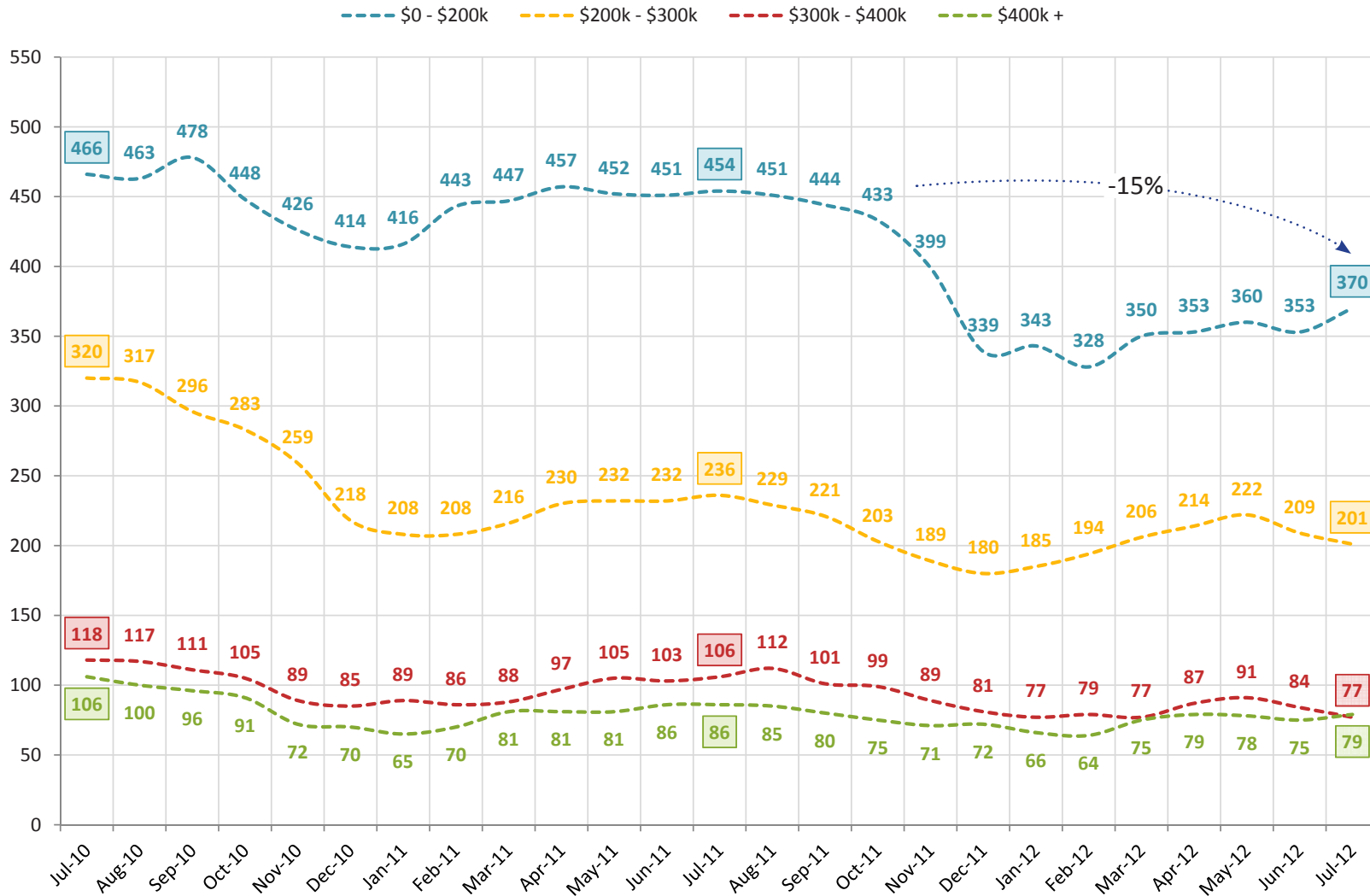
Harrisonburg & Rockingham County Home Sales by Price Range (Average of Past 12 Months)



Recovery more evident in lower price ranges. The pace of home sales in Harrisonburg and Rockingham County varies significantly 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 under \$200,000 has increased for the past year, as has the pace of sales between \$200,000 and \$300,000. The pace of home sales between \$300,000 and \$400,000 has been relatively steady, and the highest price range (\$400,000 and up) has seen slower sales over the past two years.

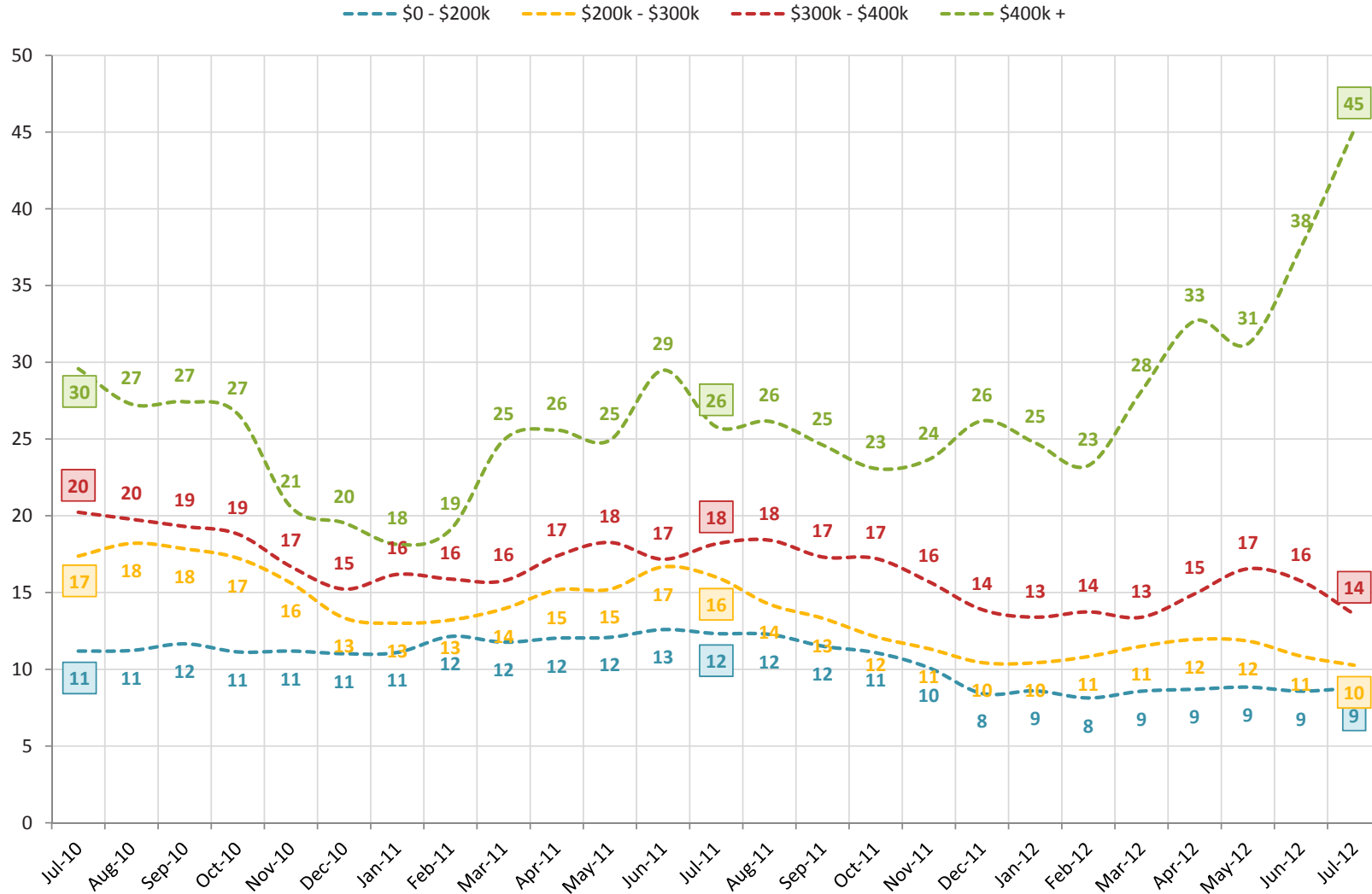
Harrisonburg & Rockingham County Inventory Levels by Price Range



