



FEBRUARY 2013 Harrisonburg & Rockingham County Real Estate Market Report



*An analysis of real estate activity through January 31, 2013
provided courtesy of Scott P. Rogers, Funkhouser Real Estate Group*



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

47 homes sold in January 2013, showing a 21% increase over January 2012 when only 39 homes sold -- and an 18% increase over January 2011 when 40 homes sold.

Home Values: January

Median sales prices declined 18% and average sales prices declined 11% when comparing January 2013 to January 2012.

Days on Market: January

The median time it took for a home to sell was 189 days in January 2013, a 19% increase from 159 days in January 2012 and an 18% increase from the 160 day median in January 2011.

Foreclosures

15 trustee deeds were recorded in January 2013 compared to 47 home sales reported through the HRAR MLS.

Inventory

Inventory levels increased during January 2013 to 587 residential properties currently for sale, up from one month ago, but down from 671 one year ago.

Pace of Home Sales: Last 12 Months

872 homes sold in the past 12 months. This is a 10% increase from the previous 12 months when 793 homes had sold.

Home Values: Last 12 Months

Median sales prices declined 1% and average sales prices declined 1% when comparing the past 12 months to the previous 12 months.

Days on Market: Last 12 Months

The median length of time on the market for homes selling during the past 12 months was 144 days, a 3% decline as compared to the previous 12 months.

Supply

All price ranges still show an excess of housing supply, with 7 months under \$200k, 8 months between \$200k and \$300k, 9 months between 300k and \$400k, and 37 months above \$400k.

Price Per Square Foot

Median price per square foot of single family homes has declined to \$94/sf in January 2013, as compared to \$108/sf in the 4th quarter of 2012.

Buyer Activity

76 buyers committed to buy in January 2013, compared to only 59 in January 2012 -- which is a 29% increase.

Single Family Home Sales

41 single family homes sold in January 2013, compared to a total of 641 in 2012. The median sales price has declined to \$163,500.

Townhouse Sales

6 townhouses sold in January 2013, compared to a 2012 total of 223 townhomes. The median townhome sales price has increased to \$139,500 from \$134,995 in 2012.

Lot Sales

There have not been any lot sales of less than an acre in 2013. Median sales prices were \$56,875 in 2012.

Land Sales

4 parcels of land greater than an acre sold in January 2013 compared to 47 land sales during all of 2012. The median price per acre has increased to \$16,551 in 2013.

Editorial Note: In November 2012, a single buyer purchased 22 University Place condominiums for \$33K/condo from a single seller. These 22 sales were entered into the HRAR MLS as 22 separate transactions instead of as one multi-family or commercial transaction. While entering this single transaction as 22 separate sales is misleading, and skews our understanding of trends in the Harrisonburg and Rockingham County residential real estate market, these 22 sales are included in the analysis in this housing market report as of this issue.

HOME SALES REPORT

Harrisonburg & Rockingham County

February 9, 2013

# Home Sales	2010	2011	2012	2013	% Change ('11 - '12)
January	45	40	39	47	20.51%
Last 12 Months	825	753	793	872	9.96%

Median Sales Price	2010	2011	2012	2013	% Change ('11 - '12)
January	\$159,500	\$165,500	\$195,000	\$159,500	-18.21%
Last 12 Months	\$186,000	\$180,000	\$174,900	\$173,000	-1.09%

Average Sales Price	2010	2011	2012	2013	% Change ('11 - '12)
January	\$206,249	\$203,895	\$201,361	\$179,597	-10.81%
Last 12 Months	\$214,005	\$208,883	\$194,932	\$192,383	-1.31%

Median Days on Market	2010	2011	2012	2013	% Change ('11 - '12)
January	138	160	159	189	18.87%
Last 12 Months	143	142	149	144	-3.36%

Home Sales Increased, Prices Turbulent in Short Term. January 2013 was a strong month of sales to start off the year -- the strongest month of January sales in Harrisonburg and Rockingham County over at least the past 3 years. The small data sample of only one month of sales, however, leads to some confusing values for

median sales price (-18% compared to last January) and average sales price (-11% since last January). The better indicator of market value (in the data table above) is the change in median sales price during a 12 month time period (-1%). Encouragingly, the median days on market has declined 3% over the past year.

HOME SALES REPORT :: BY AREA

# Home Sales	City of Harrisonburg			Rockingham County		
	2012	2013	% Change	2012	2013	% Change
January	14	13	-7.14%	25	34	36.00%
Last 12 Months	269	324	20.45%	524	548	4.58%

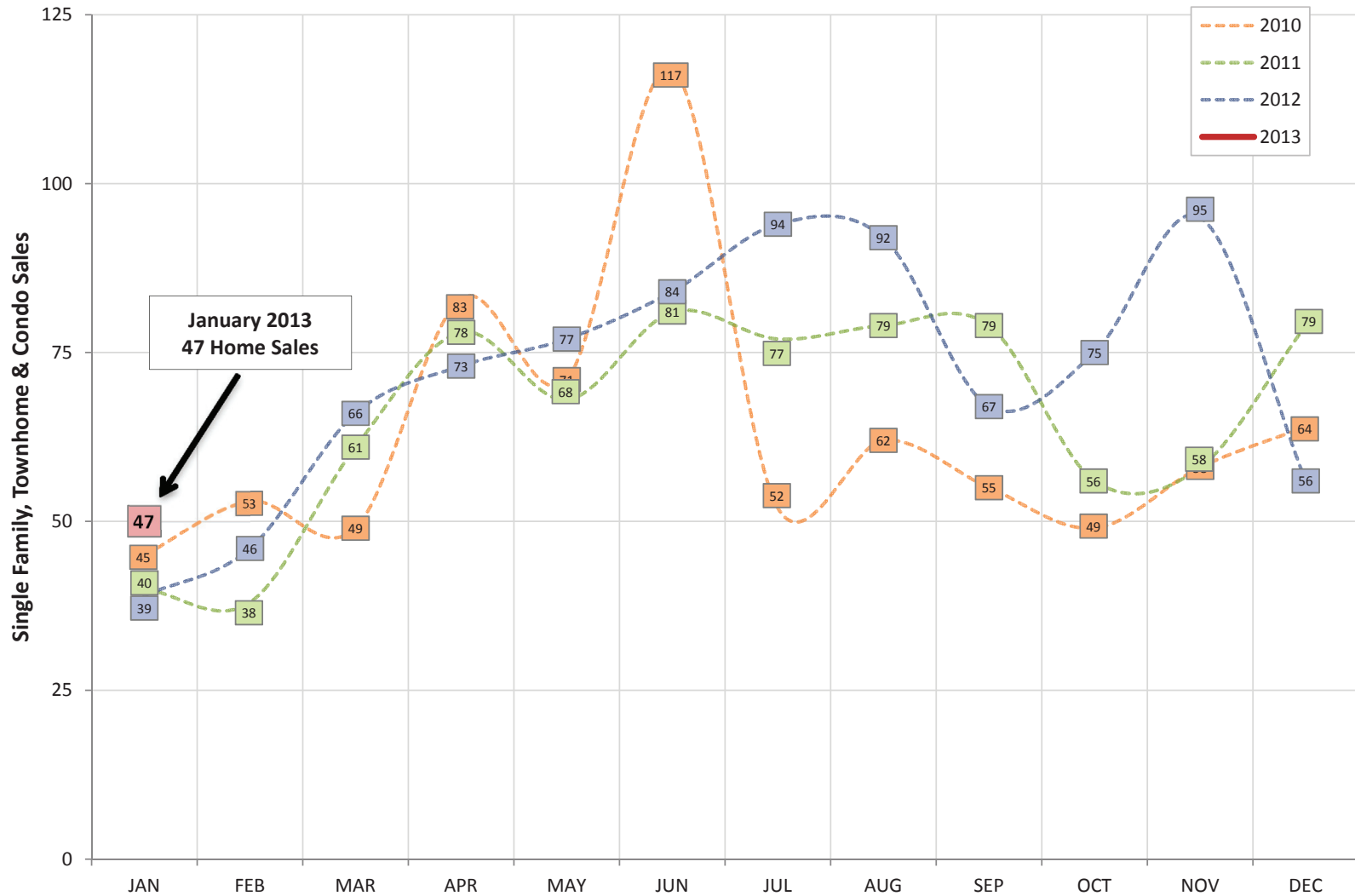
Median Sales Price	City of Harrisonburg			Rockingham County		
	2012	2013	% Change	2012	2013	% Change
January	\$155,950	\$175,000	12.22%	\$210,000	\$157,251	-25.12%
Last 12 Months	\$165,000	\$157,750	-4.39%	\$182,225	\$189,700	4.10%

Median Days on Market	City of Harrisonburg			Rockingham County		
	2012	2013	% Change	2012	2013	% Change
January	126	150	19.05%	196	203	3.57%
Last 12 Months	143	131	-8.39%	153	148	-3.27%

Sales stronger in the City, Prices stronger in the County. The data tables above explores overall sales trends of 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 12 month

indicators noted above. For example, the County has seen an increase (+4.1%) in median sales price over the past year, while the City has seen a decline (-4.4%) in the same metric. The rate of increase in sales, however, is stronger in the City (+20%) as compared to the County (+5%).

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

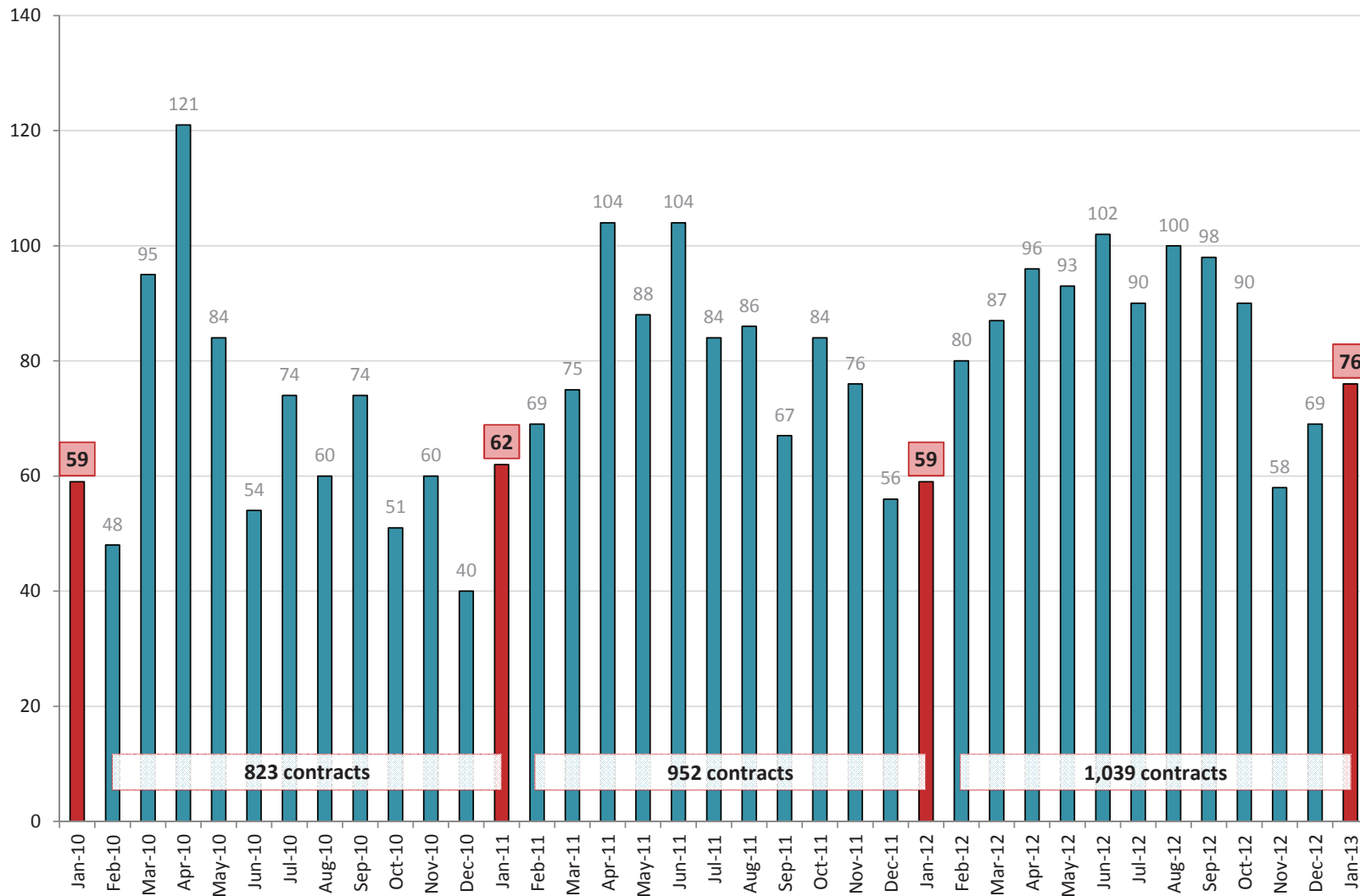


January 2013
47 Home Sales

January sales strong in 2013. All in all, last year (2012) was a strong month of sales, with most months outperforming the previous years (2010, 2011). This year has started out well, with 47 sales in January 2013 --- marking the strongest month of

January sales in any of the previous three years. We are likely to see an increase to 55 to 60 sales in February, which will be the highest February on recent record.

