



NOVEMBER 2018

Harrisonburg & Rockingham County Real Estate Market Report



Guiding you through every move

*An analysis of real estate activity through October 31, 2018
provided courtesy of Scott P. Rogers, Funkhouser Real Estate Group*



Custom-Built Highland Park Home with Full Finished Basement 4350BrownRoanLane.com

HOME SALES REPORT

Harrisonburg & Rockingham County

October 2018

# Home Sales	2015	2016	2017	2018	% Change ('17 - '18)
October	105	97	98	120	22.45%
Year-To-Date (Jan - Oct)	963	1,105	1,059	1,117	5.48%
Last 12 Months (Nov - Oct)	1,127	1,268	1,267	1,320	4.18%

Median Sales Price	2015	2016	2017	2018	% Change ('17 - '18)
October	\$182,000	\$188,500	\$207,500	\$225,500	8.67%
Year-To-Date (Jan - Oct)	\$186,000	\$192,000	\$196,050	\$214,000	9.16%
Last 12 Months (Nov - Oct)	\$185,000	\$190,000	\$196,200	\$212,600	8.36%

Median Days on Market	2015	2016	2017	2018	% Change ('17 - '18)
October	65	58	36	31	-13.89%
Year-To-Date (Jan - Oct)	57	52	33	22	-33.33%
Last 12 Months (Nov - Oct)	59	51	35	25	-28.57%

Home sales heated up in October 2018 -- showing a significant (22%) increase over home sales last October. In fact, this has been the busiest month of October in several years. This strong month of October home sales has lead to an overall 5.48% year-over-year increase in home sales thus far in 2018. The median sales price of

homes sold in 2018 has also increased over the past year to \$214,000 - though part of this 9.16% year-over-year increase is a result of more single family homes (as opposed to duplexes, townhomes and condos) selling this year compared to how many were selling last year.

HOME SALES REPORT :: BY AREA

# Home Sales	City of Harrisonburg			Rockingham County		
	2017	2018	% Change	2017	2018	% Change
October	30	40	33.33%	68	80	17.65%
Last 12 Months (Nov - Oct)	422	455	7.82%	845	865	2.37%

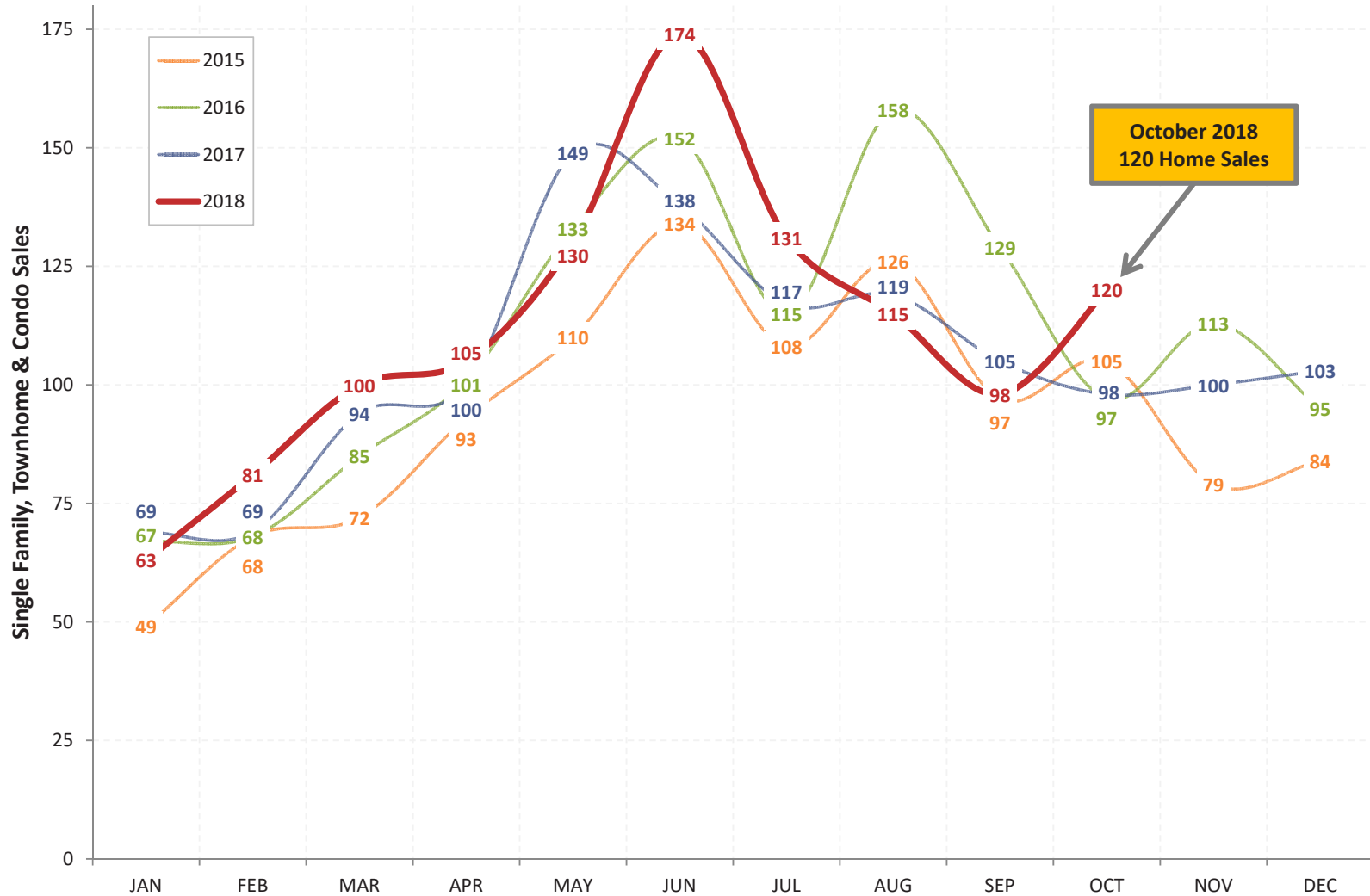
Median Sales Price	City of Harrisonburg			Rockingham County		
	2017	2018	% Change	2017	2018	% Change
October	\$189,950	\$185,000	-2.61%	\$216,950	\$239,950	10.60%
Last 12 Months (Nov - Oct)	\$172,000	\$192,000	11.63%	\$210,000	\$223,317	6.34%

Median Days on Market	City of Harrisonburg			Rockingham County		
	2017	2018	% Change	2017	2018	% Change
October	24	31	29.17%	39	31	-20.51%
Last 12 Months (Nov - Oct)	25	13	-48.00%	44	34	-22.73%

Each year, roughly twice as many homes sell in the County as compared to the City, and looking at the past 12 months (and comparing it to the previous 12 months) we see that pattern yet again with 455 City home sales compared to 865 County home sales. Over the past year, the pace of sales has increased 7.82% in the City, while only

increasing 2.37% in the County -- and the median sales price has increased in both areas. The median sales prices has increased a good bit more in the City (+12%) than in the County (+6%) but the City median sales price (\$192,000) remains quite a bit lower than in the County (\$223,317).

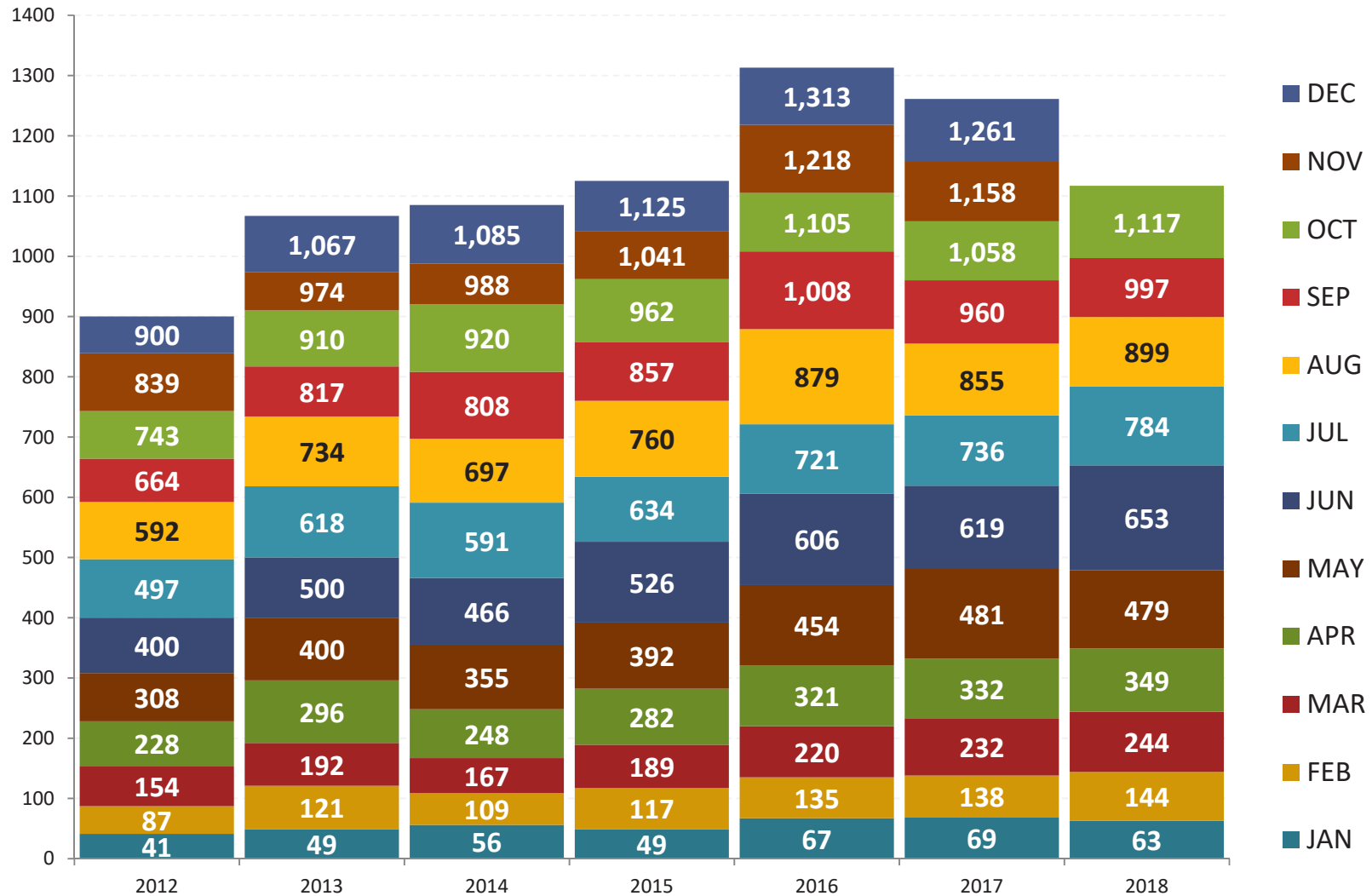
Harrisonburg & Rockingham County
Month-By-Month Home Sales History



This has been somewhat of a roller coast of a year for home sales when viewing the sales on a month by month basis. Five of the first nine months of the year (Feb, Mar, Apr, Jun, Jul) showed record breaking numbers of home sales -- stronger than any of the past three years. Then, home sales sunk down low in August and

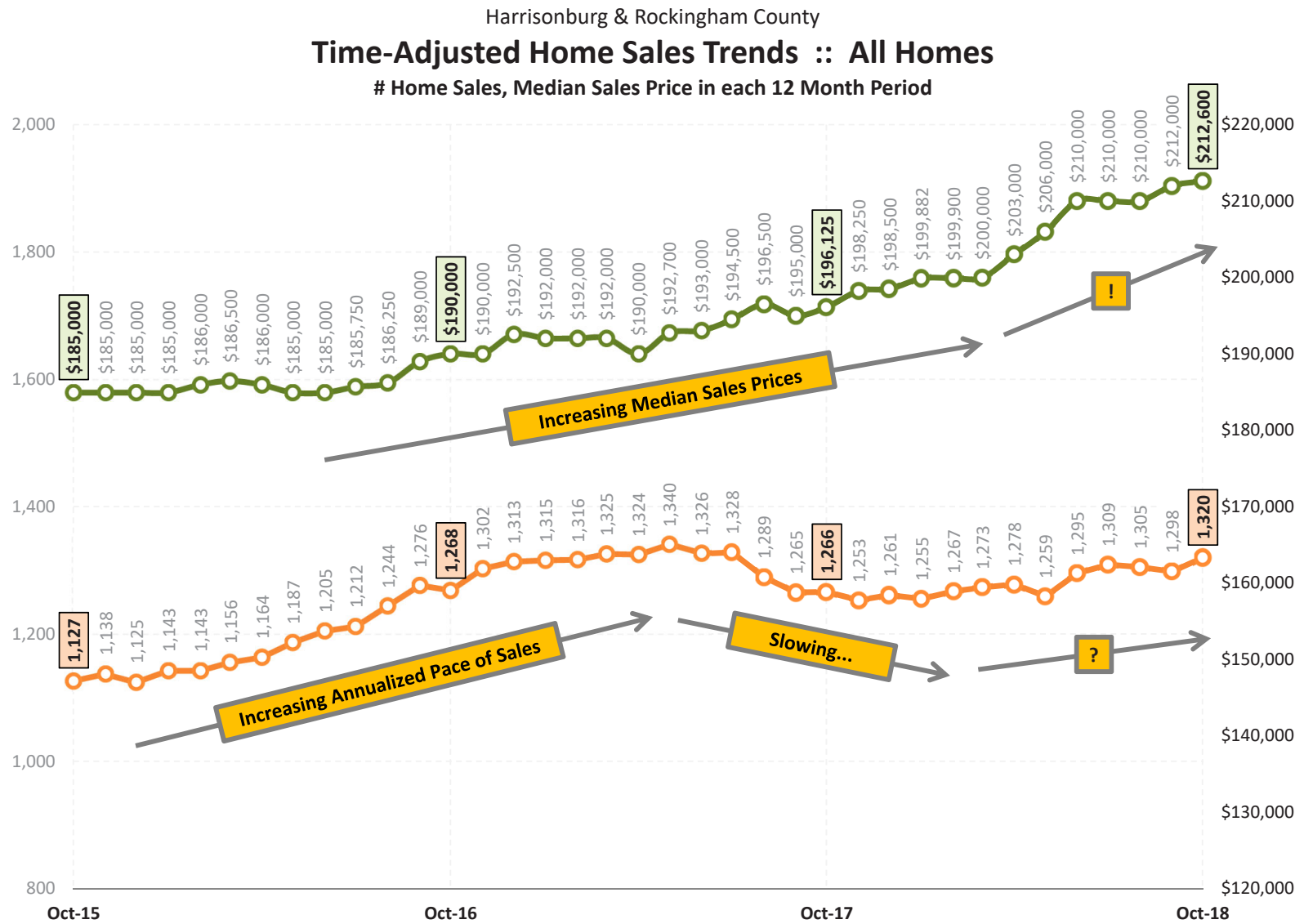
September, throwing into question where home sales would finish out the year strong, or whether rising mortgage interest rates may have slowed sales for good. But then, October. There were 120 home sales in October, a sharp rise as compared to most expectations, setting us on a course to have a strong finish to the year.