Big drop in inventory in lowest price segment. 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 nine months ago there were 433 such properties for sale, and today there are

only 370 for sale -- this marks an 15% decline in inventory. While we should expect that inventory levels will increase through the summer market, 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.

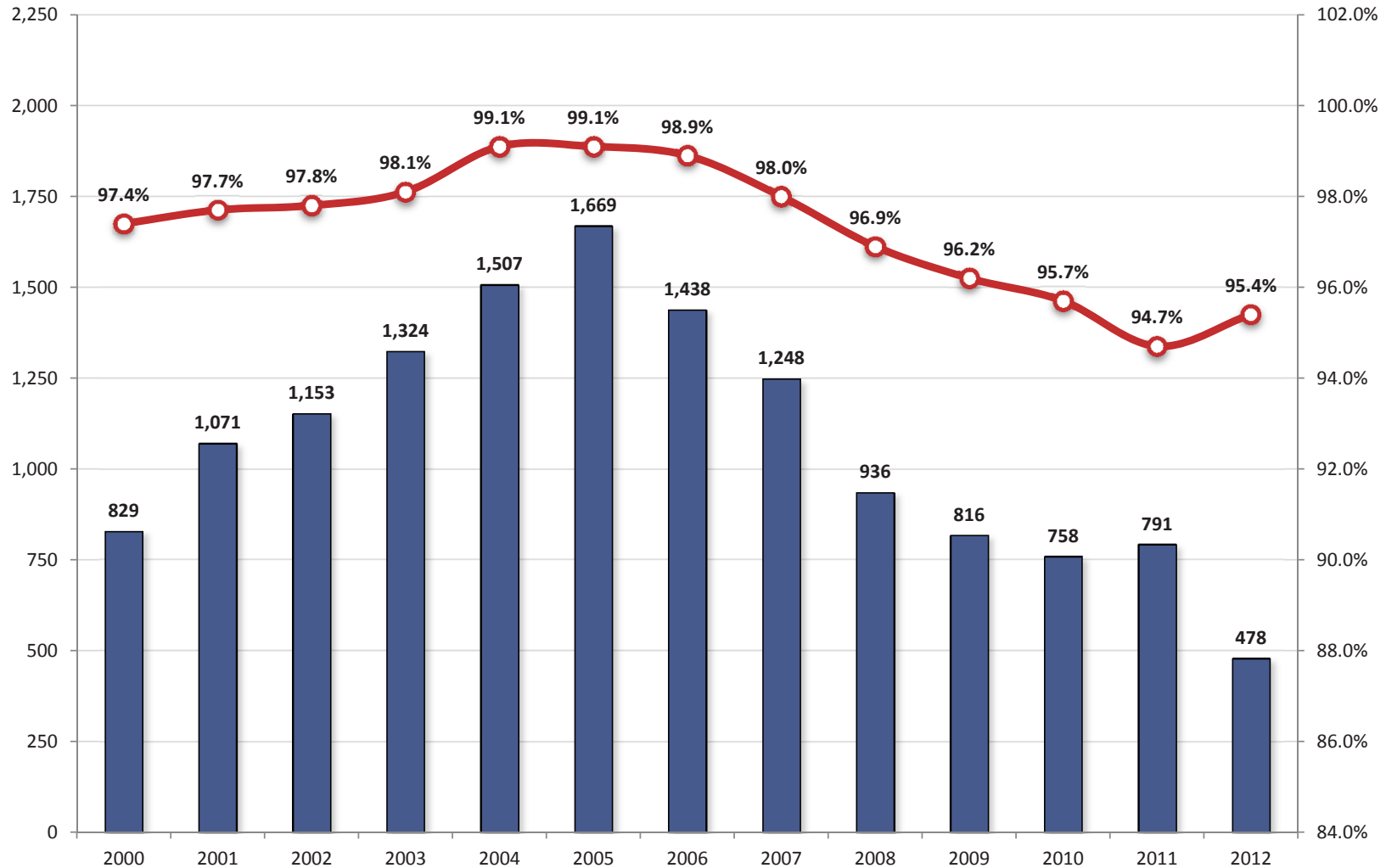
Harrisonburg & Rockingham County Months of Housing Supply by Price Range



Housing supply spikes in high price ranges. 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 45 months to sell all of the homes currently for sale over \$400K if the