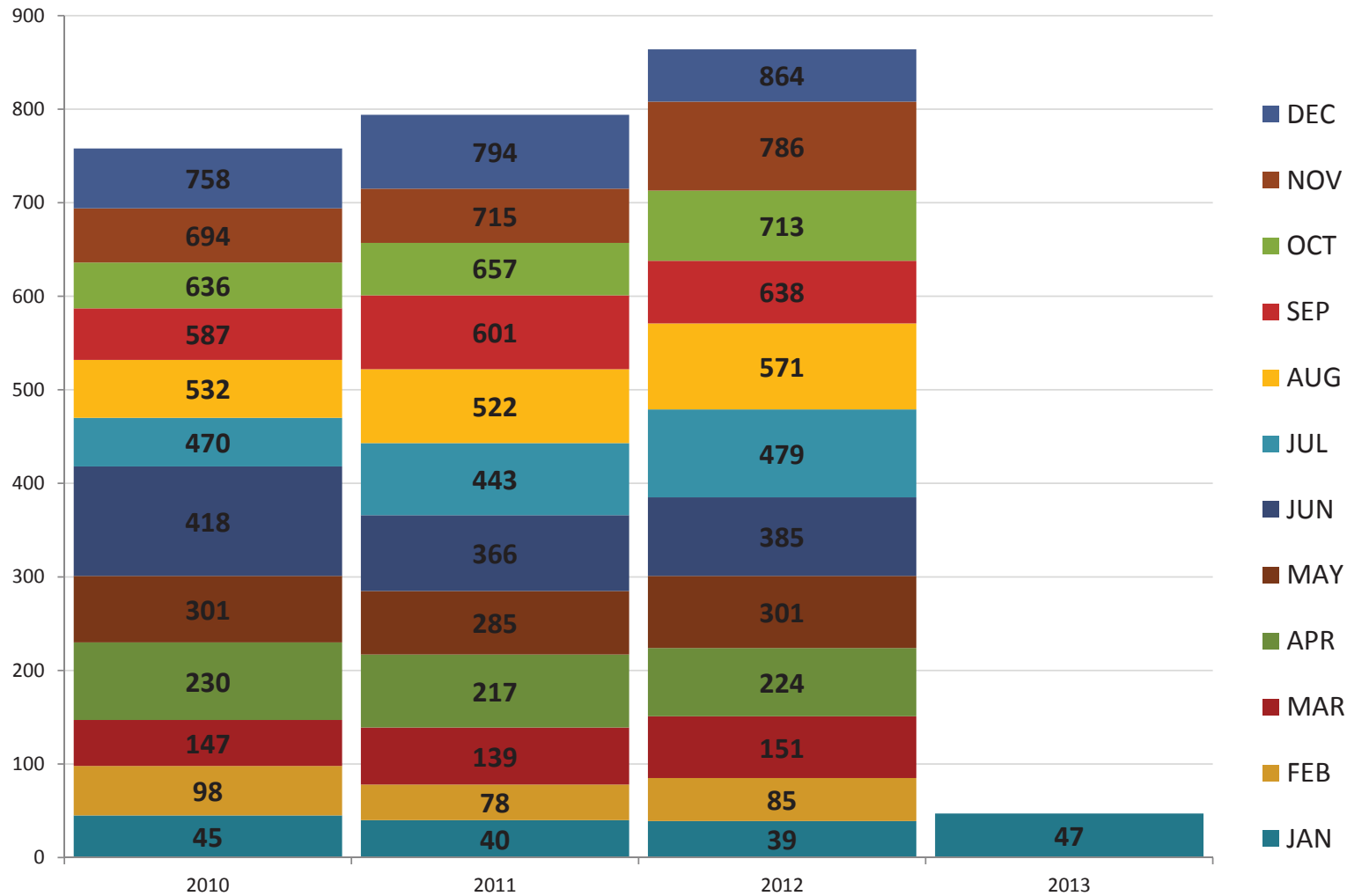
Harrisonburg & Rockingham County
Buyers Per Month Committing to Buy Properties



Contracts up 29% YOY in January 2013. After a slow month of contract writing during November 2012, buyers became quite active in December (69 contracts), and January (76 contracts). These 76 contracts mark a 29% improvement over last January, and a startling high as compared to any of the previous three January

months. When looking at buyer activity as an annualized rate, there has been a 9% increase in buyer activity over the past year (1,039 up from 952) and a 26% increase over the past two years. This strong buyer activity in January 2013 suggests we will see a strong month of closings in February 2013.

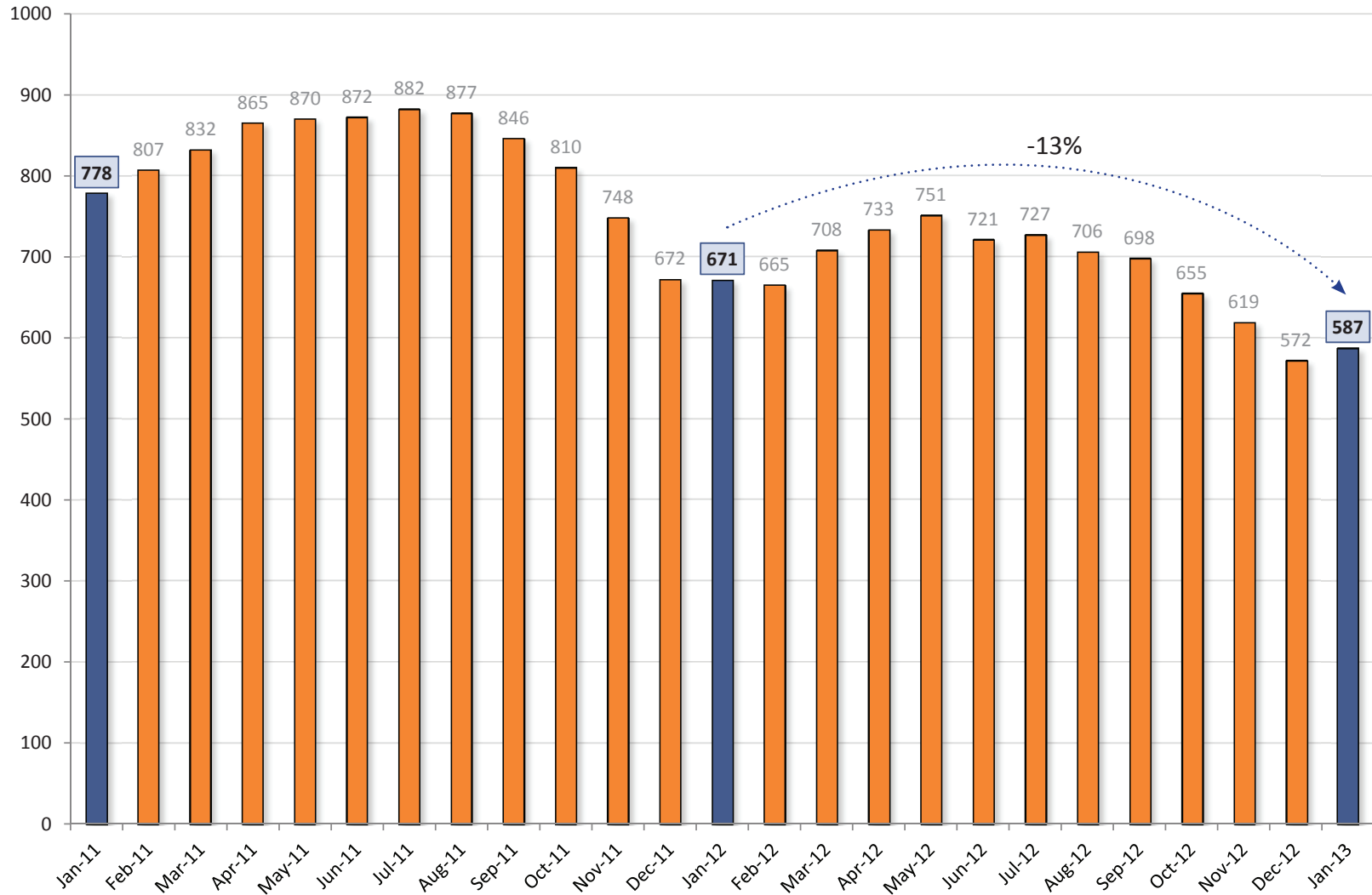
Harrisonburg & Rockingham County Monthly Cumulative Residential Sales



2013 starts strong, after solid 2012 sales. This graph shows the month by month cumulative count of residential sales in Harrisonburg and Rockingham County. Last year's home sales (864) exceeded 2011 home sales (794), and this year, January is

showing a strong start as compared to previous January sales. We are likely to see increasing sales as we head into Spring.

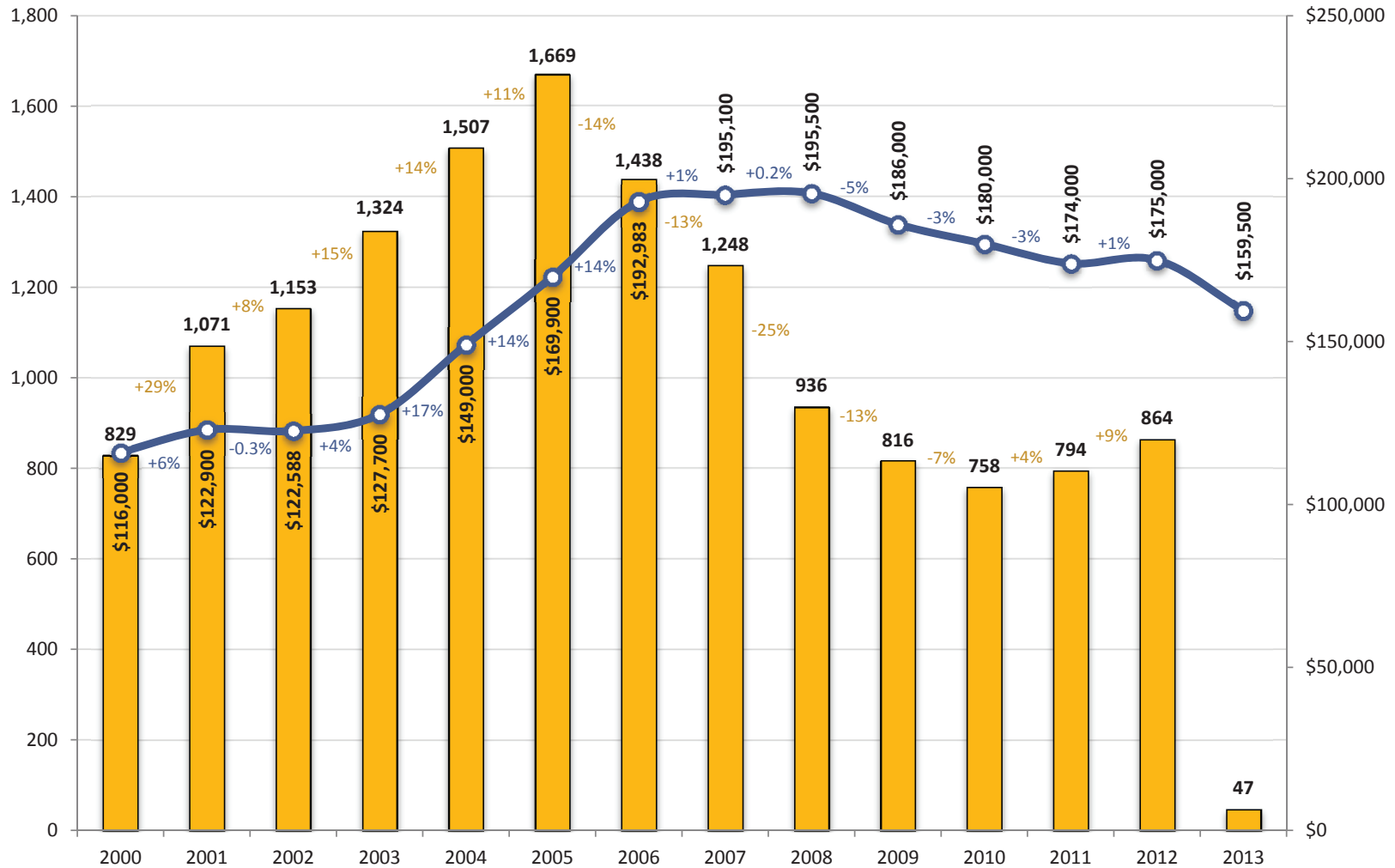
Harrisonburg & Rockingham County
Inventory Levels



Inventory levels start to increase (in the short term). 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 an increasing sales pace (see page 3) and inventory declining (see above) we

are slowly but steadily moving towards a more balanced market. We have now seen a 13% decline in inventory over the past 12 months, and an overall 25% decline over the past 24 months. Despite these long term declines, we did see an increase in inventory levels over the past month, which is to be expected at this time of year.