Harrisonburg & Rockingham County
Monthly Cumulative Residential Sales



This colorful graph offers another way to look at the overall sales trends for the past few years in the Harrisonburg and Rockingham County housing market. As shown above, our local housing market experienced small incremental growth between 2013 and 2015 before seeing a sharp uptick in home sales in 2016, and then a

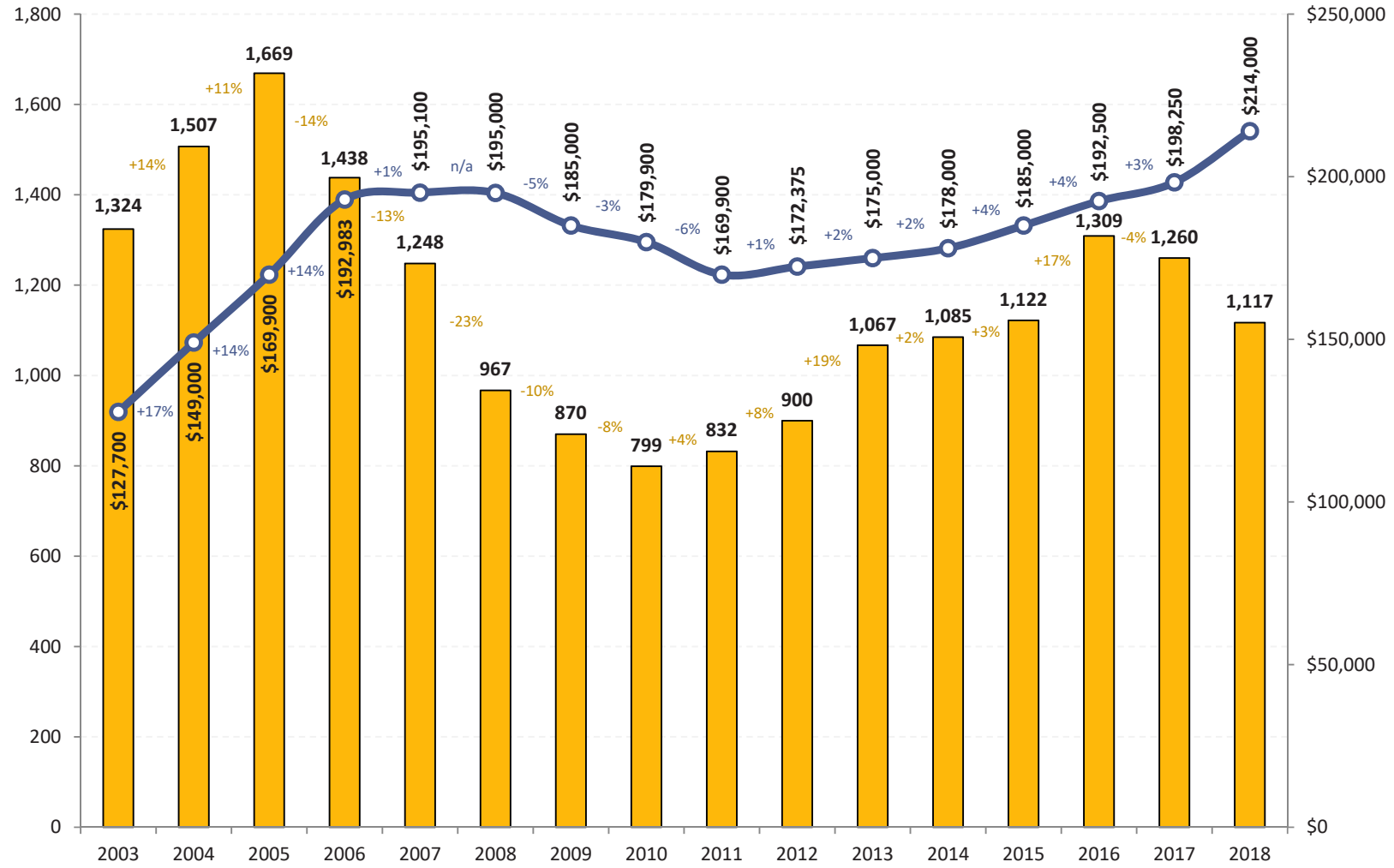
modest decline between 2016 and 2017. Prior to October, it was unclear whether we'd have quite as strong of a year as seen in 2016 -- but we're now out ahead again -- on pace to possibly have as many as 1,300 home sales again in 2018.



This graph shows a rolling 12 month trend line of the number of homes sold 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 shows one year's worth of home sales, which eliminates the volatility of evaluating sales figures on

a monthly basis. The pace of home sales rose between 2015 and mid-2017 before slowing for about a year -- but now seems to be on the rise again in 2018. The median sales price, however, has been on a relatively steady rise for over two years now -- increasing above \$200,000 for most of 2018.

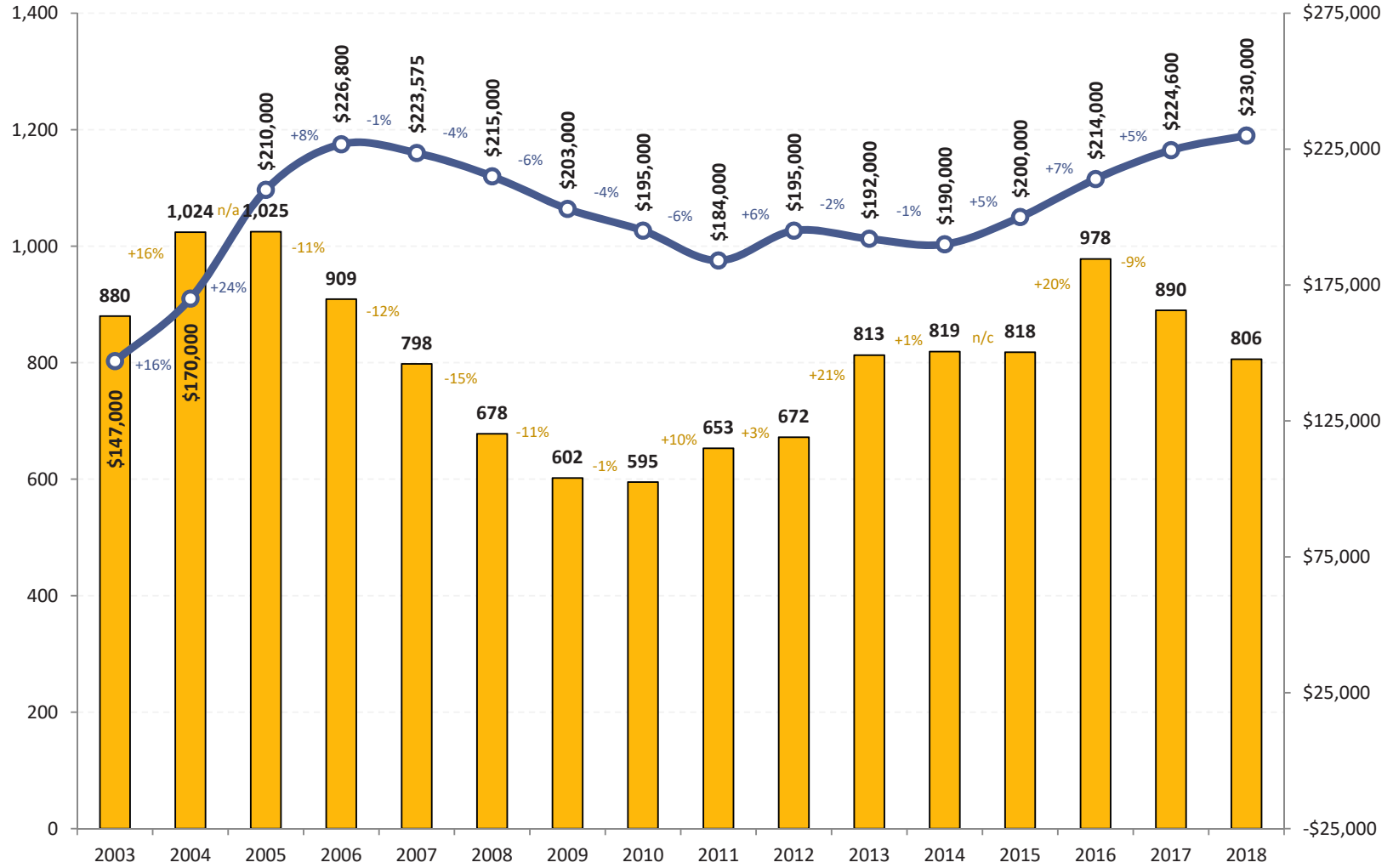
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Single Family Homes & Townhomes



This graph provides an overall indicator of the state of our housing market, showing both the number of homes being sold each year since 2002 (yellow bars) as well as changes in the median sales price during the same time period (blue line). After six years in a row (2011-2016) of an increasing pace of home sales, we then saw a 4%

decline in the pace of home sales in 2017. This was accompanied, however, by a 3% increase in the median sales prices, which continues the now six year (2012-2017) trend of increasing median sales prices, and we have now reached the highest annual median sales price ever seen in Harrisonburg and Rockingham County.

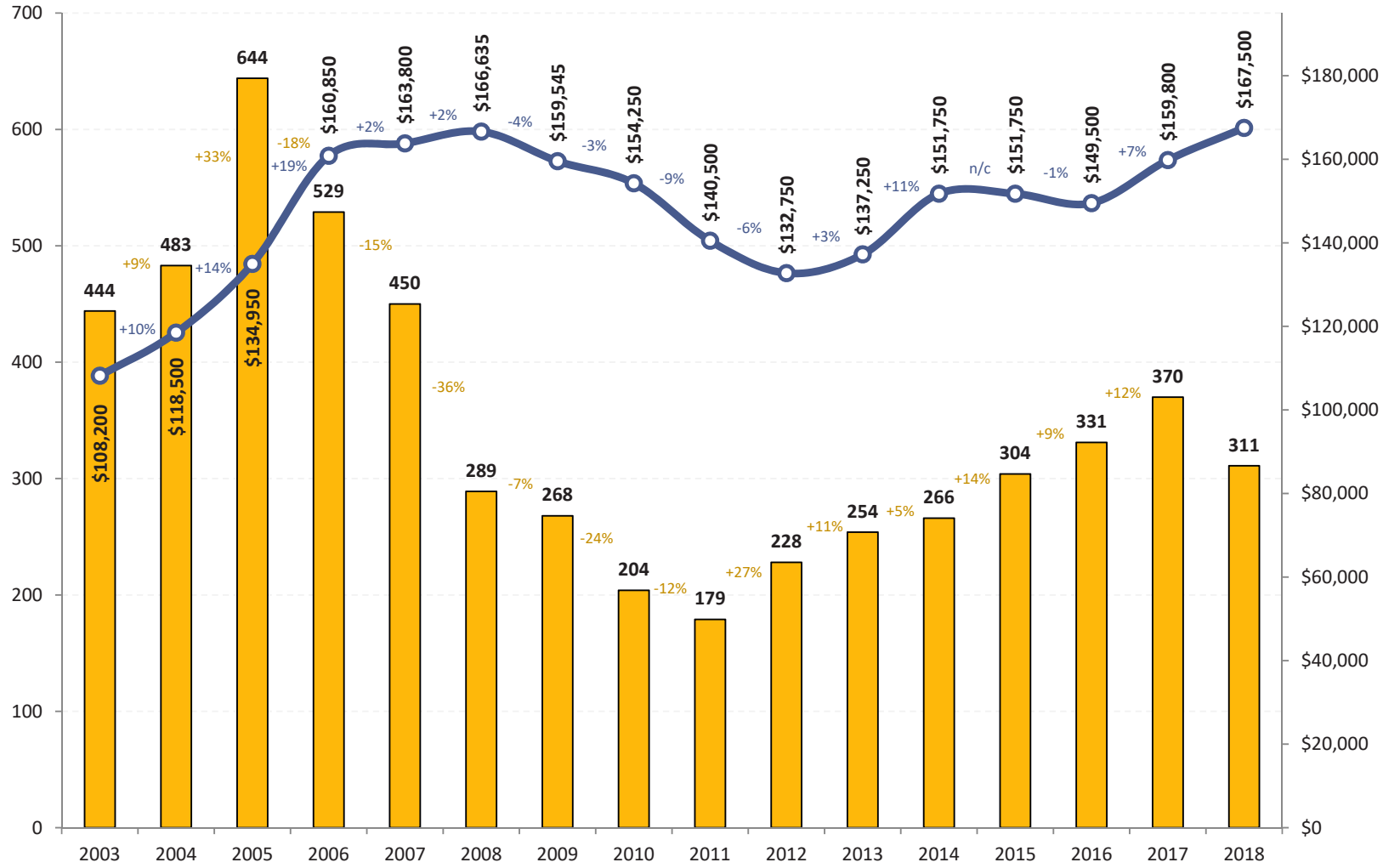
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Single Family Homes



The single family home market in Harrisonburg and Rockingham County improved significantly between 2015 and 2016 with a 20% increase in the number of homes sold and an accompanying 7% increase in the median price of those homes. Last year proved to be a bit of a different year -- with a 9% decline to only 890 homes

selling in the year -- though the median sales price continued to rise, from \$214,000 up 5% to \$224,600. Now, in 2018, we are seeing further increases in that median sales price and we have surpassed the past peak of \$226,800 seen in 2006.

