



APRIL 2014
Harrisonburg & Rockingham County
Real Estate Market Report



*An analysis of real estate activity through March 31, 2014
 provided courtesy of Scott P. Rogers, Funkhouser Real Estate Group*



Updated 4 BR, 3.5 BA Colonial in Bridgewater with Large Backyard 310VictoriaDrive.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: March

55 homes sold in March 2014, marking an 18% decline compared to March 2013 when 67 homes sold -- and a 17% decline compared to March 2012.

Home Values: March

Median sales prices increased 8% and average sales prices increased 2% when comparing March 2014 to March 2013.

Days on Market: March

The median time it took for a home to sell was 163 days in March 2014, a 36% increase from 120 days in March 2013 and a 1% decline from 165 days in March 2012.

Foreclosures

46 trustee deeds have been recorded in 2014 compared to 158 total home sales reported through the HRAR MLS during the same timeframe.

Inventory

Inventory levels increased in March 2014 to 608 residential properties currently for sale, up 2% from one year, and down 14% from two years ago.

Pace of Home Sales: Year To Date

158 homes sold thus far in 2014. This marks a 13% decline from the same time period in 2013 when 181 homes had sold, though a 5% increase over 2012 when only 151 homes sold.

Home Values: Year To Date

Median sales prices declined 2% and average sales prices declined 4% when comparing 2014 YTD to 2013 YTD.

Days on Market: Year To Date

The median length of time on the market for homes selling thus far in 2014 is 163 days, a 3% increase compared to 2013, but a 10% decline from the median in 2012.

Supply

The under \$200k and under \$300K price ranges are balanced (6 - 7 months of supply) but all other price ranges still show an excess of housing supply.

Price Per Square Foot

Median price per square foot of single family homes has stayed steady between \$103/sf and \$105/sf over the past four years, down from a peak of \$129/sf in 2006.

Buyer Activity

91 buyers committed to buy in March 2014, compared to 114 in March 2013 -- marking a 20% decline in buyer activity over the past year, though a 5% increase since 2012.

Single Family Home Sales

114 single family homes have sold thus far in 2014, compared to a total of 766 in 2013. The median sales price has declined to \$178,500.

Townhouse Sales

44 townhouses, duplexes and condos have sold thus far in 2014, compared to a 2013 total of 247 townhomes. The median sales price has increased to \$156,875 thus far in 2014.

Lot Sales

There have been 21 lot sales of less than an acre thus far in 2014, compared to 79 in all of 2013. Median sales prices have declined to \$49,500 thus far in 2014.

Land Sales

14 parcels of land greater than an acre have sold thus far in 2014 compared to 68 land sales during all of 2013. The median price per acre has declined to \$10.462.

HOME SALES REPORT

Harrisonburg & Rockingham County

April 10, 2014

# Home Sales	2011	2012	2013	2014	% Change ('13 - '14)
March	61	66	67	55	-17.91%
Year-To-Date (Jan-Mar)	139	151	181	158	-12.71%

Median Sales Price	2011	2012	2013	2014	% Change ('13 - '14)
March	\$157,900	\$157,250	\$177,500	\$192,500	8.45%
Year-To-Date (Jan-Mar)	\$164,000	\$165,000	\$175,000	\$171,500	-2.00%

Average Sales Price	2011	2012	2013	2014	% Change ('13 - '14)
March	\$172,048	\$169,944	\$198,982	\$202,069	1.55%
Year-To-Date (Jan-Mar)	\$183,327	\$186,450	\$190,888	\$183,152	-4.05%

Median Days on Market	2011	2012	2013	2014	% Change ('13 - '14)
March	147	165	120	163	35.83%
Year-To-Date (Jan-Mar)	160	182	158	163	3.16%

Home sales pace declines 13% thus far in 2014, median sales prices also decline. Home sales were considerably slower (-13%) in the first quarter of 2014 than they were in the first quarter of 2013 -- though I believe there are two main explanations for this slow down. First, we have had a tremendous amount of snow and frigid

weather over the past three months, that has caused many buyers to put their home search on hold, and that has caused sellers to wait to put their houses on the market. Second, buyers in the first quarter of 2013 were buying with enthusiasm because mortgage interest rates hit historic lows below 3.5% in 2012-Q4 and 2013-Q1.

HOME SALES REPORT :: BY AREA

# Home Sales	City of Harrisonburg			Rockingham County		
	2013	2014	% Change	2013	2014	% Change
March	27	20	-25.93%	40	35	-12.50%
Year-To-Date	56	58	3.57%	125	100	-20.00%

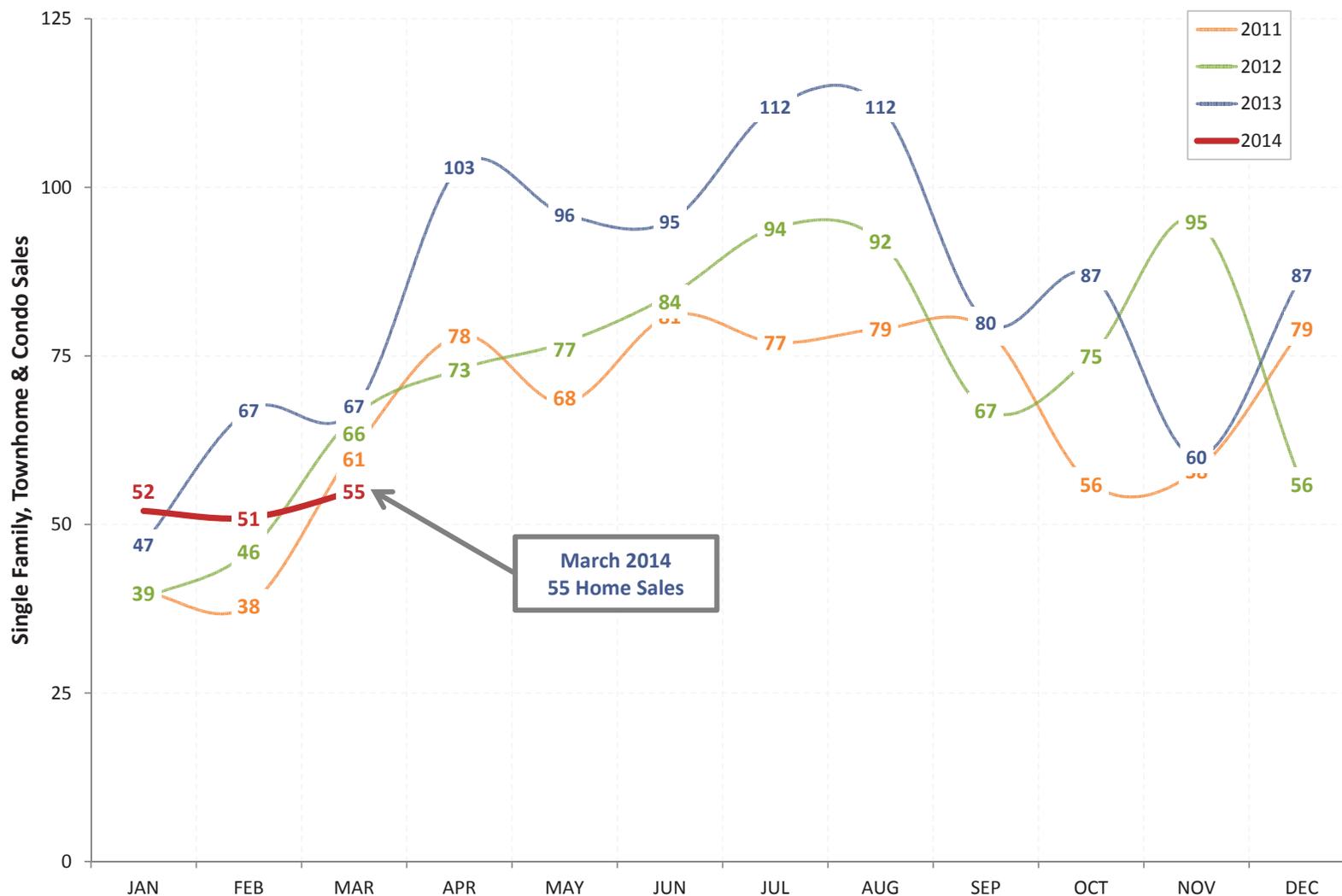
Median Sales Price	City of Harrisonburg			Rockingham County		
	2013	2014	% Change	2013	2014	% Change
March	\$144,500	\$185,250	28.20%	\$189,438	\$194,000	2.41%
Year-To-Date	\$153,063	\$166,250	8.62%	\$180,000	\$173,000	-3.89%

