

Market Report

August, 2011

Presented By:

KLINE **MAY**
————— *Realty*

September 9, 2011

Market Update – August, 2011

Our local real estate market remained steady in August, with 112 residential units sold through the Harrisonburg-Rockingham Association of Realtors Multiple Listing Service (HRAR MLS), similar to June's and July's sales of 113 and 119 units respectively. In order to finish even with 2010's "tax credit enhanced" sales totals we will need to average just under 94 units per month for the balance of the year. We believe there is a realistic chance this level of sales will be achieved, hopefully indicating our local market is recovering slowly but steadily.

Average and median prices continue to drop, however, in large part due to the downward pressure on pricing created by distressed properties (short sales and foreclosures). While there is some indication foreclosure sales peaked in our area in 2010 they still exert significant influence on the market. As the inventory of distressed properties declines over the next year or two, we will finally see average and median prices level out and eventually begin to increase again.

As of the end of August, the one and three year changes in sales prices for residential units in the HRAR MLS are:

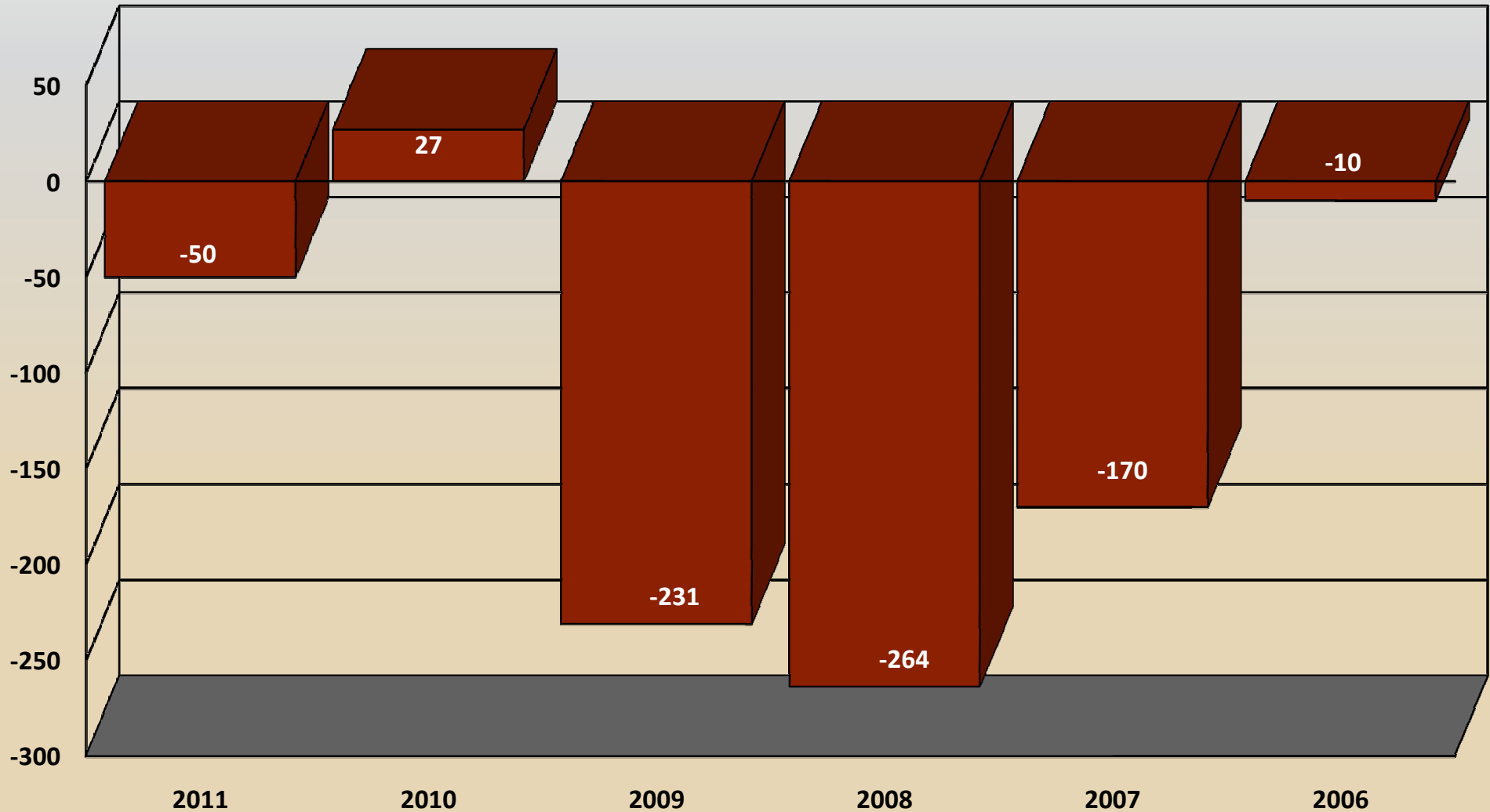
<u>Three year change</u>		<u>One year change</u>	
<i>Average Price</i>	<i>Median Price</i>	<i>Average Price</i>	<i>Median Price</i>
-12.52%	-12.44%	-4.22%	-3.70%