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

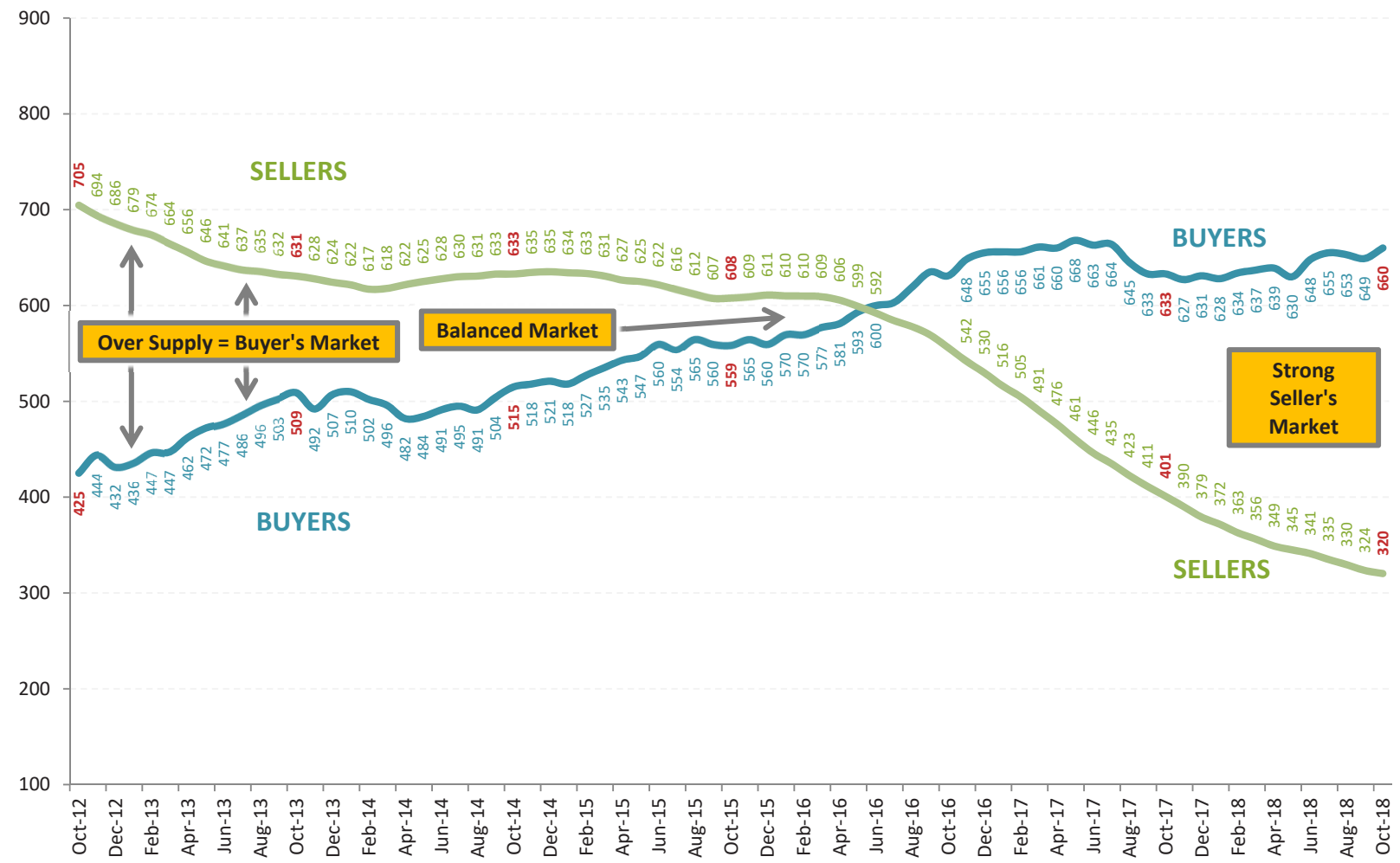


Townhouse (and duplexes and condo) sales are on a roll! Last year marked the sixth year in a row that we saw an increase in the number of these sales in Harrisonburg and Rockingham County, with 370 sales -- up 12% from the prior year. In even better news, the median sales price of these townhouses, duplexes and condominiums

rose 7% between 2016 and 2017 from \$149,500 up to \$159,800. We still have not returned to the peak median sales price seen in this property category between 2006 and 2008, and we are likely never (or not for a long while) to see a return to over 600 of these sales per year, as was seen in 2005.

Published on November 9, 2018 by Scott P. Rogers, Associate Broker, Funkhouser Real Estate Group, based on data from the Harrisonburg-Rockingham Association of REALTORS (R) MLS for the period of 01/01/2000 - 10/31/2018.

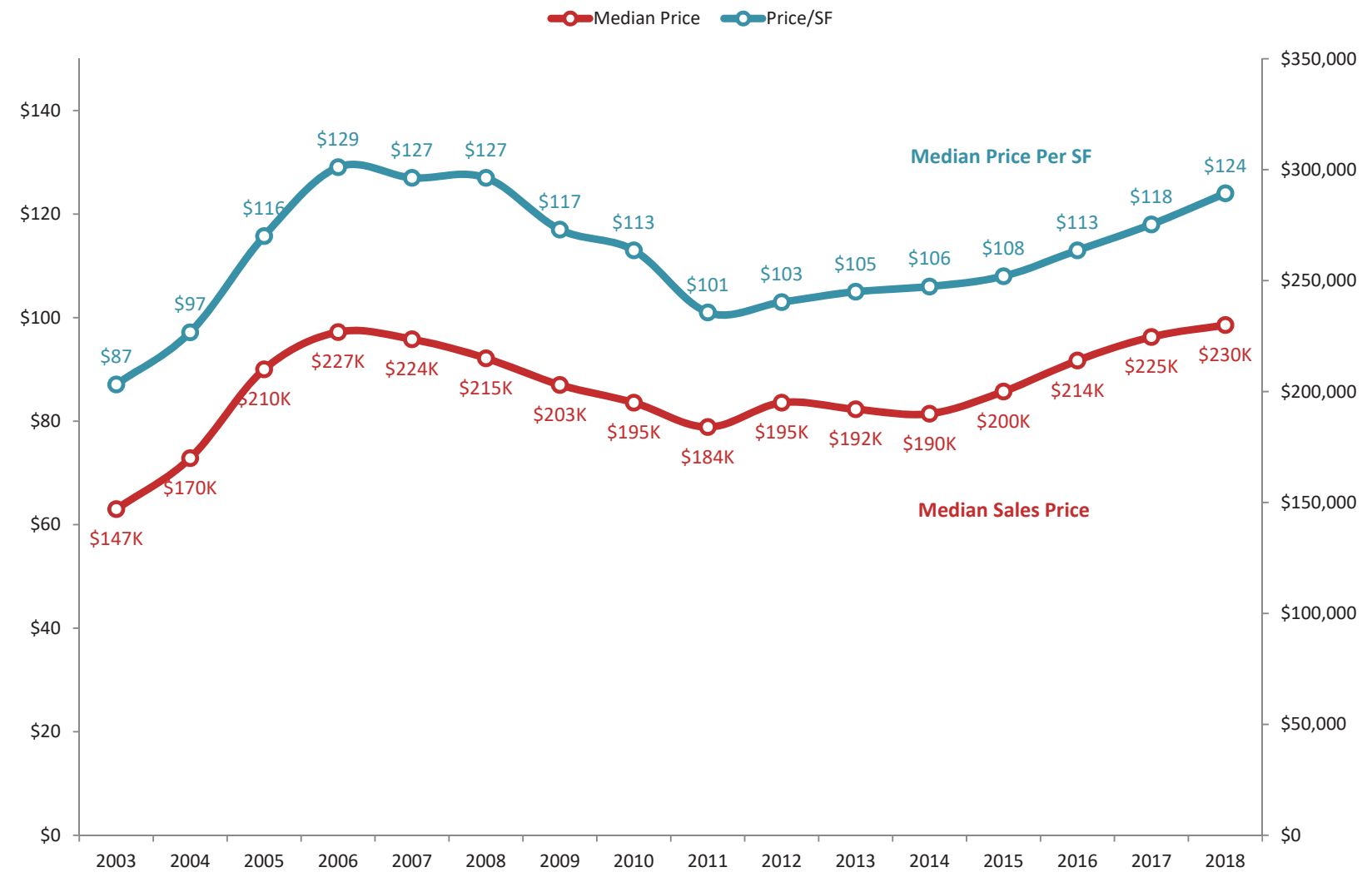
Harrisonburg & Rockingham County
Market Balance between Buyers and Sellers
 Assuming Six Months of Housing Supply is a Balanced Market



Most housing market analysts consider six months of inventory (active listings) to be an indicator of a balanced market (between buyers and sellers). The "BUYERS" trend line above is illustrating how many buyers are buying in a six month period. The "SELLERS" trend line above is illustrating how many sellers are in the market

(active listings) at any given time. Over the past four years we have seen a steady increase in buyers and a declining number of sellers. In June 2016, these two trajectories crossed, and there are now many more buyers buying in a six month period than there are homes for sale -- though the buying pace has leveled off.

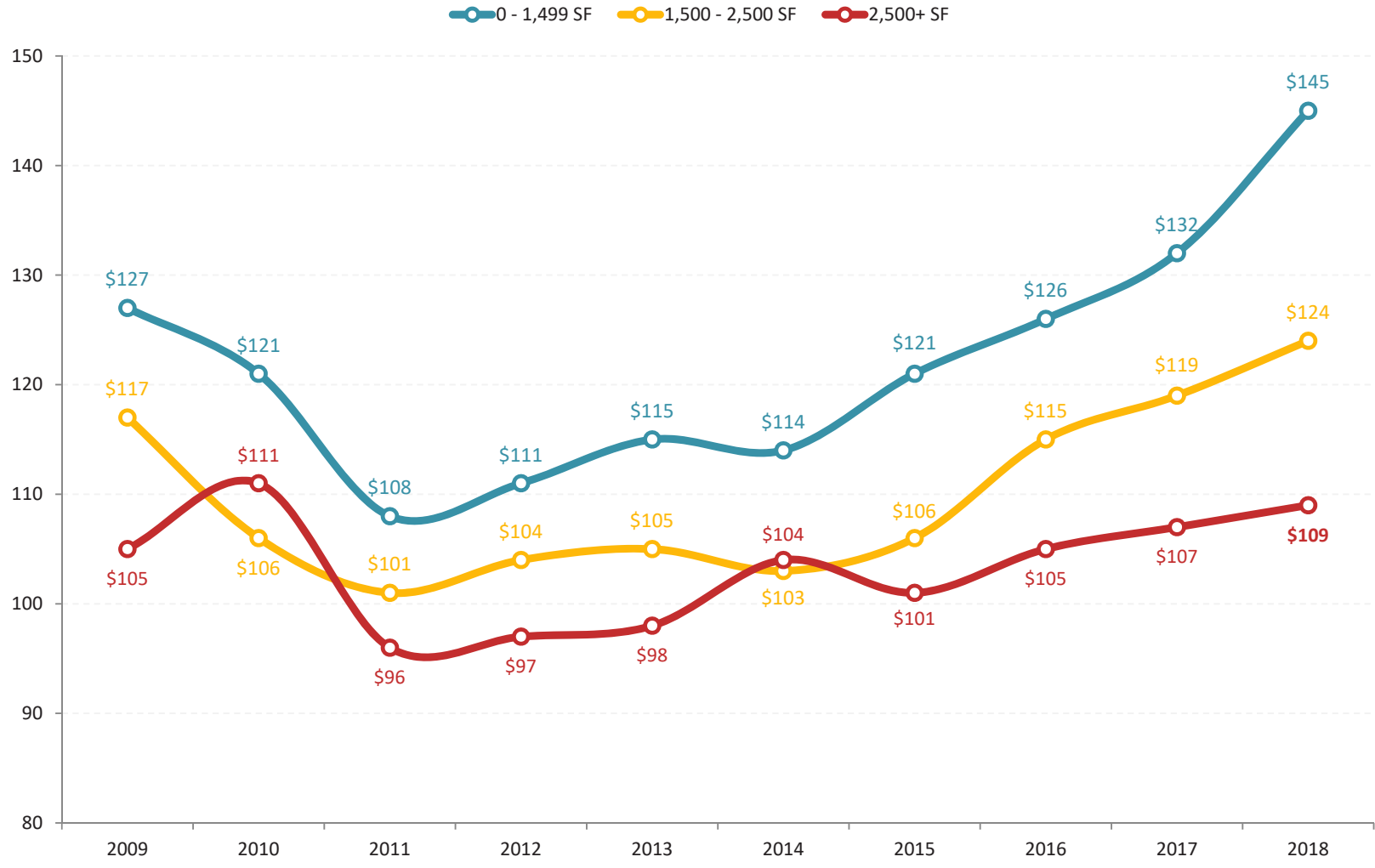
Harrisonburg & Rockingham County
Median Price vs. Price Per SF (Single Family Homes)



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. Over the past several years (2015 to 2016 to 2017) we have seen increases in the median sales price as well as the median price per square foot of single family homes.