Median Days on Market	City of Harrisonburg			Rockingham County		
	2013	2014	% Change	2013	2014	% Change
March	100	153	53.00%	150	168	12.00%
Year-To-Date	122	148	21.31%	176	171	-2.84%

Sales pace stable in the City, but declining in the County. The data tables above explores overall sales trends of properties in the City of Harrisonburg as compared to Rockingham County. With three months of data to work with, we see that home sales are stable in the City (+4%) while the pace of sales has declined significantly

(-20%) in the County. Home values have also increased (+9%) in the City, while they have slipped a bit (-4%) in the County. Thus far in 2014, it is taking less time to sell a home in the City (148 days) as compared to the County (171 days).

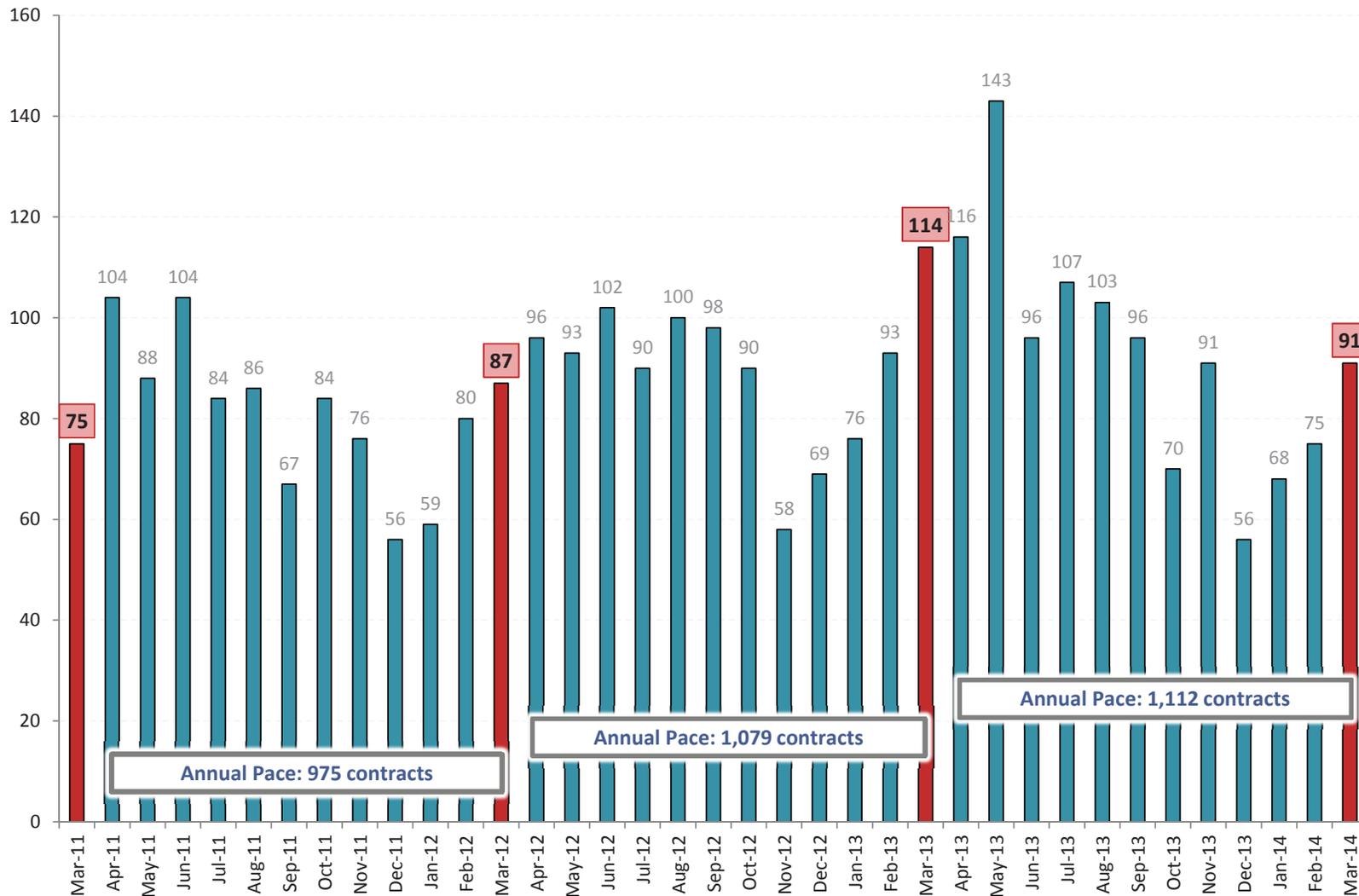
Harrisonburg & Rockingham County Month-By-Month Home Sales History



Slowest (and coldest?) March in recent history. Over the past three years, we have consistently seen between 60 and 70 home sales in March -- but this year there were only 55 such home sales. As we keep reiterating, some of this must be a result of the cold and snowy winter we have experienced --- which kept buyers away from

the house hunt, and kept sellers from putting their houses on the market. We also saw a record number of days off of school, particularly in the County, which also led to fewer home buyers getting out to look at homes that they might purchase. April was a big month last year -- hopefully we will see strength in 2014 as well.