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

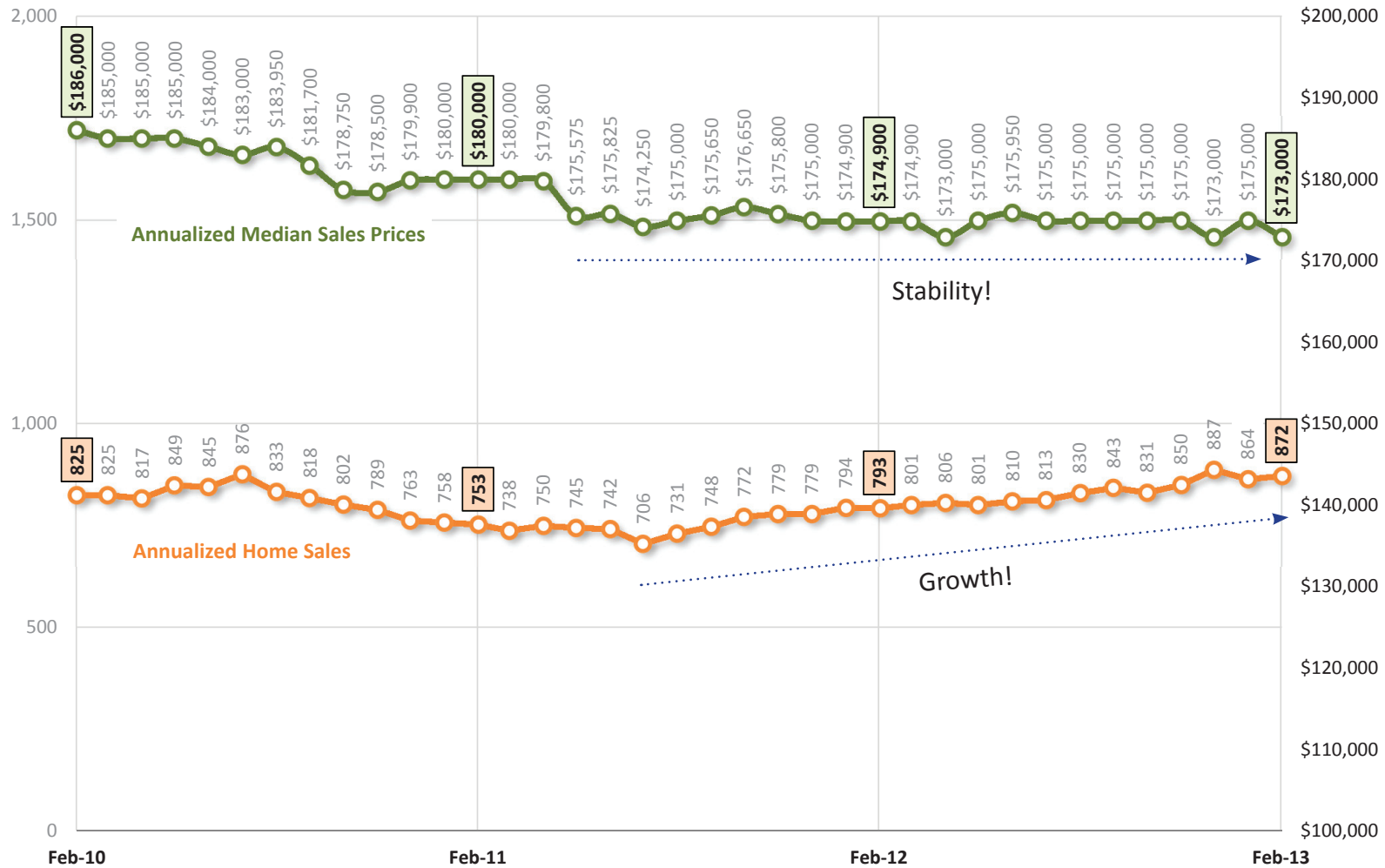


Buyer activity increasing; home prices steady. This graph provides an overall indicator of the state of our housing market, showing both the number of homes being sold each year since 2000 (yellow bars) as well as changes in the median sales price during the same time period (blue line). After five years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

sales (2005-2010) the pace finally picked up in 2011 (+4%) and 2012 (+9%). Home values (as measured by median price) increased (slightly) last year to \$175,000, up from the 2011 median price of \$174,000. January's low median sales price is likely an anomaly due to a small data set.

Harrisonburg & Rockingham County Time-Adjusted Home Sales Trends :: All Homes

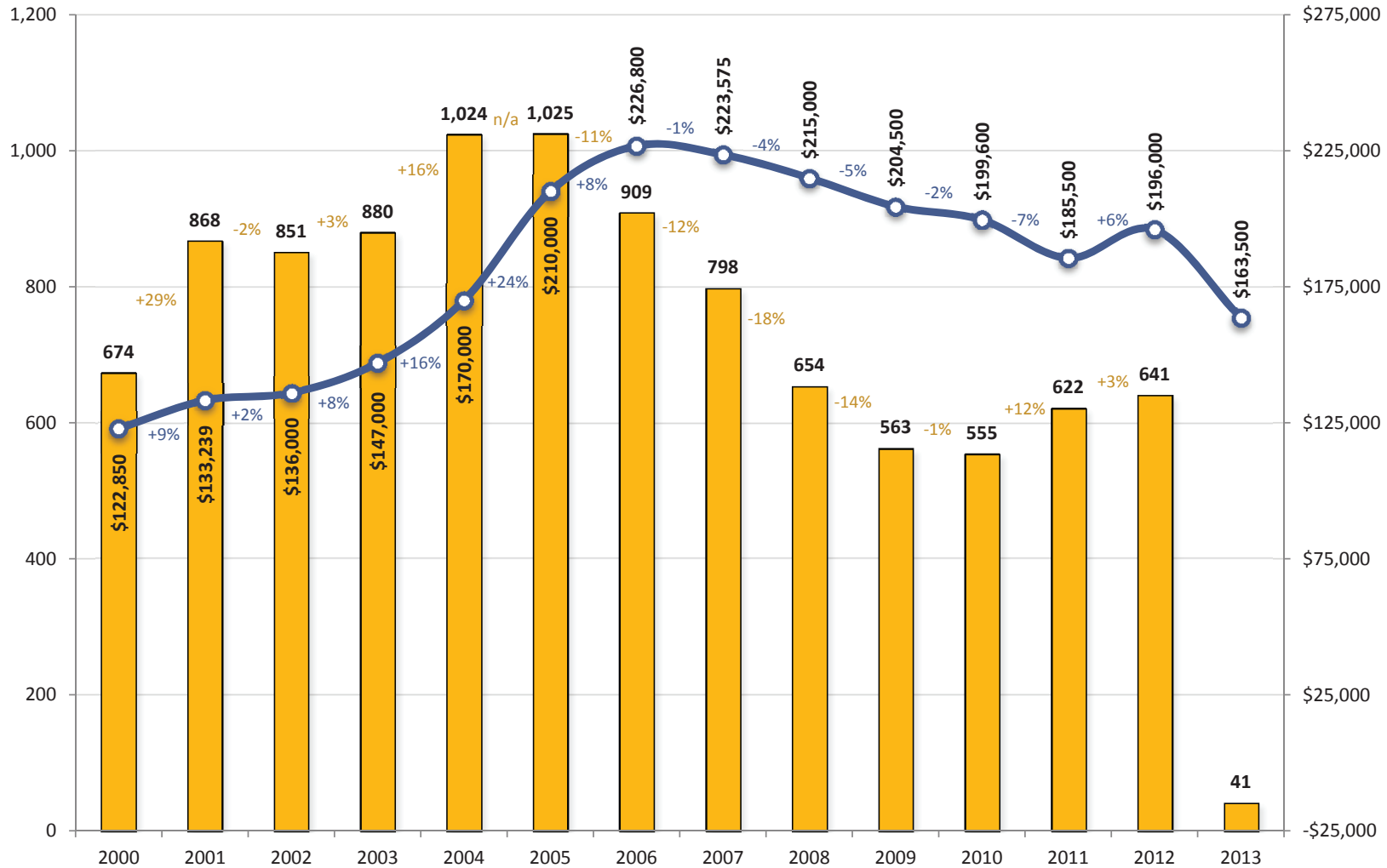
Home Sales, Median Sales Price in each 12 Month Period



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. The annualized pace of home sales continues to climb (up to 872 now from 706 just 19 months ago) and median sales prices continue to stay steadily around \$175,000 --- where they have been for almost two years now.

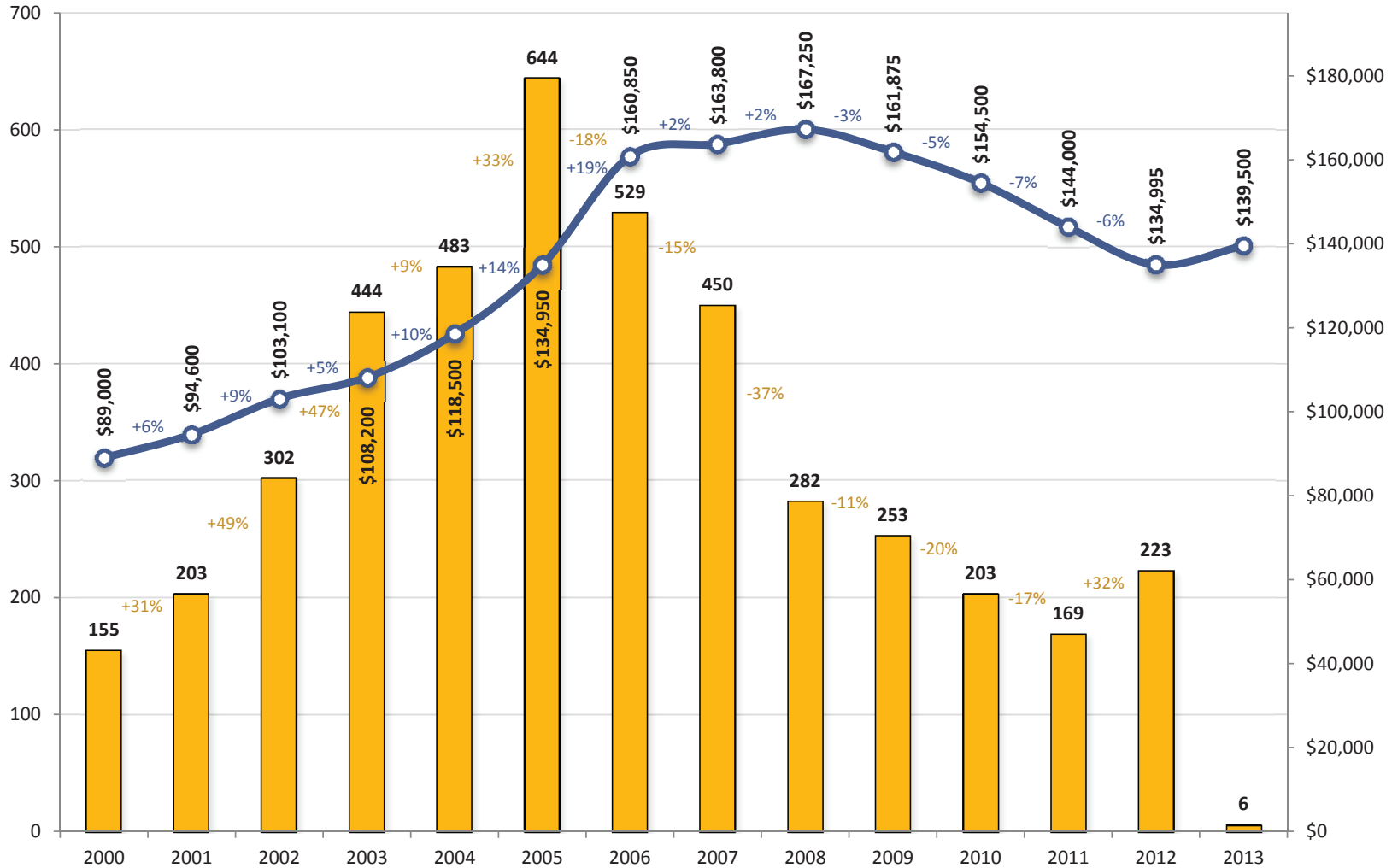
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Single Family Homes



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. In 2011, the pace of home sales in the single family home market increased by 12% -- nearing 2008 sales levels with 622 sales -- and with 641

single family home sales last year (2012), we have seen an additional 3% increase in buyer activity. Median prices of single family homes also increased in 2012, up 6% to \$196,000. The low 2013 median sales price is likely due to a small data set in January 2013.