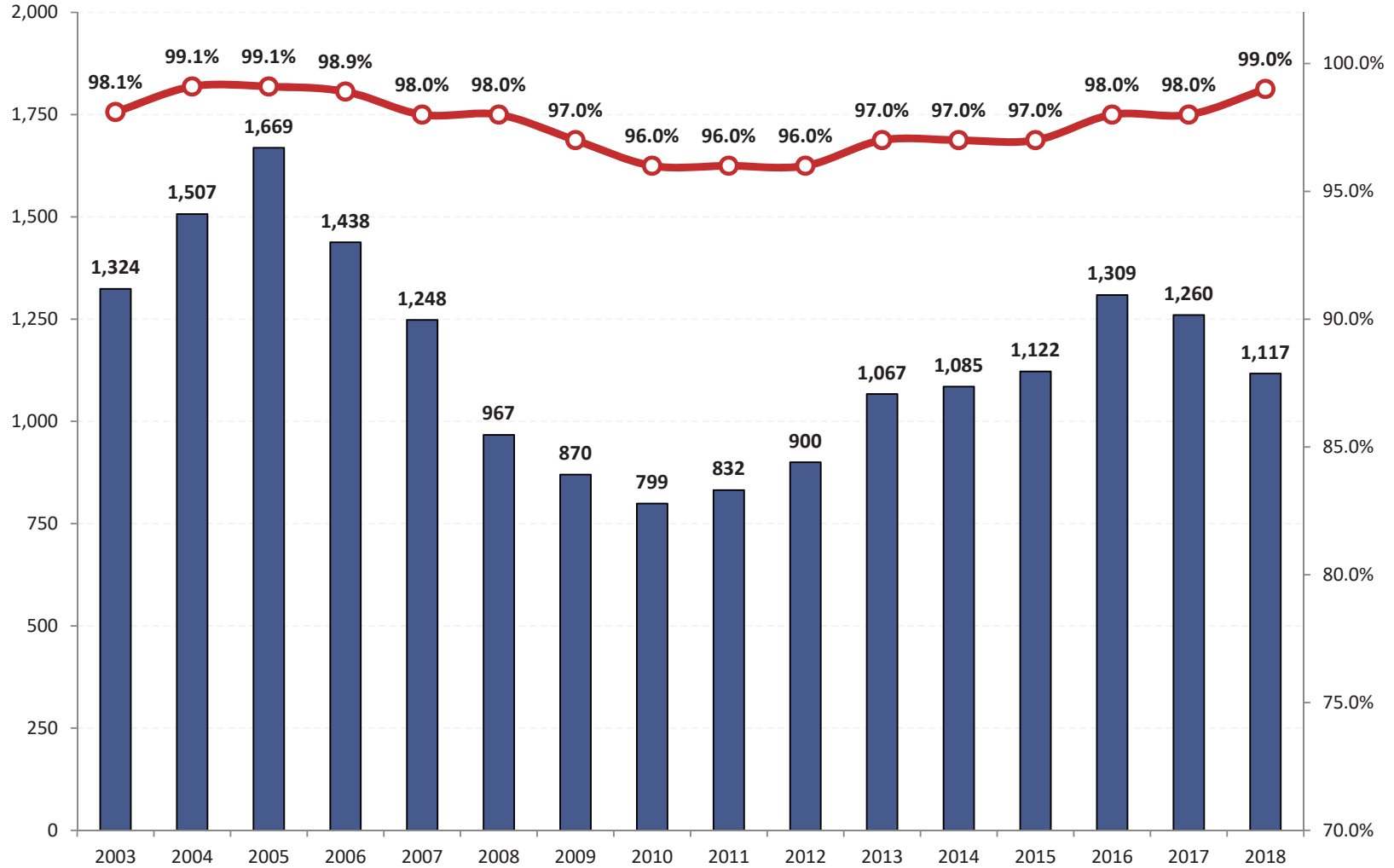
Harrisonburg & Rockingham County
Median Price Per Square Foot by Home Size
Single Family Homes



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 similar sizes. Looking at 2018 figures, this graph illustrates that the median price per square foot of larger homes

(2500+ SF) is a good bit lower (\$109/SF) than that of homes with less than 1500 SF (\$145/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.

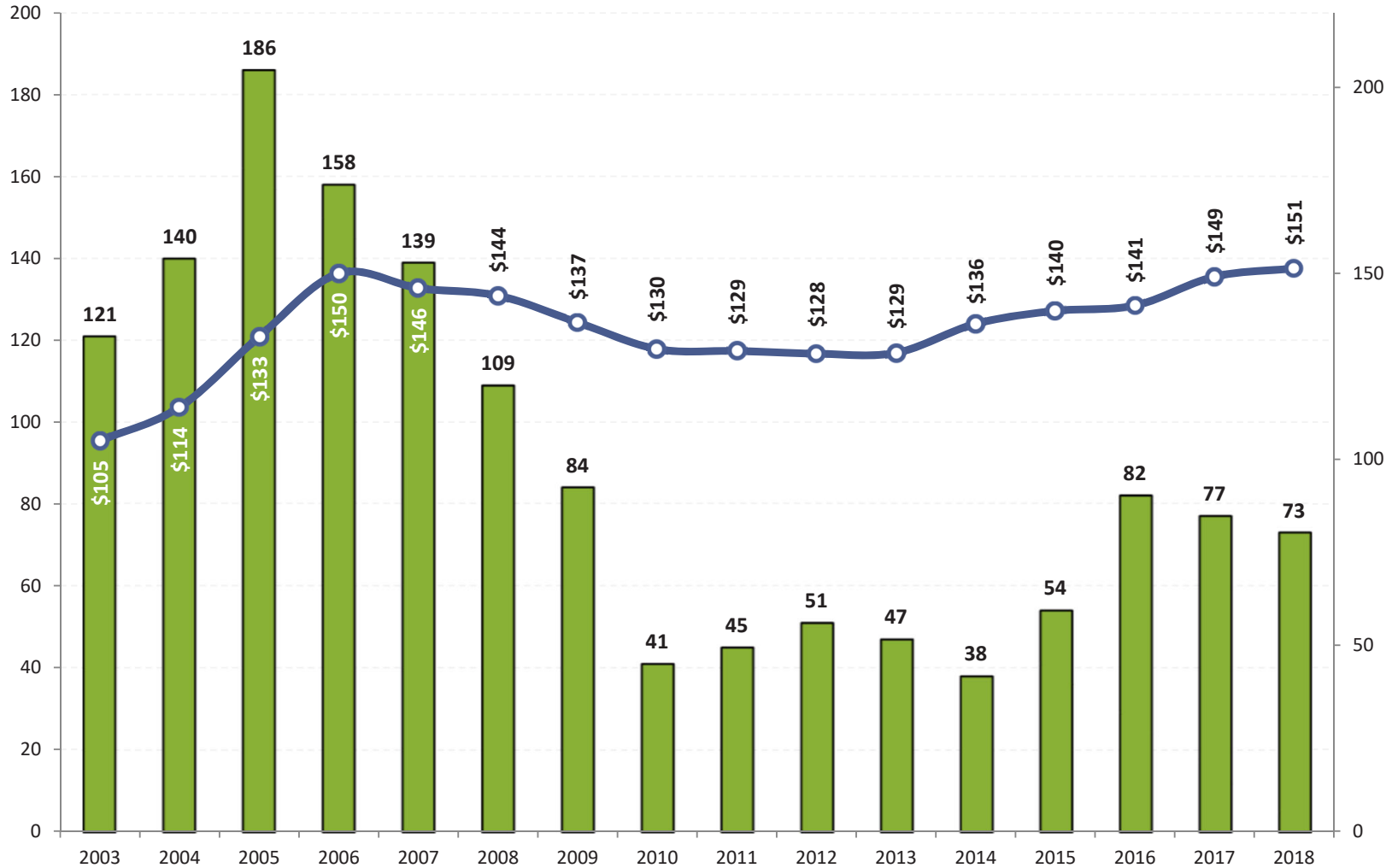
Harrisonburg & Rockingham County
Median List Price to Sales Price Ratio
 within the context of Home Sales Pace



This graph shows the average list price to sales price ratio (red line) over the past 15 years as compared to the overall pace of home sales. At the peak of the housing boom (2004-2006) sellers were able to obtain a median of 99% of their asking price --- up from a median of 97.7% in 2001 before the pace of home sales started

escalating. Then, when the pace of home sales slowed (through 2010) this metric dropped to 96%, where it stayed for three years. Sellers started selling for slightly more in 2013-2015 when they could obtain 97% of their list price. This increased to 98% in 2016, held steady in 2017, and has returned to 99% in 2018.

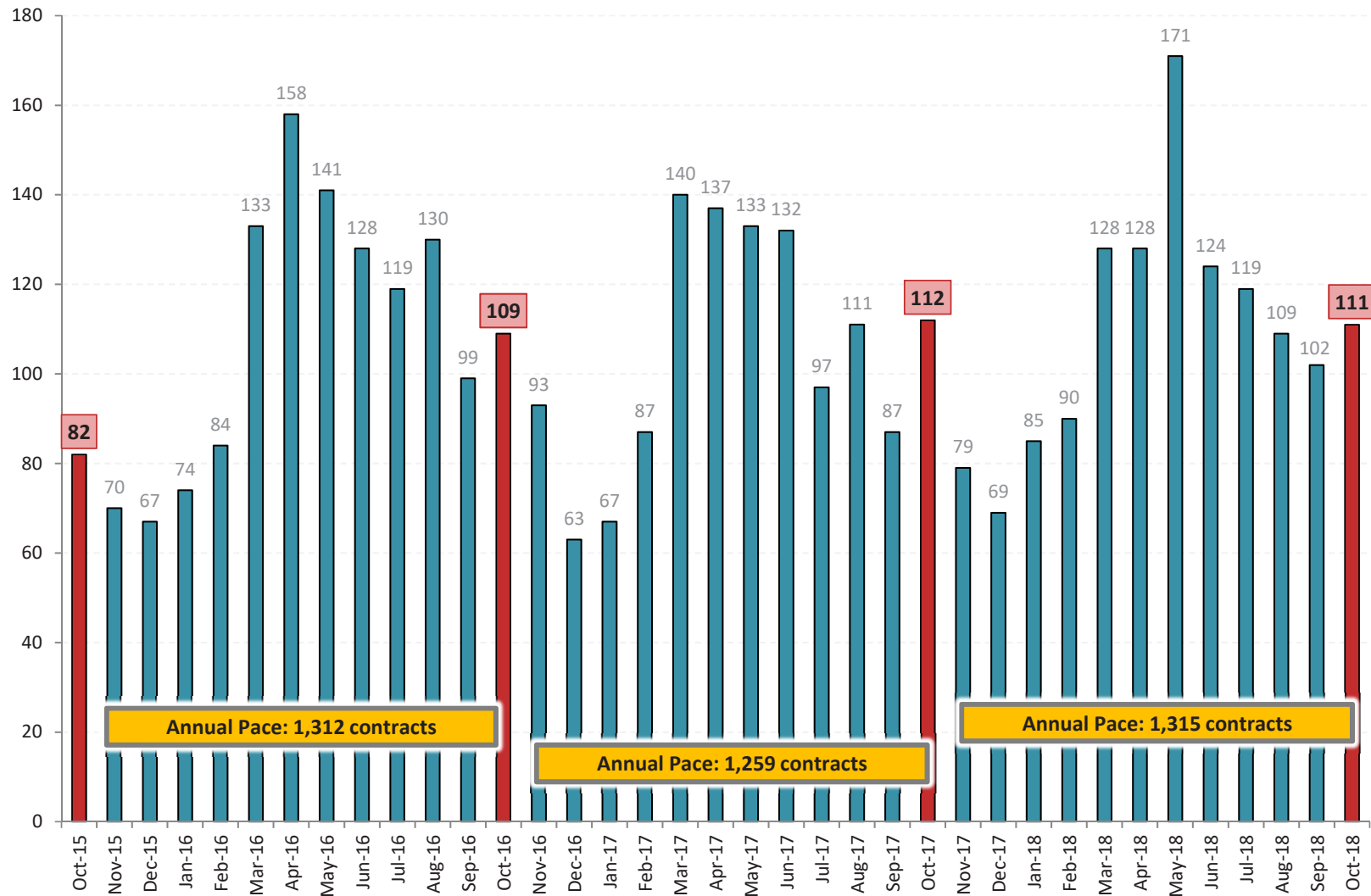
Harrisonburg & Rockingham County
New Construction Single Family Detached Home Sales Trends
 Number of Sales, Median Price Per Square Foot



New home builders experienced a steady decline in new home sales between 2005 and 2010 -- dropping 78% from a peak of 186 to 41 sales in a year. Even if we use a starting point of 2001 (not shown above; before the housing boom) we still find a 70% drop between 2001 and 2010. The number of new home sales per year has

not crept up much since that time -- staying between 38 and 54 new home sales per year. The past two years, however, were QUITE different. There were a total of 82 new home sales in 2016 and 77 more in 2017 -- a welcome sign for new home builders -- and it seems 2018 may result in even more new home sales.