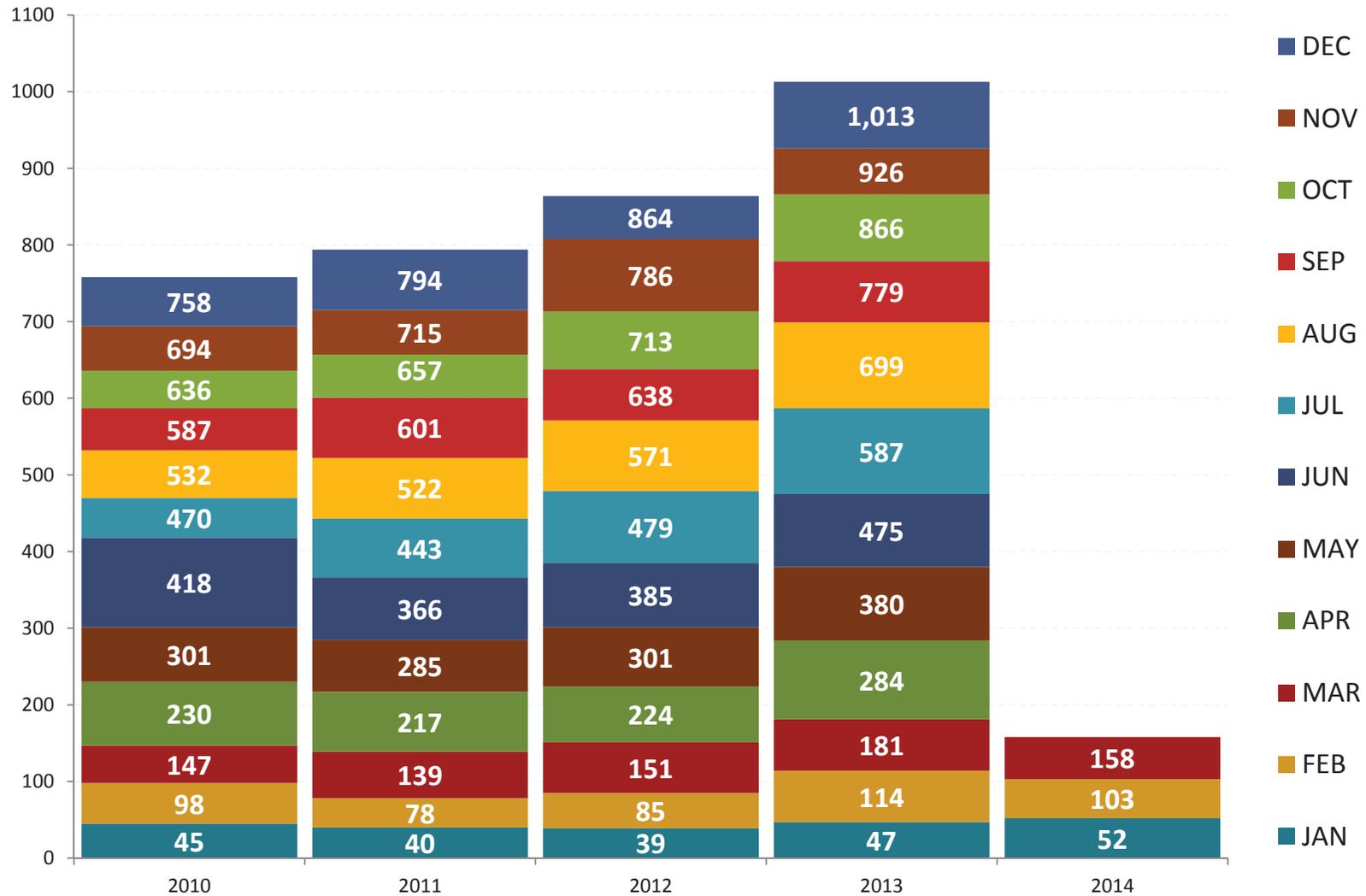
Harrisonburg & Rockingham County
Buyers Per Month Committing to Buy Properties



Buyer activity drops again in March. Year over year contract writing is still on the rise -- with 1,112 contracts in the past 12 months as compared to 1,079 contracts in the previous 12 months. That said, buyer activity dropped off in March 2014, with only 91 contracts signed by buyers (and sellers) as compared to 114 the previous

March. The weather likely played a significant role in that decline, as we had lots of snow, ice, frigid weather and school closings during January, February and even March that likely limited buyers from getting out to view homes, and definitely limited sellers from putting their homes on the market to attract buyers.

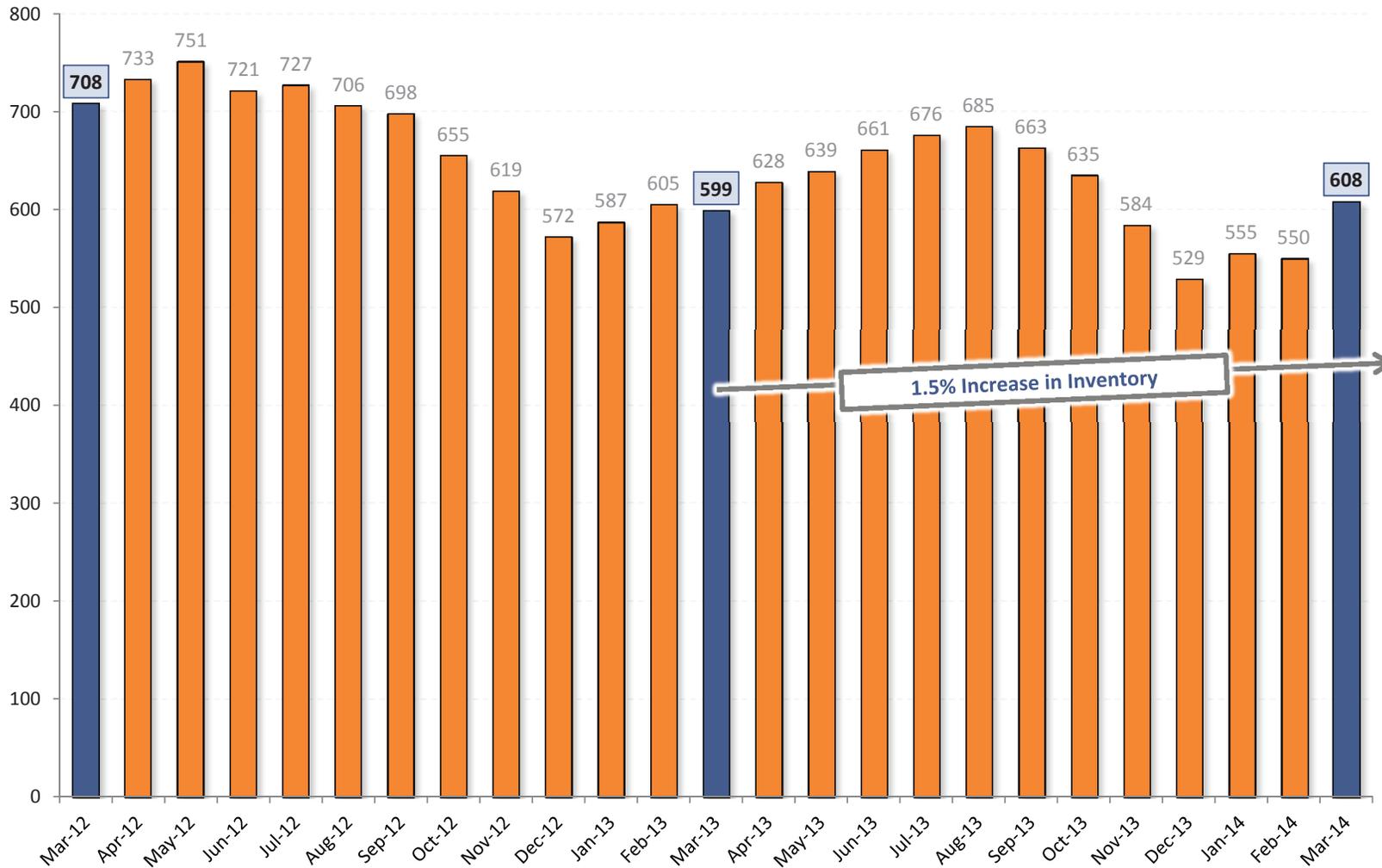
Harrisonburg & Rockingham County Monthly Cumulative Residential Sales



An encouraging multi-year growth pattern. This graph shows the month by month cumulative count of residential sales in Harrisonburg and Rockingham County. Last year's home sales (1,013) exceeded 2012 home sales (864), and though this year is starting off with a slow start, I have hopes that it will recover as we

continue through the year. The next several months (April-August) will significantly determine whether we will see another year of 1,000+ home sales in Harrisonburg and Rockingham County.