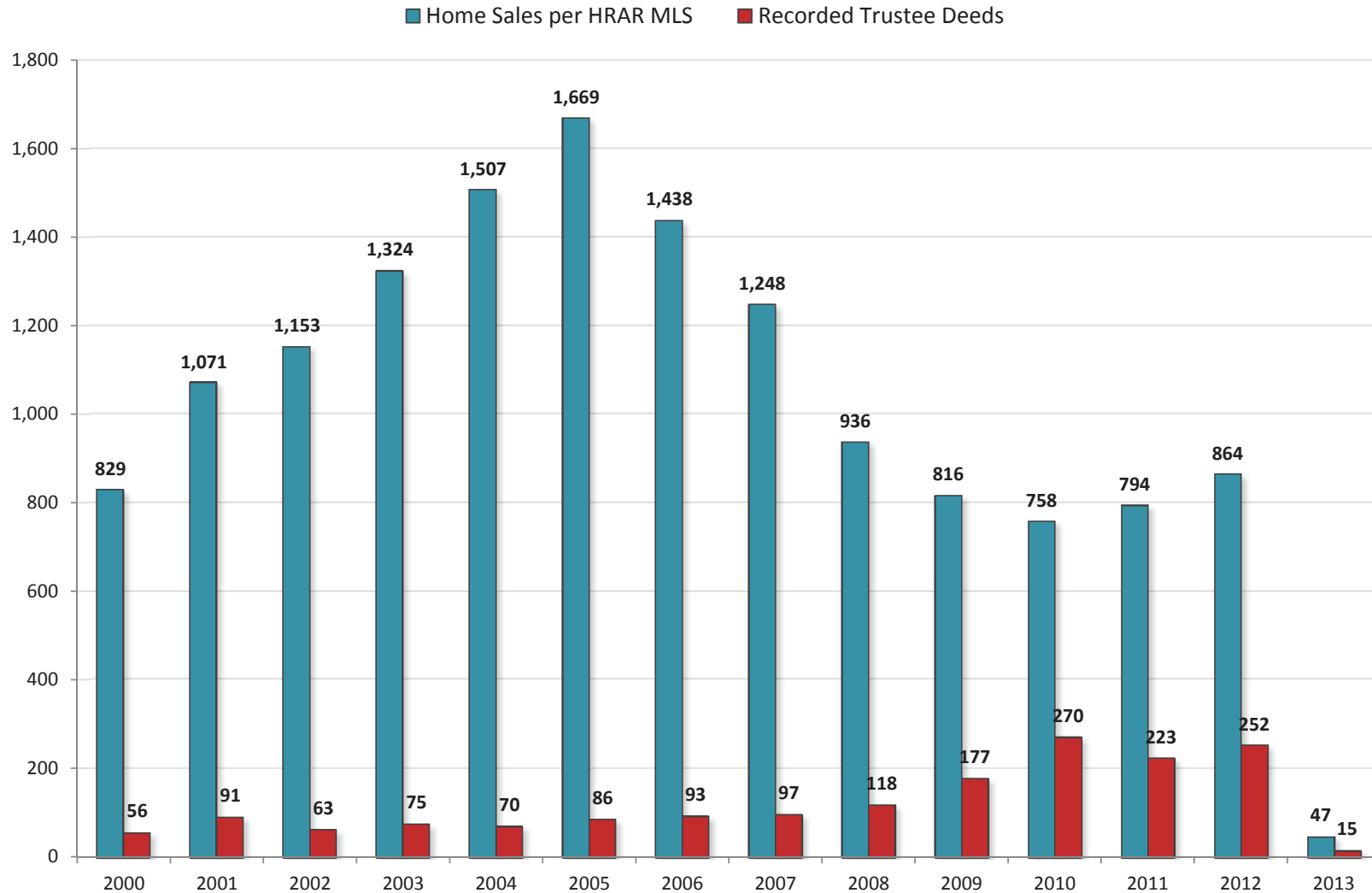
Harrisonburg & Rockingham County Home Sales & Price Trends Duplexes, Townhomes & Condos



Townhouse sales picking up pace (but will it last?). After six years of rapid declines in the pace of townhouse sales in Harrisonburg and Rockingham County, the pace of sales has finally rebounded. There was a sharp increase (+32%) in townhouse sales in 2012, which also includes duplexes and condos. This was, of course, with

a significant trade off on prices, which continued to decline in 2012 --- down 6% to \$134,995. Hopefully with more buyers in the market (some of whom are investors) we will see townhouse prices starting to stabilize this year.

Harrisonburg & Rockingham County Home Sales vs. Trustee Sales

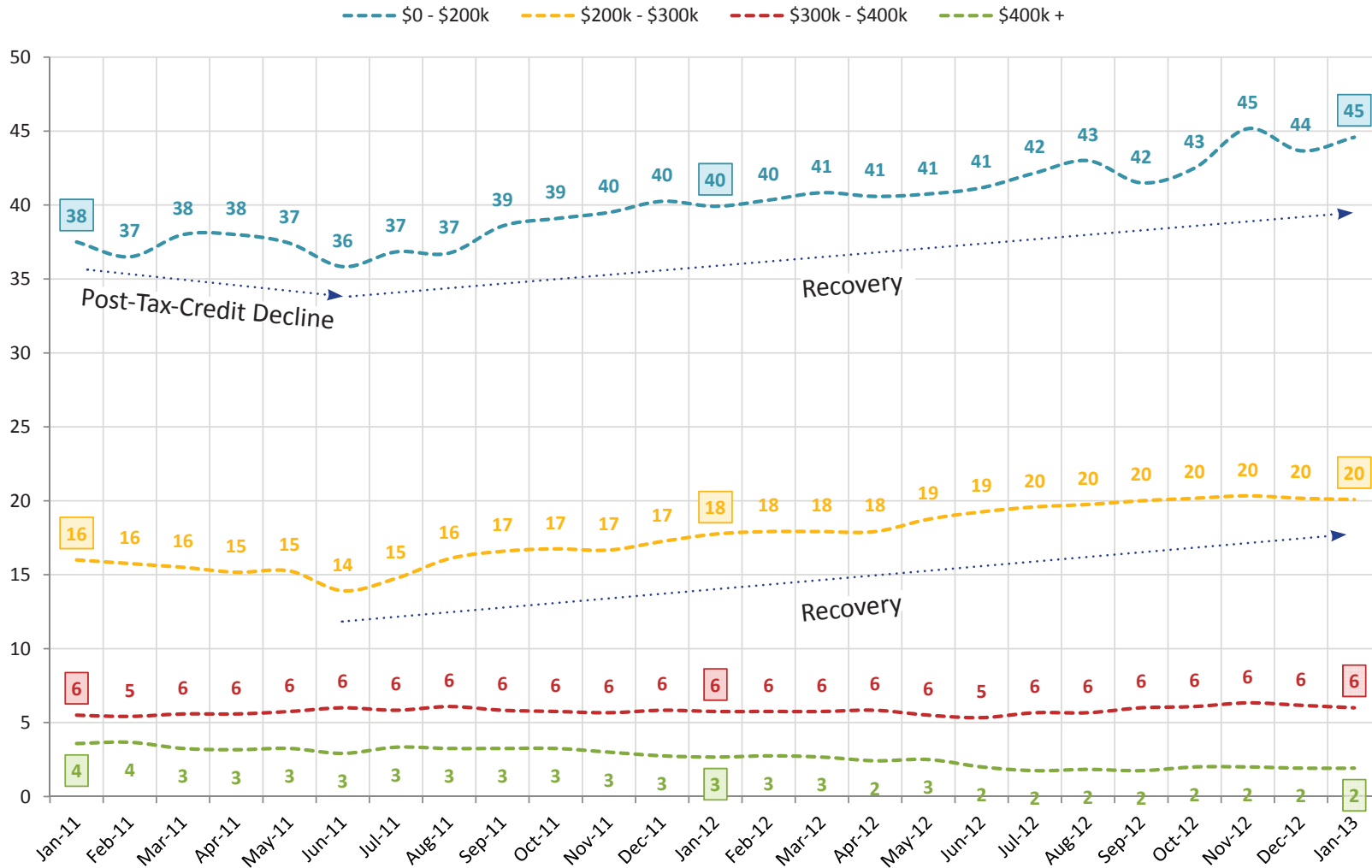


Foreclosures up (ever so slightly) in 2012. The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales (without a Realtor), nor new home sales directly from a builder. The red bars

show the number of Trustee Deeds. Some foreclosed properties then show up again as REO properties. The foreclosure rate in 2012 was roughly the same as in 2011, as there were 3.6 times as many home sales as foreclosures during 2011 and 3.4 times as many home sales as foreclosures in 2012.

Harrisonburg & Rockingham County Home Sales by Price Range

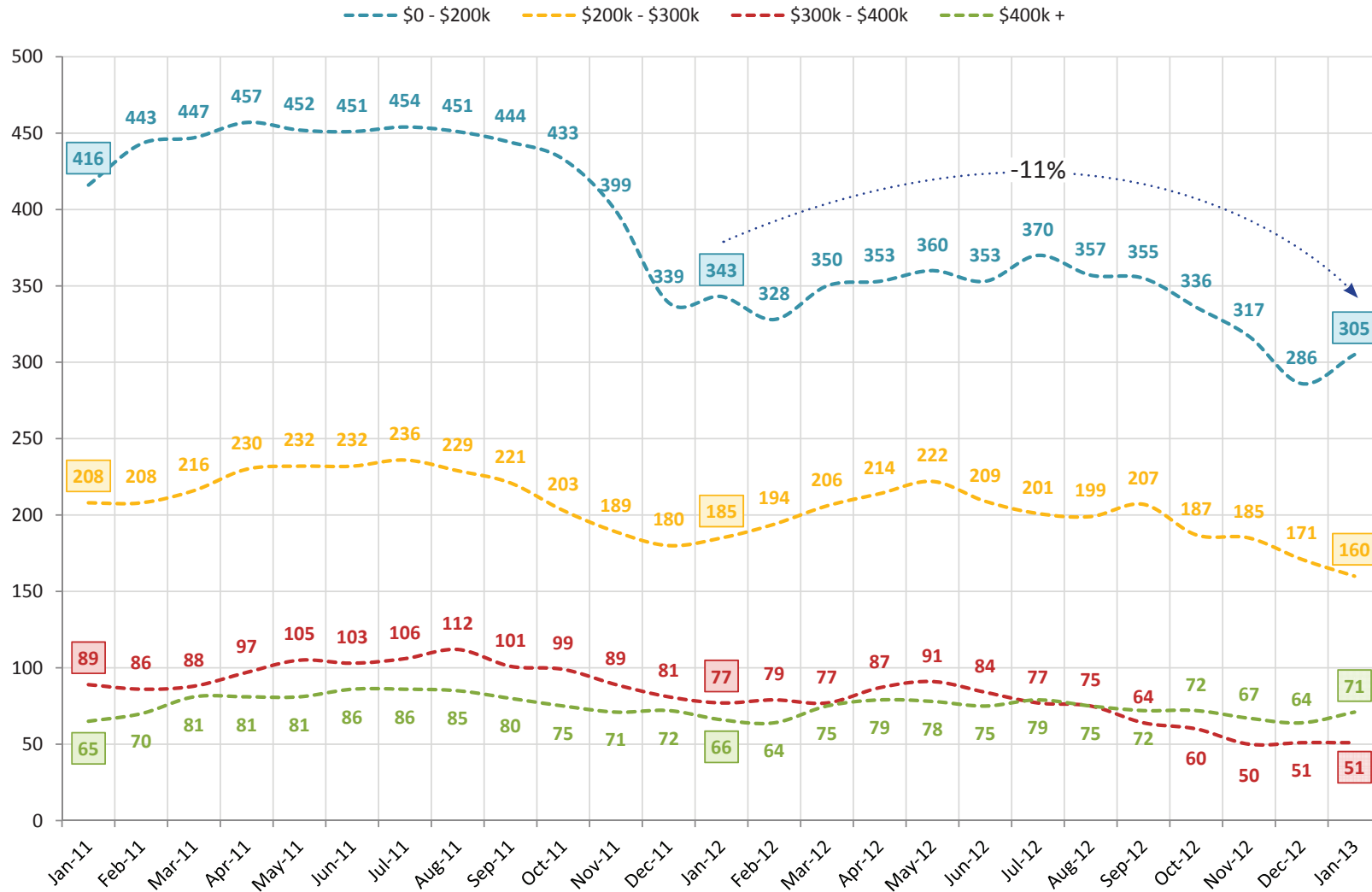
(Average of Past 12 Months)



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. Home sales under \$200,000 have increased for the past year (and then some), as have 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.

