



NOVEMBER 2019 Harrisonburg & Rockingham County Real Estate Market Report



*An analysis of real estate activity through October 31, 2019
provided courtesy of Scott P. Rogers, Funkhouser Real Estate Group*



Upscale Paired Home at The Glen at Cross Keys with Upgraded Kitchen 285CallawayCircle.com

HOME SALES REPORT

Harrisonburg & Rockingham County

November 2019

All Residential Sales	2016	2017	2018	2019	% Change ('18 - '19)
October	97	98	120	111	-7.50%
Year-To-Date (Jan - Oct)	1,105	1,059	1,121	1,130	0.80%
Last 12 Months (Nov - Oct)	1,268	1,267	1,324	1,315	-0.68%

Median Sales Price	2016	2017	2018	2019	% Change ('18 - '19)
October	\$188,500	\$207,500	\$225,500	\$235,000	4.21%
Year-To-Date (Jan - Oct)	\$192,000	\$196,050	\$214,000	\$220,000	2.80%
Last 12 Months (Nov - Oct)	\$190,000	\$196,200	\$212,850	\$217,000	1.95%

Median Days on Market	2016	2017	2018	2019	% Change ('18 - '19)
Year-To-Date (Jan - Oct)	52	33	22	17	-22.73%
Last 12 Months (Nov - Oct)	51	35	25	19	-24.00%

Home sales slowed a bit in October 2019 compared to last October -- declining 7.5% to 111 home sales. Despite this small decline, there have still been more home sales (1,130) thus far in 2019 than last year (1,121) at the same time of the year. The median sales price has also increased over the past year -- from \$214,000 during

the first ten months of 2018 up to \$220,000 during the first ten months of this year. With slightly increasing sales (+0.8%) and slightly increasing prices (+2.8%) we have also seen properties going under contract more quickly -- with a 23% decline in the median days on market which has now dropped to 17 days in 2019.

HOME SALES REPORT

Harrisonburg & Rockingham County

November 2019

Detached Homes	2016	2017	2018	2019	% Change ('18 - '19)
Year-To-Date (Jan - Oct)	821	741	808	808	0.00%
Last 12 Months (Nov - Oct)	933	900	958	944	-1.46%

Median Sales Price	2016	2017	2018	2019	% Change ('18 - '19)
Year-To-Date (Jan - Oct)	\$214,000	\$224,300	\$230,000	\$240,000	4.35%
Last 12 Months (Nov - Oct)	\$213,000	\$221,950	\$229,250	\$235,000	2.51%

Attached Homes	2016	2017	2018	2019	% Change ('18 - '19)
Year-To-Date (Jan - Oct)	284	318	313	322	2.88%
Last 12 Months (Nov - Oct)	335	367	366	371	1.37%

Median Sales Price	2016	2017	2018	2019	% Change ('18 - '19)
Year-To-Date (Jan - Oct)	\$149,250	\$159,000	\$167,500	\$175,000	4.48%
Last 12 Months (Nov - Oct)	\$149,900	\$158,500	\$167,500	\$174,900	4.42%

The green charts above shows trends in detached home sales -- as compared to the orange charts which show attached home sales, comprised of duplexes, townhouses and condominiums. Over the past year, we haven't seen quite as many (944) detached home sales as we saw the prior year (958) but we have seen a slight

increase in attached home sales during the past year (371) as compared to the prior year (366). The median sales price of detached homes (\$235,000) is up 2.5% over the past year while the median sales price of attached homes (\$174,900) has risen faster -- with a 4.42% increase over the past year.

HOME SALES REPORT :: BY AREA

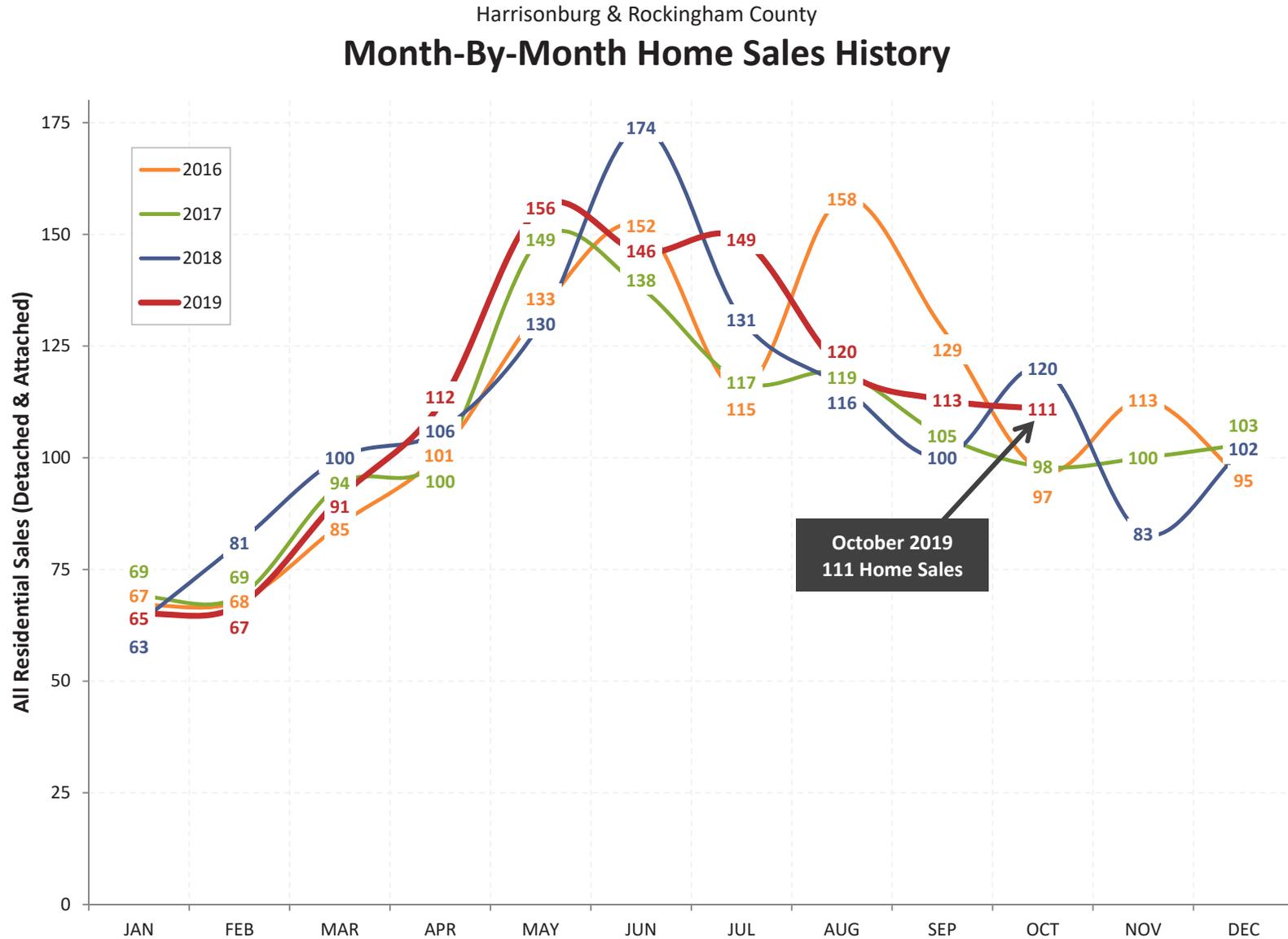
# Home Sales	City of Harrisonburg			Rockingham County		
	2018	2019	% Change	2018	2019	% Change
October	40	32	-20.00%	80	79	-1.25%
Last 12 Months (Nov - Oct)	457	413	-9.63%	867	902	4.04%

Median Sales Price	City of Harrisonburg			Rockingham County		
	2018	2019	% Change	2018	2019	% Change
October	\$185,000	\$239,900	29.68%	\$239,950	\$230,000	-4.15%
Last 12 Months (Nov - Oct)	\$192,000	\$194,900	1.51%	\$224,900	\$227,500	1.16%

Median Days on Market	City of Harrisonburg			Rockingham County		
	2018	2019	% Change	2018	2019	% Change
October	31	17	-45.16%	31	14	-54.84%
Last 12 Months (Nov - Oct)	13	13	0.00%	34	21	-38.24%

Generally, each year, more than twice as many homes sell in Rockingham County as compared to the City of Harrisonburg. Over the past 12 months, that trend continued - though we have seen a 9% drop in the pace of City home sales and a 4% increase in the pace of County sales. The median sales price in both the City and County

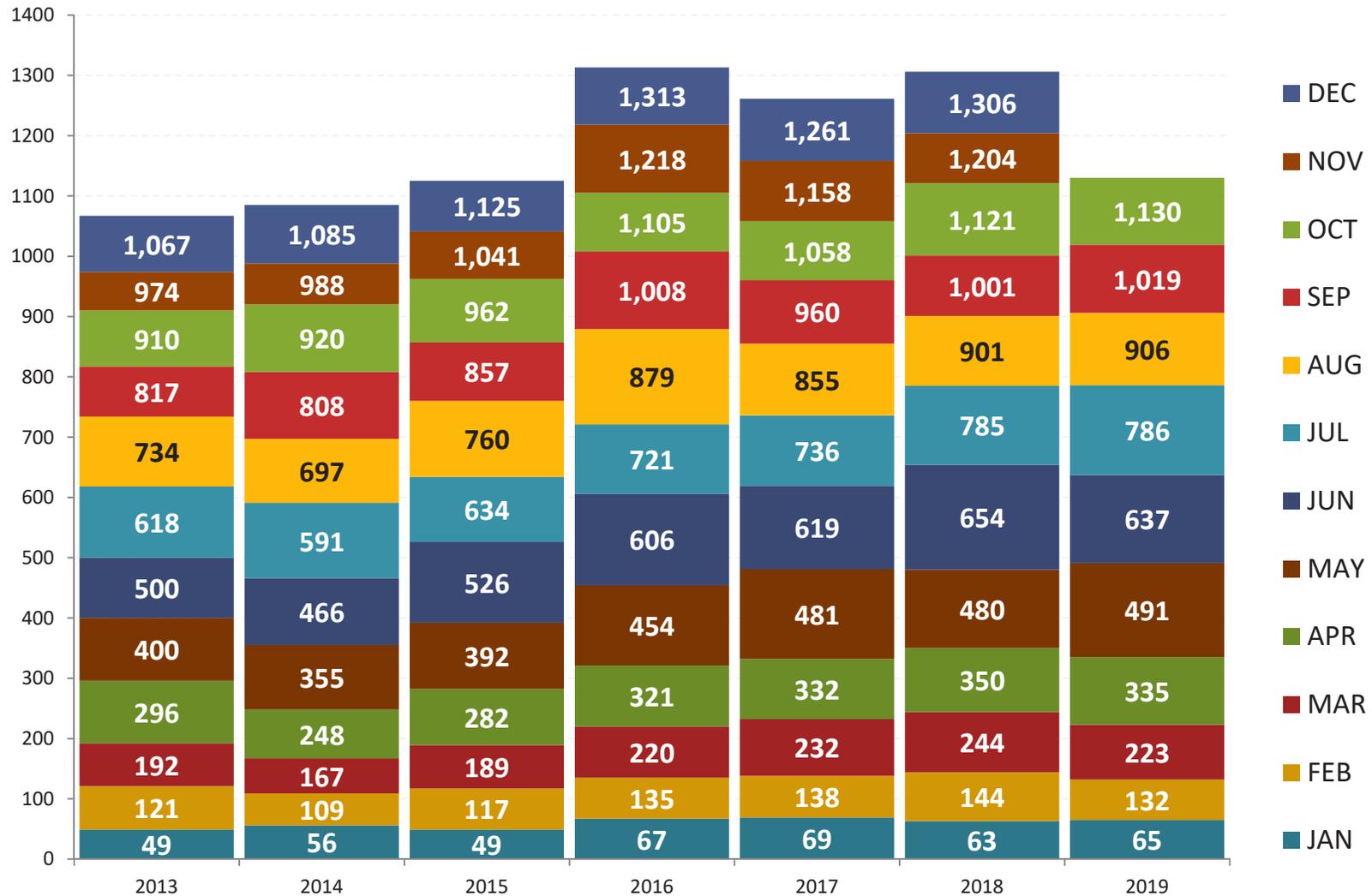
have each risen slightly (+1.5%, +1.2%) over the past year. The median sales price continues to be a good bit higher in the County (\$228K) than in the City (\$195K). The lower City median sales price is likely a result of the majority of our area's attached homes being located in the City.



This has certainly been a year of highs and lows -- which you can follow by tracking the red (2019) line in the graph above. You'll note that in April, May and July we saw the highest number of monthly home sales in recent history for those respective months - though the pace of sales in nearly every other month were unremarkable

within the context of prior years. The 111 home sales seen this October was certainly better than what we saw in 2016 and 2017 -- but slower than where we were in 2018. Looking ahead to November, I expect we will see around 90 to 100 home sales given that home sales dipped quite a bit last November.