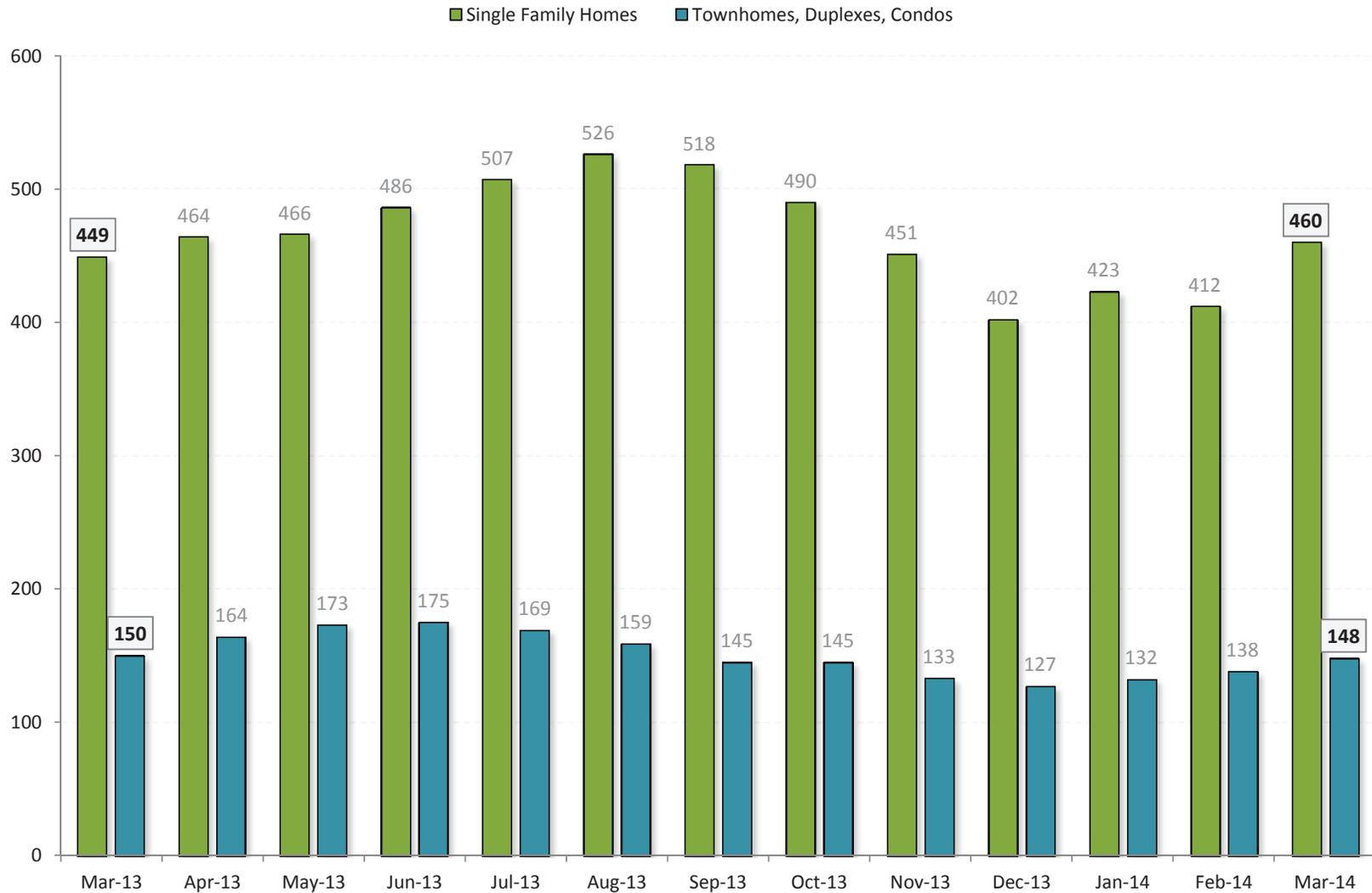
Harrisonburg & Rockingham County
Inventory Levels
 (end of month)



Inventory levels finally rising. After three months (December, January, February) of dismayingly low inventory levels, we are finally starting to see an increase in the number of homes on the market in Harrisonburg and Rockingham County. Year-over-year we are only seeing a 1.5% increase in housing inventory, but there has

been an 11% increase over the past month. We should continue to see a slow and steady increase in housing inventory levels over the next five months, if this year continues on the trajectory of last year.

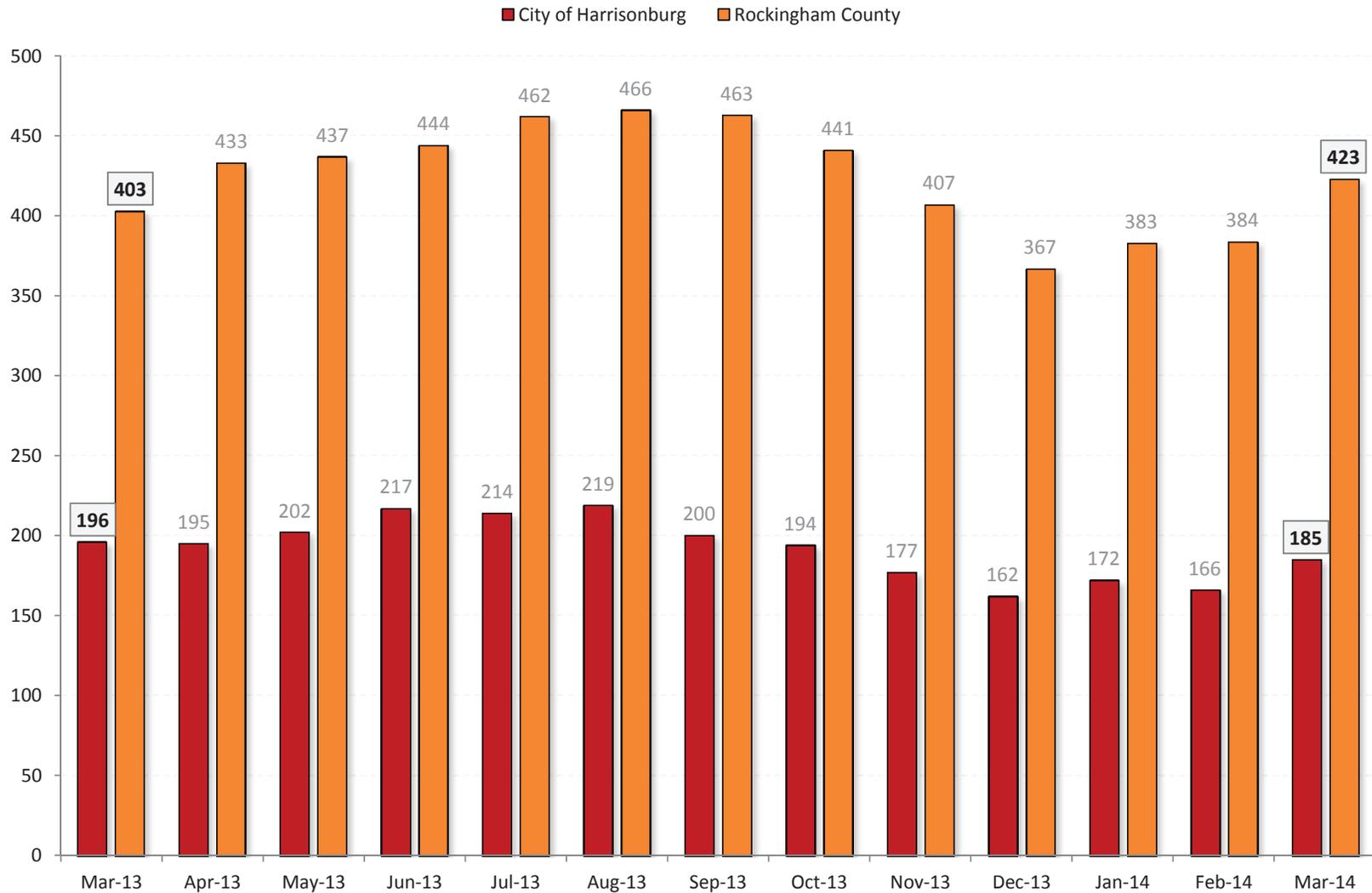
Harrisonburg & Rockingham County Inventory Levels by Property Type



Single family home inventory levels jump up. There has not been a significant difference in changes in inventory levels of detached (single family) versus attached (duplex, townhouse condos) homes over the past year. That said, the increase in inventory during March 2014 was mostly due to an increase in the number of

single family homes available for sale. The increase was much more modest in the number of townhouses, duplexes and condos listed for sale. If this Spring and Summer follows last year's trend, we will see a significant ramp up of single family homes for sale as we pass through the next few months.