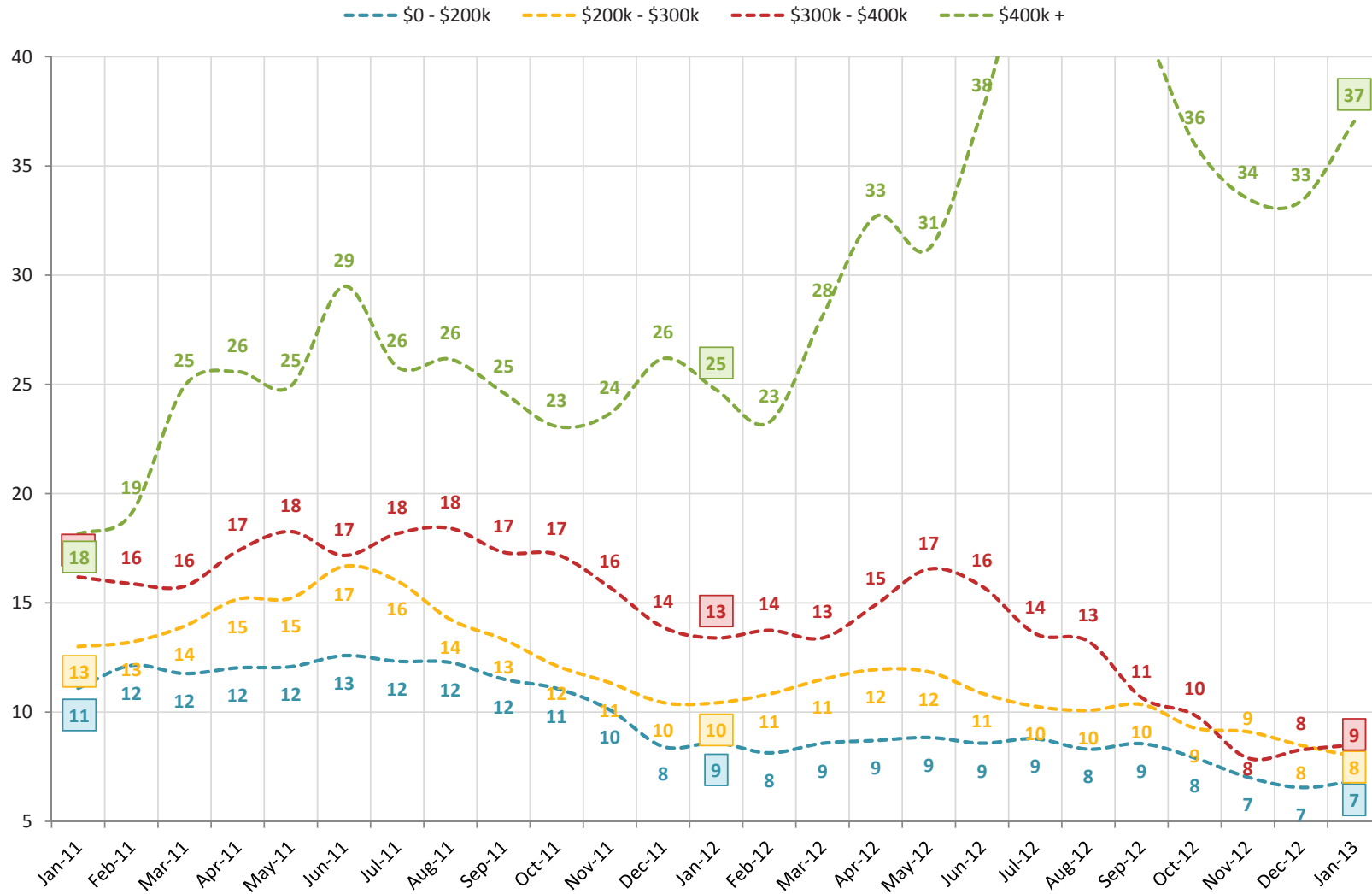
Harrisonburg & Rockingham County Inventory Levels by Price Range



Biggest drop in inventory in lowest price segment. Inventory levels have declined in almost all price segments 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 12 months ago there were 343 such properties for sale, and

today there are only 305 for sale -- this marks an 11% decline in inventory. These 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.

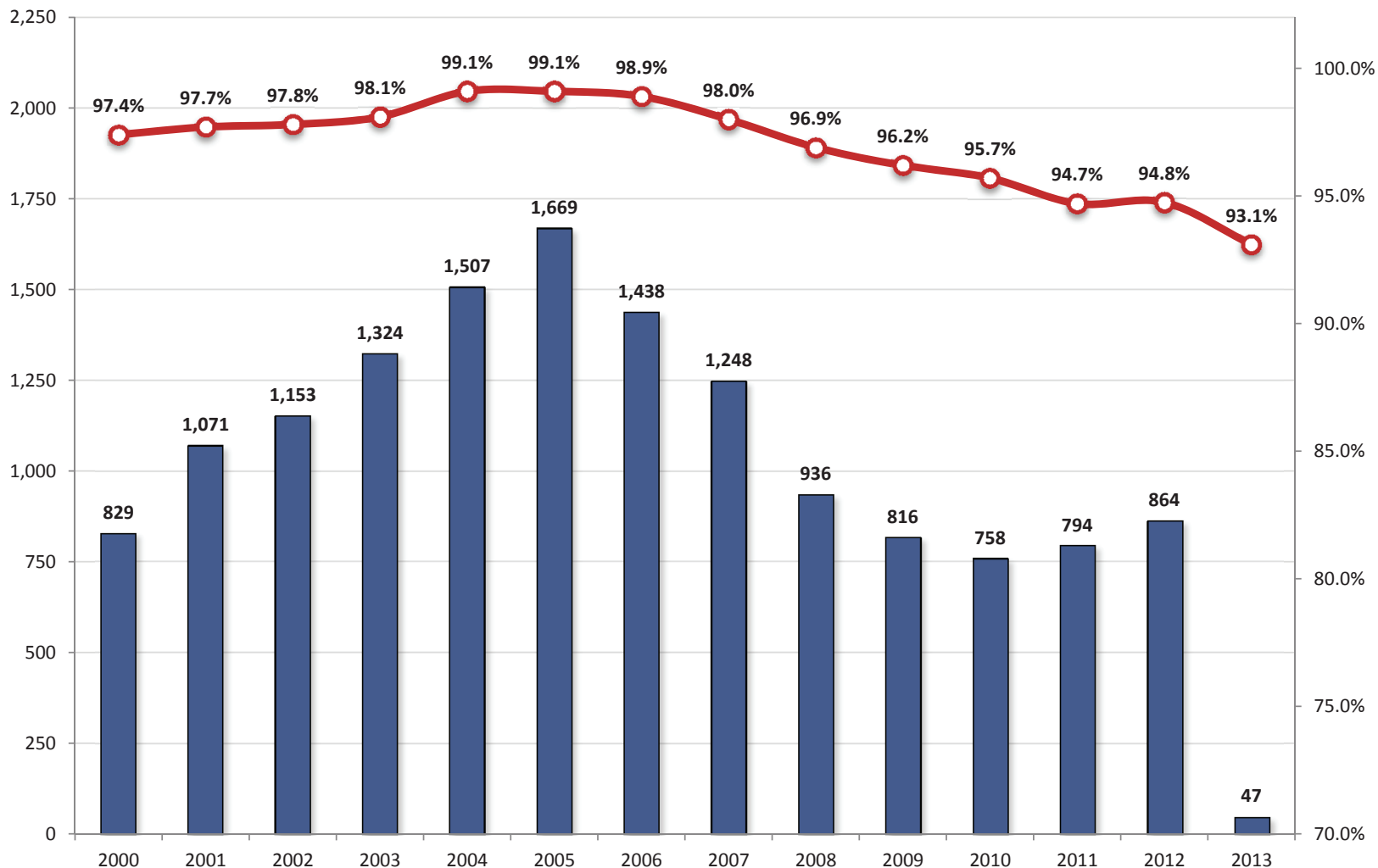
Harrisonburg & Rockingham County Months of Housing Supply by Price Range



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 37 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 all but the highest price range.

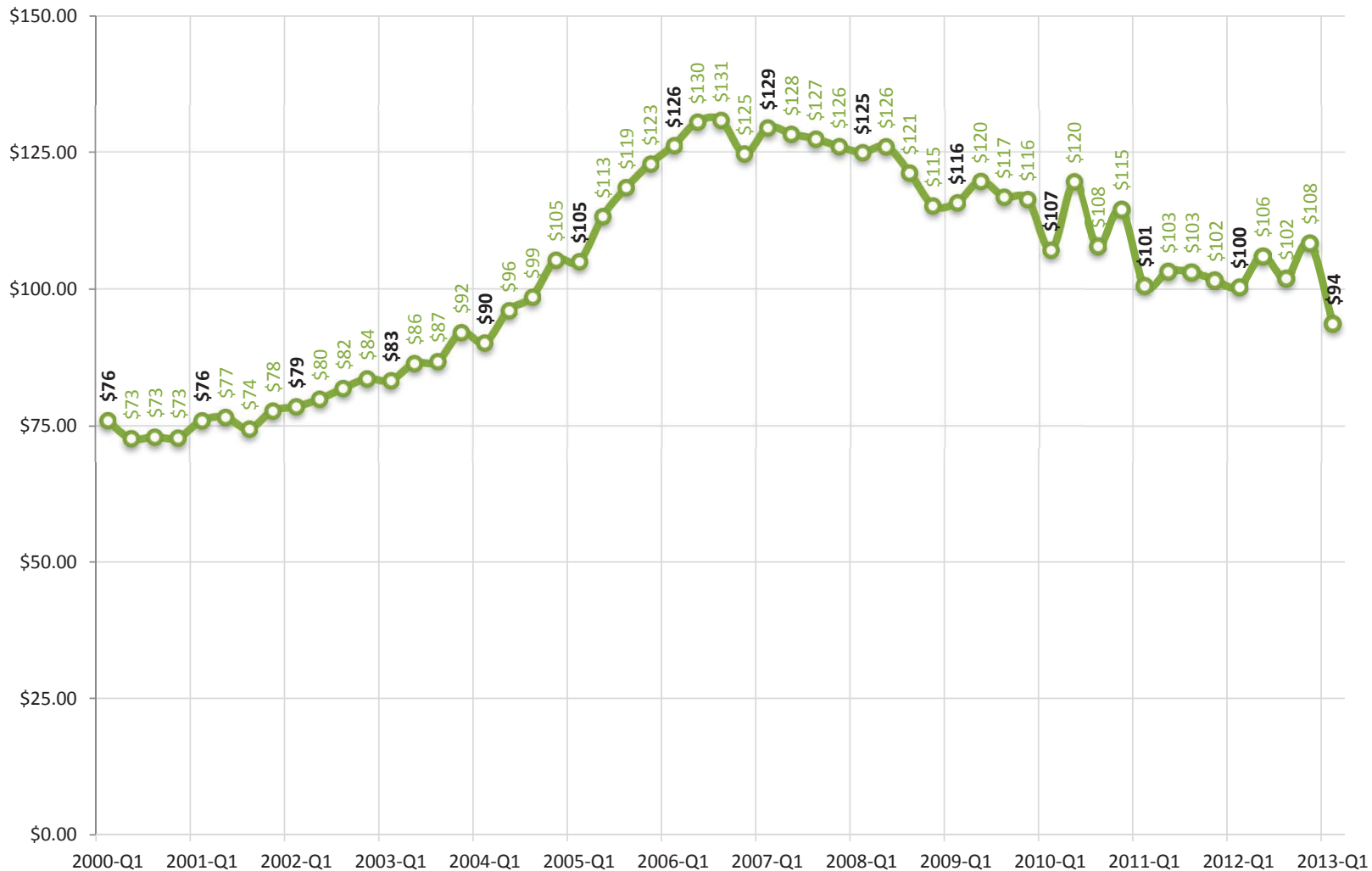
Harrisonburg & Rockingham County
List Price to Sales Price Ratio
 within the context of Home Sales Pace



Buyers experiencing slightly less flexibility on pricing. This 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. 2011 may have offered the most flexibility for buyers --- with homes selling at an average of 94.7% of their asking prices --- this metric then showed a (tiny) improvement to 94.8% of the asking price for home sales during 2012. Stay tuned for more 2013 data.