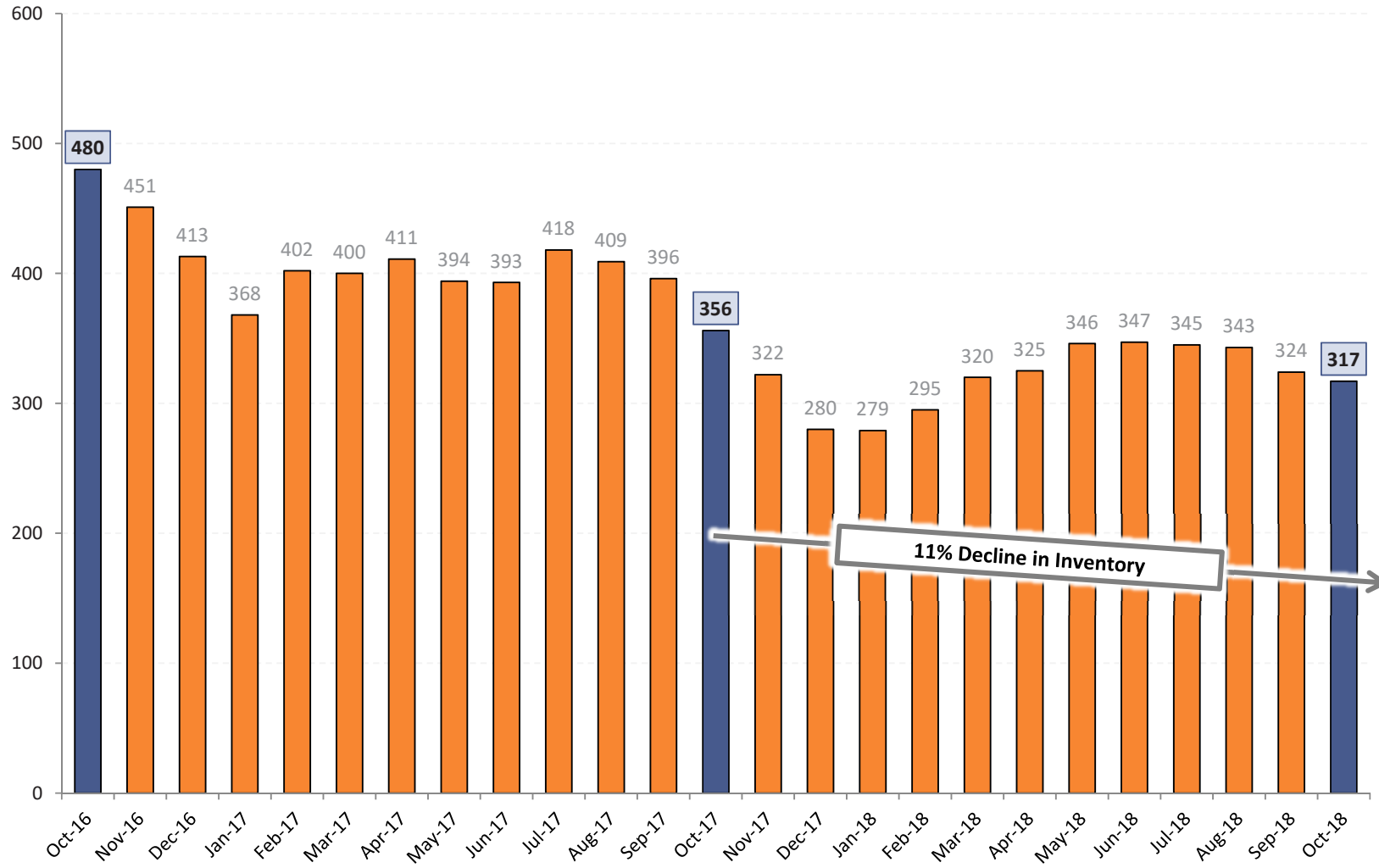
Harrisonburg & Rockingham County
Buyers Per Month Committing to Buy Properties



Strong contract activity is typically an indicator of strong months of sales to come. Of interest, earlier in this report I commented on the fact that 2018 home sales are likely to eclipse 2017 levels, but not necessarily match the home sales activity seen in 2016. One bit of data that runs counter to that prediction is the pace of contract

activity seen in a 12 month period. There have been 1,315 contracts signed in the past 12 months, which is a good bit higher than two years ago - the timeframe that would have affected 2016 sales trends. This past month (October 2018) showed contract activity on pace with last October!

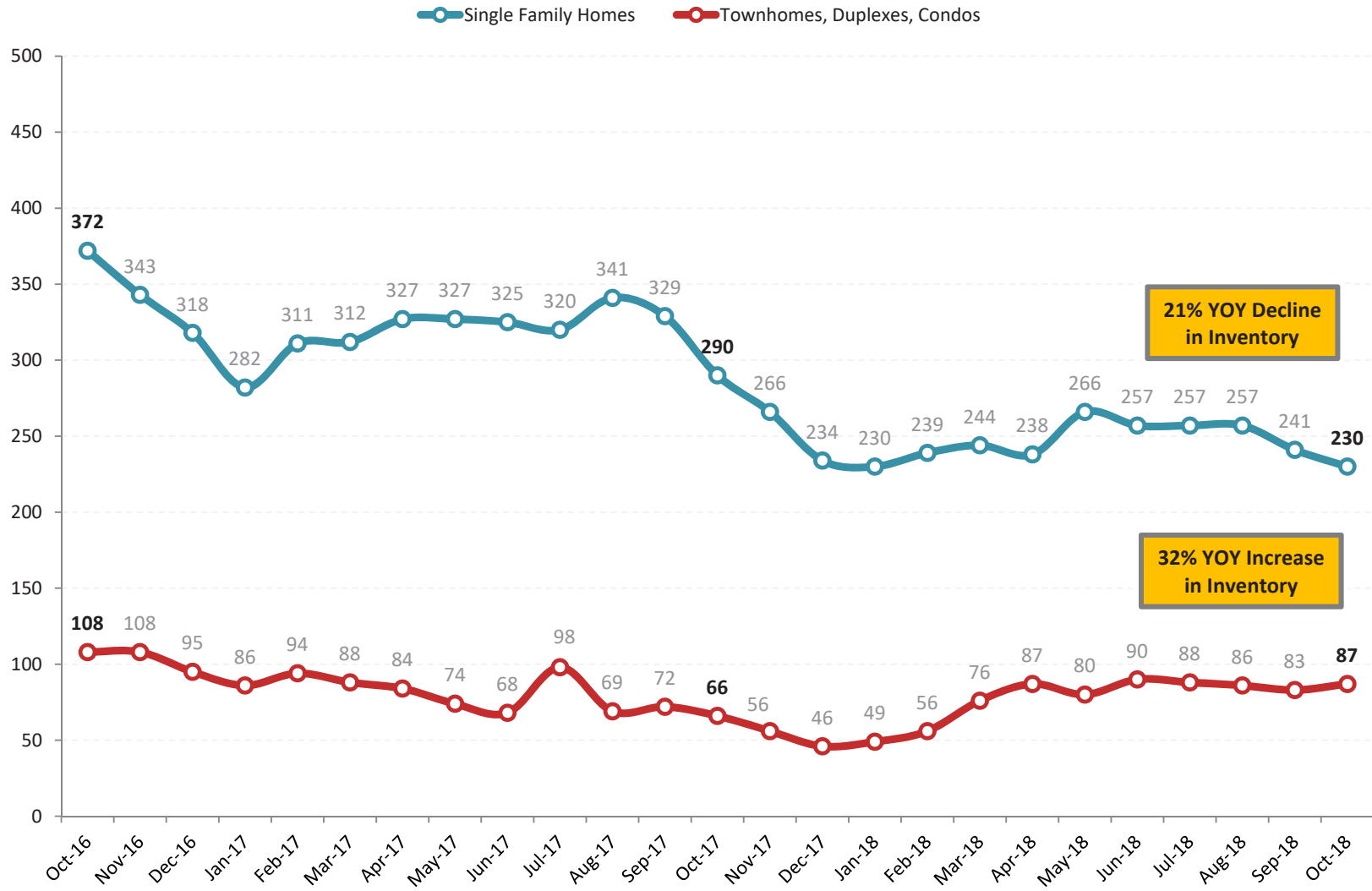
Harrisonburg & Rockingham County
Inventory Levels
 (end of month)



Overall sales activity is the combined effect of many would-be home buyers deciding to make an offer on a particular home -- and those decisions are not typically taken lightly. In contrast, changes in inventory levels are the effect of many homeowners deciding to list their home for sale -- which may be a significant decision, but it is

not always so. Some homes on the market could be sellers who are just “testing the market” and thus, inventory levels can vary than home sales. Inventory levels have been declining significantly over the past year -- and are now 11% lower than they were one year ago and 34% lower than they were two years ago.

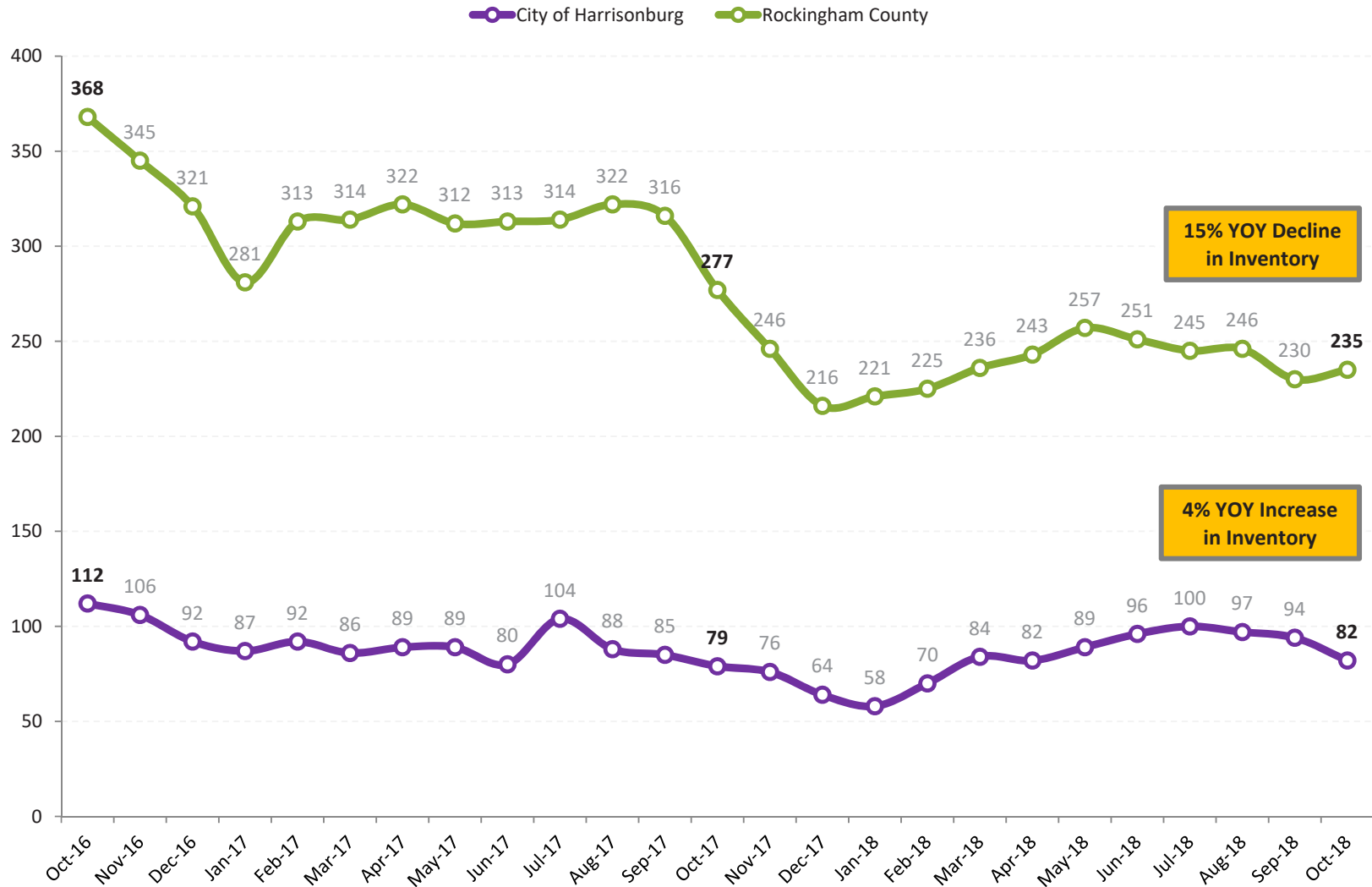
Harrisonburg & Rockingham County
Inventory Levels by Property Type



This graph examines the differences in inventory levels over time when examining only single family homes as compared to attached dwellings (townhouses, duplexes, condos). The number of single family homes for sale has decreased by 21% over the past year, while the number of townhouses, duplexes and condos for sale has

actually increased by 32% over the past year. We saw inventory levels increase a bit through the Spring and Summer, which did provide buyers with more options -- but we are likely to see these inventory levels decline further as we continue through the Fall and Winter.