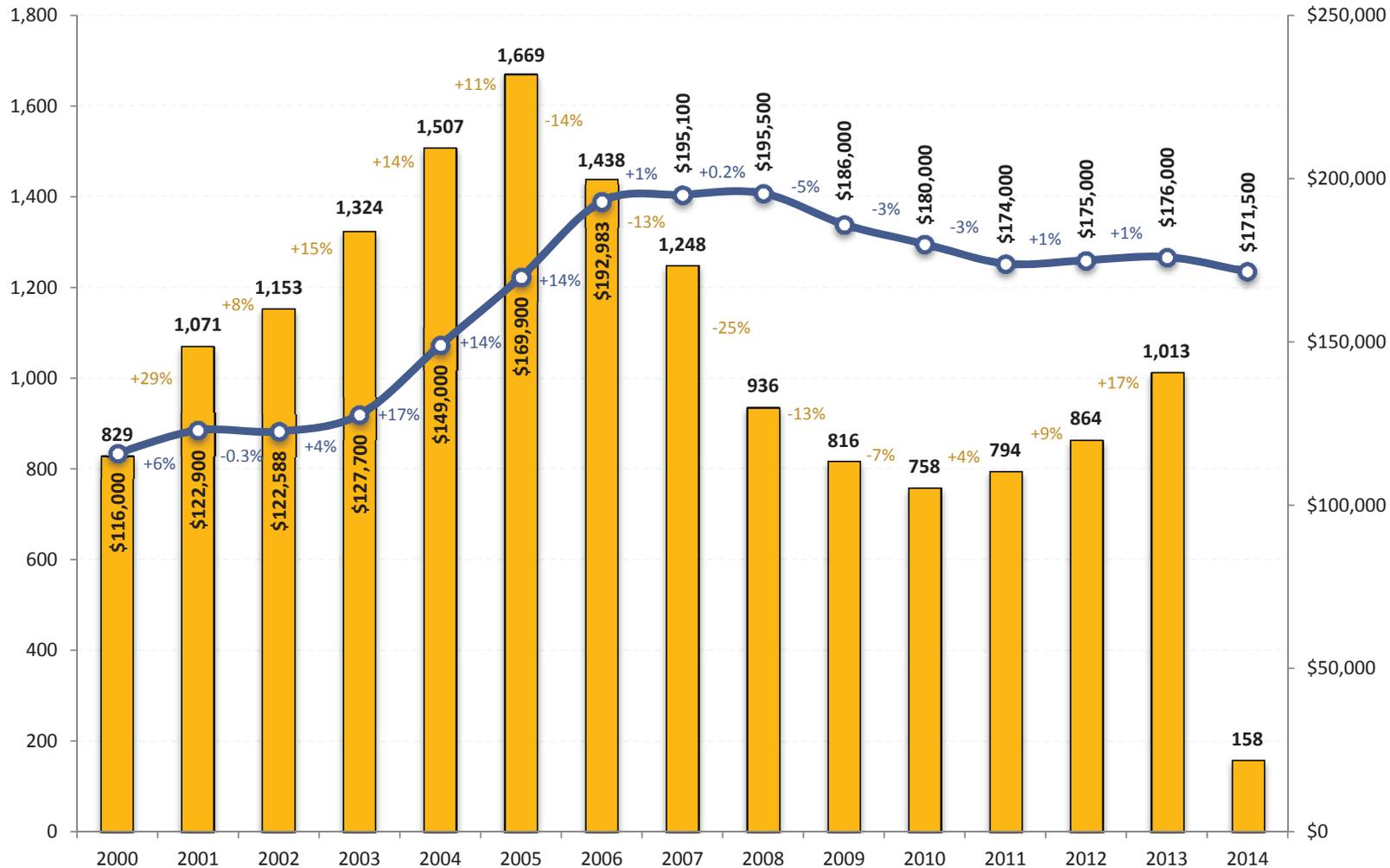
Harrisonburg & Rockingham County Inventory Levels by Property Location



Changes in inventory levels reversed in City, County. Inventory levels have declined (-6%) in the City over past year, but have increased (+5%) in the County during that same time period. Inventory levels in the City and County both peaked in August of this past year, with relatively rapid declines in inventory levels after that point. We

are likely to see inventory increase in both the City and County over the coming months as we enter the busier Spring real estate market, though, of note, the City inventory levels continued to decline in April of last year before starting to rise in May.

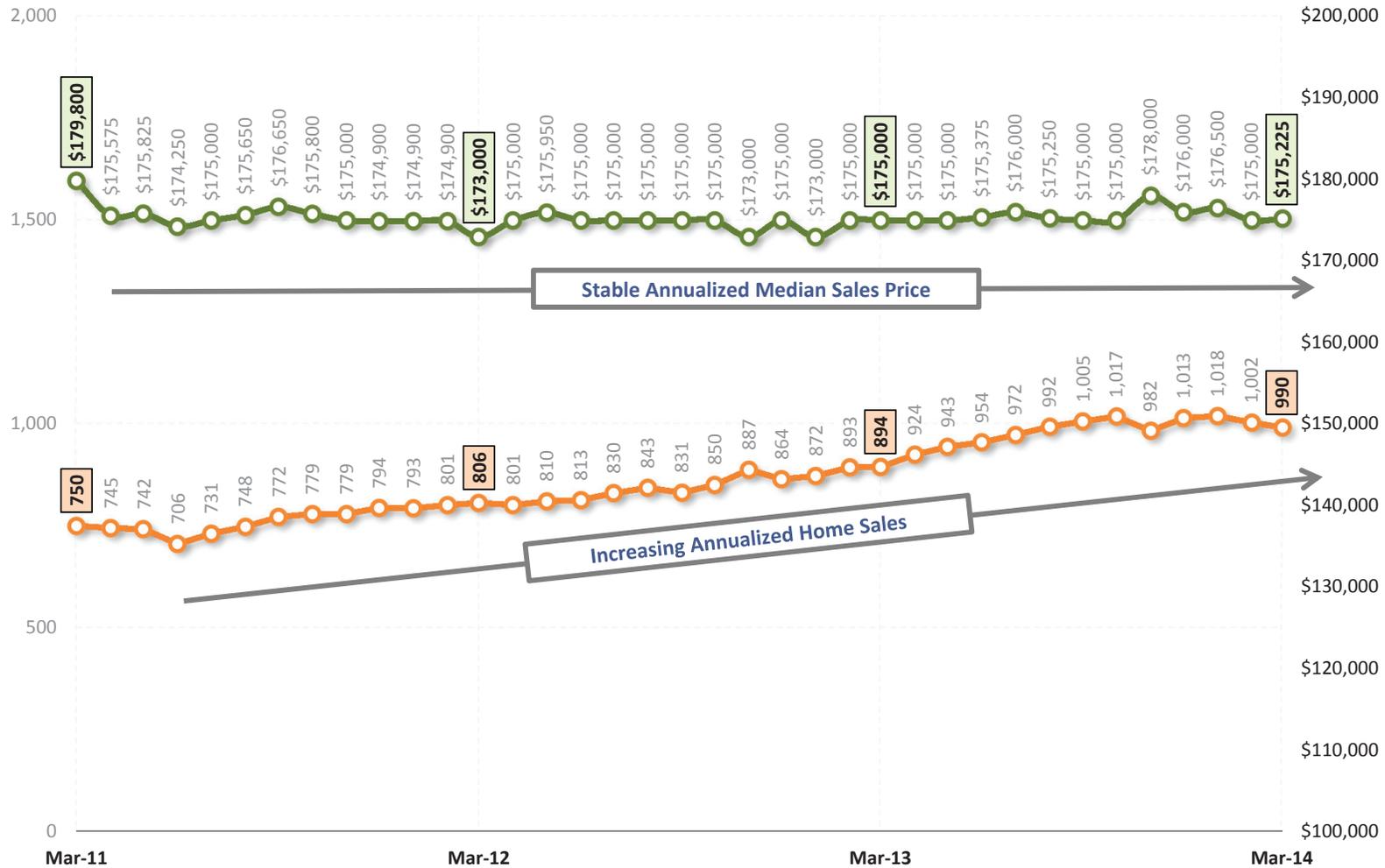
Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes & Townhomes