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

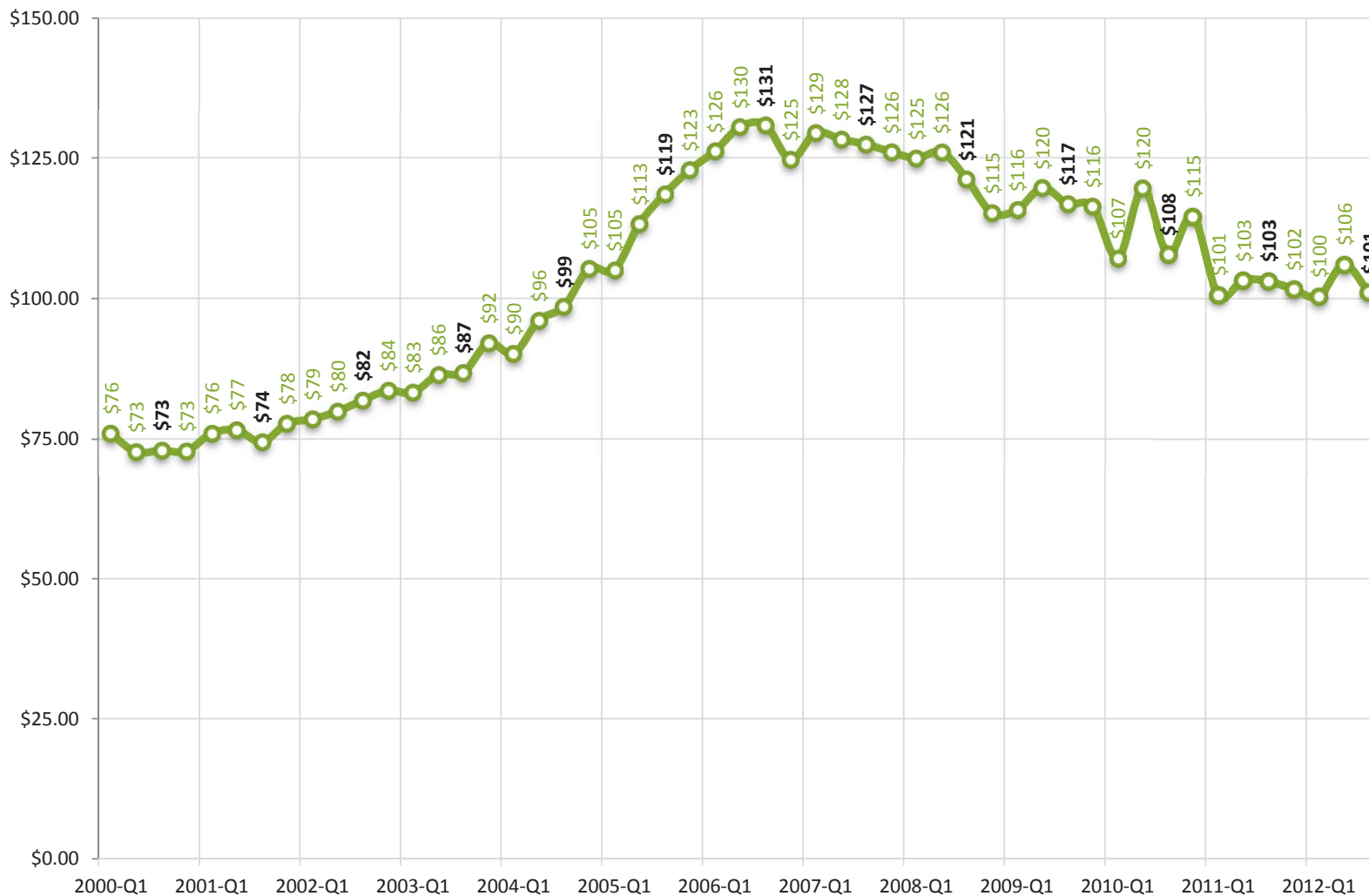
Harrisonburg & Rockingham County
List Price to Sales Price Ratio
 within the context of Home Sales Pace



Buyers experiencing slightly less flexibility on pricing. This new graph shows the average list price to sales price ratio (red line) over the past 12+ years as compared to the overall pace of home sales. At the peak of the housing boom (2004-2006) sellers were able to obtain an average of 99% of their asking price --- up from an

average of 97.4% in 2000 before home sales started escalating. Last year may have offered the most flexibility for buyers --- with homes selling at an average of 94.7% of their asking prices --- this metric now shows an improvement to 95.4% of the asking price for home sales during the first seven months of 2012.

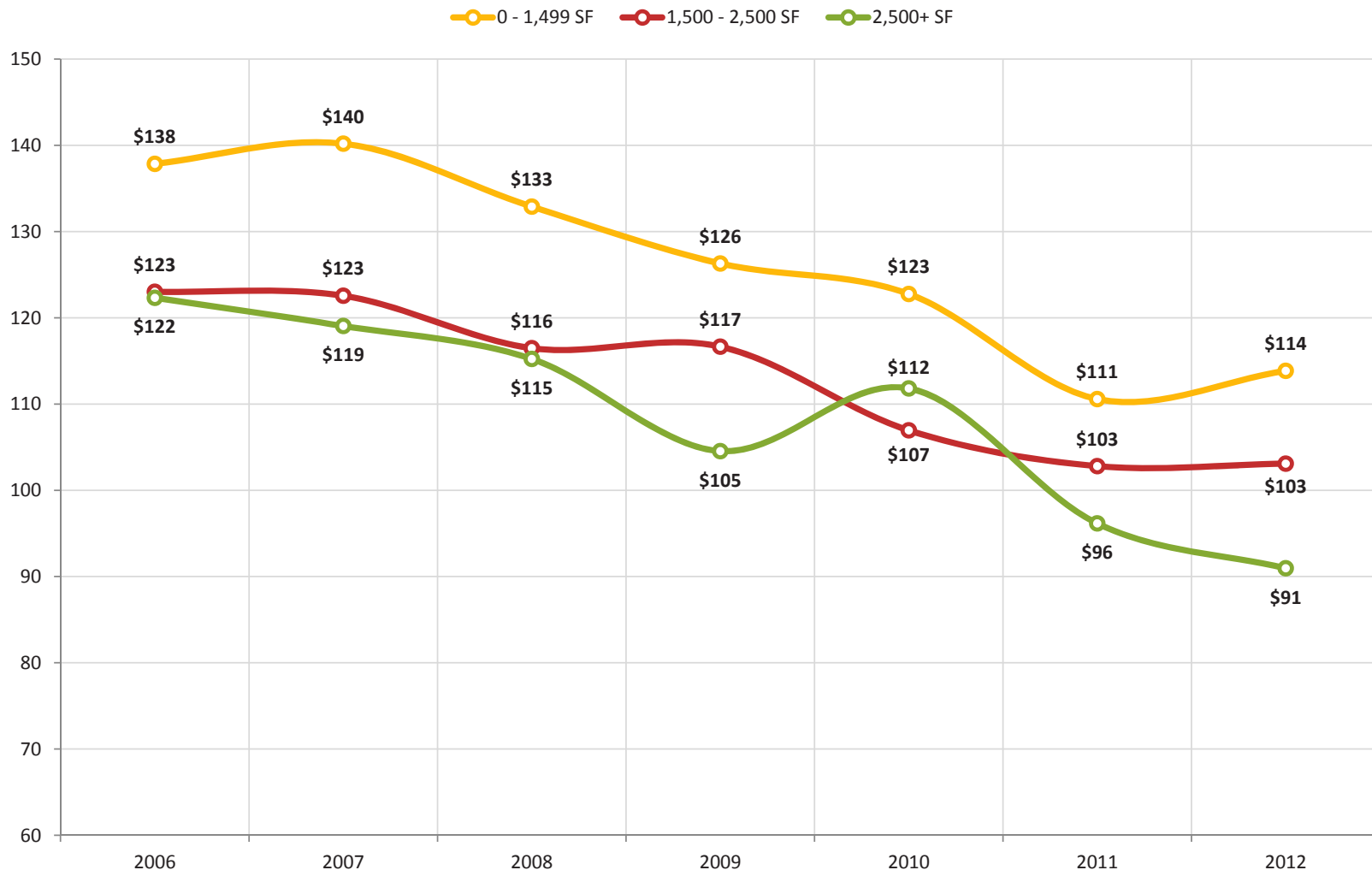
Harrisonburg & Rockingham County Median Price Per Square Foot Trends Single Family Homes



Price per square foot showing possible signs of stability. 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. Of late, however, the price per square foot has shown signs of stabilization.