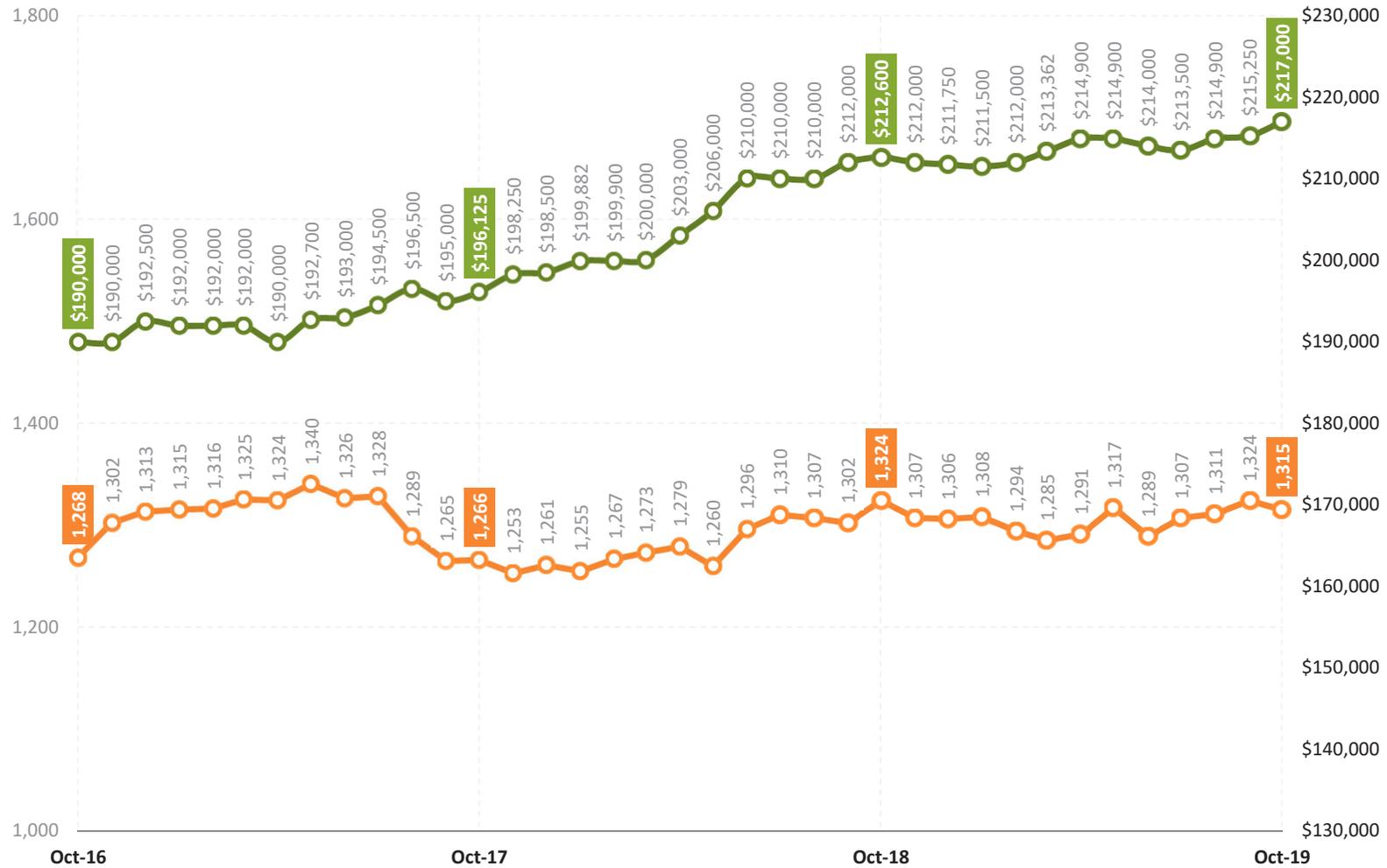
Harrisonburg & Rockingham County
Monthly Cumulative Residential Sales



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. Home sales then

remained steadily above 1,250 sales per year between 2016 and 2018. Thus far, we are tracking true to the past three years and we seem likely to see another year with over 1,200 home sales - and possibly as many as 1,300 home sales given that our 1,130 YTD sales total is higher than any other year in the past six years.

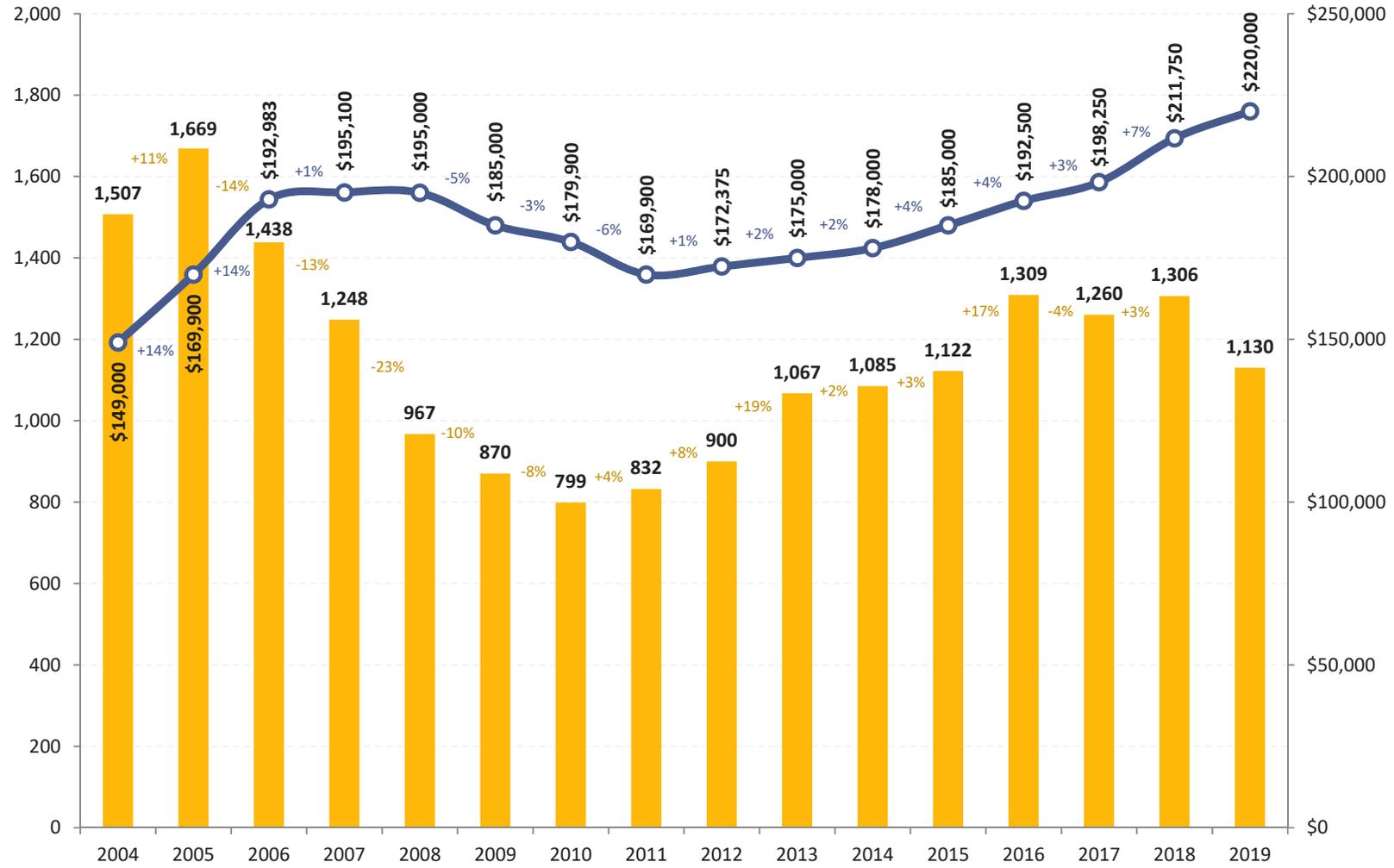
Harrisonburg & Rockingham County
Time-Adjusted Home Sales Trends :: All Residential Properties
 # Home Sales, Median Sales Price in each 12 Month Period



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 annual pace of home sales peaked in May 2017 at 1,340 home sales, then declined for a year and has been fluctuating around 1,300 sales/year over the past 12 months -- but the median sales price has continued to (mostly) steadily increase over the past three years to the current high of \$217,000.

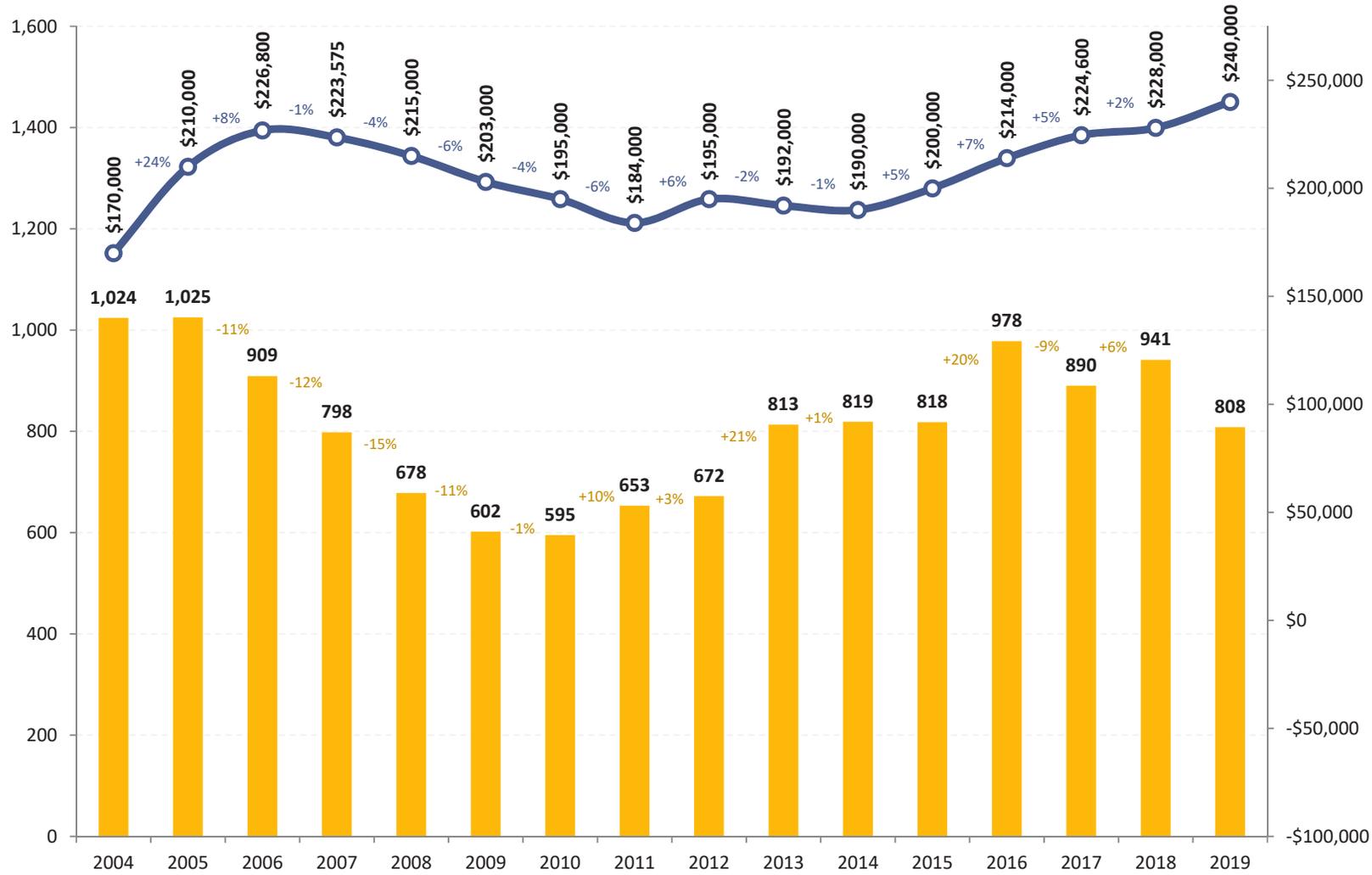
Harrisonburg & Rockingham County
Home Sales & Price Trends
 All Residential Sales (Attached & Detached)



This graph provides an overall indicator of the state of our housing market, showing both the number of homes being sold each year since 2003 (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 trend reversed itself in 2018 with a 3% increase in the pace of sales. We have now also completed our seventh year in a row of seeing an increase in the median sales price in our area. The median sales price of all residential sales was \$211,750 in 2018 -- up 7% from last year.