Several key trends this year including monthly sales and inventory seem to be similar to what we experienced in 2009, rather than the more recent 2010. This is good news in that the fall of 2009 was stronger than 2010 and, it seems, more typical of the seasonal patterns to which we have become accustomed. We believe this will continue and we will have fall and winter activity consistent prior years *other than* 2010 – good news for Sellers!

For Buyers in the market, the good news continues with record low interest rates, prices (12 month average) close to August, 2005 levels and plenty of inventory from which to choose!

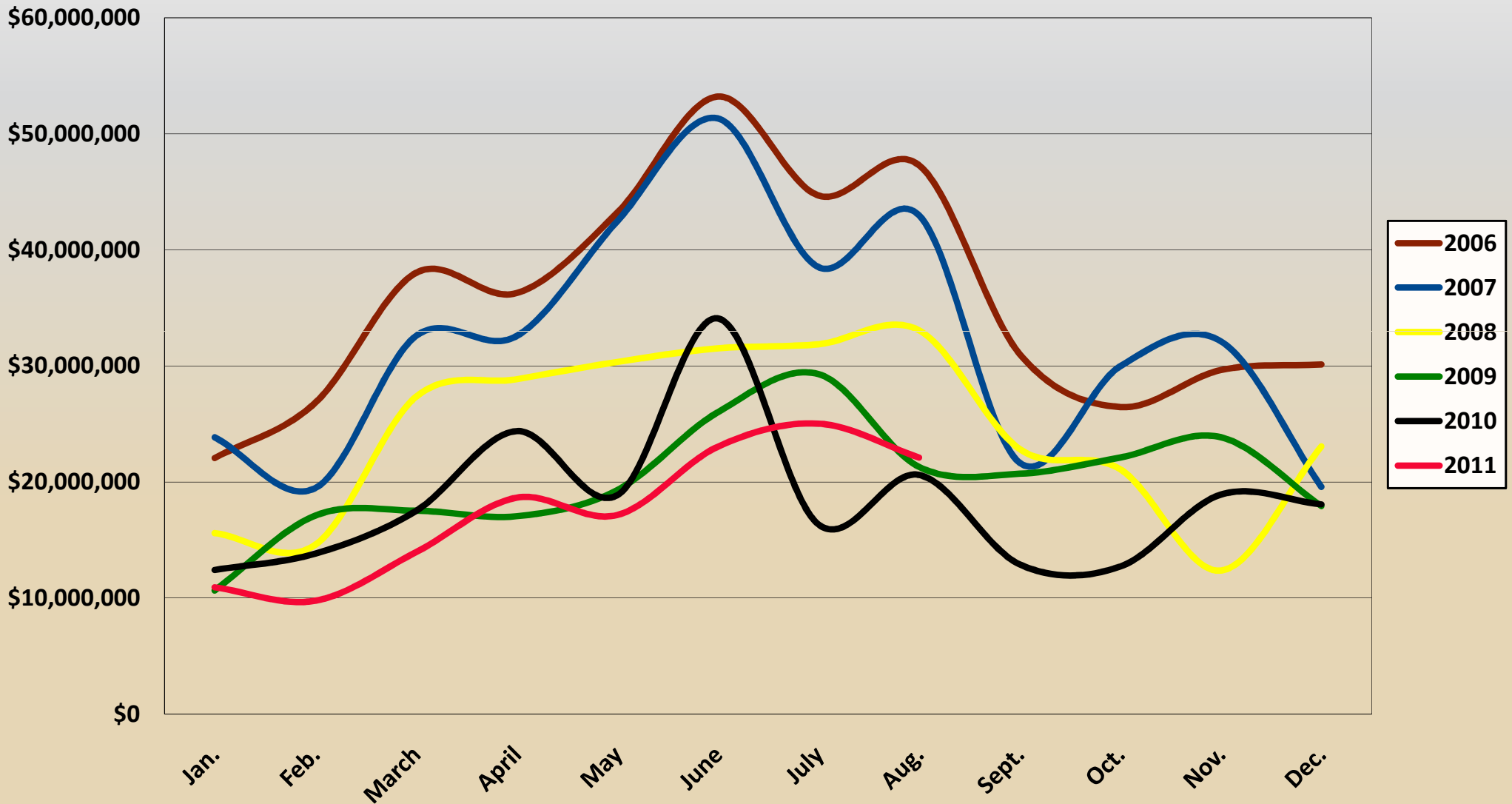
Year over Year Change in Residential Units Sold