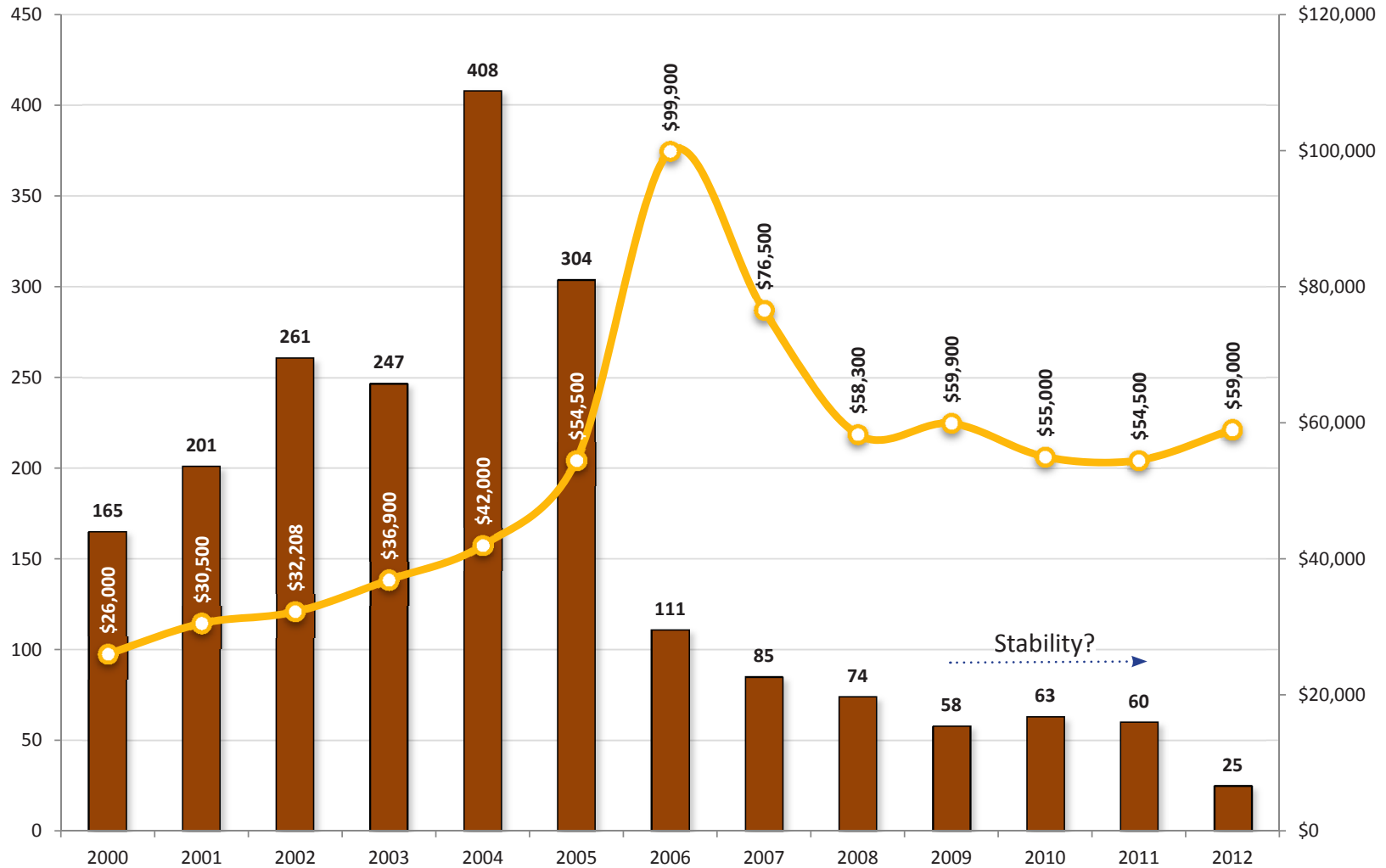
Harrisonburg & Rockingham County
Median Price Per Square Foot by Home Size
 Single Family Homes



Prices edge up under 1500 SF. 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 (\$91/SF) than homes that offer less than 1500 SF (\$114/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.

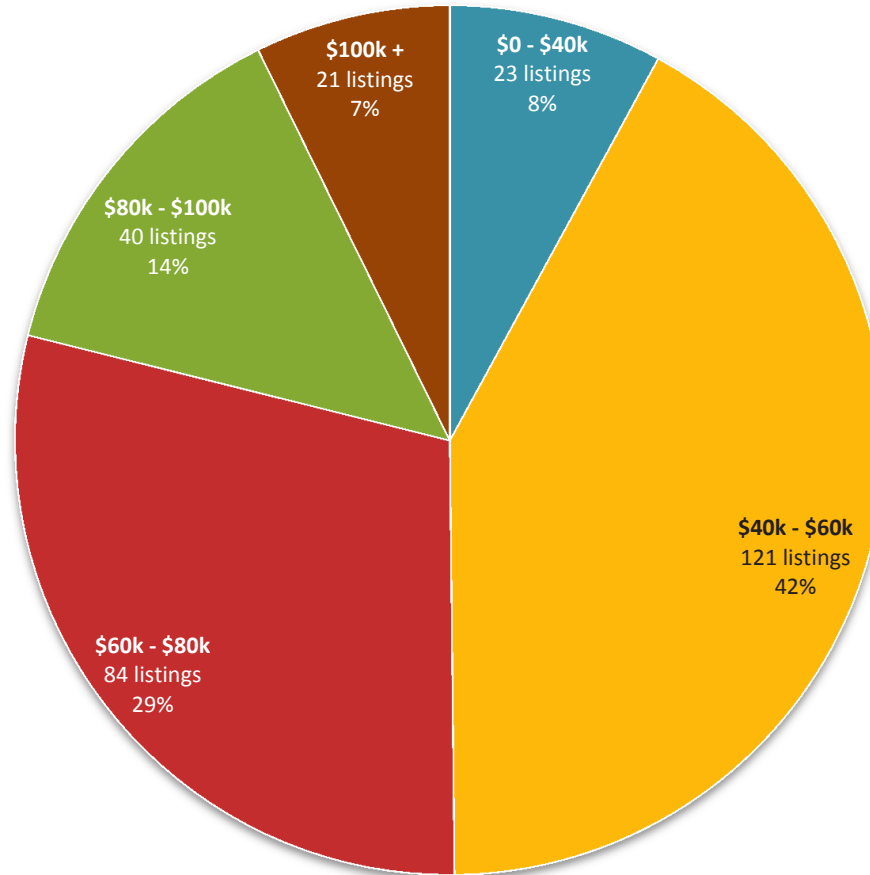
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



Lot sales (< 1 acre) stabilizing? While the pace of sales of lots that are smaller than an acre have plummeted since 2004 (-85% between 2004 and 2010), they may have finally stabilized in 2011. In 2009, there were 58 lot sales of less than an acre, in

2010 that increased to 63 sales, and 2011 finished out with 60 sales. The median sales price of these lots under one acre may also be stabilizing between \$55,000 and \$60,000.