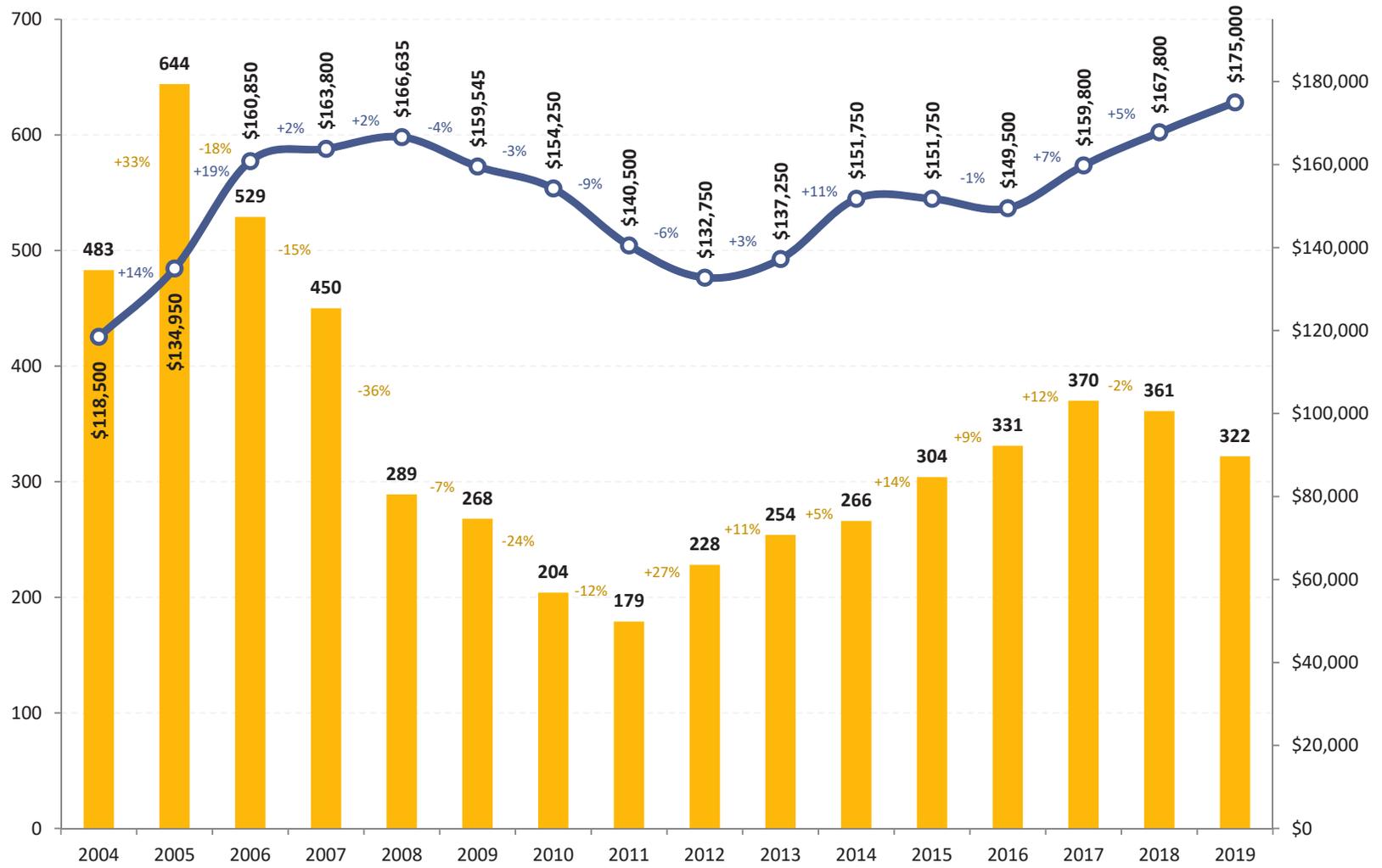
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Detached Homes



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 but then took a step backwards in 2017 with a 9% decline. In 2018, sales started charging forward again with a 6% increase in the pace of sales. Median sales

prices of single family homes has increased for each of the past four years -- though the pace of those increases slowed in 2018 to only 2%. The median sales price of single family homes last year was \$228,000 -- the highest median sales price on record for Harrisonburg and Rockingham County.

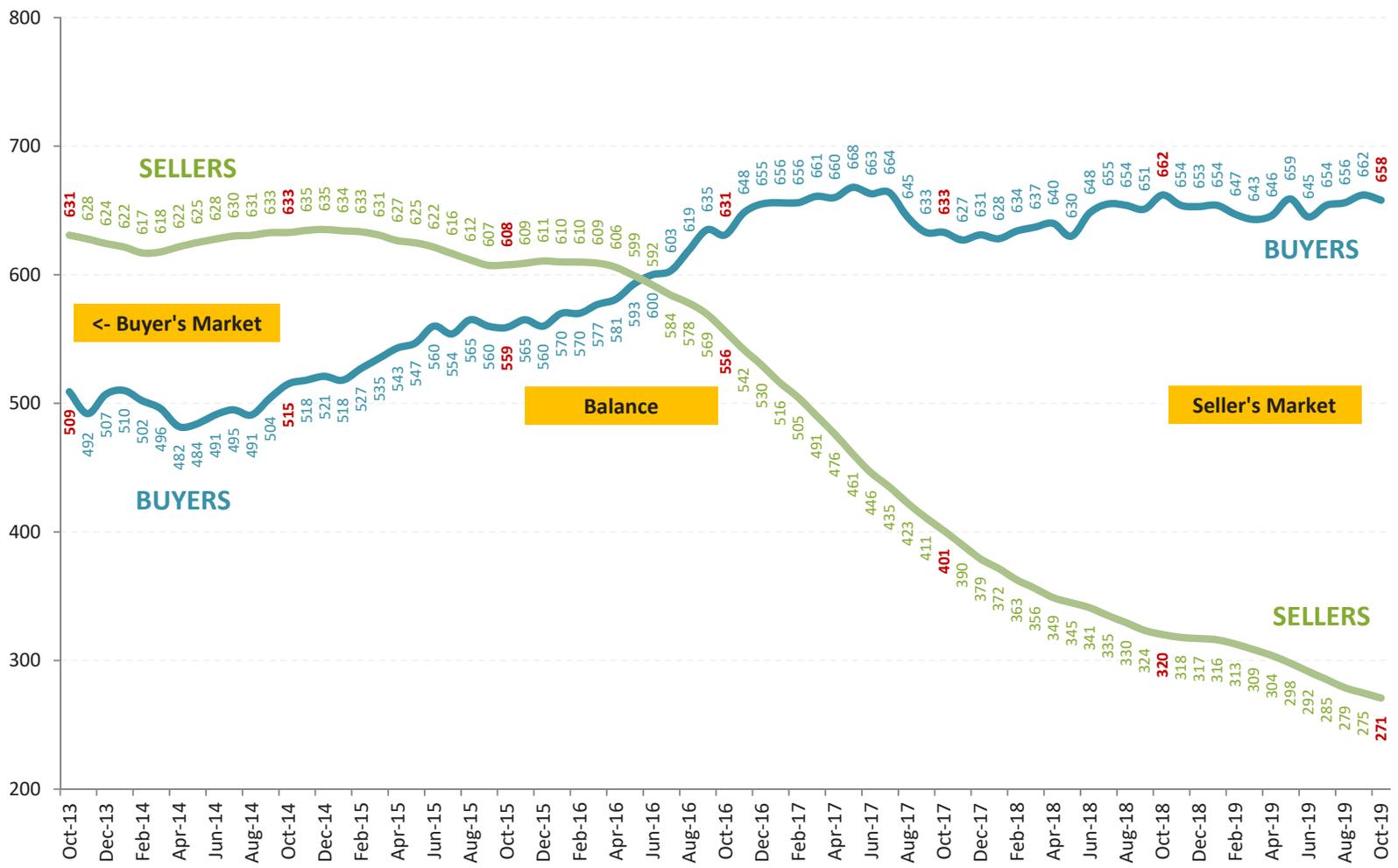
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Attached Homes (Duplexes, Townhomes & Condos)



Townhouse (and duplexes and condo) sales took a small step backwards last year after six years of steady increases in the pace of sales. At year-end, 2% fewer attached dwellings (361) had sold in 2018 as compared to in 2017 when 370 sold. Despite a slight slow down in the pace of sales -- possibly caused by very low inventory absent

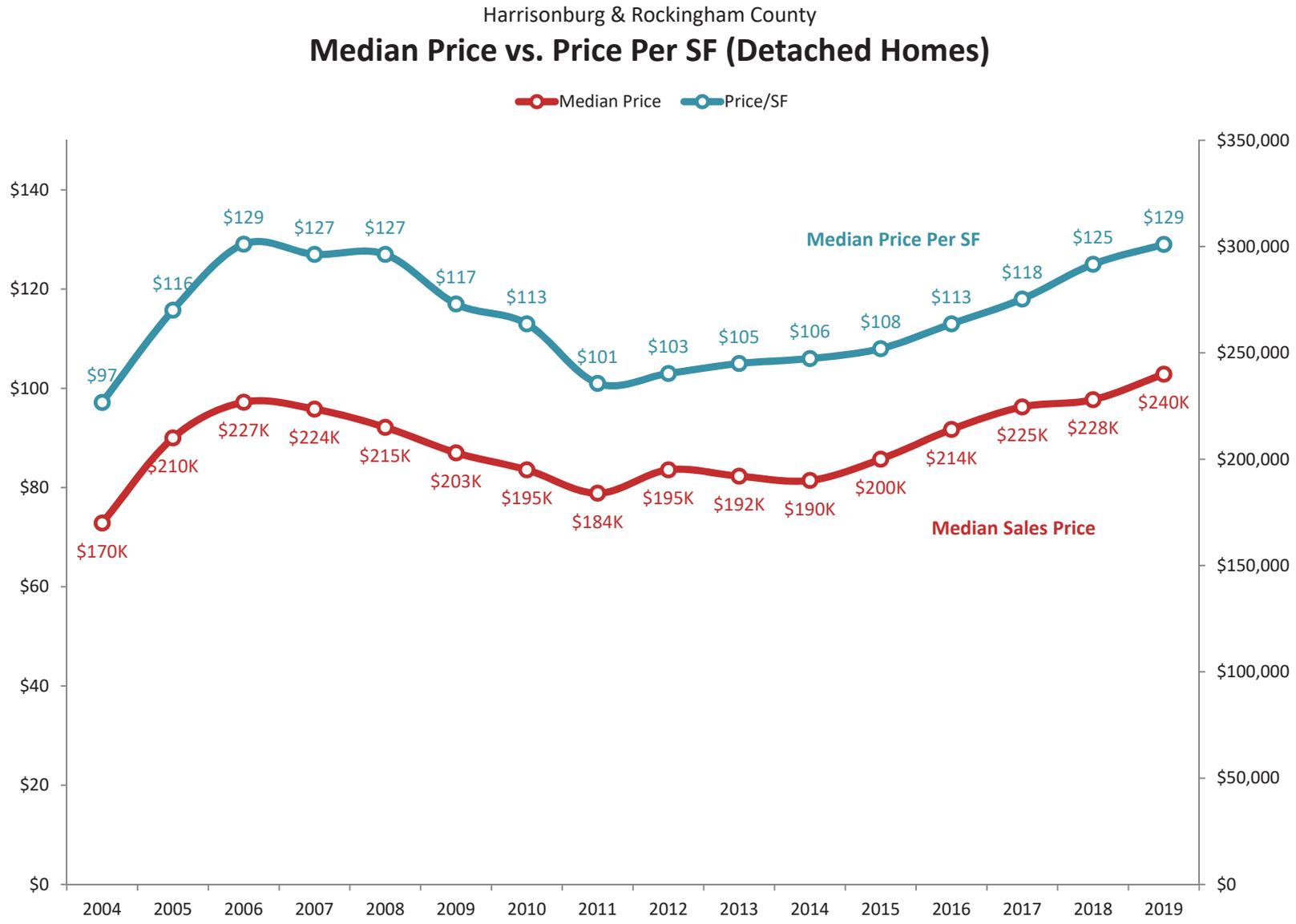
much new construction -- the median sales price continues to climb, now up to \$167,800. Here is yet another record broken -- the median sales price of \$167,800 (in 2018) was the highest ever seen in Harrisonburg and Rockingham County. It is now climbing even higher in 2019 - currently all the way up to \$175,000.