YTD at August 31, 2006 - 2011



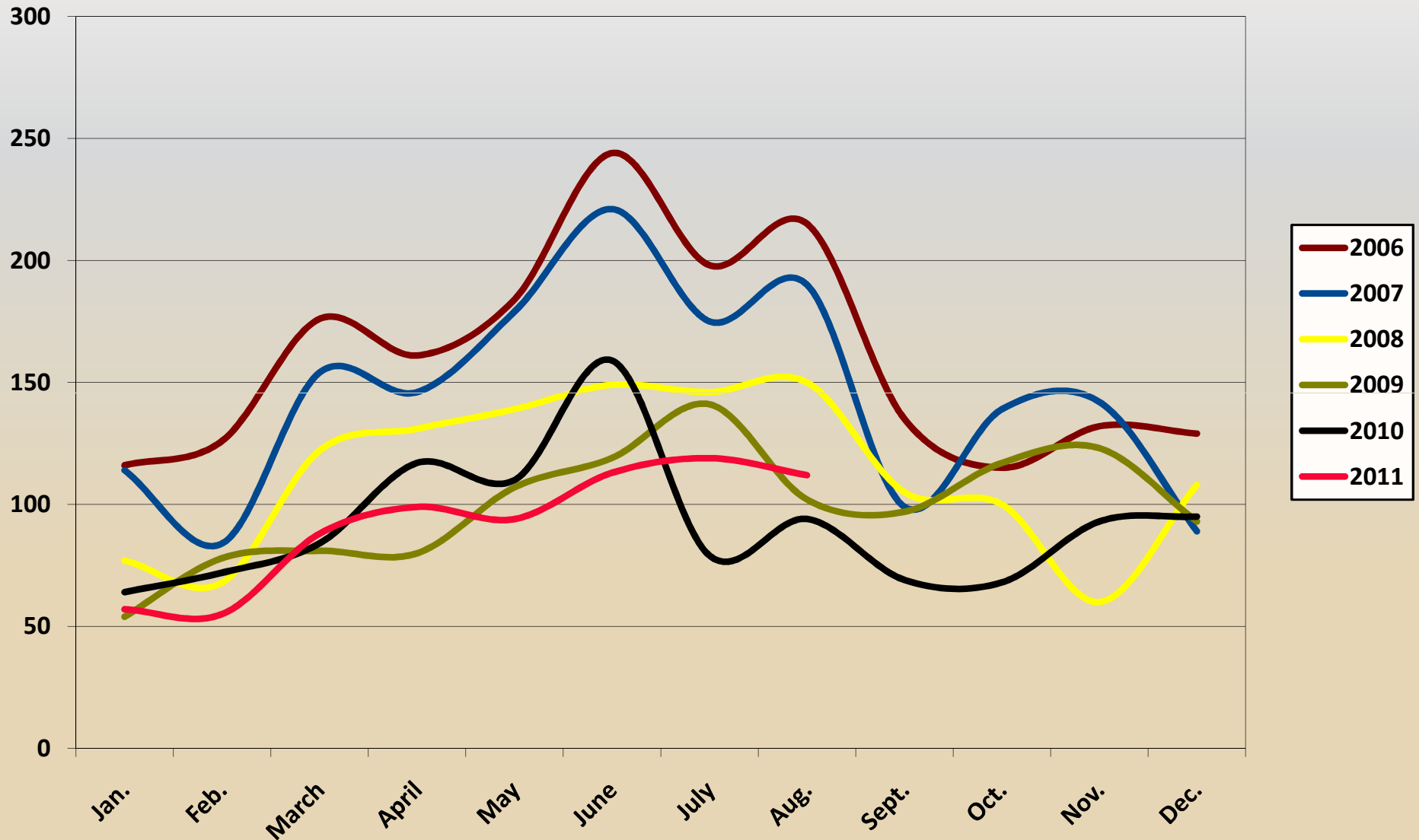
HRAR Closed Residential Volume per Month