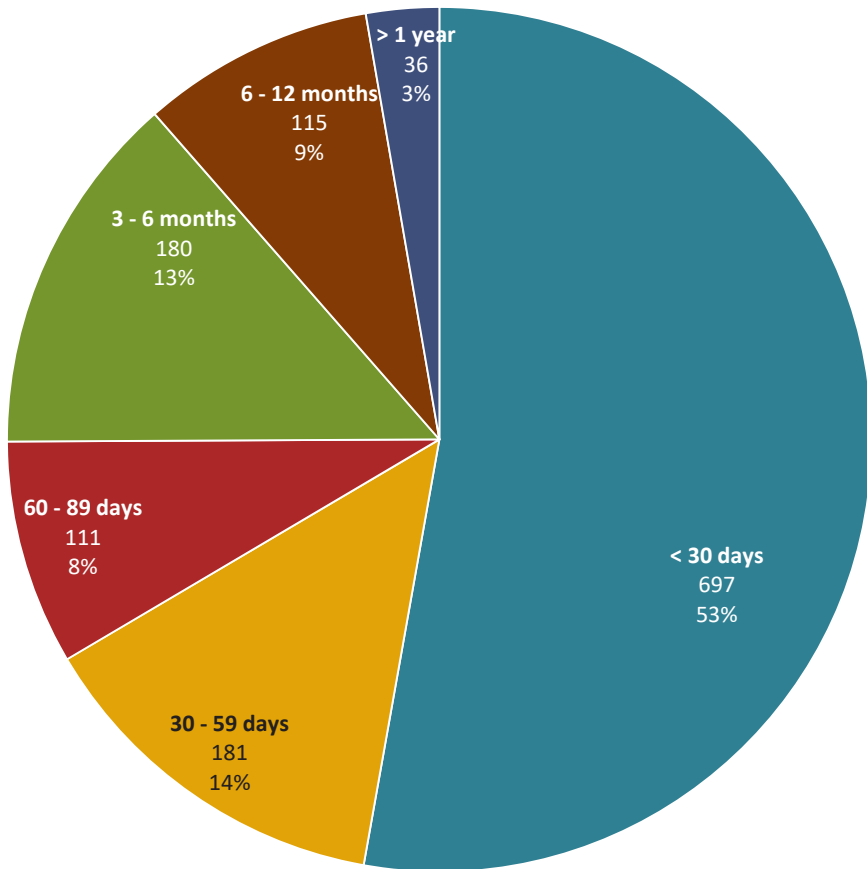
Harrisonburg & Rockingham County
Inventory Levels by Property Location



Inventory levels have fallen 15% in Rockingham County over the past year but have actually increased slightly (4%) in the City of Harrisonburg during the same timeframe. Of note -- while there are approximately twice as many home sales in the County than in the City -- there are more than twice as many homes for sale in

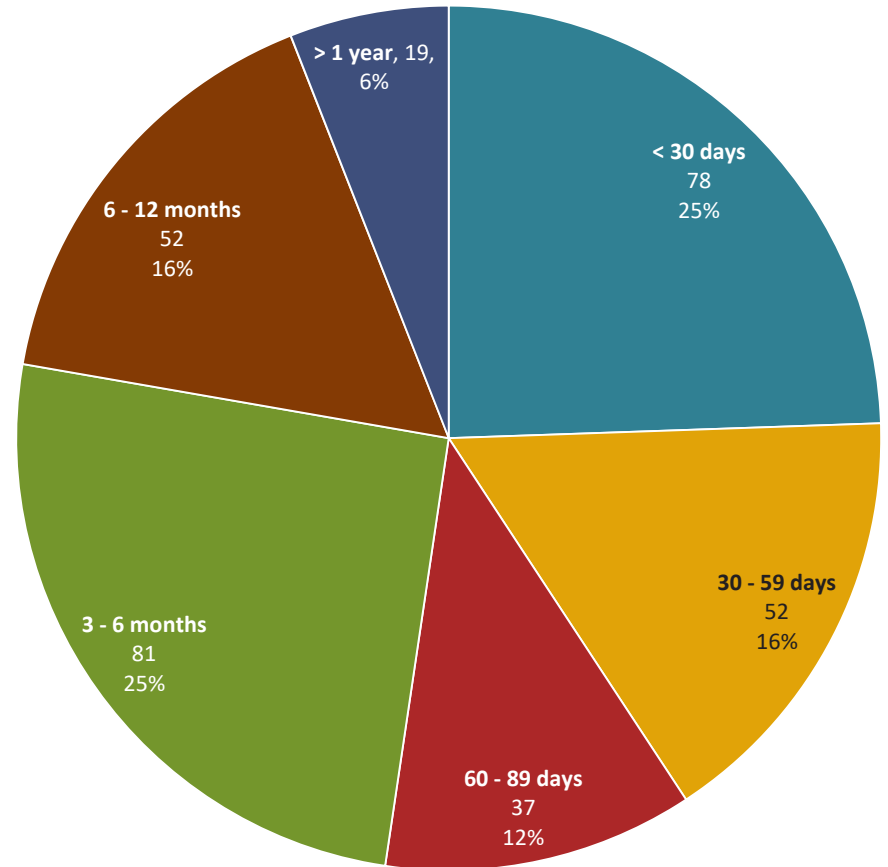
the County than in the City. As such, the low inventory is much more of an issue in the City right now if we look at both sellers (supply) and buyers (demand). This is likely leading to the faster increases in median sales price in the City, and the lower median days on market in the City.

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



Median Days On Market: 25

Harrisonburg & Rockingham County
Days on Market Analysis of Active Listings
 Active Residential Listings

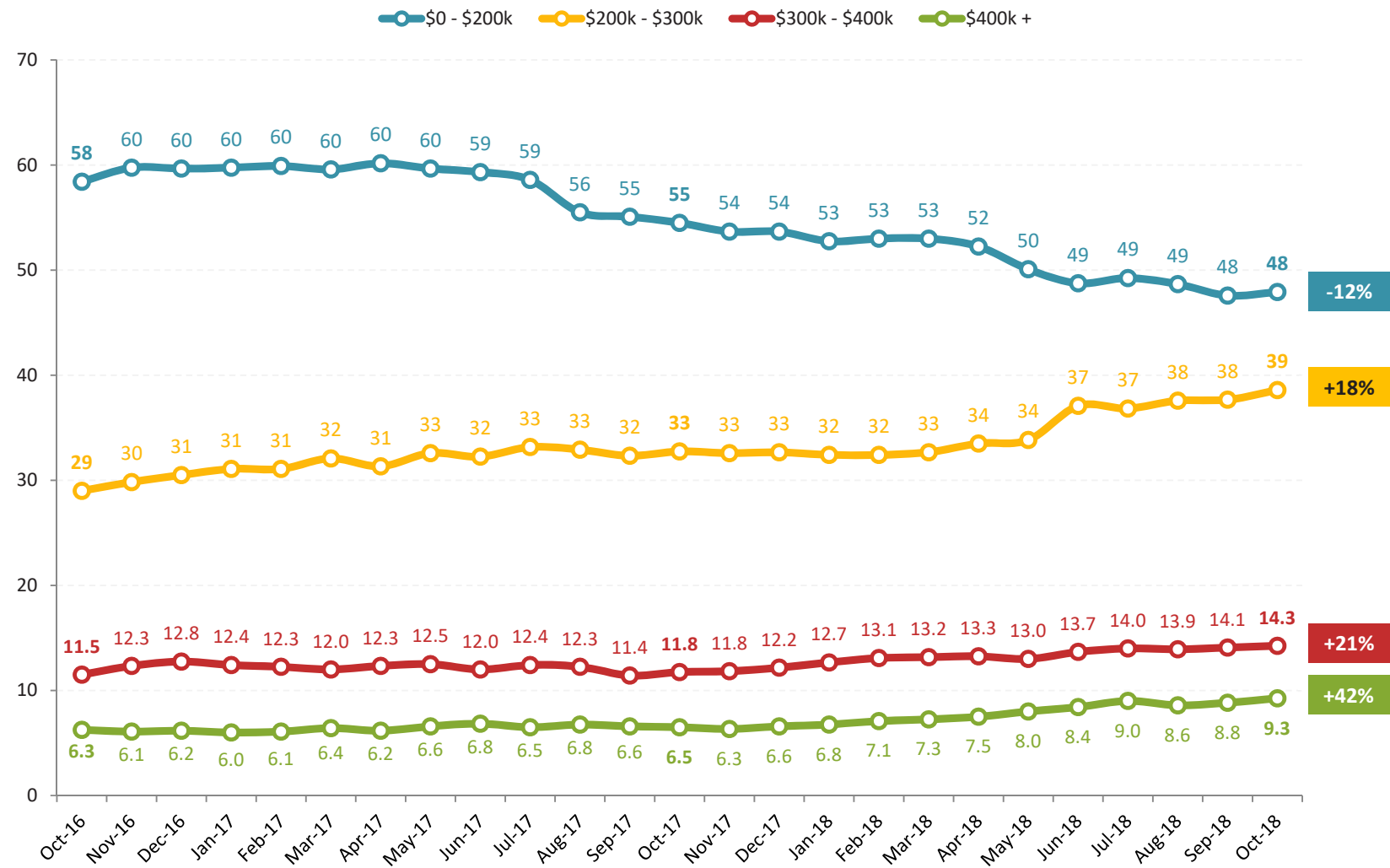


Median Days On Market: 85

Declining inventory levels are contributing to an overall decline in the time it takes to sell a home in Harrisonburg and Rockingham County. The current median “Days on Market” is 25 days for homes that have sold in the past year. Remarkably, 53% of homes that have sold in the past year have gone under contract within 30 days

of having hit the market. Combine that with those that went under contract during the second month on the market, and you’ll find that 67% of homes that sell go under contract within 60 days. The graph to the right, above, shows the length of time that each active listing has been on the market for sale.

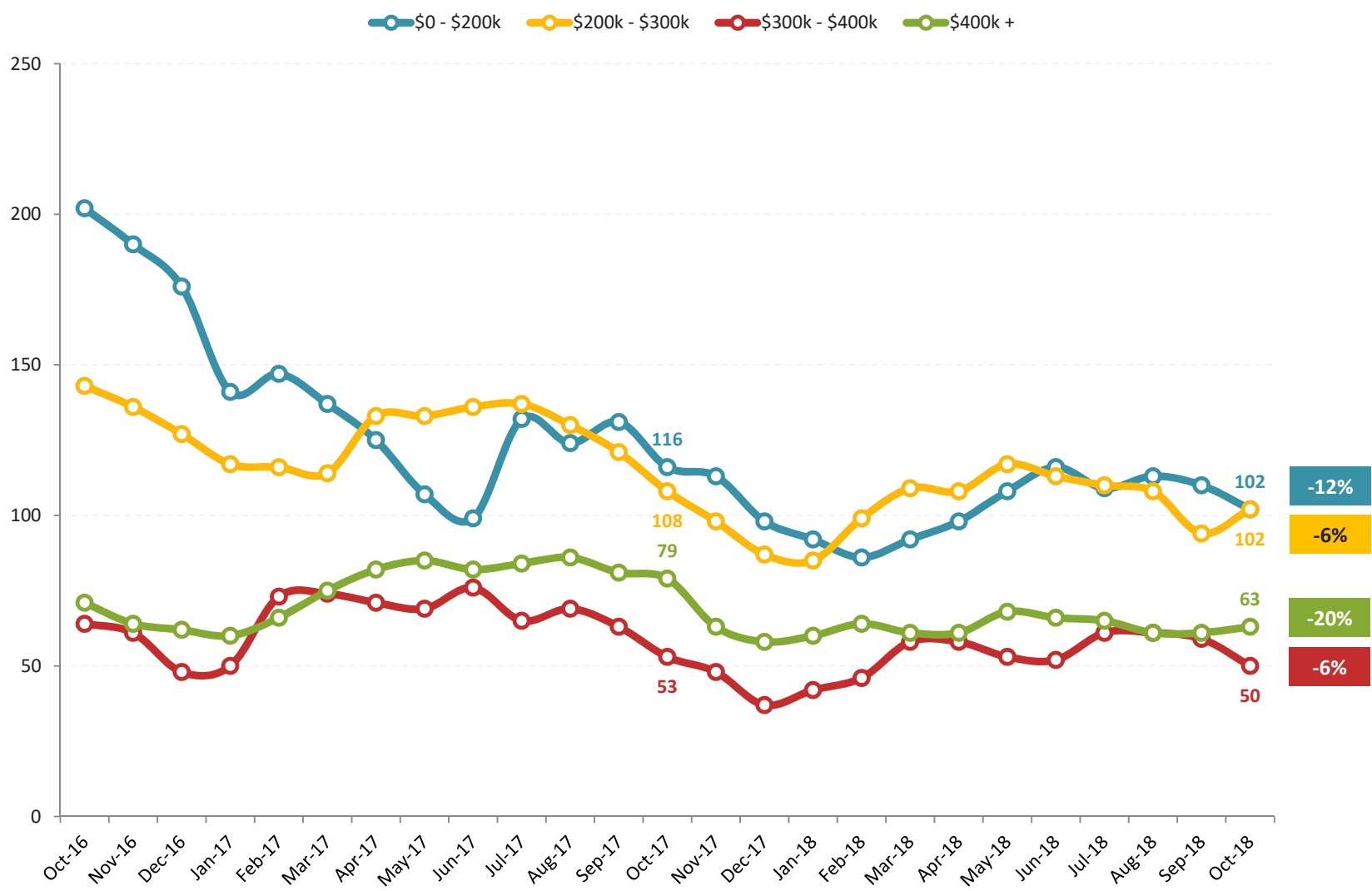
Harrisonburg & Rockingham County
Home Sales by Price Range
 (Average of Past 12 Months)



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 have been declining over the past year in the “under \$200K” category

-- though likely because of limited inventory, and fewer properties existing in this range based on increasing home values. We have seen year-over-year increases in all other price ranges -- with the most significant comparative increase in the pace of home sales being in those properties over \$400K in value.