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

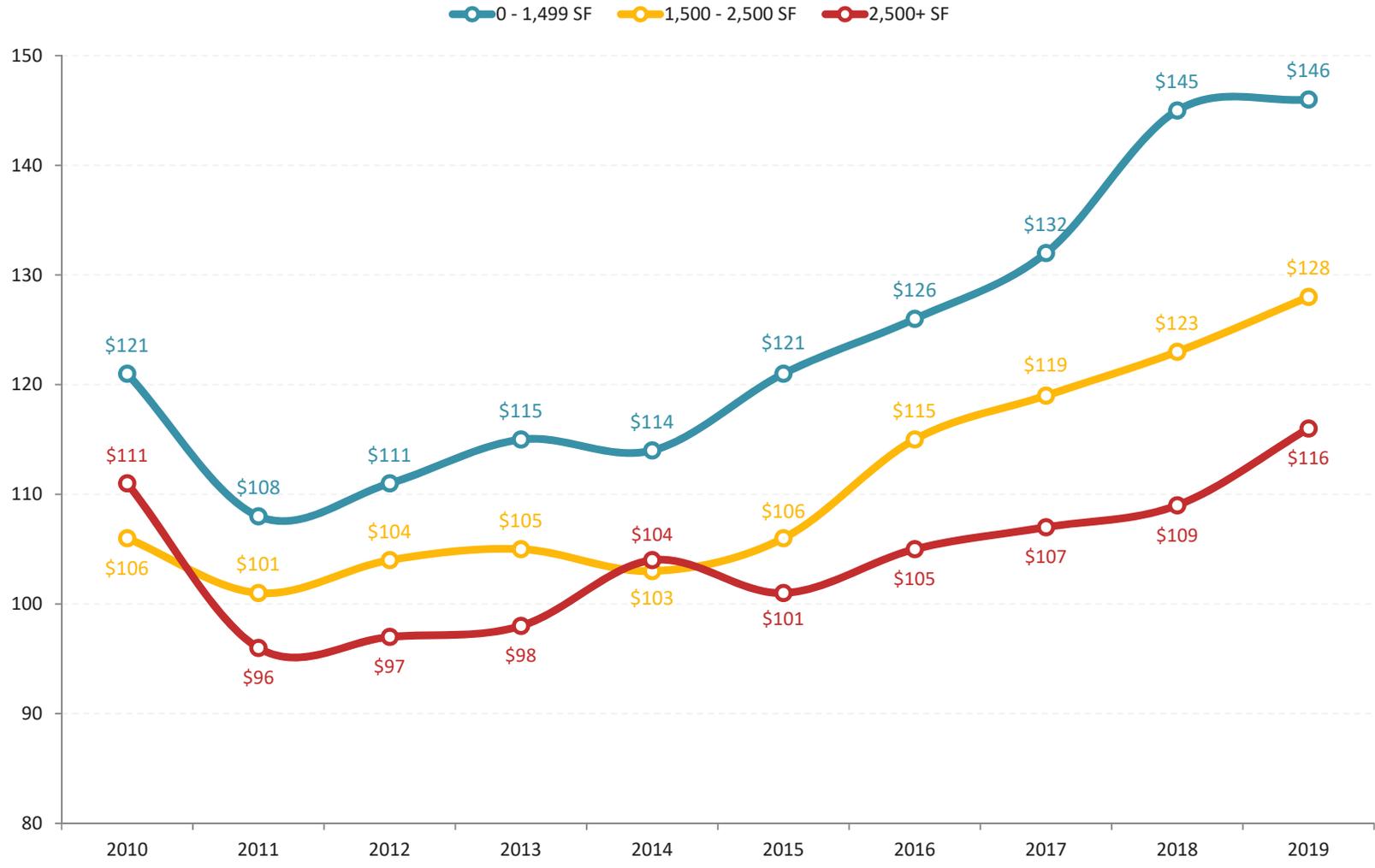
(active listings) at any given time. Over the past several years we have seen a steady increase in buyers and a declining number of sellers. In June 2016, these two trajectories crossed, and there are now many more buyers buying in a six month period than there are homes for sale -- though the buying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



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 15 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 through 2018) 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

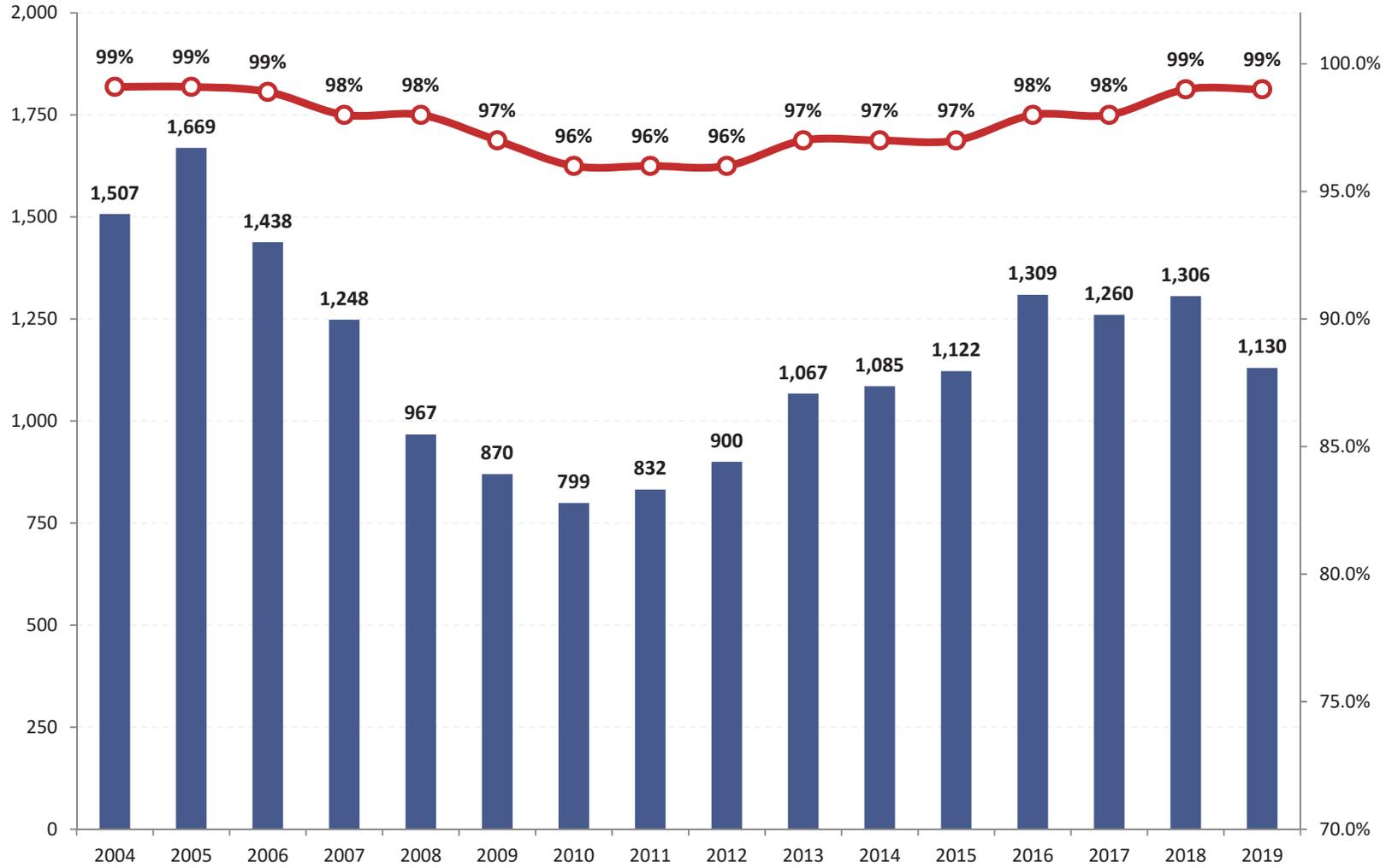


Price per square foot of single family homes certainly varies for many reasons, including the age, location, lot size and structural characteristics of each home sold. However, there are some similarities in homes of similar sizes. Looking at 2019 figures, this graph illustrates that the median price per square foot of larger homes

(2500+ SF) is a good bit lower (\$116/SF) than that of homes with less than 1500 SF (\$146/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.

Published on November 12, 2019 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 - 10/31/2019.

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

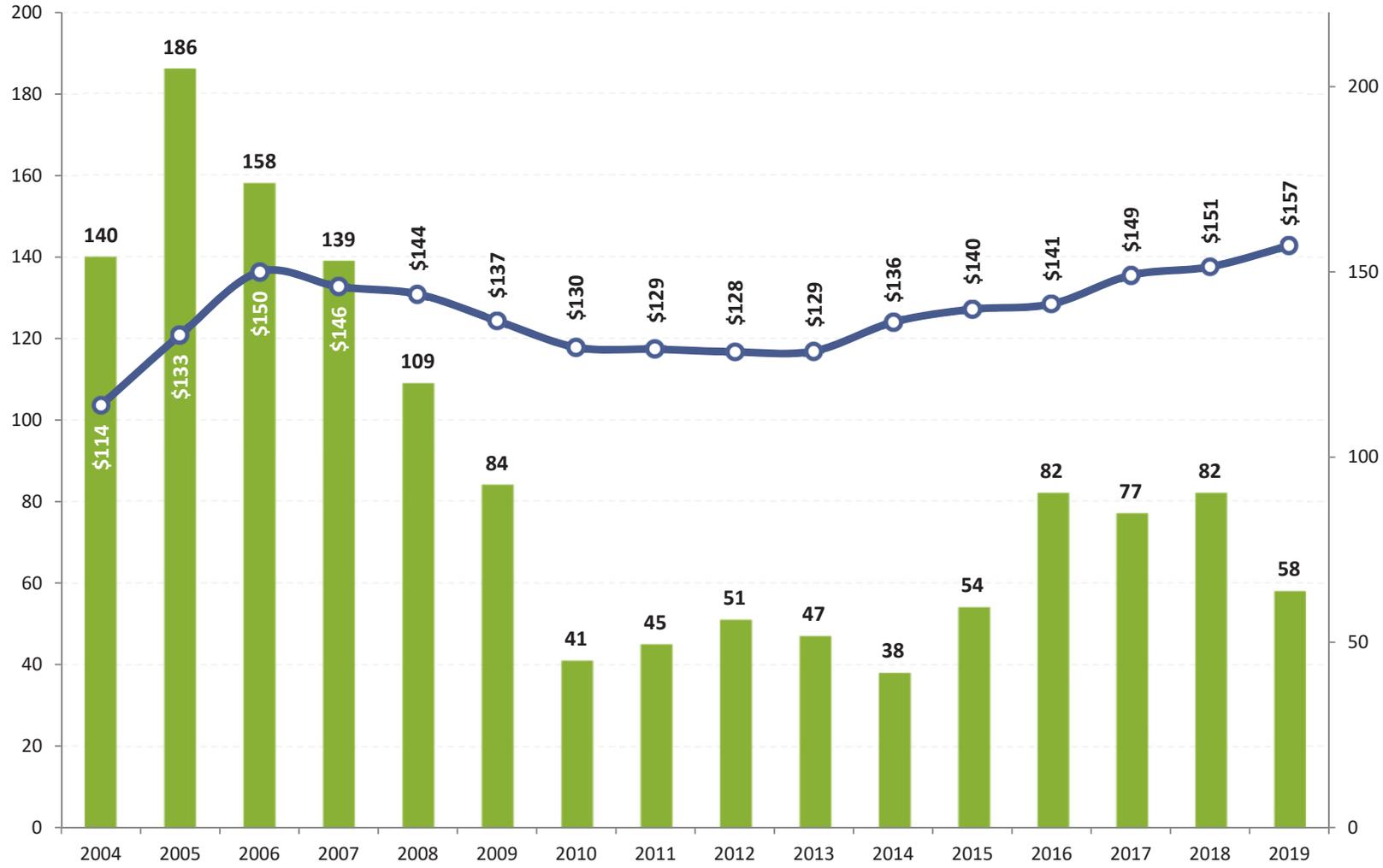


This graph shows the average list price to sales price ratio (red line) over the past 15 years as compared to the overall pace of home sales. At the peak of the housing boom (2004-2006) sellers were able to obtain a median of 99% of their asking price --- up from a median of 98% in 2001 before the pace 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 (remained there in 2017), and has been holding at 99% since 2018.