Buyer activity increasing; home prices likely still improving. 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). This past year (2013)

marked the third year in a row with an increased pace of home sales -- showing 17% growth as compared to 4% and 9% in the previous years. Home values also have crept up a bit more, showing a 1% improvement over the past year, which followed a 1% improvement from the prior year.

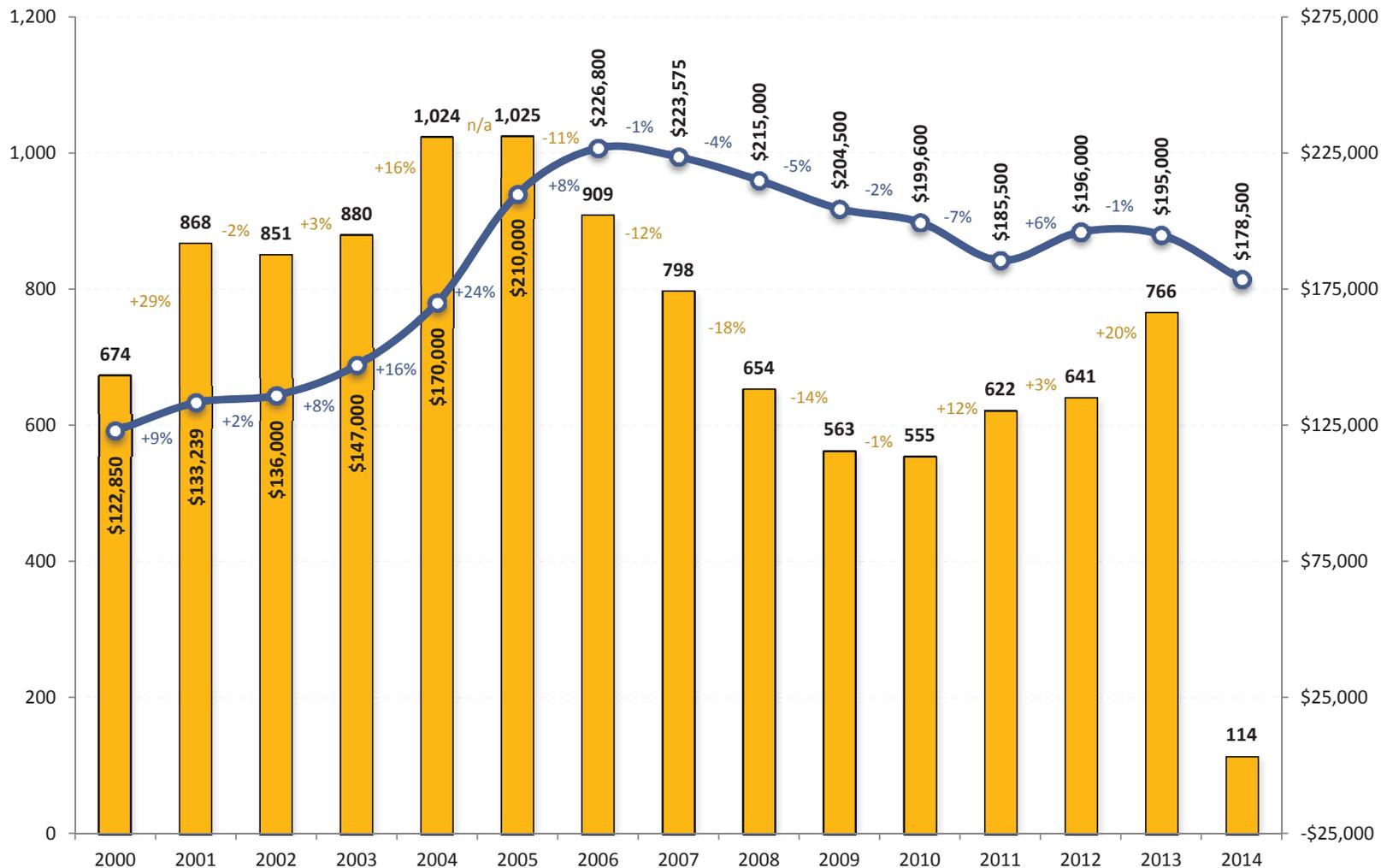
Harrisonburg & Rockingham County
Time-Adjusted Home Sales Trends :: All Homes
 # Home Sales, Median Sales Price in each 12 Month Period



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 shows one year's worth of home sales, which eliminates the volatility

of evaluating sales figures on a monthly basis. The annualized pace of home sales continues to remain strong, at 990 sales in the past 12 months, though this level has dropped off over the past few months due to slower than usual winter sales. Median sales prices continue to stay in the \$173K - \$178K range.

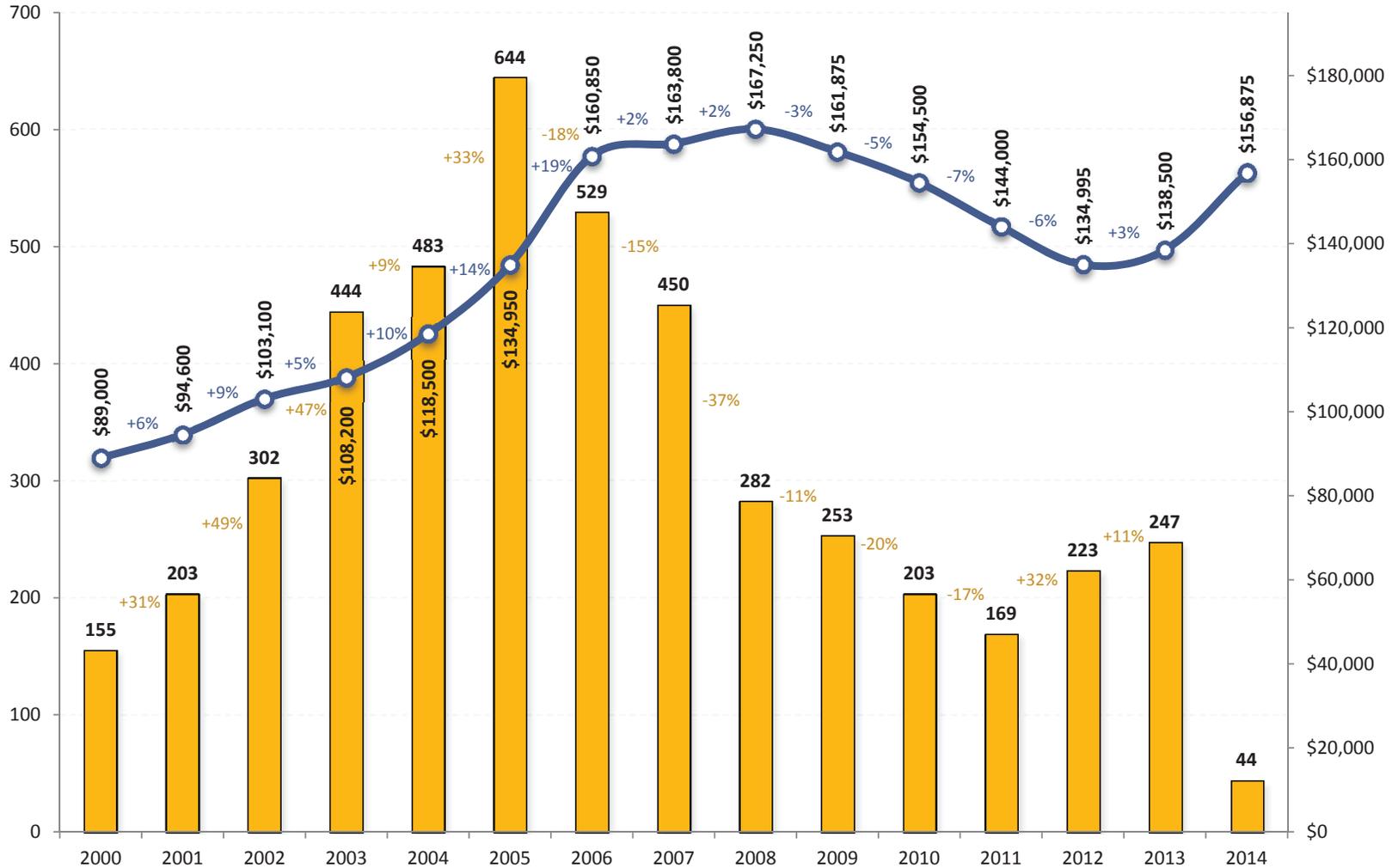
Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes