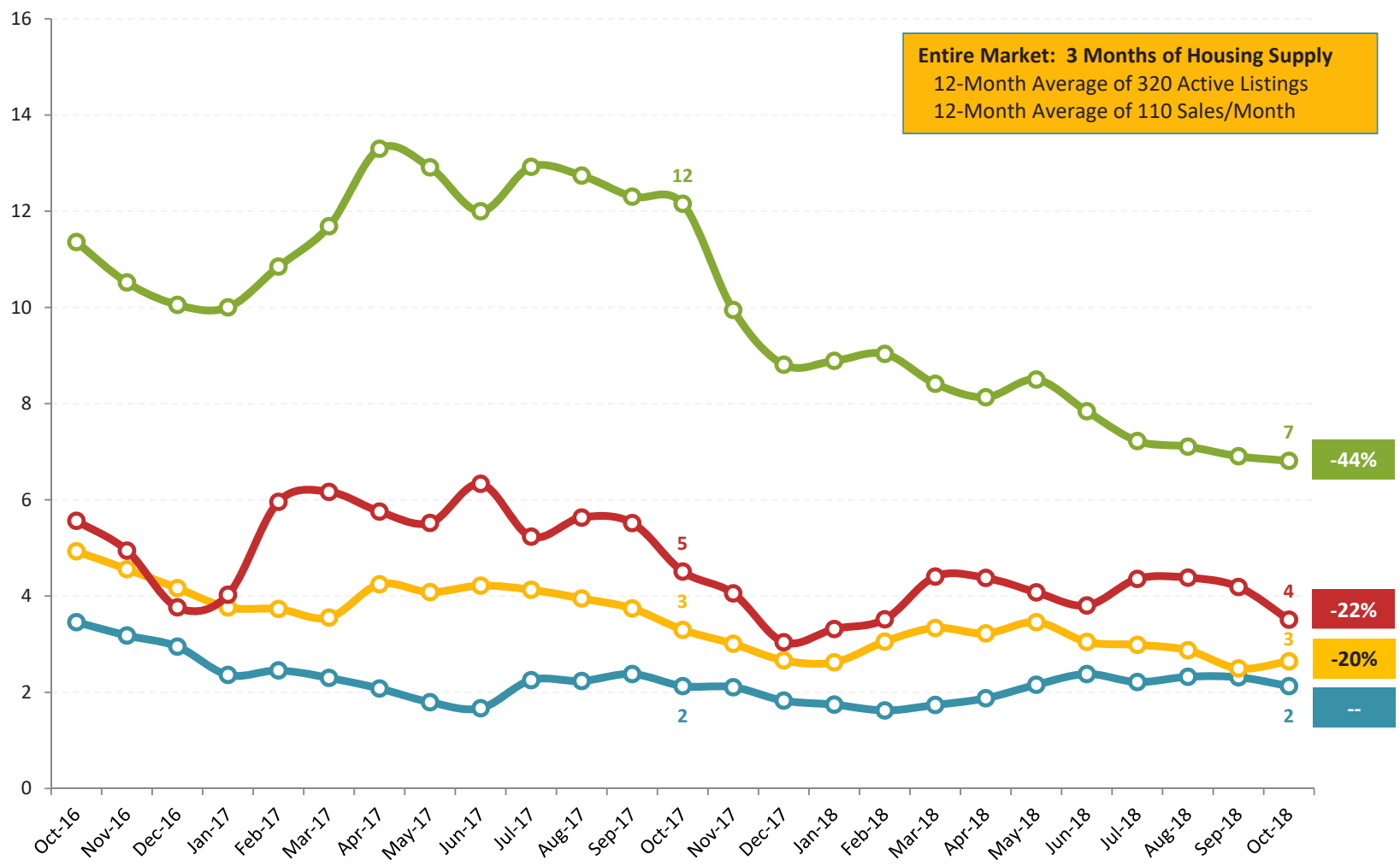
Harrisonburg & Rockingham County
Inventory Levels by Price Range



Inventory levels shift up and down seasonally, but we are also seeing differences in year-over-year trajectories in each of the four price ranges outlined above. There have been declines in the inventory levels of all price ranges shown above -- though the largest declines in inventory over the past year have been in the \$400K+ range

where inventory levels have declined 20%. The relatively small (12%) decline in inventory levels in the under \$200K price range is likely because we are bottoming out as to how low those inventory levels can possibly go.

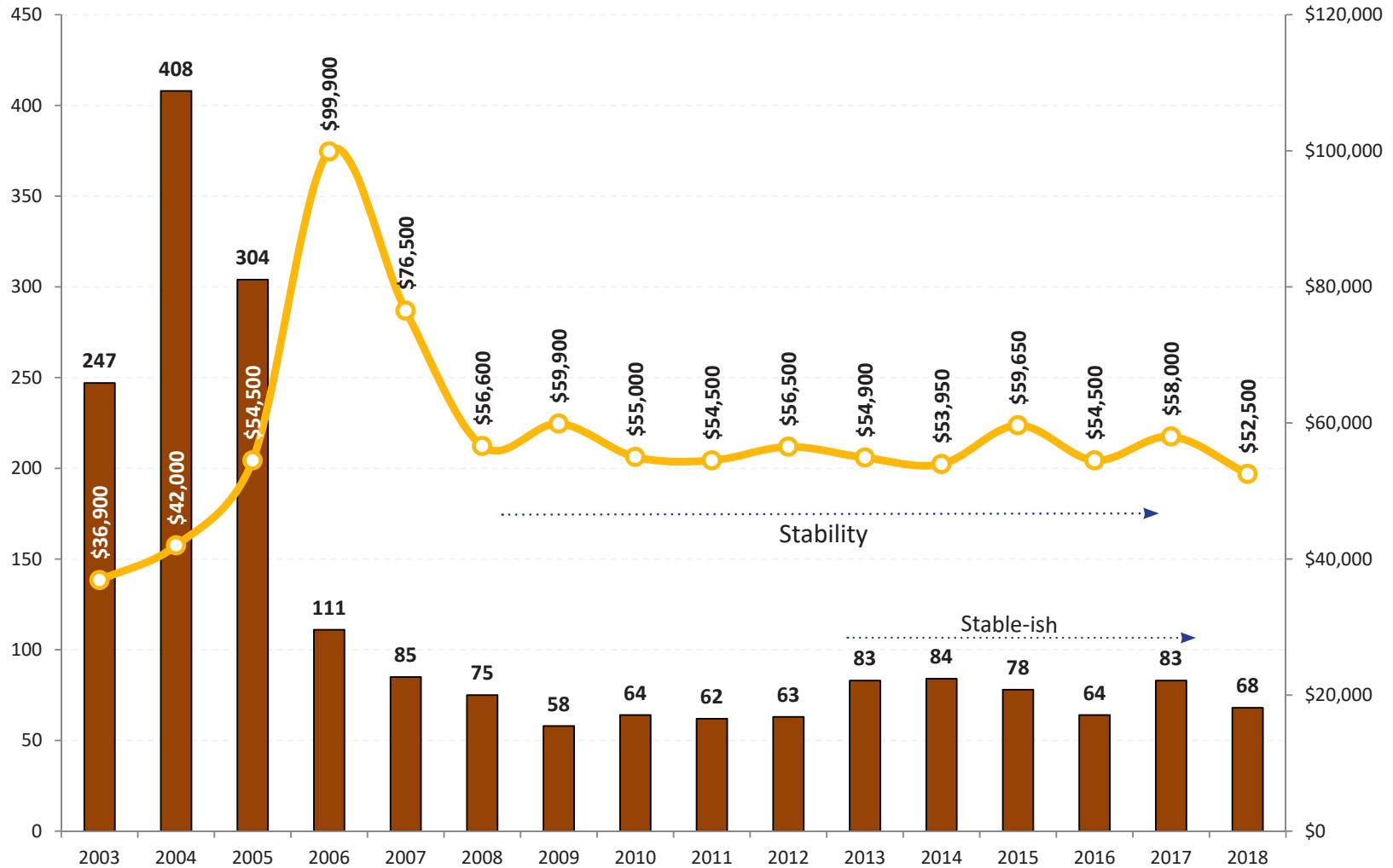
Harrisonburg & Rockingham County
Months of Housing Supply by Price Range
 ● \$0 - \$200k ● \$200k - \$300k ● \$300k - \$400k ● \$400k +



With so many home sales (lots of buyers) and so few homes on the market (not so many sellers), there are low levels of supply in some price ranges in our local real estate market. The graph above illustrates that while it would take 7 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 and if no new listings came on the market -- but it would only take two months (!) to burn through the under \$200K inventory and \$200K-\$300K inventory. Many consider a six month supply to be a balance between buyers and sellers.

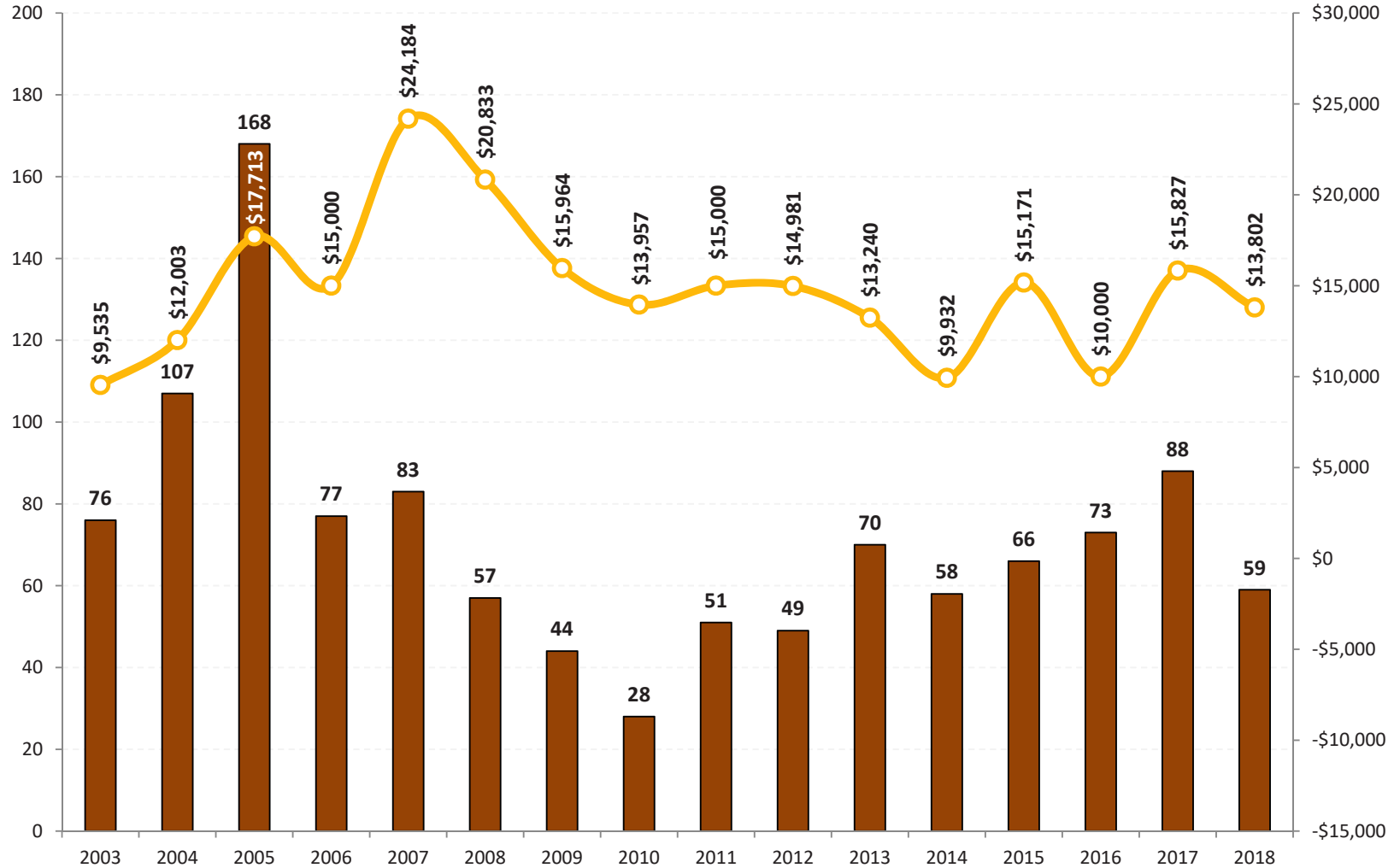
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



With the exception of 2016, we have seen between 78 and 84 lot sales of less than an acre for each of the past five years. This is a sharp decline from the 260 - 400 lot sales seen in 2002-2005, but it is an improvement over where things were (58-63 sales) between 2009 and 2012. From a value perspective, the sales prices of these

“less than an acre” lots have also been rather stable -- fluctuating no further than between \$54K and \$60K over the past ten years. That is, of course, after a meteoric rise and then fall to/from \$100K. Given the trajectory of lot sales over the last few years, I expect we’ll see something similar in 2018.