2006 – August, 2011



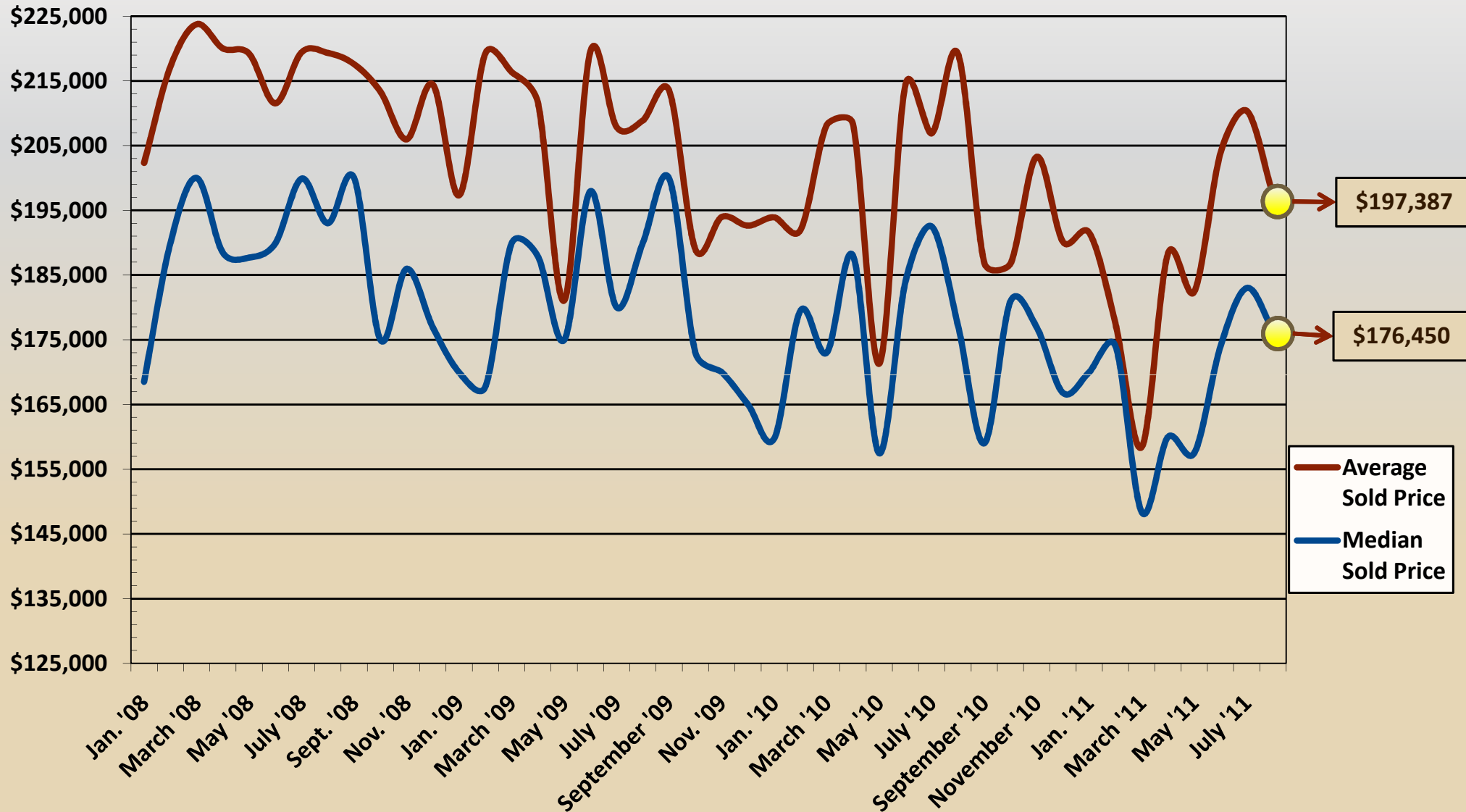
HRAR Closed Residential Transactions per Month