Single family home sales surge past 2012 levels. The single family home market in Harrisonburg and the Rockingham County is recovering quite nicely (in most ways) compared to the overall market. Looking at all of 2013, there was a 20% increase in single family home sales as compared to 2012 sales levels. During this

time, however, median sales prices actually declined 1%, after having shown a 6% improvement between 2011 and 2012. Year-to-date in 2014, however, we have seen a decline in median sales prices. Hopefully that trend will reverse itself as we get into the Spring and Summer real estate market.

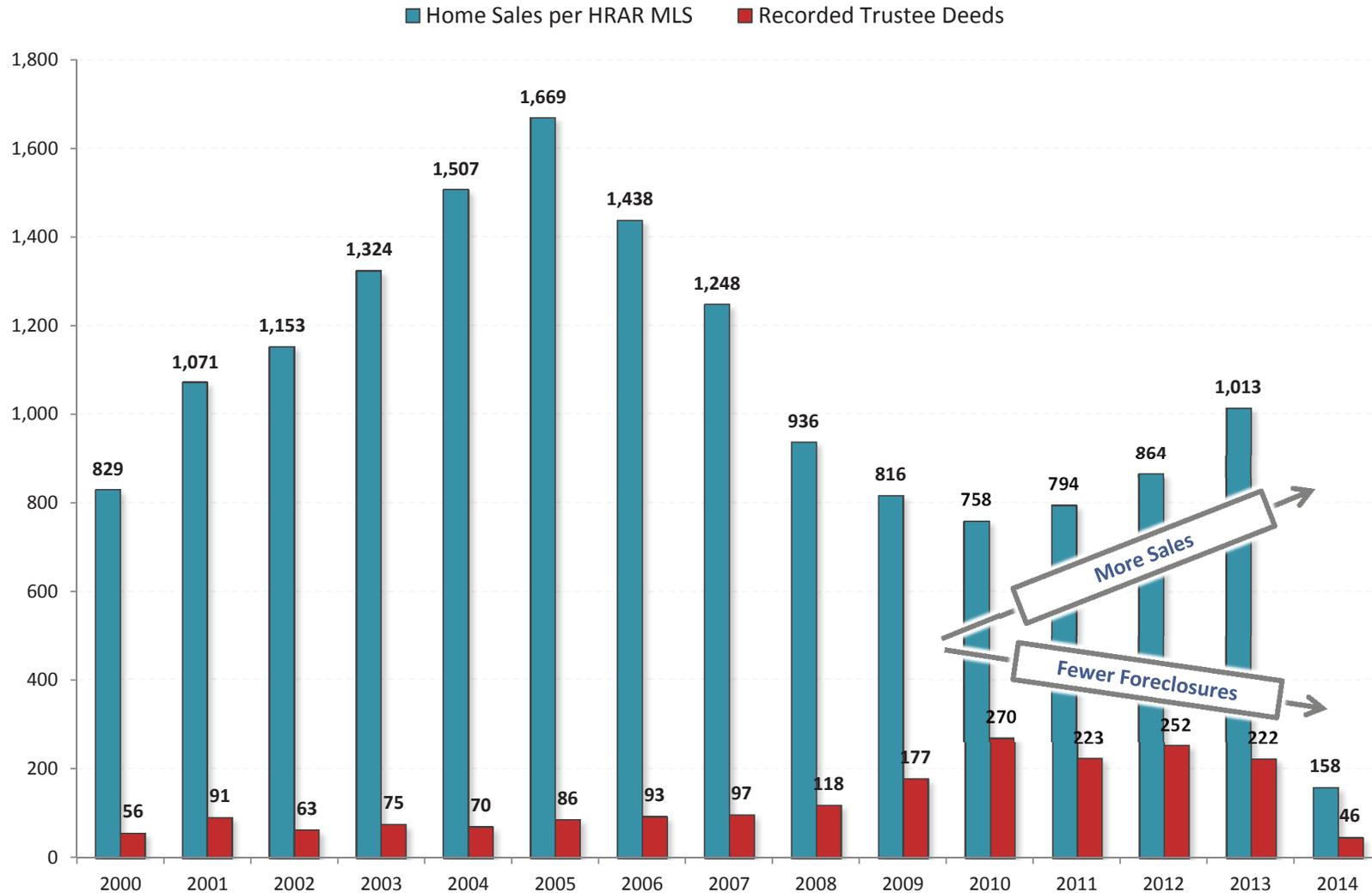
Harrisonburg & Rockingham County Home Sales & Price Trends Duplexes, Townhomes & Condos



Townhouse sales picking up pace. After six years of rapid declines in the pace of townhouse sales in Harrisonburg and Rockingham County, the pace of sales finally rebounded in 2012 with a 32% increase in the pace of sales. This increase continued in 2013, with an 11% increase in the pace of sales, which was accompanied by a 3%

increase in the median sales price of these properties. This analysis shows the compilation of duplex, townhouse and condominiums sales, and it seems that this segment of our local market has recovered nicely over the past 12 months and is poised for further growth (especially in price) during 2014.