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

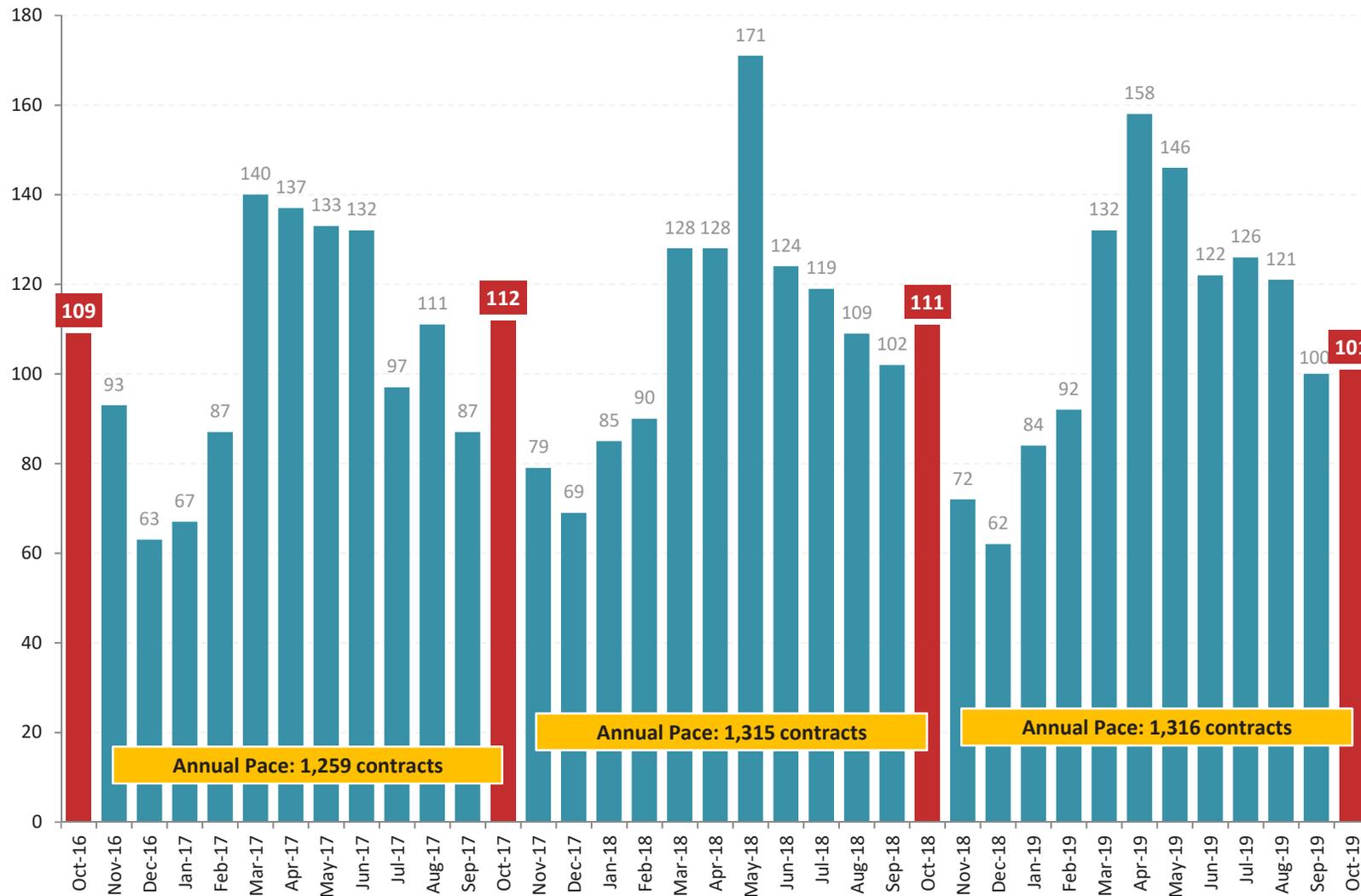


New home builders experienced a steady decline in new home sales between 2005 and 2010 -- dropping 78% from a peak of 186 to 41 sales in a year. Even if we use a starting point of 2001 (not shown above; before the housing boom) we still find a 70% drop between 2001 and 2010. The number of new home sales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

not crept up much since that time -- staying between 38 and 54 new home sales per year. The past three years, however, were QUITE different. There were a total of 82 new home sales in 2016, 77 in 2017, and 82 again in 2018. This was a welcome sign for new home builders -- and buyers -- though may be cooling in 2019.

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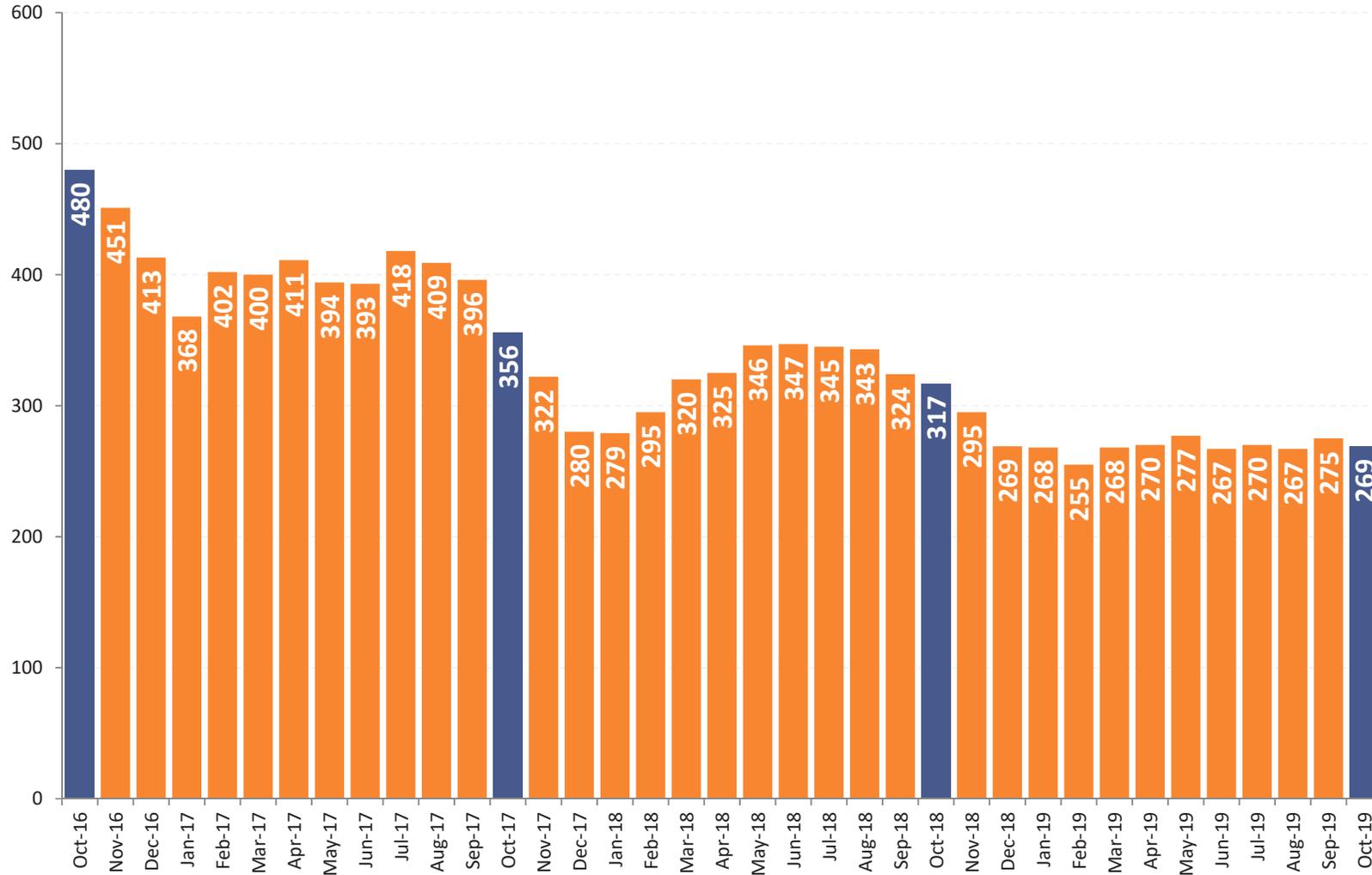
Harrisonburg & Rockingham County
Buyers Per Month Committing to Buy Properties



October 2019 contract activity (101 contracts) was slower in Harrisonburg and Rockingham County than we would have expected based on the past three months of October. That said, the annual pace of contract activity (1,316 contracts) is still on pace with the prior year (1,315 contracts) and stronger than two years ago.

Looking at the past few years, it seems likely that we will see a significant slow down in contract activity in November, December and to a somewhat lesser extent in January and February. Despite the fact that contract activity will slow over the next few months, buyer activity won't completely disappear.

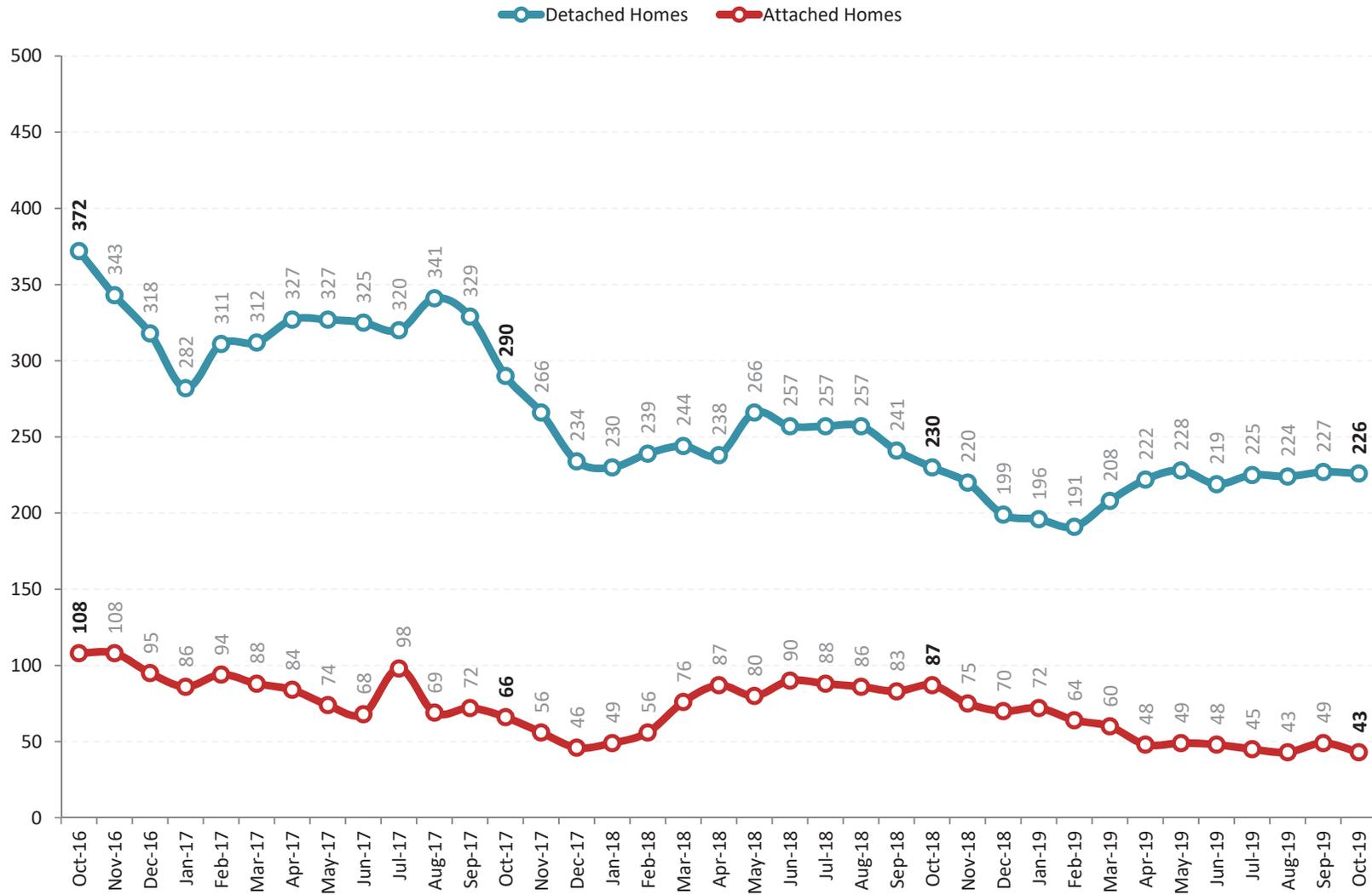
Harrisonburg & Rockingham County
Inventory Levels
 (end of month)



Over the past several years, inventory levels have dipped lower and lower and lower. This has not, though, been accompanied by a decline in the pace of home sales. So -- if just as many (or more) buyers are buying, how are they doing it if inventory levels are so low? They're doing it with speed. The pace of home sales

can increase, with inventory levels declining if the median "days on market" is also declining, which is definitely the case in our local market. So, plenty (maybe, maybe not) homes are being listed for sale, but they are then going under contract quickly, which keeps inventory levels low but the pace of home sales high.