2006 – August, 2011



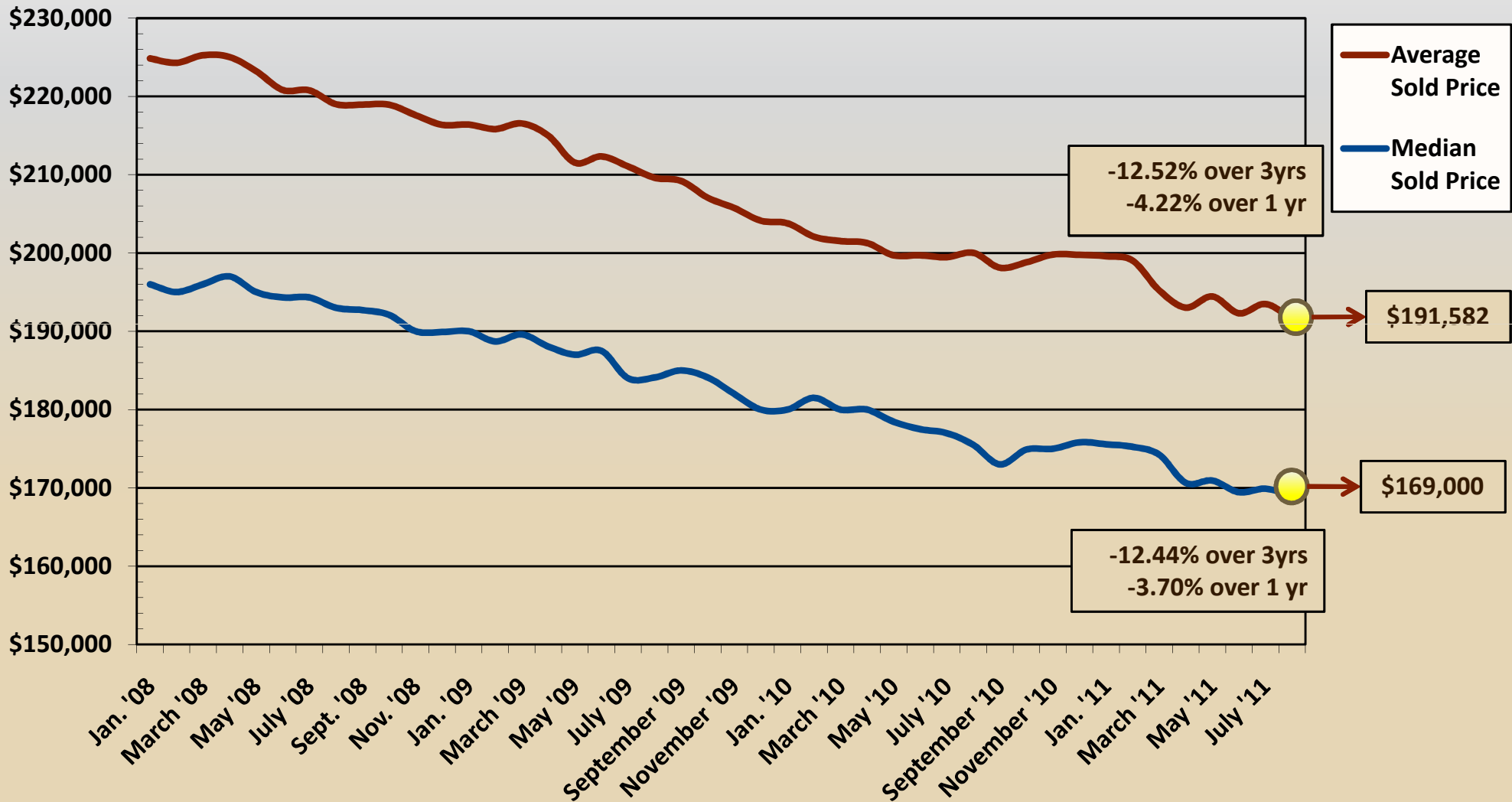
HRAR Monthly Average & Median Sold Price