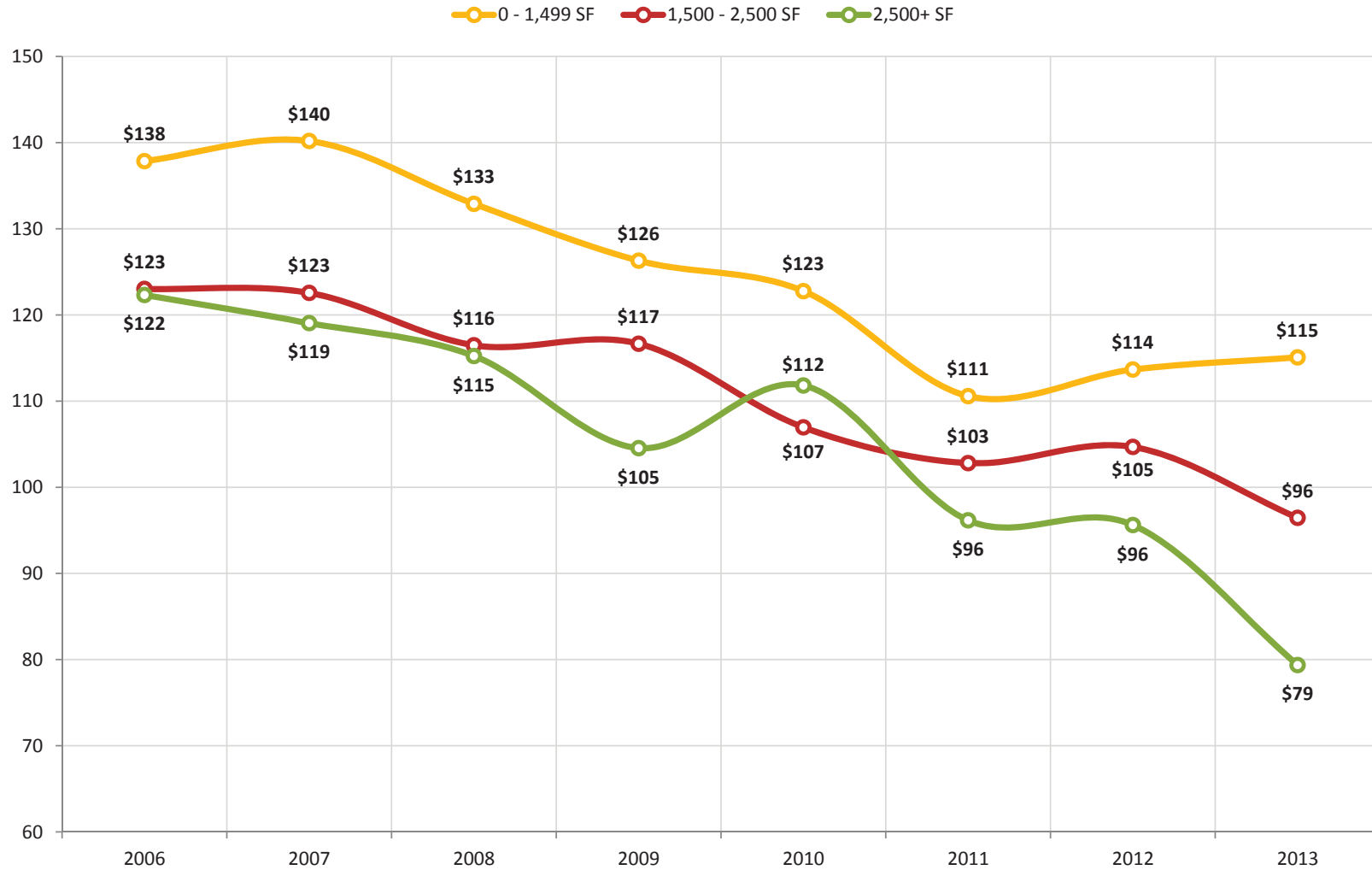
Harrisonburg & Rockingham County Median Price Per Square Foot Trends Single Family Homes



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.

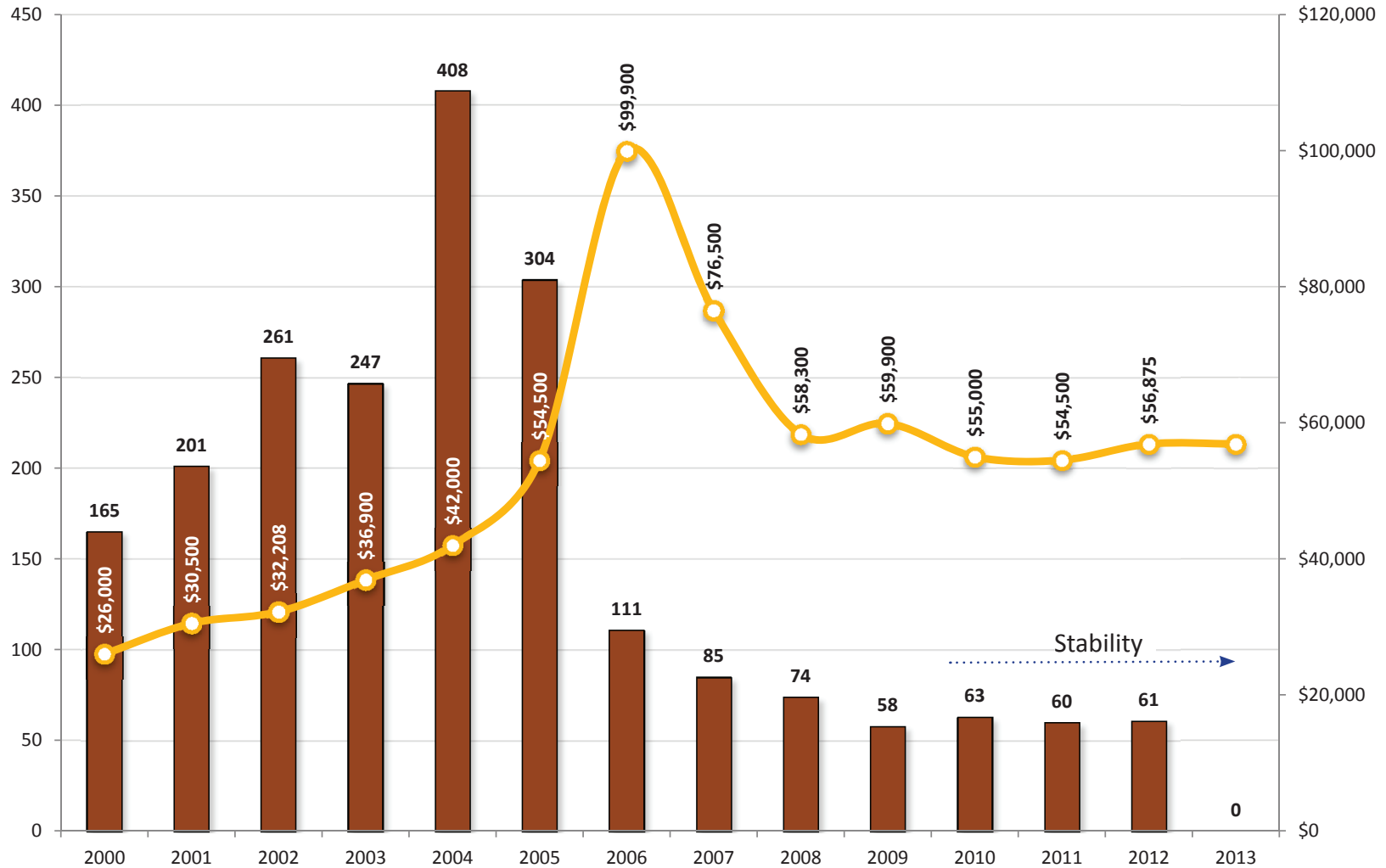
Harrisonburg & Rockingham County
Median Price Per Square Foot by Home Size
 Single Family Homes



Prices edge up in all price ranges. 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 (\$79/SF) than homes that offer less than 1500 SF (\$115/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.

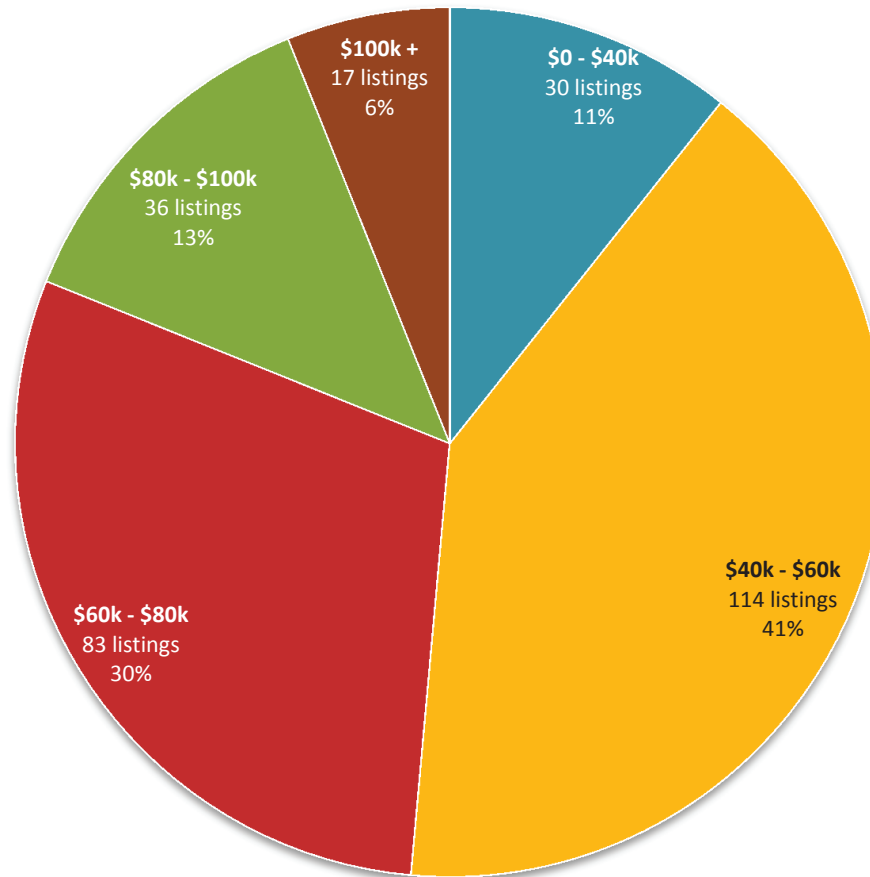
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



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. We now see that there have been between 58 and 63 lot sales

(of less than an acre) for each of the past four years (2009-2012). The median sales price of these lots under one acre also appears to be stabilizing between \$55,000 and \$60,000.