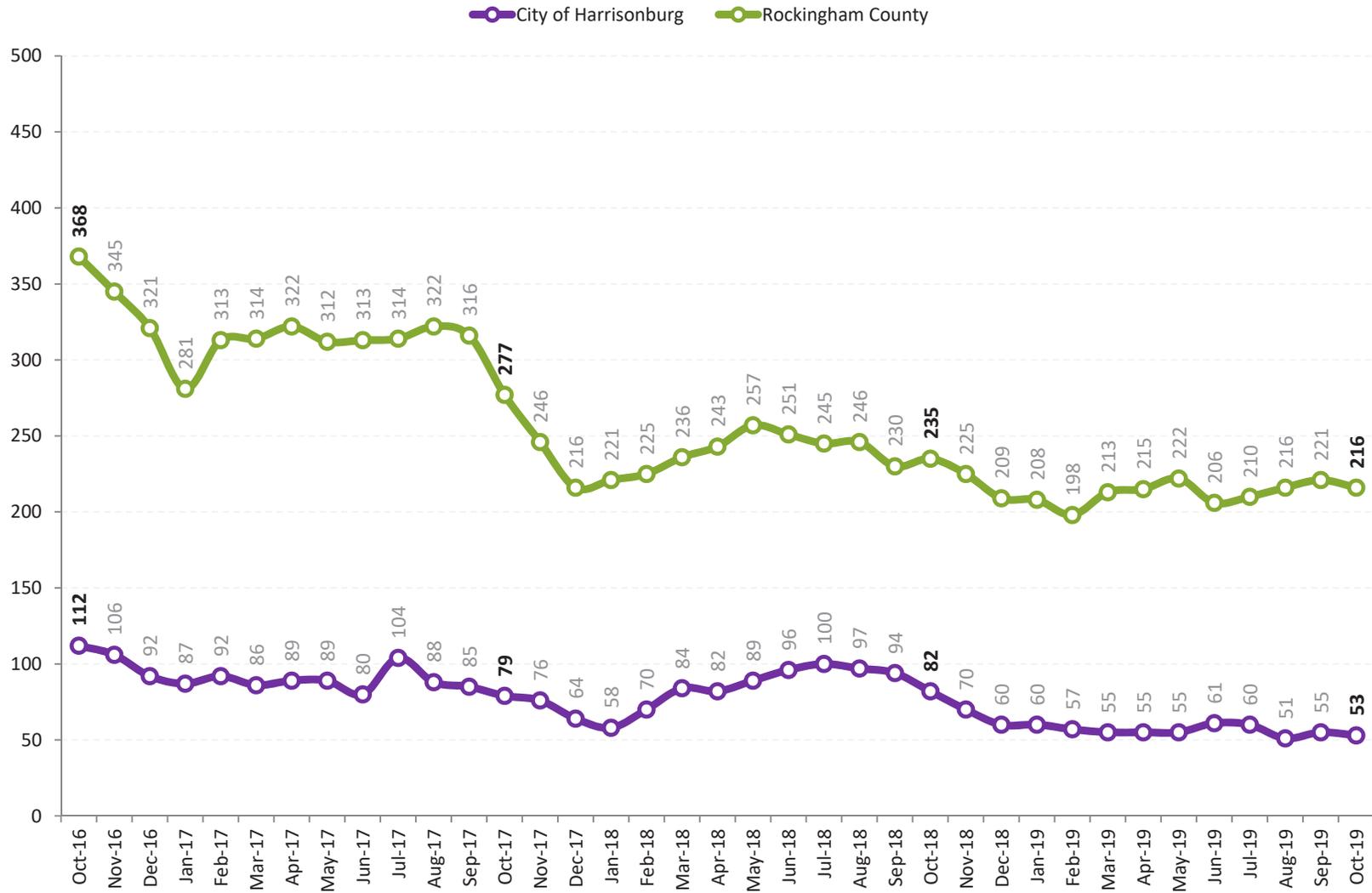
Harrisonburg & Rockingham County Inventory Levels by Property Type



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 detached homes for sale has decreased by only 1.7% over the past year, while the number of attached homes (townhouses, duplexes and

condos) for sale has decreased by 51% over the past year. Last year inventory levels peaked at the end of May and we seem to be seeing a somewhat similar trend this year as inventory levels started to decline during June, though have stayed relatively stable since then.

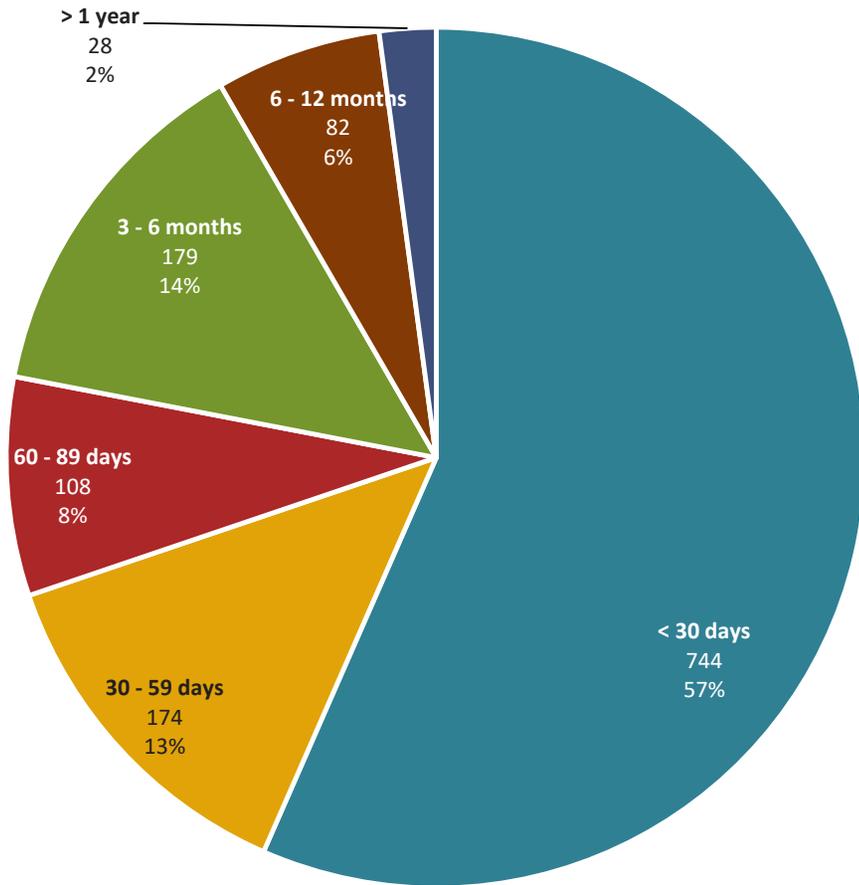
Harrisonburg & Rockingham County
Inventory Levels by Property Location



Inventory levels have fallen 8% in Rockingham County over the past year and have fallen an even more drastic 35% 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 three times as many homes for

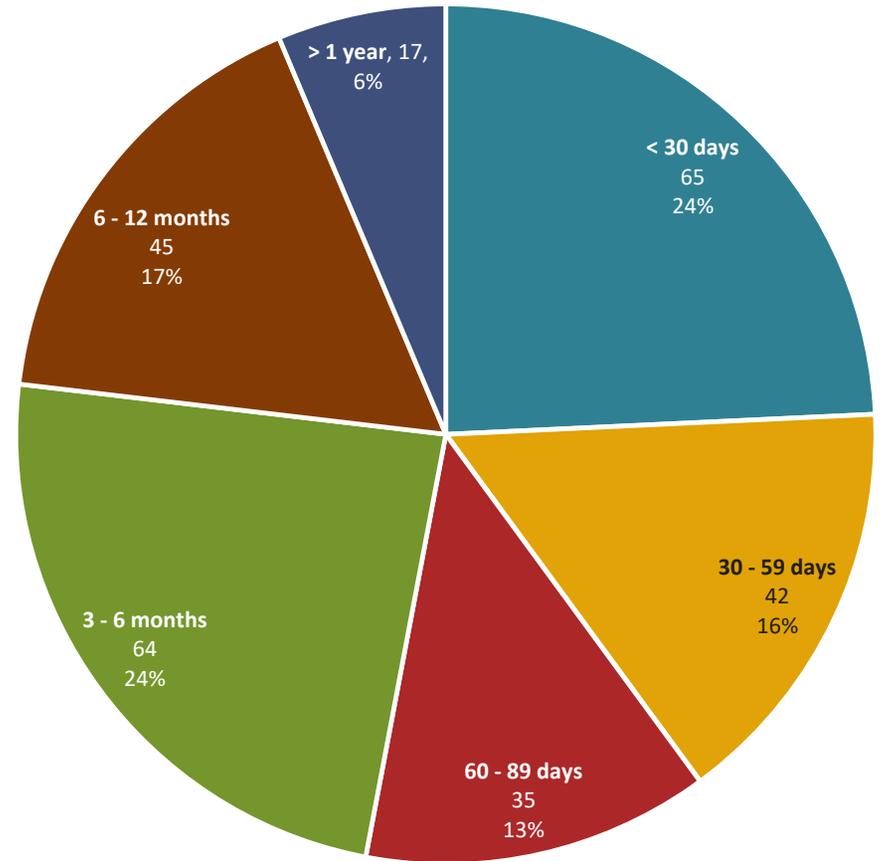
sale in the County than in the City. As such, the low inventory levels are much more of an issue in the City right now if we look at both sellers (supply) and buyers (demand). This is likely leading to the faster increases in median sales price in the City, and the lower median days on market in the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

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



Median Days On Market: 19

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

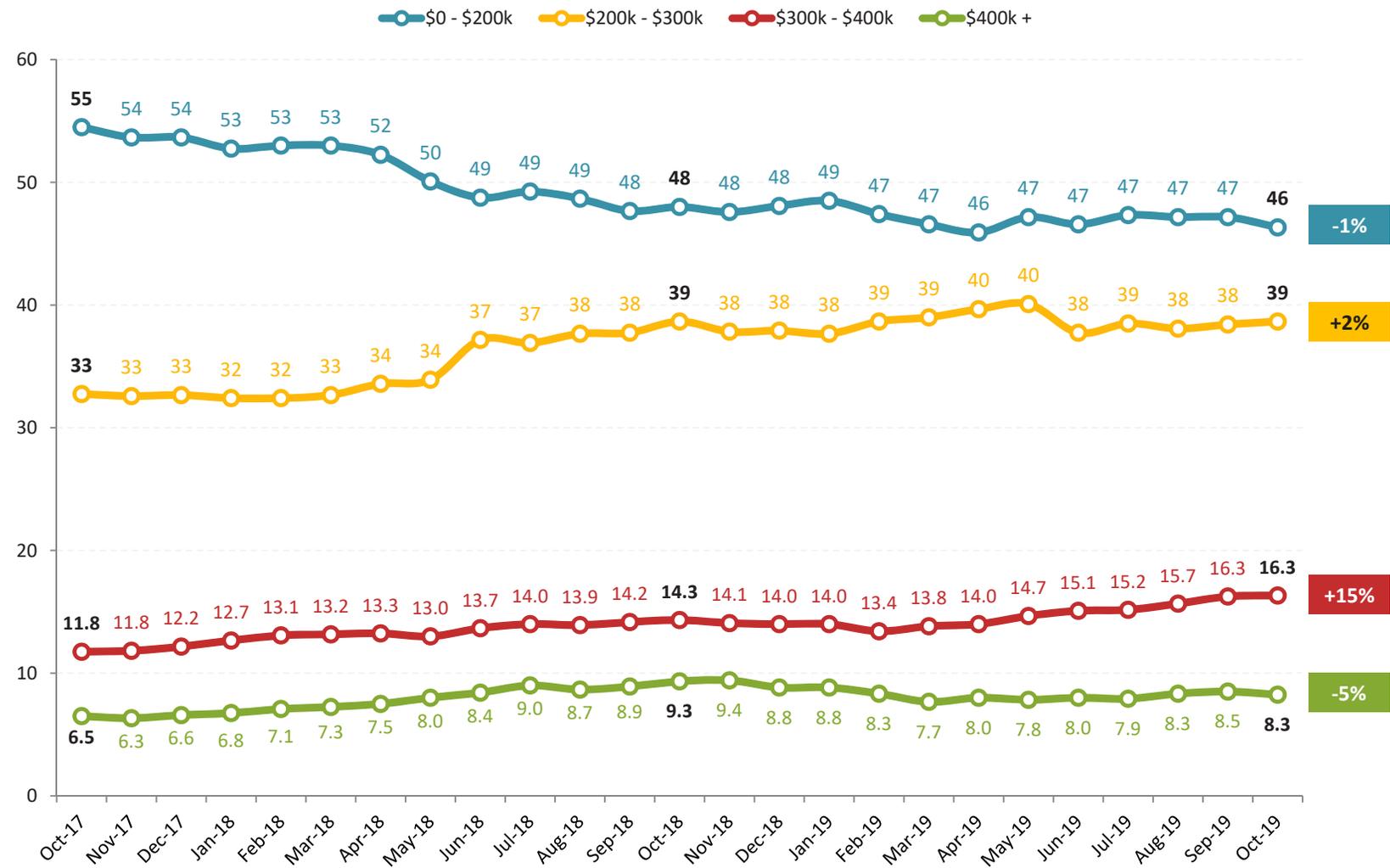


Median Days On Market: 82

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 19 days for homes that have sold in the past year. Remarkably, 57% 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 69% 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.