2008 – August, 2011



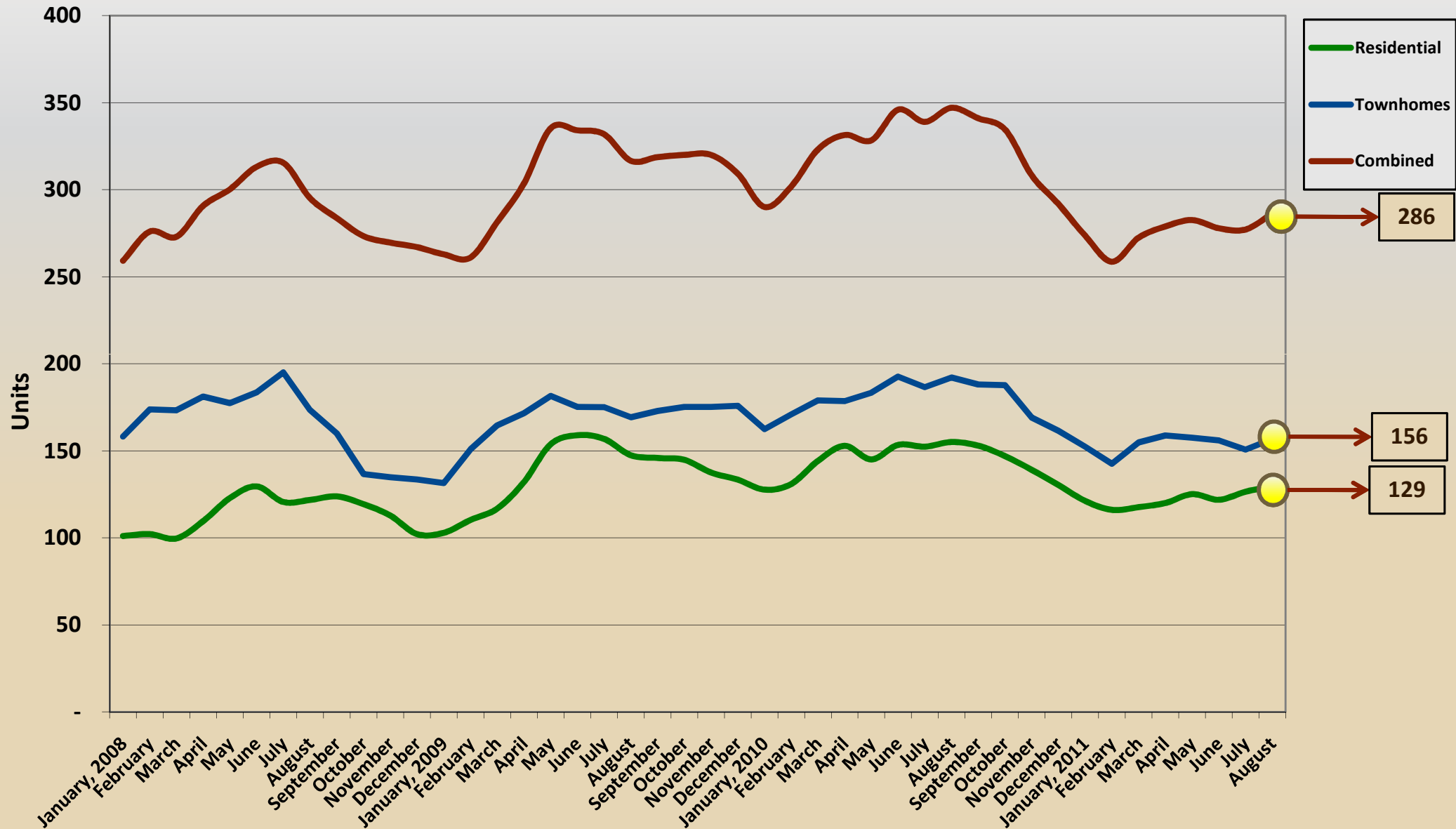
HRAR Average & Median Sold Price

Rolling 12 Month Average