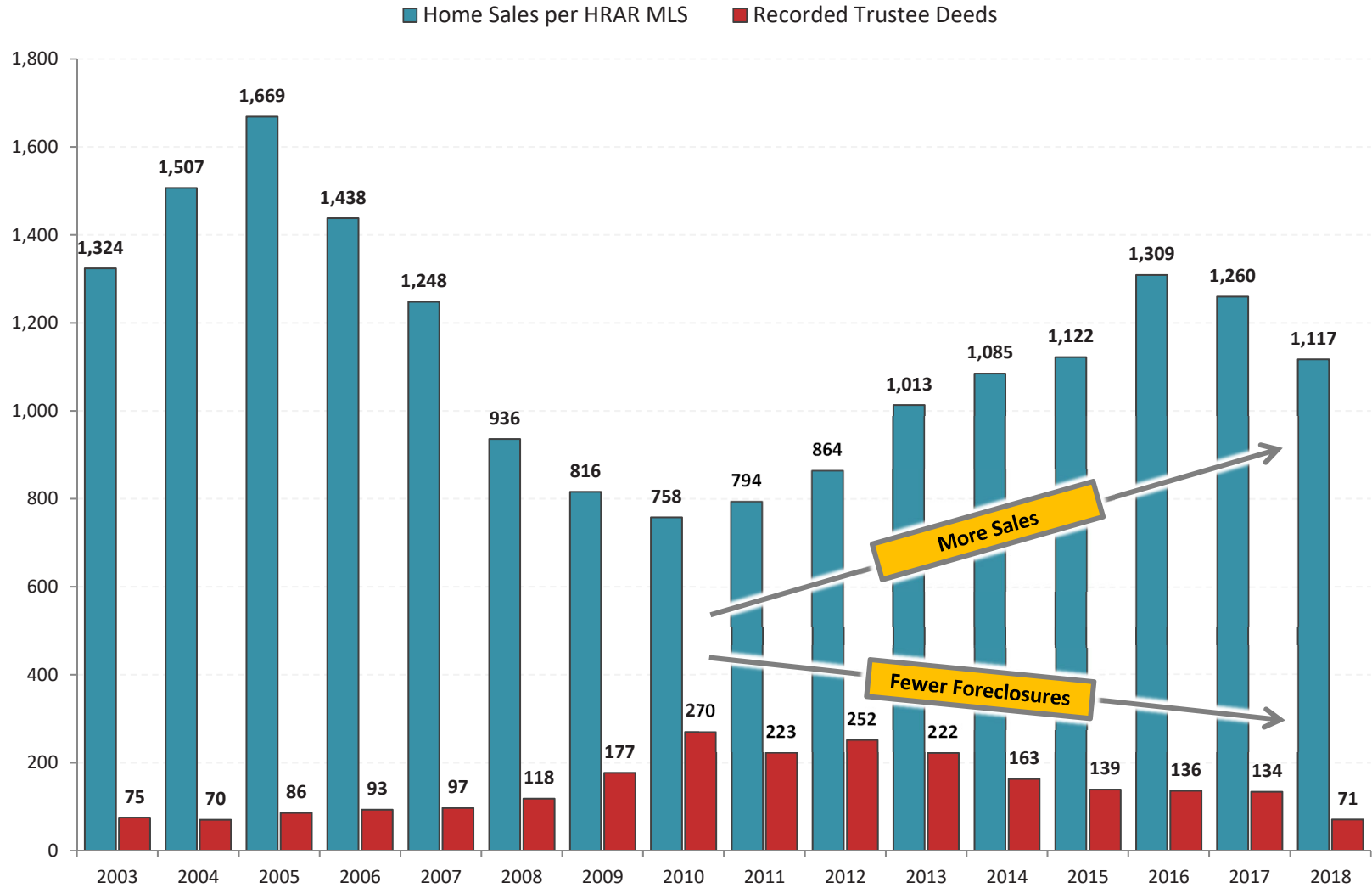
Harrisonburg & Rockingham County
Land Sales & Median Price Per Acre
 1 acre or more



Parcels of land larger than one acre in Harrisonburg or Rockingham County increased in pace during 2017 to 88 land sales -- marking the highest year of sales since 2005. The median price per acre has also risen over the past year, from \$10,000 to \$15,827. That said, it was \$15,171 two years ago -- so this is effectively not a net

increase in price per acre over the past two years. Of note -- some aspects of this "median price per acre" calculation are affected by which parcels actually sell in a given year. We saw an increase in buyer demand in 2017, which seems to have led to a further increase in the median price per acre.

Harrisonburg & Rockingham County
Home Sales vs. Trustee Sales

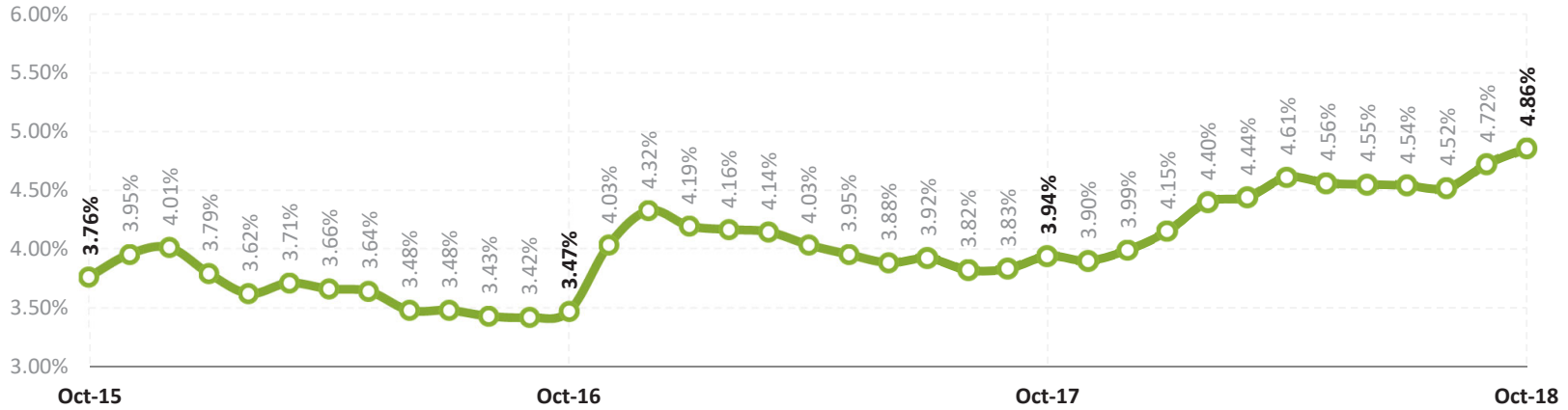


The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales that did not involve a Realtor, nor new home sales directly from a builder. The red bars show the number of recorded

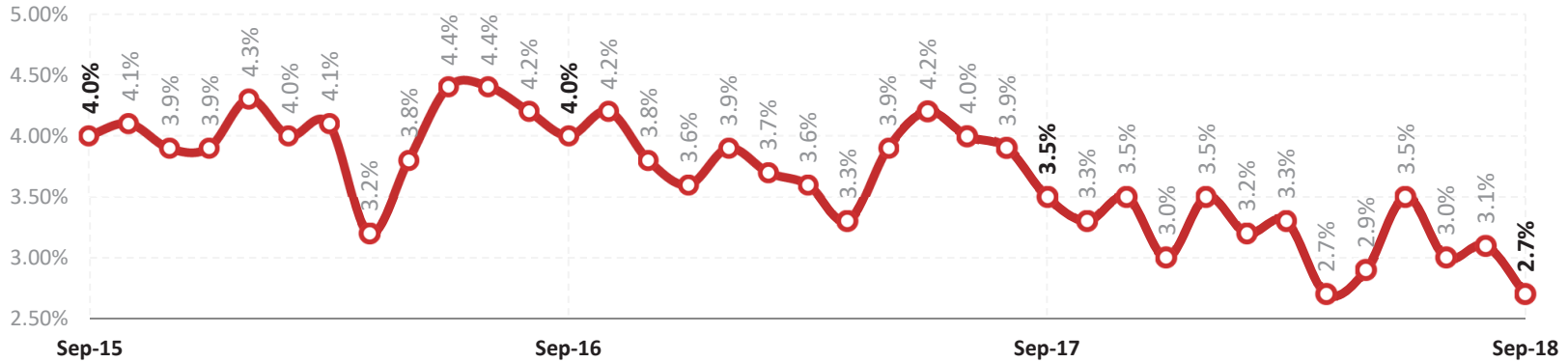
Trustee Deeds. Some foreclosed properties then show up again as REO properties. The foreclosure rate in our local market area is trending downward -- sharply in 2018 -- and the pace of home sales is increasing much more quickly, despite having slowed slightly in 2017.

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, for most of the past three years, home buyers have seen tremendously low interest rates -- almost always under 4% except in late 2016 and during the past eight months. Thus far, these rising interest rates have not seemed to have made a large impact on the number of buyers buying homes.

The second graph above illustrates trends in the local unemployment rate -- which has shown a general downward trend over the past several years to a current level of 2.7%. A low local unemployment rate and relatively low mortgage interest rates help our local housing market remain stable.

Scott P. Rogers, Associate Broker



Scott P. Rogers, a professional, responsive, knowledgeable, friendly Associate Broker with Funkhouser Real Estate Group, began his real estate career in 2003 and has been working hard ever since to provide exceptional service to his buyer and seller clients in Harrisonburg and Rockingham County. Since 2010, Scott has been recognized each year by the Harrisonburg/Rockingham Association of Realtors as being in the top 1% of all area Realtors.

A native of Montgomery County, Maryland, Scott earned a B.A. (2000) and M.Ed. (2002) 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 utilize high caliber technology and marketing solutions for his clients.

Scott incorporates many innovative tools and technologies to serve his clients including: professional photography equipment, a quadcopter (drone), property websites for each of his listings, 3D Walk Through technology and Virtual Reality. He leads the local market in the adoption of new marketing techniques - for the latest, check out WalkThroughThisHome.com.

In 2007, Scott began providing in-depth analysis and commentary on the local real estate market via his real estate blog, HarrisonburgHousingToday.com. Since that time, he created many other valuable online resources for the local community such as:

HarrisonburgHousingMarket.com, HarrisonburgInvestmentProperties.com, HarrisonburgAssessments.com, HarrisonburgPropertyTransfers.com, HarrisonburgTownhouses.com, BuyingAHomelnHarrisonburg.com, SellingAHomelnHarrisonburg.com and HarrisonburgRealEstateResources.com.

Scott is a member of the Shenandoah Valley Builders Association, serves as a Trustee for Asbury United Methodist Church, is the co-founder of TakeThemAMeal.com and PerfectPotluck.com and coaches middle school volleyball. Scott and his wife, Shaena, live in Rockingham County with their two children, Luke and Emily. In his free time, Scott enjoys spending time with his family, traveling, playing volleyball and attending JMU sporting events.

Questions? Contact Scott anytime....

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Local Online Real Estate Resources

How To Navigate The Home Purchasing Process
BuyingAHomelnHarrisonburg.com

The Best Marketing Strategies For Selling Your Home
SellingAHomelnHarrisonburg.com

Harrisonburg & Rockingham County Property Search
ScottPRogers.com

Analysis and Commentary on our Local Real Estate Market
HarrisonburgHousingMarket.com

Daily Housing Market Analysis & Commentary
HarrisonburgHousingToday.com

Fast Access to All New Listings of Homes For Sale
NewListingsInHarrisonburg.com

Historical Record of Area Home Sales
JustSoldInHarrisonburg.com

Property Transfers in Harrisonburg & Rockingham County
HarrisonburgPropertyTransfers.com

Comprehensive Data on Single Family Home Neighborhoods
HarrisonburgNeighborhoods.com

Comprehensive Data on Area Townhouse Communities
HarrisonburgTownhouses.com

Analysis of Real Estate Investment Options in Harrisonburg
HarrisonburgInvestmentProperties.com

The Most Realistic, Immersive Way to Experience a Home
WalkThroughThisHome.com

Analysis of Property Assessments
HarrisonburgAssessments.com

Listings With Low List Prices Compared to Assessed Values
BestDealsInHarrisonburg.com

Trustee Sales in Harrisonburg & Rockingham County
HarrisonburgForeclosures.com