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

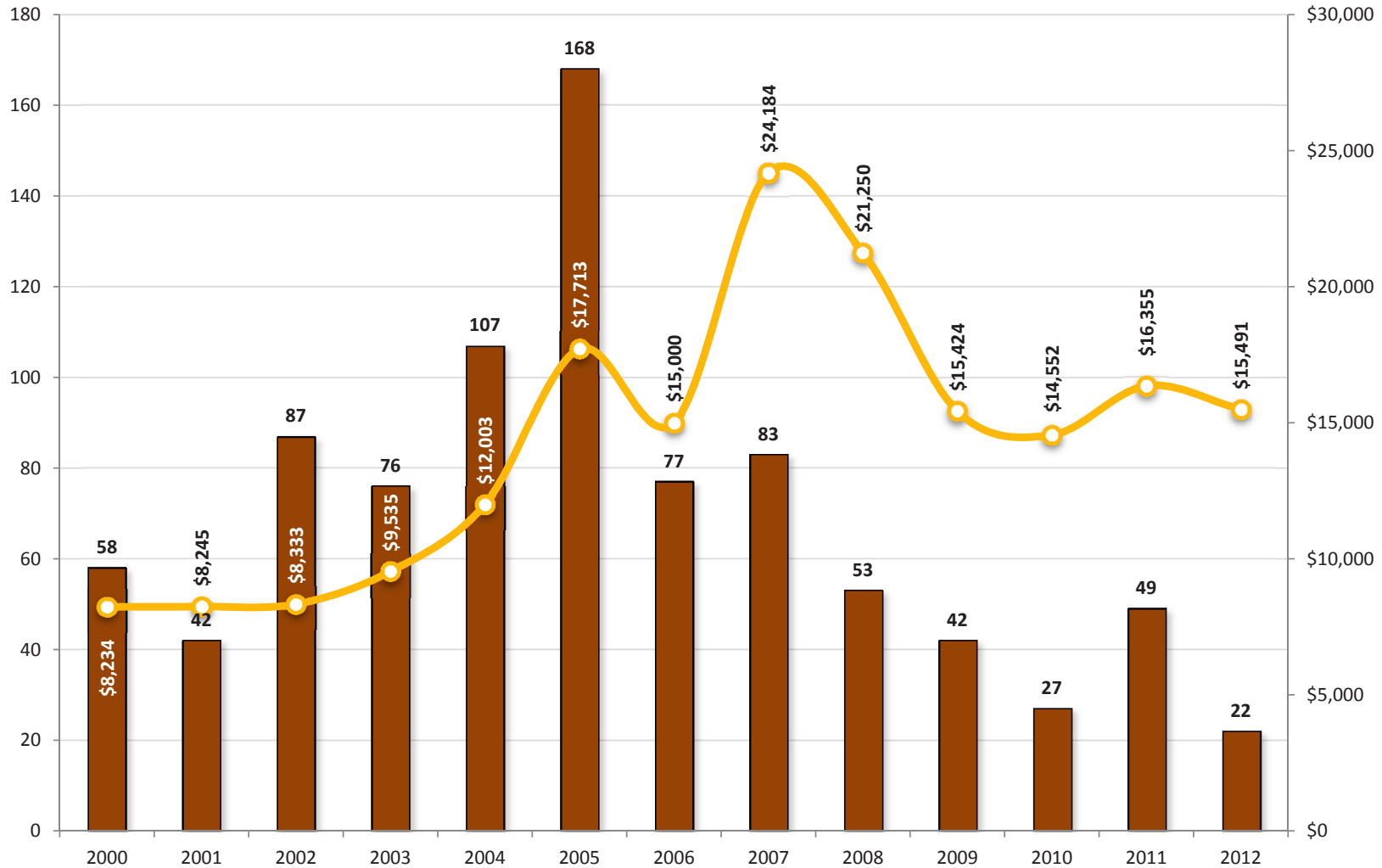


289 Active Lot Listings; Median List Price: \$62,000

Many (many) lots for sale. Despite the fact that only 60 lots (of less than an acre) sold in all of 2011, there are a remarkable 289 lots currently for sale. Some sanity exists in this listing market, however, as the median list price of lots for sale (\$62,000) is only slightly higher than the 2012 YTD median sales price of \$59,000. 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, half of the lots currently listed for sale are priced above \$60,000 --- thus many sellers are have offering prices much higher than recent (2011, 2012) median sales prices.

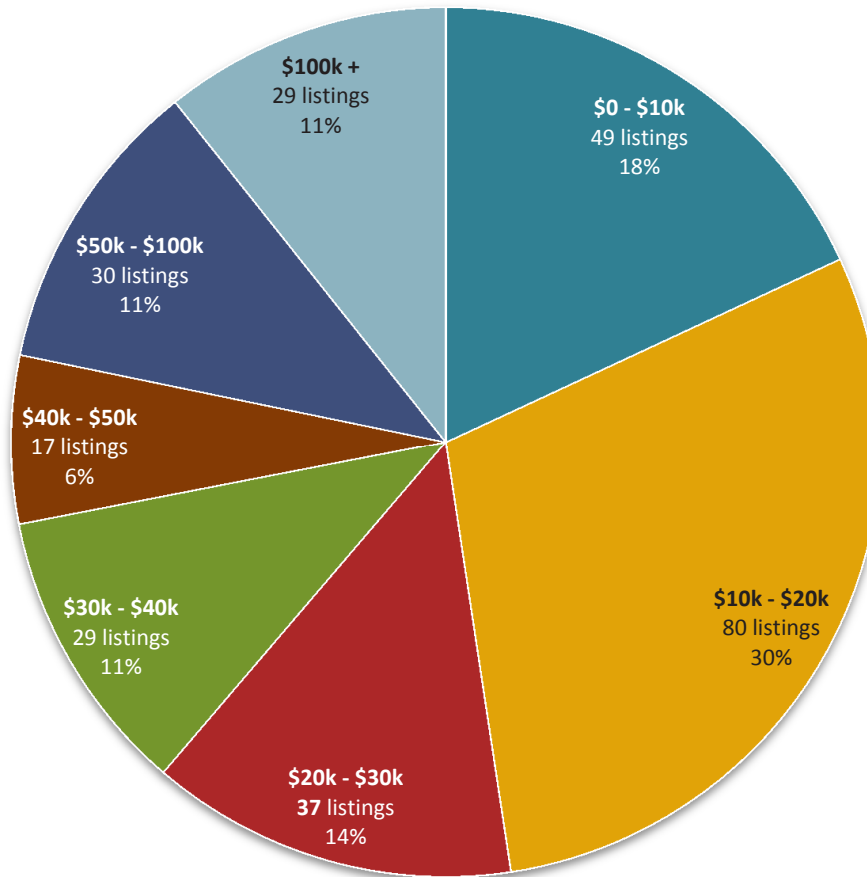
Harrisonburg & Rockingham County
Land Sales & Median Price Per Acre
 1 acre or more