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

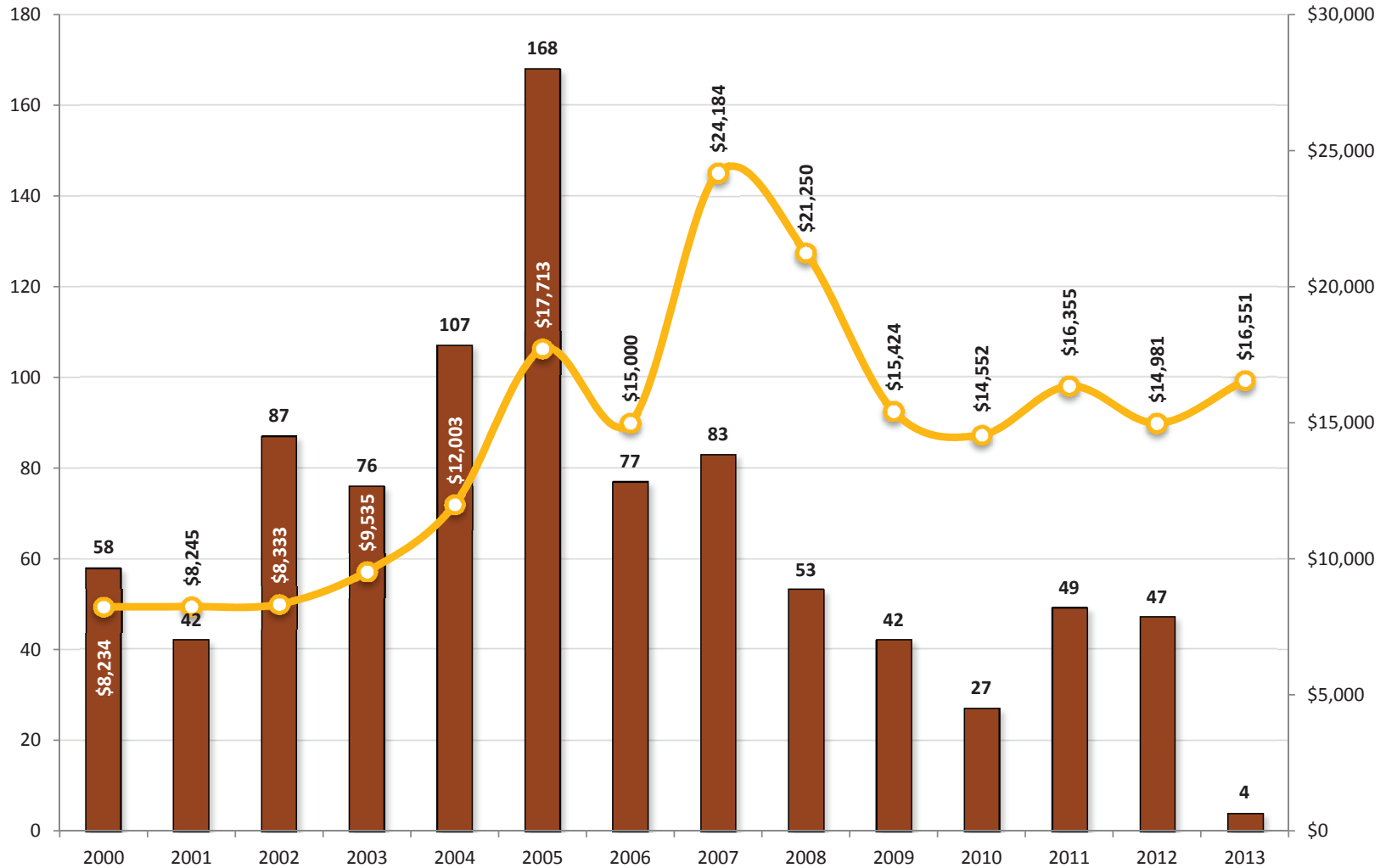


280 Active Lot Listings; Median List Price: \$60,000

Many (many) lots for sale. Despite the fact that only 61 lots (of less than an acre) sold in all of 2012, there are a remarkable 280 lots currently for sale. Some sanity exists in this listing market, however, as the median list price of lots for sale (\$60,000) is only slightly higher than the 2012 median sales price of \$56,875. Given

last year's 61 lot sales, if no other lots were listed for sale, it would take 4.6 years to sell all of the lots currently listed for sale. As you can see above, almost half of the lots currently listed for sale are priced above \$60,000 --- thus many sellers have offering prices higher than recent (2011, 2012) median sales prices.

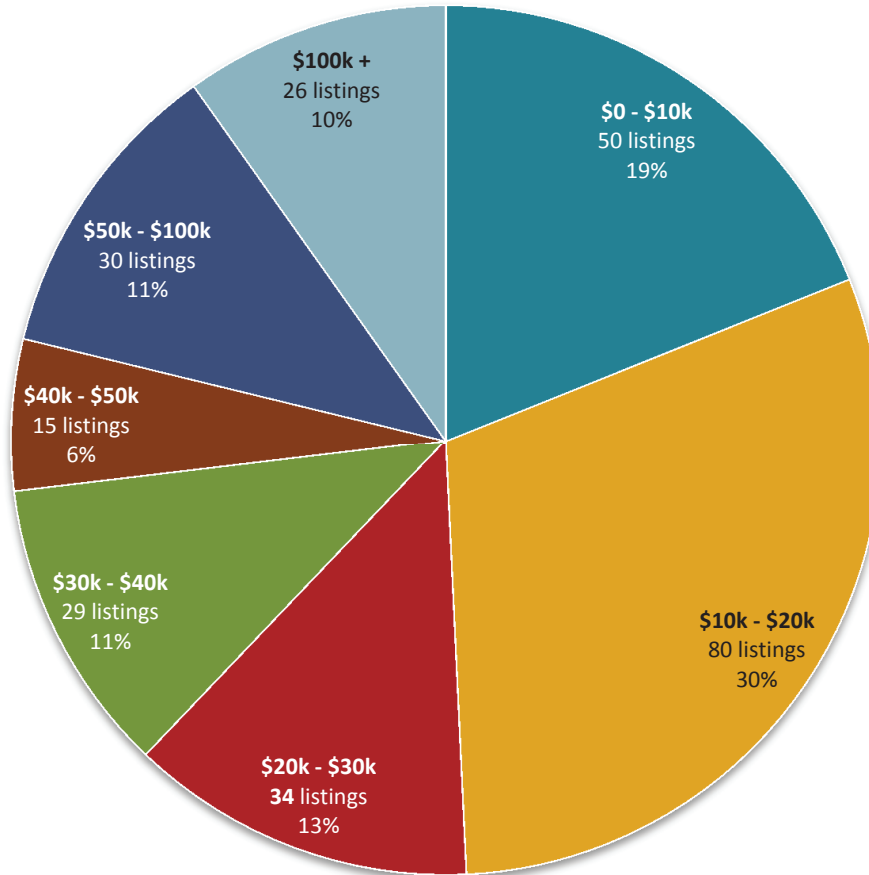
Harrisonburg & Rockingham County Land Sales & Median Price Per Acre 1 acre or more



Larger lot sales mostly stable between 2008 and 2012. Parcels of land larger than one acre in Harrisonburg or Rockingham County sold quite quickly in 2011 as compared to both 2010, but perhaps this was just continuing the trend of 42-53

lot sales per year seen between 2008 and 2012 (with the exception of 2010). The median price per acre of lots over 1 acre in size has fallen slightly over the past year to \$14,981.

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

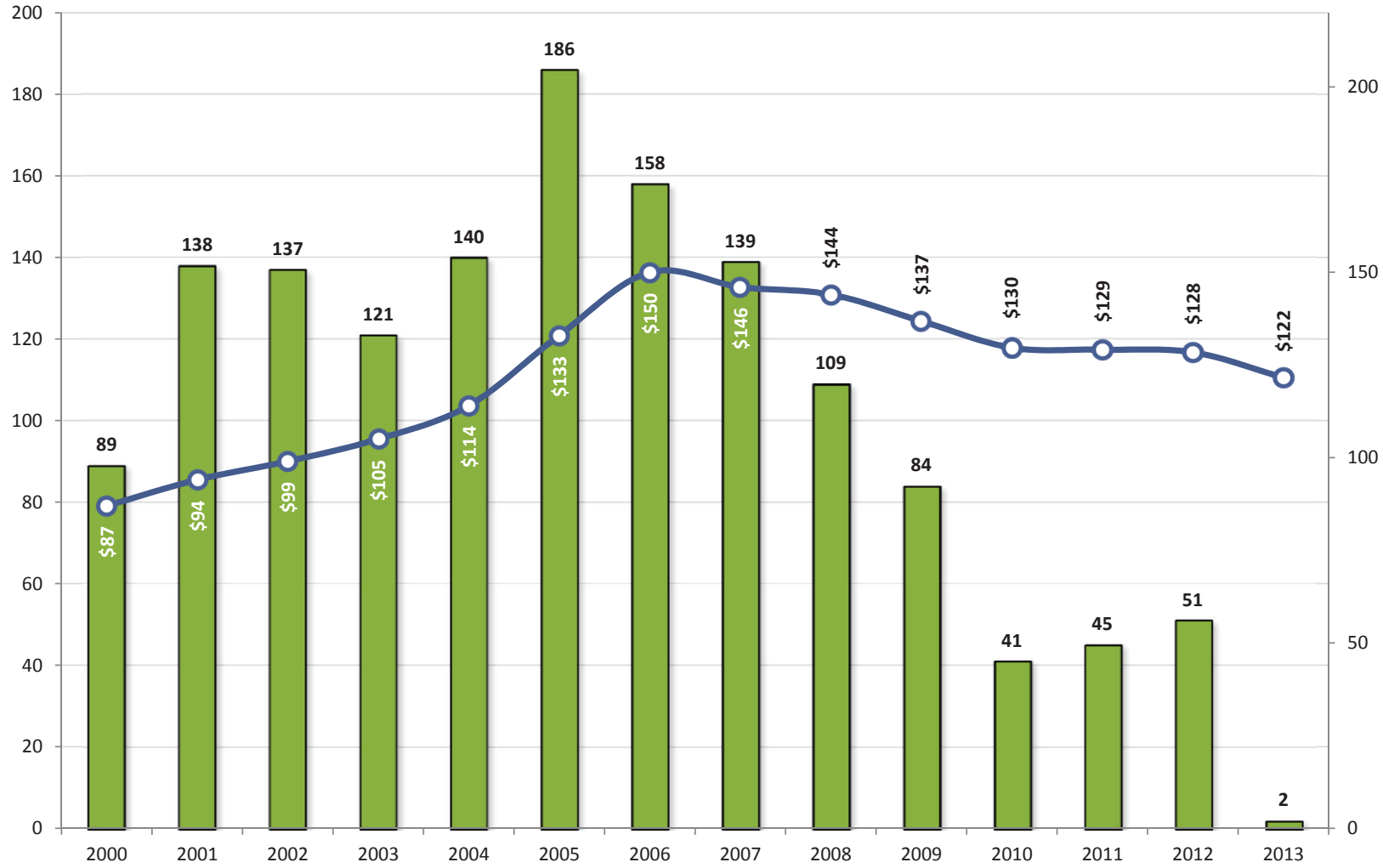


264 Active Land Listing; Median List Price: \$21,222 / Acre

High (really high) levels of lot inventory. Despite the fact that only 47 parcels of land (of one acre or more) sold in all of 2012, there are a remarkable 264 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 255 parcels

for sale is currently \$21,222 per acre. Given last year's 47 land sales, if no other land is listed for sale, it would take 5.6 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.

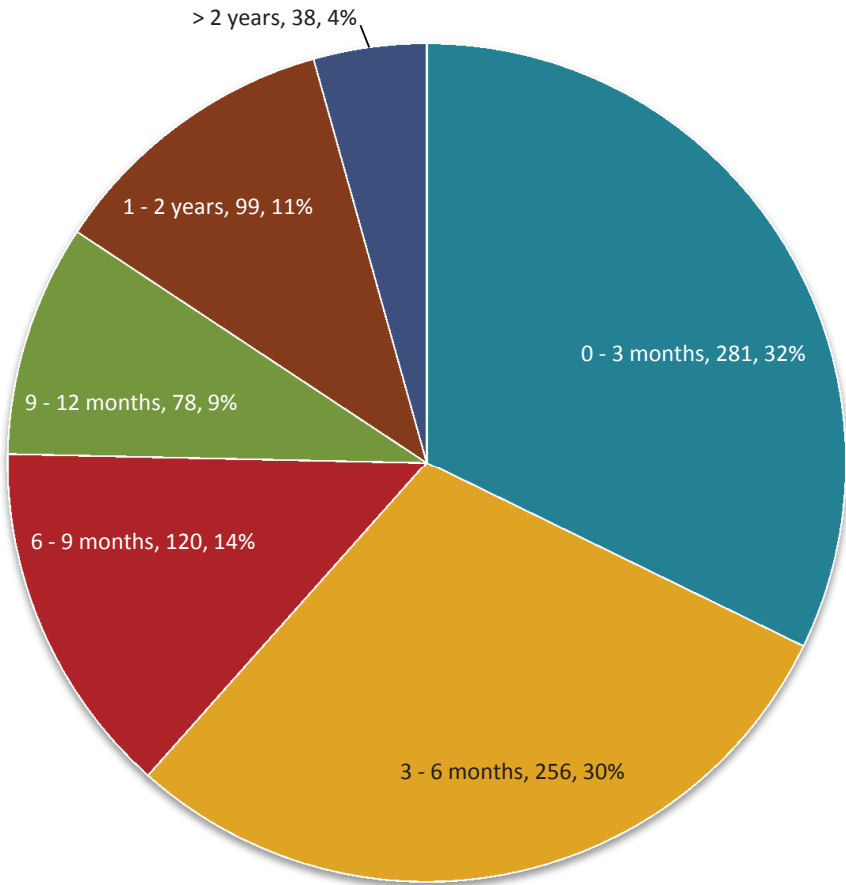
Harrisonburg & Rockingham County
New Construction Single Family Home Sales Trends
 Number of Sales, Median Price Per Square Foot