2008 – August, 2011



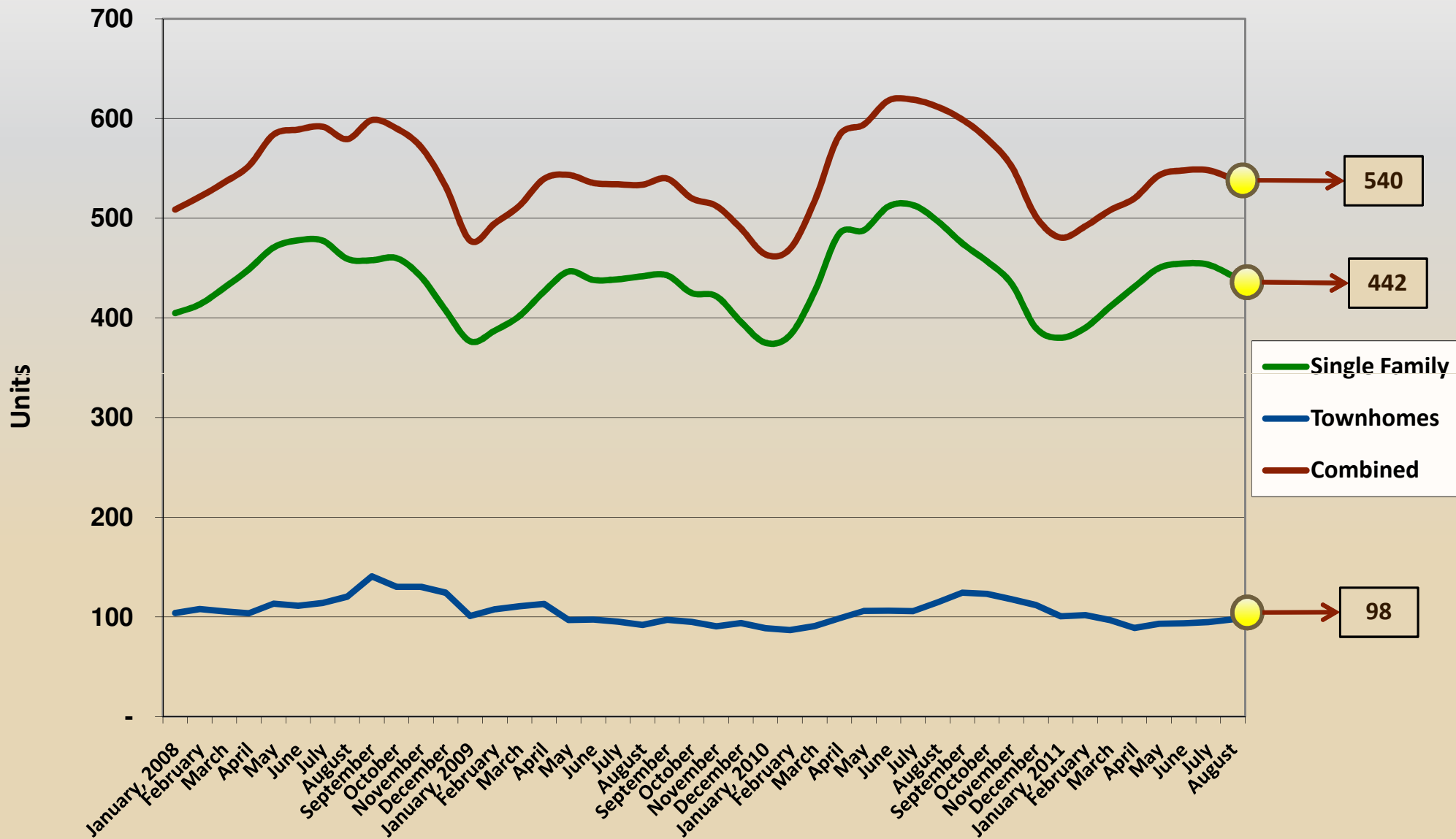
Harrisonburg Residential & Townhome Listing Inventory