Larger lot sales slow again (slightly) in 2012. Parcels of land larger than one acre in Harrisonburg or Rockingham County sold quite quickly in 2011 as compared to both 2009 and 2010. During all of 2010, only 27 such land sales were recorded in the HRAR MLS, but there were a total of 49 such sales during 2011. This increase

in the pace of sales is very likely causing the increase in median price per acre that was experienced between 2010 and 2011. Despite a slightly slower pace (22 sales) thus far in 2012, the median price per acre continues to show an improvement over 2010 -- currently at \$15,491 per acre during 2012 year-to-date.

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

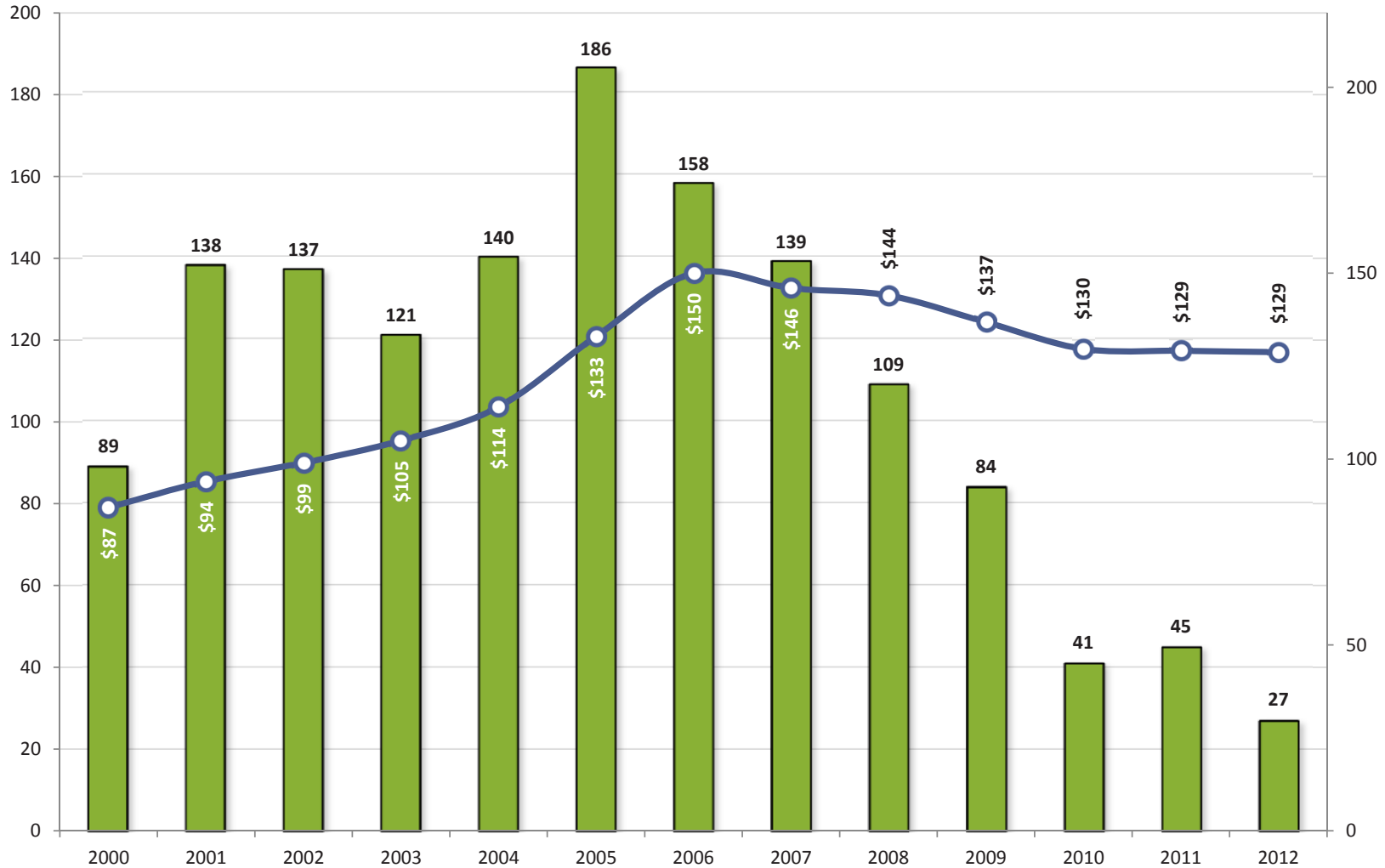


271 Active Land Listing; Median List Price: \$21,842 / Acre

High (really high) levels of lot inventory. Despite the fact that only 49 parcels of land (of one acre or more) sold in all of 2011, there are a remarkable 271 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 271 parcels

for sale is currently \$21,842 per acre. Given last year's 49 land sales, if no other land is listed for sale, it would take over five years to sell all of the parcels of land currently listed for sale. As you can see above, the vast majority of land listed for sale is listed at median prices per acre well above the median sales price per acre.