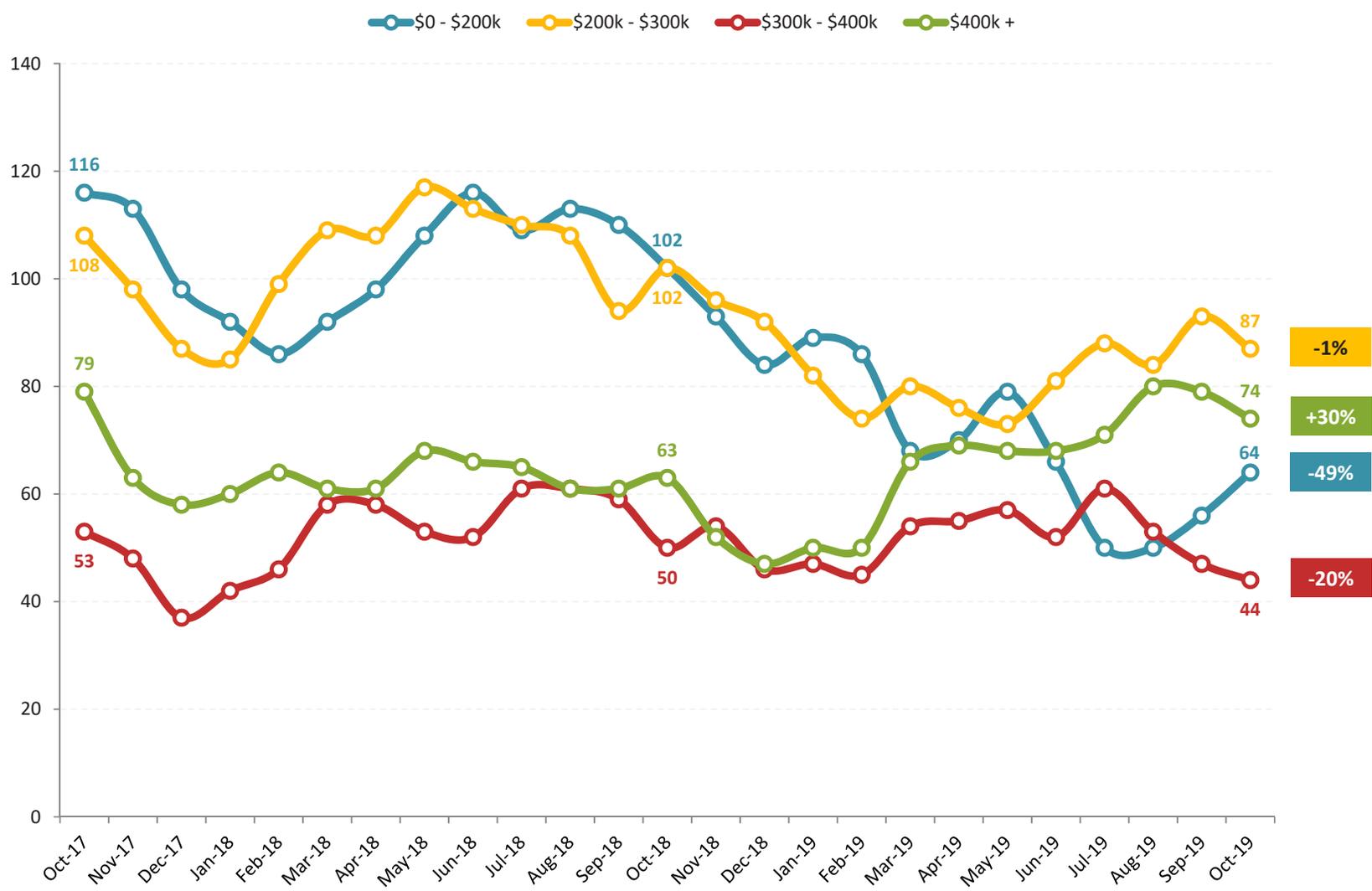
Harrisonburg & Rockingham County Home Sales by Price Range (Average of Past 12 Months)



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 several years 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 the middle two price ranges (\$200K-\$300K, \$300K-\$400K) and a year over year decline in sales under \$200K and over \$400K.

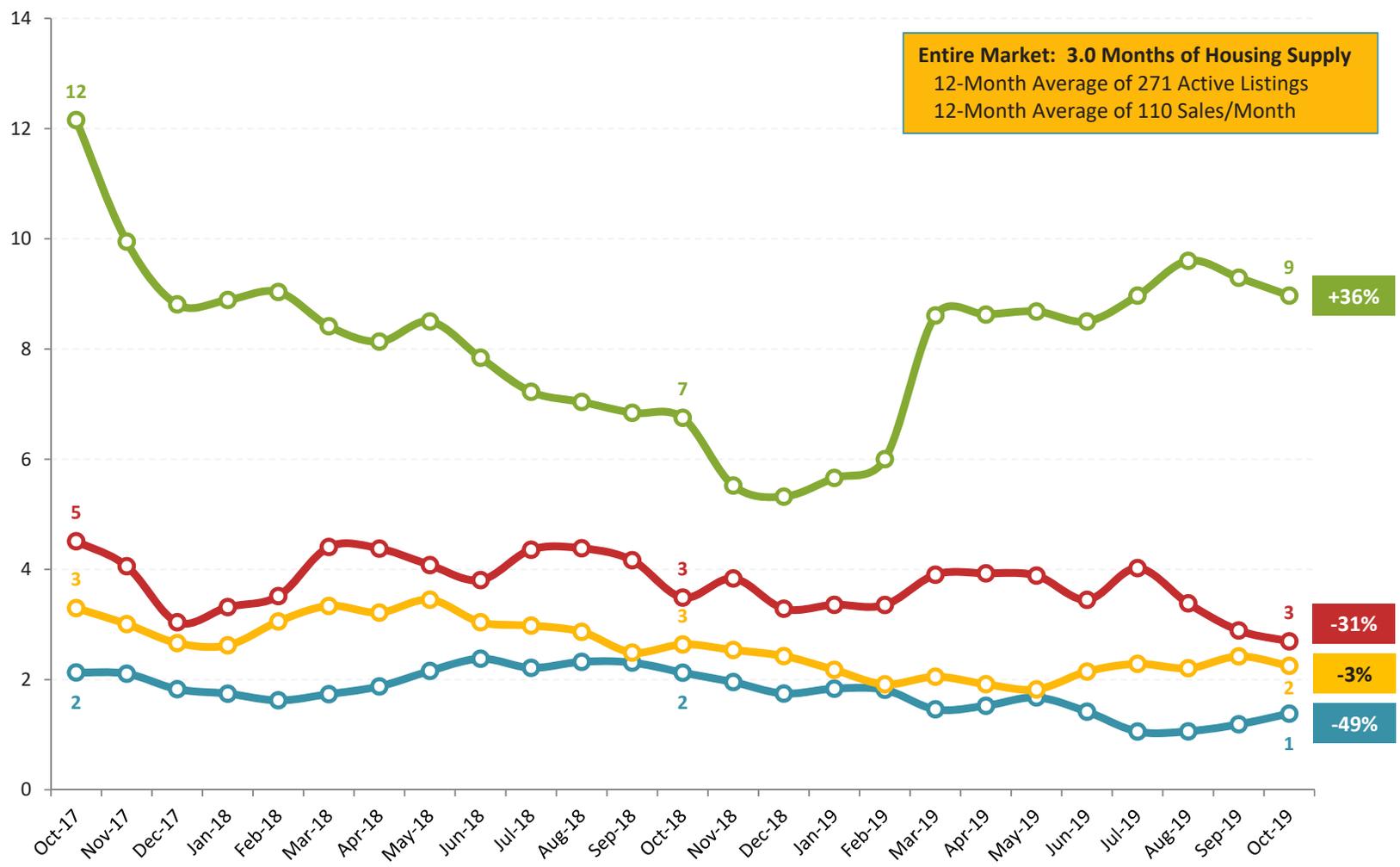
Harrisonburg & Rockingham County
Inventory Levels by Price Range



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. Inventory levels of homes under \$200K have fallen dramatically (-49%) over the past year, while inventory levels between \$200K and \$300K have remained relatively stable.

The number of \$400K+ homes for sale has increased by 30% over the past year -- and the \$300K-\$400K price range has seen a more moderate 20% decline in active listings. We will likely continue to see different fluctuations in each price segment of our local market as we continue through the Fall and Winter.

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

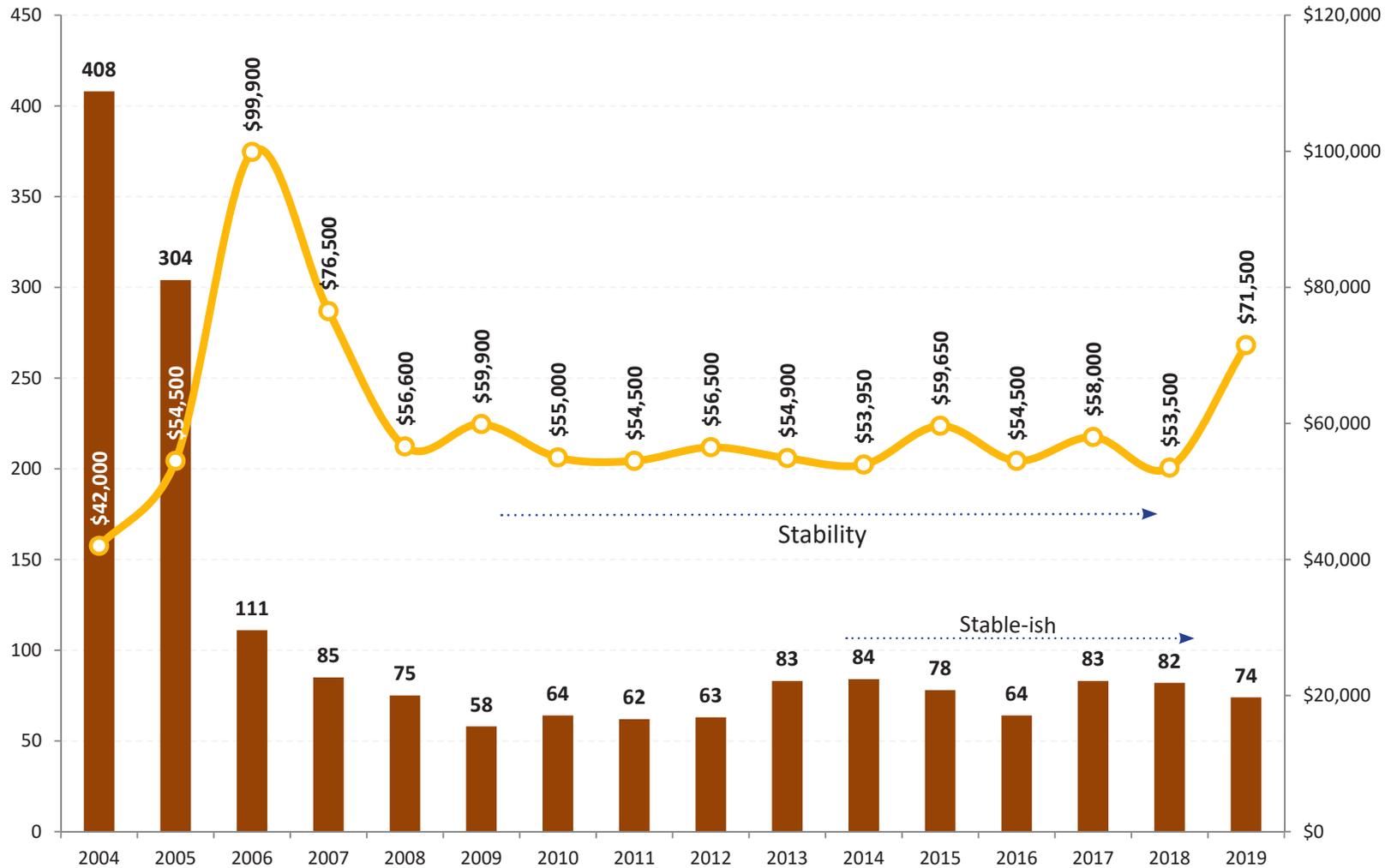


With so many home sales (lots of buyers) and so few homes on the market (not so many sellers), there are low levels of supply in some price ranges in our local real estate market. The graph above illustrates that while it would take nine months to sell all of the homes currently for sale over \$400K 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 one month (!) to burn through the under \$200K inventory. Many consider a six month supply to be a balance between buyers and sellers.