New home sales increasing, prices stable. New home builders experienced an increase in the pace of new home sales between 2011 and 2012 -- after a steady decline since 2005. These increases (41 to 45 to 51) in sales pace, however, still leave plenty of room for improvement. The median price per square foot also

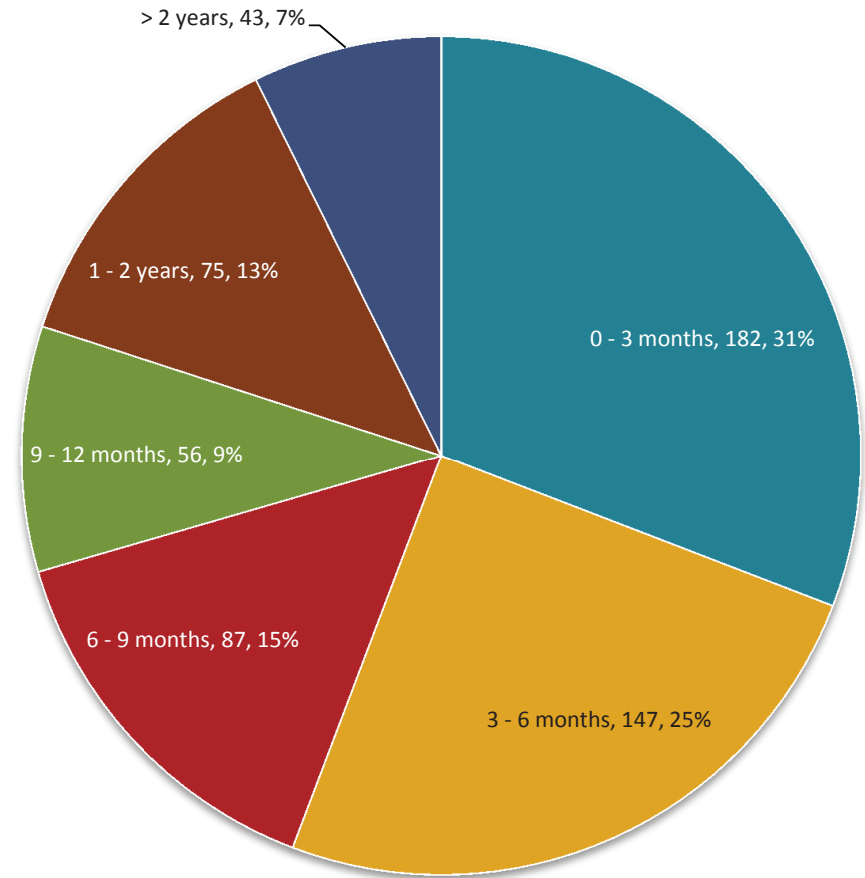
stabilized around \$128/SF last year, down only slightly over the previous two years. As the inventory of re-sale homes slims down, the sales of new homes should continue to increase.

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



Median Days On Market: 143

Harrisonburg & Rockingham County Days on Market Analysis Active Listings

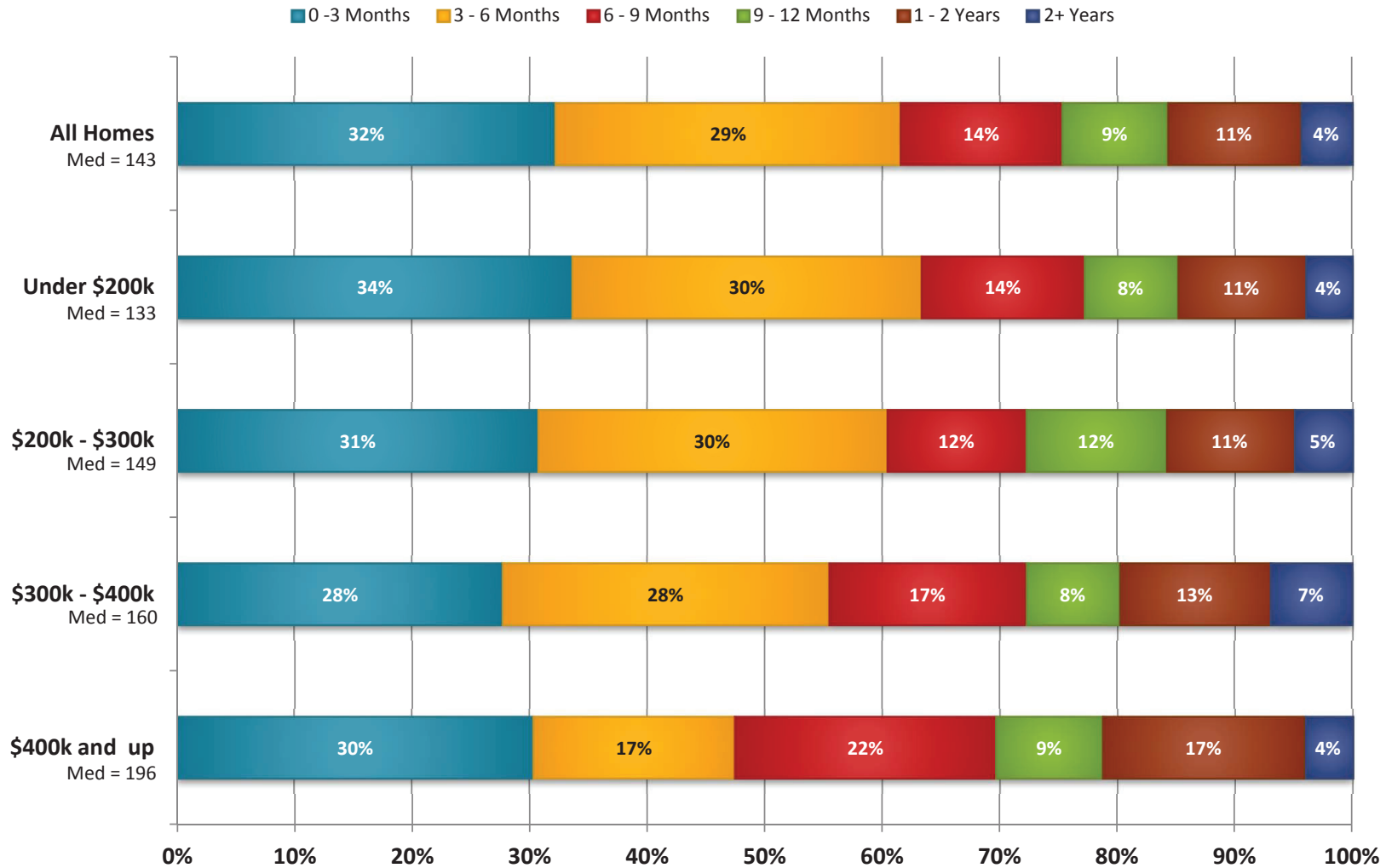


Median Days On Market: 154

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 62% 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

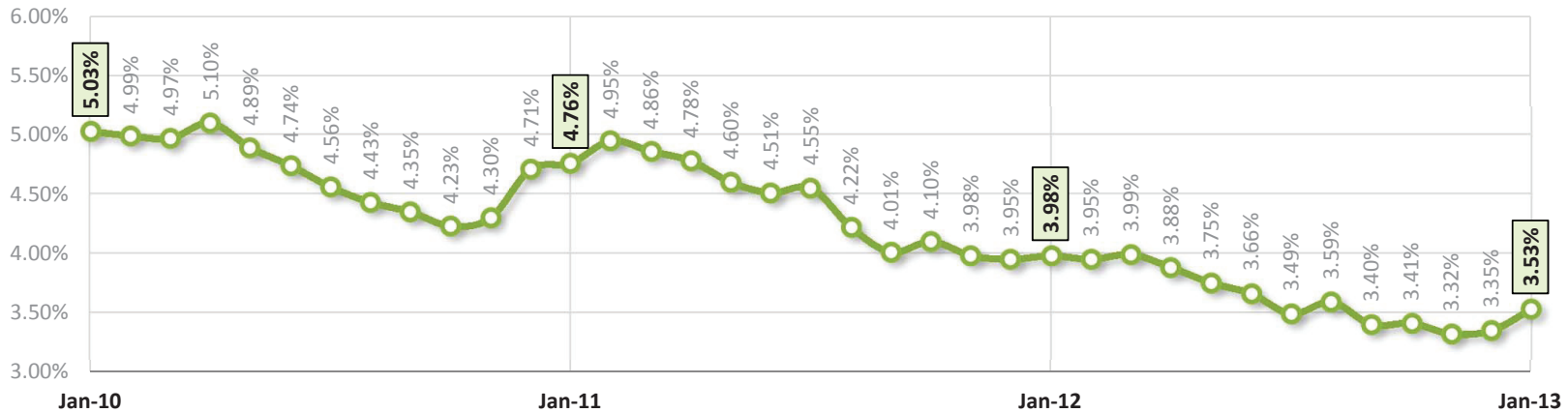


Sales pace varies by price range. The time that it takes to sell a home in today's market varies based on the price range of the home in question. For example, 64% of homes that sold under \$200K sold in the first six months of being on the

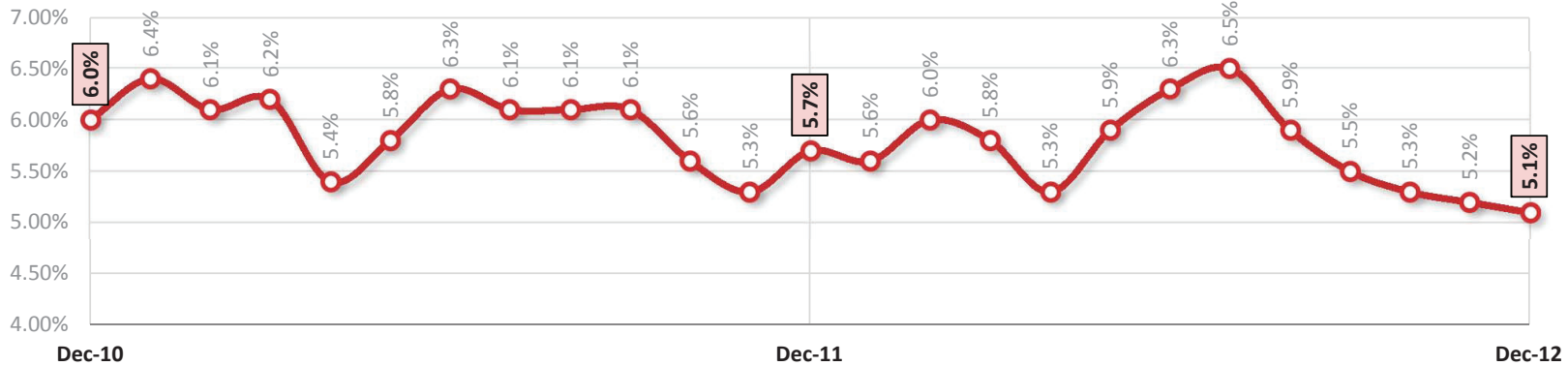
market, while only 47% of homes over \$400,000 were able to sell in that same time period.

Average 30-Year Fixed Mortgage Interest Rate

Source: Freddie Mac



Harrisonburg-Rockingham MSA Unemployment Rate Not Seasonally Adjusted



Mortgage interest rates up, unemployment rate down. As shown in the top graph above, home buyers continue to find amazingly low interest rates on 30-year fixed rate mortgages, however these rates have started to increase over the past two

months. The second graph above illustrates trends in the local unemployment rate -- which dropped yet again in December, down to 5.1% --- the lowest level on record in the past two years.

Scott P. Rogers, Associate Broker



Scott P. Rogers, an Associate Broker with Funkhouser Real Estate Group, 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.

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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 Construction Homes For Sale
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Half Million (plus) Homes in Harrisonburg, Rockingham County
<http://www.HarrisonburgLuxuryHomes.com>

Most Recent Listings in Harrisonburg, Rockingham County
<http://www.NewListingsInHarrisonburg.com>

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

Bank Owned Properties in Harrisonburg & Rockingham
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Potential Short Sales in Harrisonburg & Rockingham County
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Owner Financed Properties in Harrisonburg & Rockingham County
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Lease/Purchase Properties in Harrisonburg & Rockingham County
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Property Transfers in Harrisonburg & Rockingham County
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