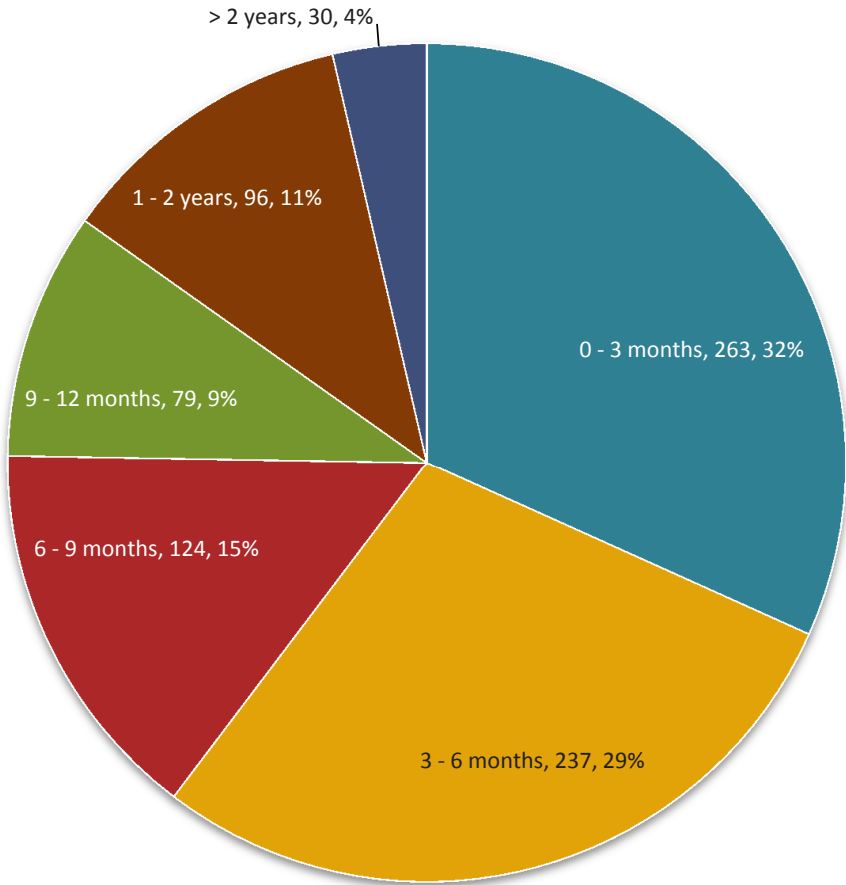
Harrisonburg & Rockingham County
New Construction Single Family Home Sales Trends
 Number of Sales, Median Price Per Square Foot



New home sales slow, but prices steady. New home builders finally saw an increase in the pace of new home sales during 2011 -- after a steady decline since 2005. This small increase (42 to 45), however, still leaves plenty of room for improvement -- and thus far in 2012, it is unclear whether we will see another increase in new home

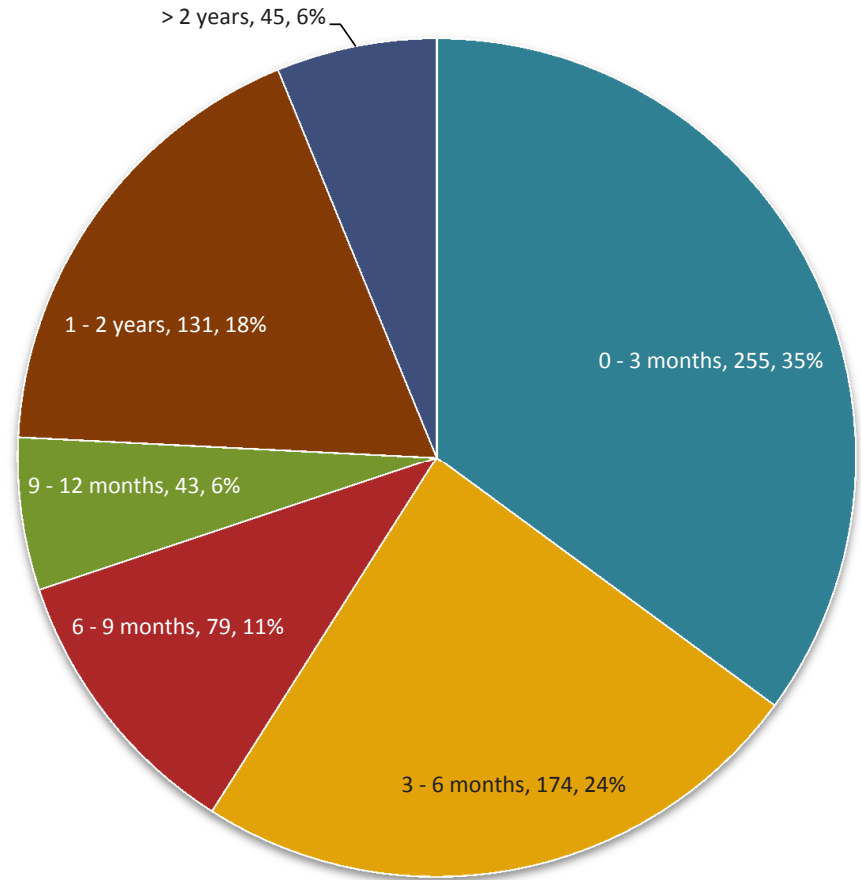
sales, as there have only been 27 such sales so far this year. It is interesting to note that the median price per square foot is showing signs of steadying, with only a very small decline between 2010 and 2011 (and 2012). As the inventory of re-sale homes slims down, the sales of new homes may continue to increase.

Harrisonburg & Rockingham County Days on Market Analysis Residential Listings Sold in the Past 12 Months