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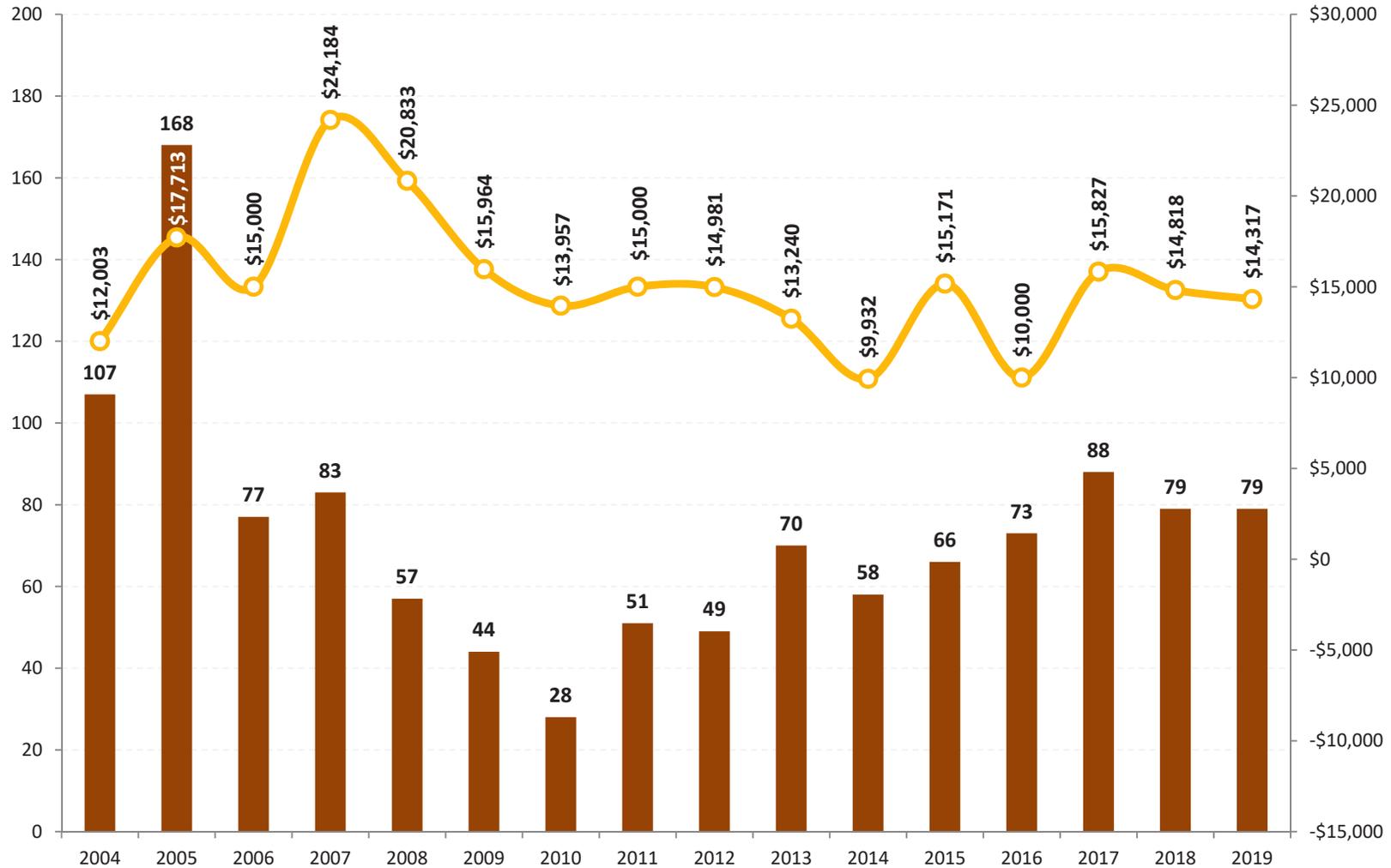
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



With the exception of 2016, we have seen between 78 and 84 lot sales of less than an acre for each of the past six 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 \$53K and \$60K over the past ten years. That is, of course, after a meteoric rise and then fall to/from \$100K. This year, we are seeing more lot sales and at a much higher median sales price!

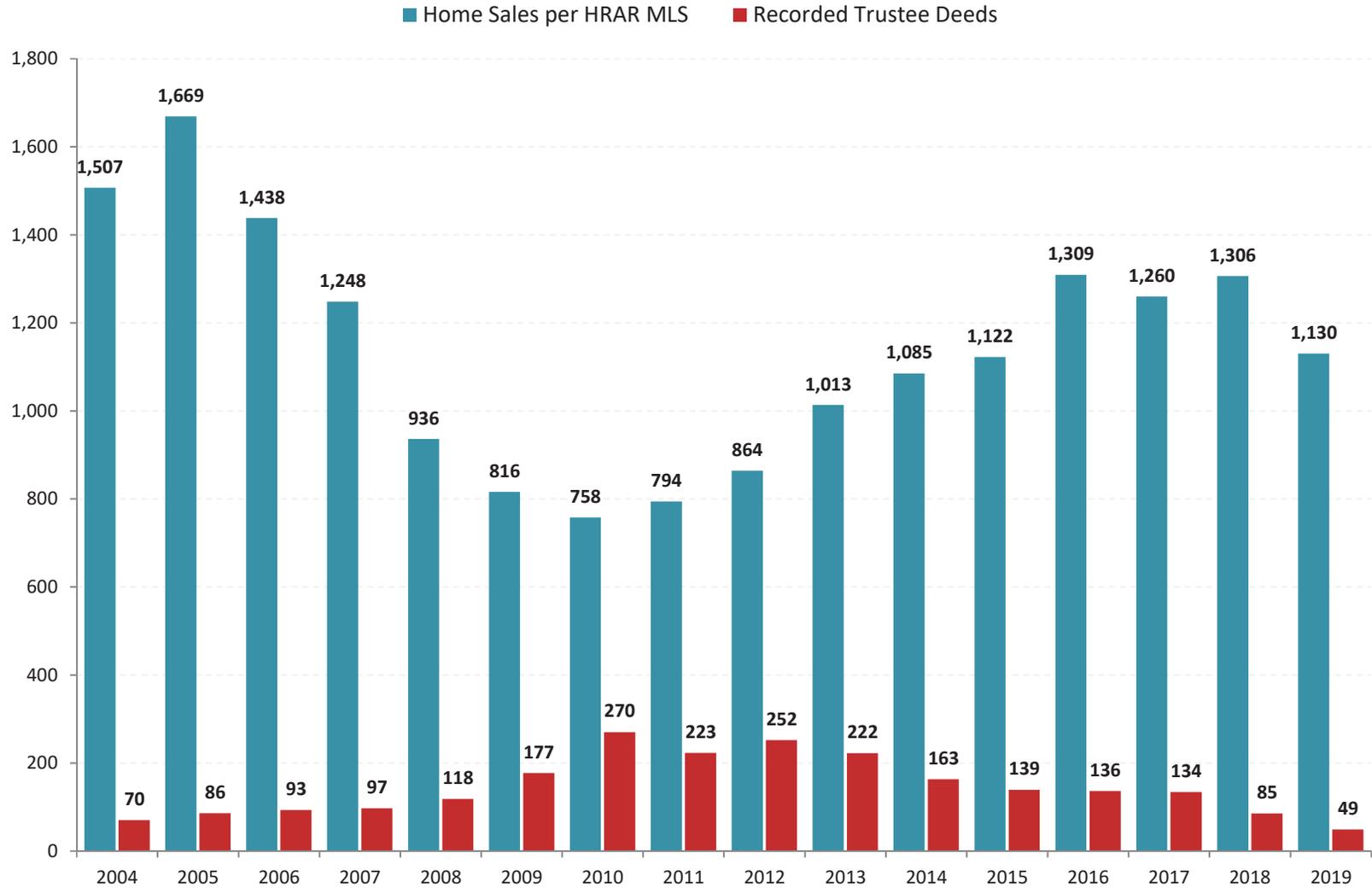
Harrisonburg & Rockingham County
Land Sales & Median Price Per Acre
 1 acre or more



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 -- but then declined again in 2018 to 79 lot sales. The median price per acre also declined in 2018 to \$14,818. 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, and then a decline in demand in 2018 accompanied by a decline in prices.

Harrisonburg & Rockingham County
Home Sales vs. Trustee Sales

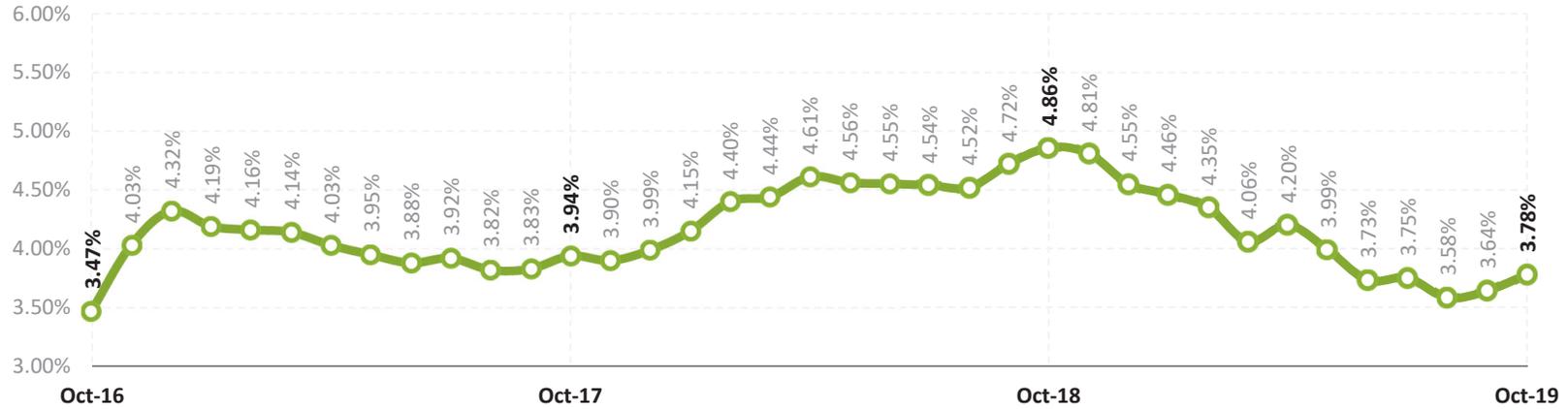


The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales that did not involve a Realtor, nor new home sales directly from a builder. The red bars show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

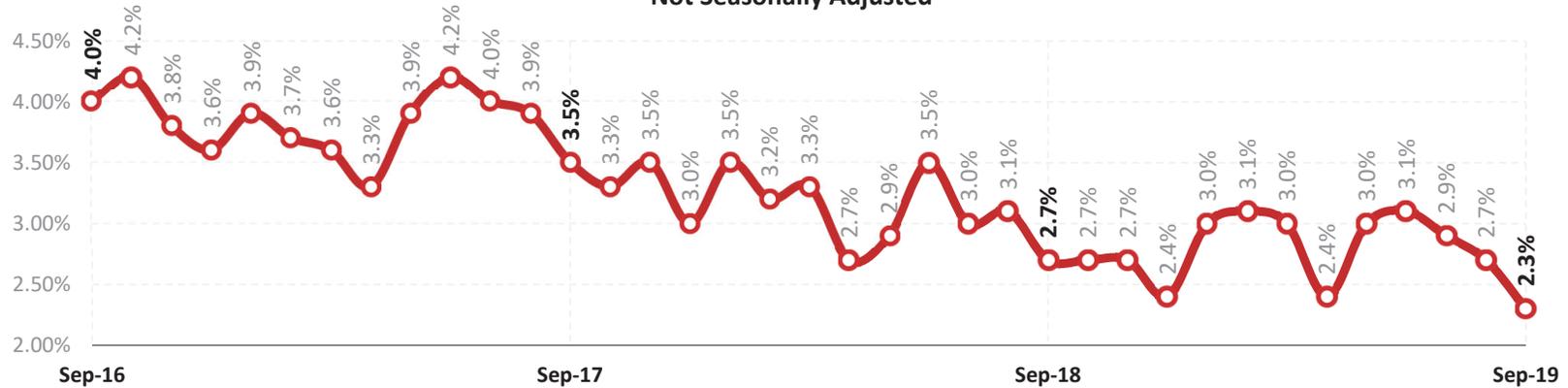
Trustee Deeds. Some foreclosed properties then show up again as REO properties. The foreclosure rate in our local market area has been trending downward -- sharply in 2018 -- and the pace of home sales is increasing much more quickly, despite having slowed slightly in 2017.

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 just about all of 2018. Encouragingly, the average mortgage interest rate has (mostly) decline significantly over the past year and is now below

4% -- though it is inching back up again. 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 2.3%. A low local unemployment rate and 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 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, coaching middle school volleyball and operating TakeThemAMeal.com and PerfectPotluck.com.

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
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