2008 – August, 2011



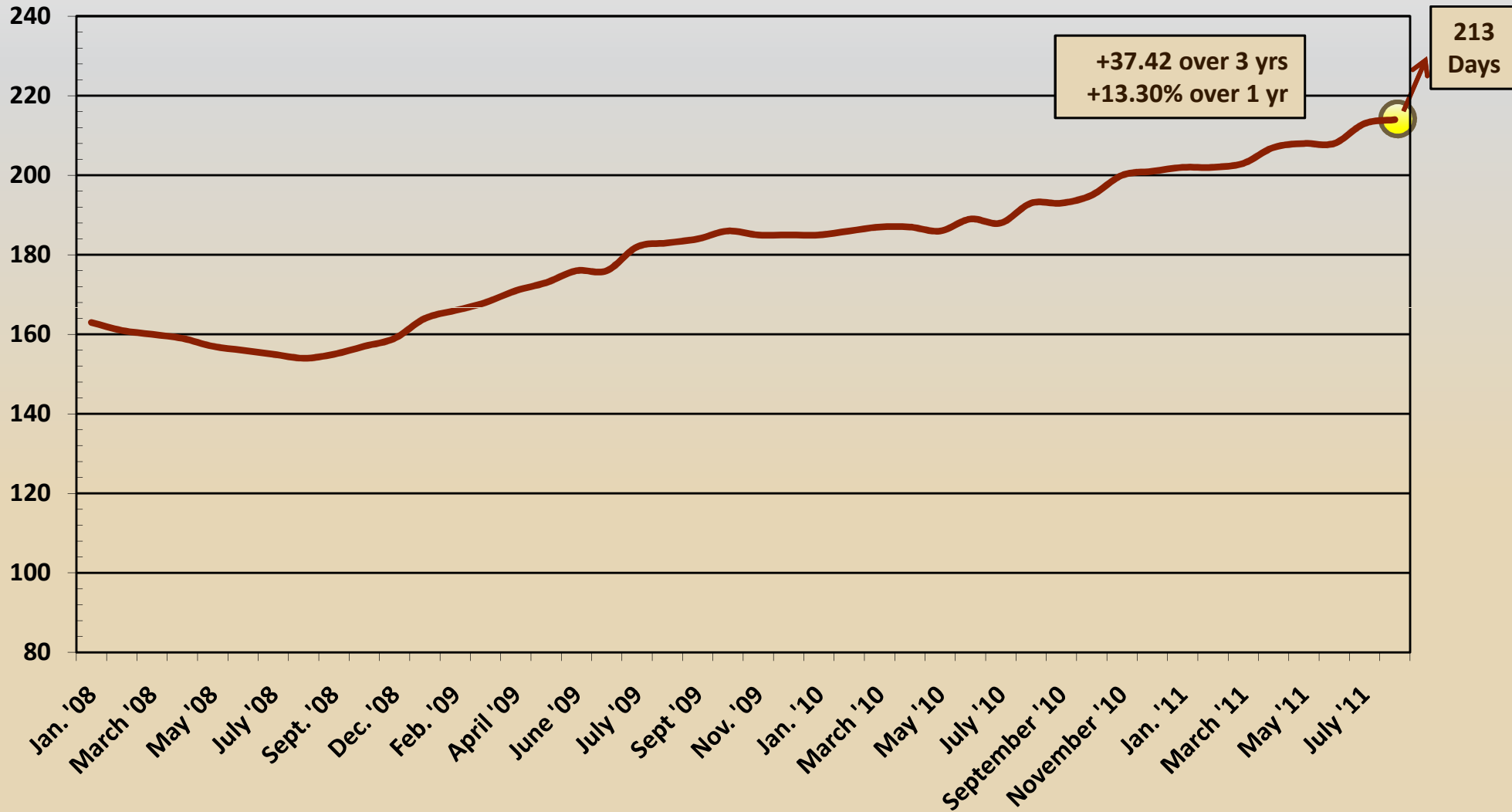
Rockingham County Residential & Townhome Listing Inventory

2008 – August, 2011



HRAR Average Days on Market

Rolling 12 Month Average
2008 – August, 2011



The End

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