Average Days On Market: 212

Harrisonburg & Rockingham County Days on Market Analysis Active Listings

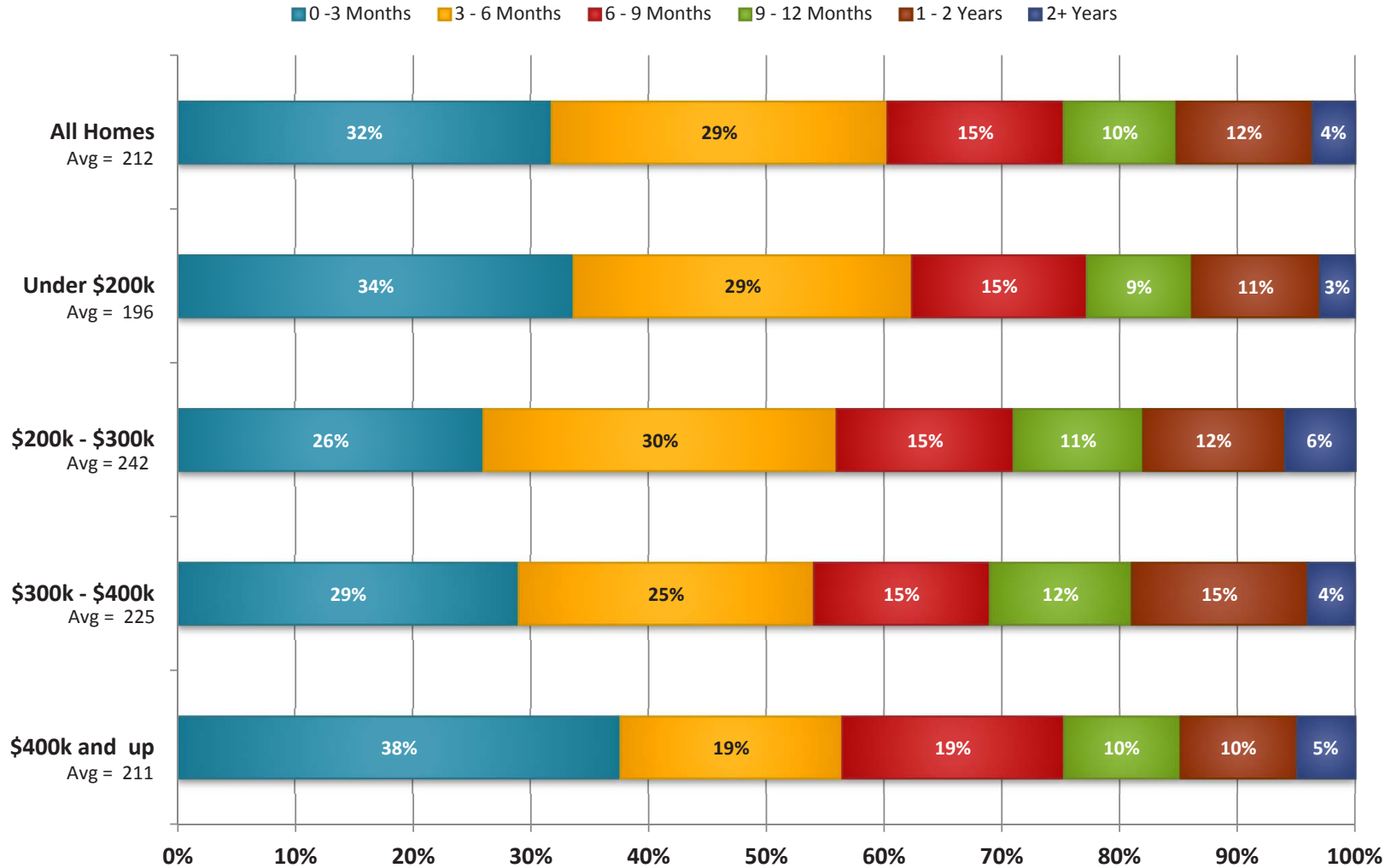


Average Days On Market: 251

Days on market relatively low amongst many homes that actually slow. Despite high inventory levels, and low numbers of buyers in the market, the homes that are actually selling are selling rather quickly. In fact, nearly 1 out of 3 homes (32%) 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.

Harrisonburg & Rockingham County
Days on Market Analysis by Price Range
 Properties Sold in the Past 12 Months



Sales pace varies by price range. 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, only 26% of homes that sold between \$200K and \$300K sold in the first three months of being on the market, while 38% of homes over \$400,000 were able to

sell in that same time period. Comparing the lowest three price ranges (\$0-\$200k, \$200k-\$300k, \$300k-\$400k) it is interesting to note that the slowest selling price range is the \$200k-\$300k range.

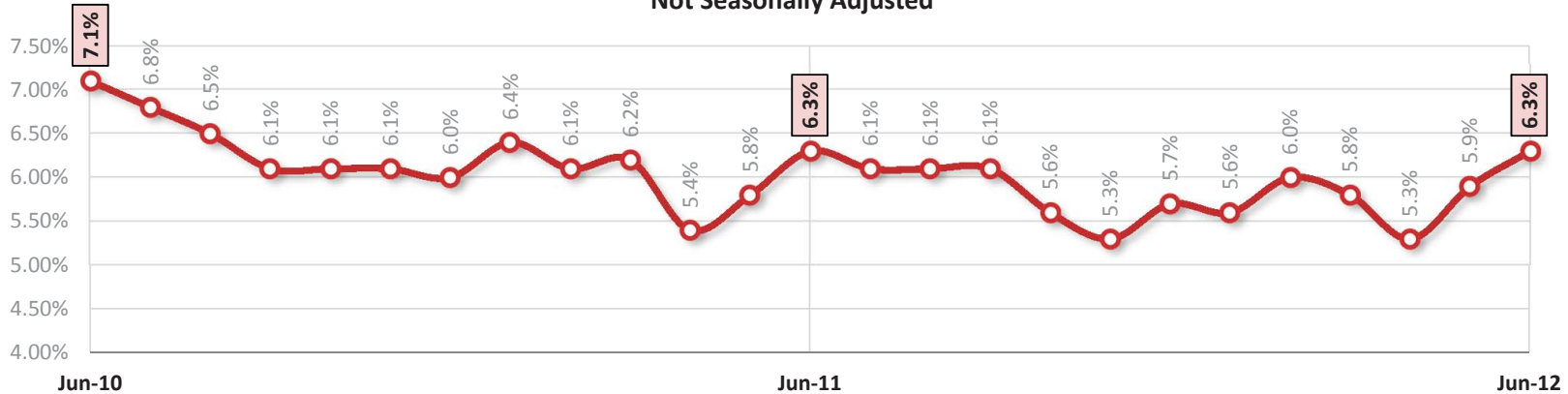
Average 30-Year Fixed Mortgage Interest Rate

Source: Freddie Mac



Harrisonburg-Rockingham MSA Unemployment Rate

Not Seasonally Adjusted



Mortgage rates down; unemployment levels up. 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 3.49% continuing the nine-month streak of staying below 4.0%. Despite consistent warnings that interest rates will

be increasing, they continue to fall lower and lower. The second graph above illustrates trends in the local unemployment rate -- which showed an exciting low of 5.3% in April 2012, but then reverted back to 6.3% in June 2012 just where it was in June 2011.

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 sellers of luxury homes and builder/developers, Scott provides exceptional and comprehensive service before, during and after the real estate transaction.

Scott earned a B.A. and M.Ed. from James Madison University, providing him formal education in graphic design, management and counseling -- all of which he leverages on a daily basis to the benefit of his clients. Scott's graphic design and web development background allows him to create and leverage high caliber technology and marketing solutions.

In 2007, Scott began providing in depth analysis and insight into the local real estate market via his real estate blog, at HarrisonburgHousingToday.com.

In both 2010 and 2011, Scott was recognized by the Harrisonburg / Rockingham Association of Realtors as being in the top 1% of all area Realtors.

For more information, or with questions, contact:

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Local Online Real Estate Resources

Central Shenandoah Valley Property Search
<http://www.ScottPRogers.com>

Monthly Real Estate Market Reports
<http://www.HarrisonburgHousingMarket.com>

Ongoing Housing Market Analysis & Commentary
<http://www.HarrisonburgHousingToday.com>

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

New Home Communities
<http://www.HarrisonburgNewHomes.com>

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

Bank Owned Properties in Harrisonburg & Rockingham
<http://www.HarrisonburgREO.com>

Potential Short Sales in Harrisonburg & Rockingham County
<http://www.HarrisonburgShortSales.com>

Owner Financed Properties in Harrisonburg & Rockingham County
<http://www.HarrisonburgOwnerFinancing.com>

Lease/Purchase Properties in Harrisonburg & Rockingham County
<http://www.HarrisonburgLeasePurchase.com>

Property Transfers in Harrisonburg & Rockingham County
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