Harrisonburg & Rockingham County Home Sales vs. Trustee Sales

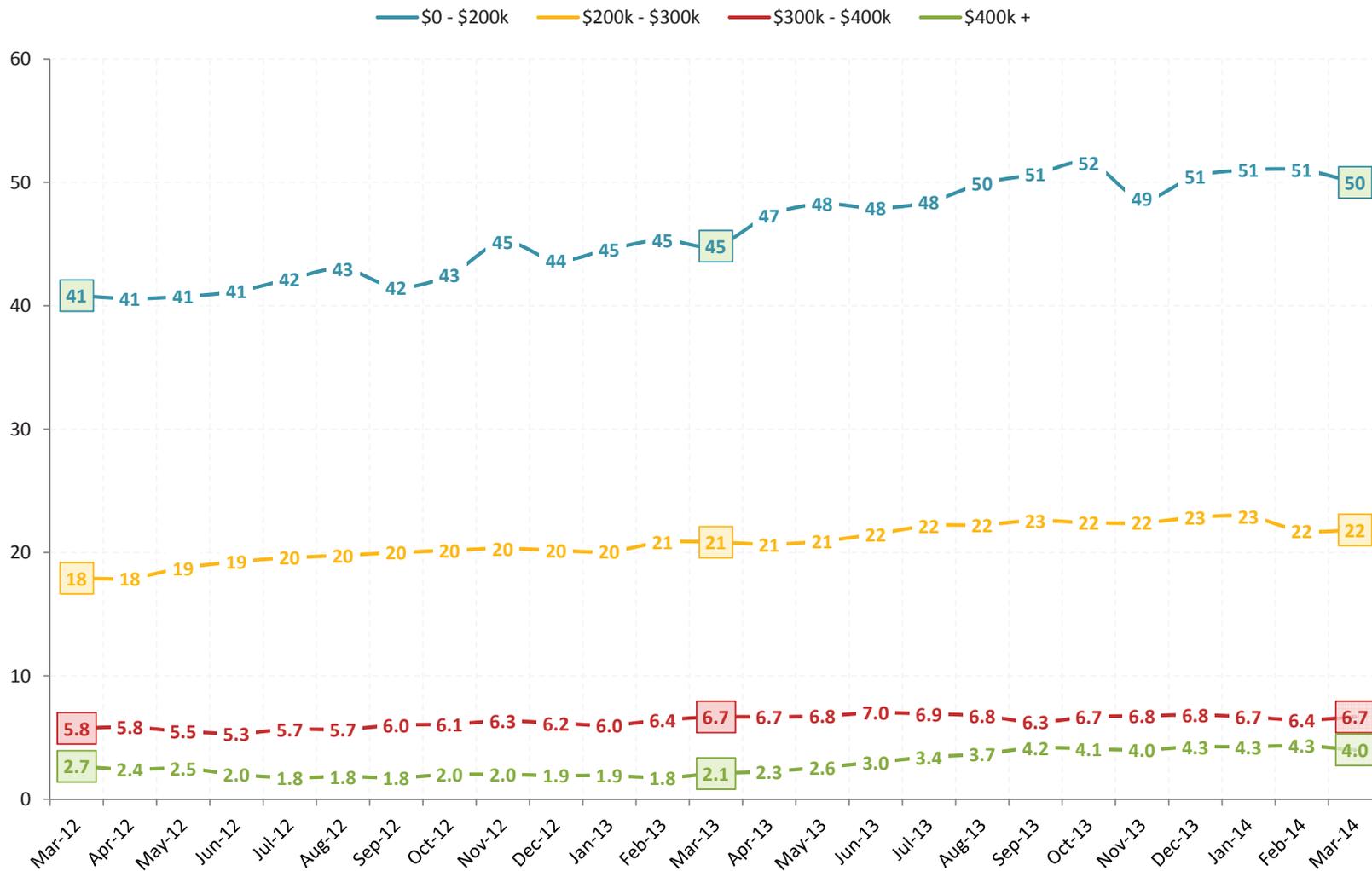


Foreclosures decline in 2013. The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales (without a Realtor), nor new home sales directly from a builder. The red bars show

the number of Trustee Deeds. Some foreclosed properties then show up again as REO properties. The foreclosure rate in 2013 is definitely lower as it was in 2012, as there were 3.4 times as many home sales as foreclosures during 2012 and 4.6 times as many home sales as foreclosures in 2013.

Harrisonburg & Rockingham County Home Sales by Price Range

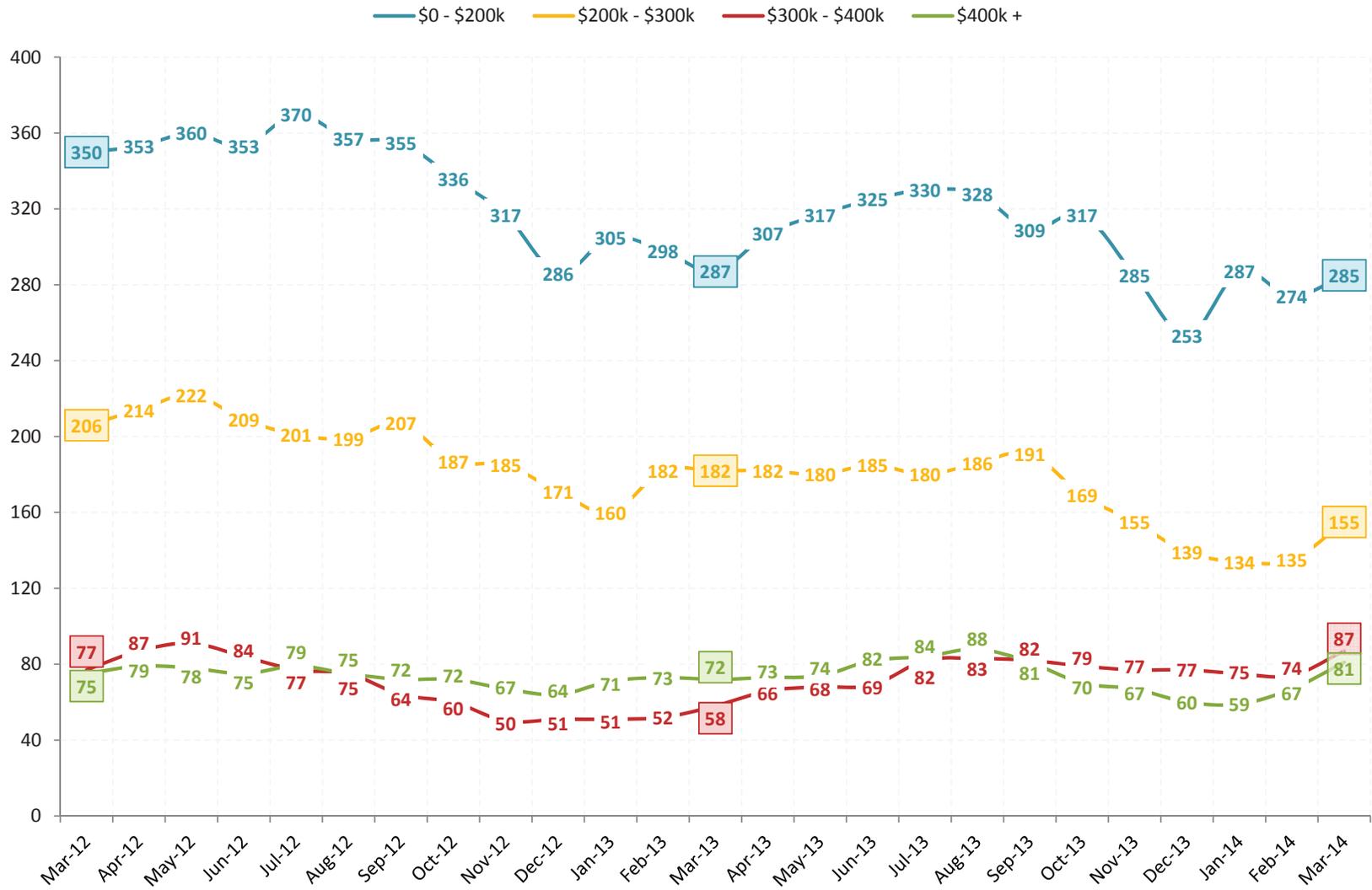
(Average of Past 12 Months)



Recovery evident in all 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 have increased in all price ranges over the past two years, though some price ranges have shown more significant growth than others. The fastest recovery seen over the past 12 months has been in \$400K+ homes, which have shown a 90% improvement in the pace of sales.

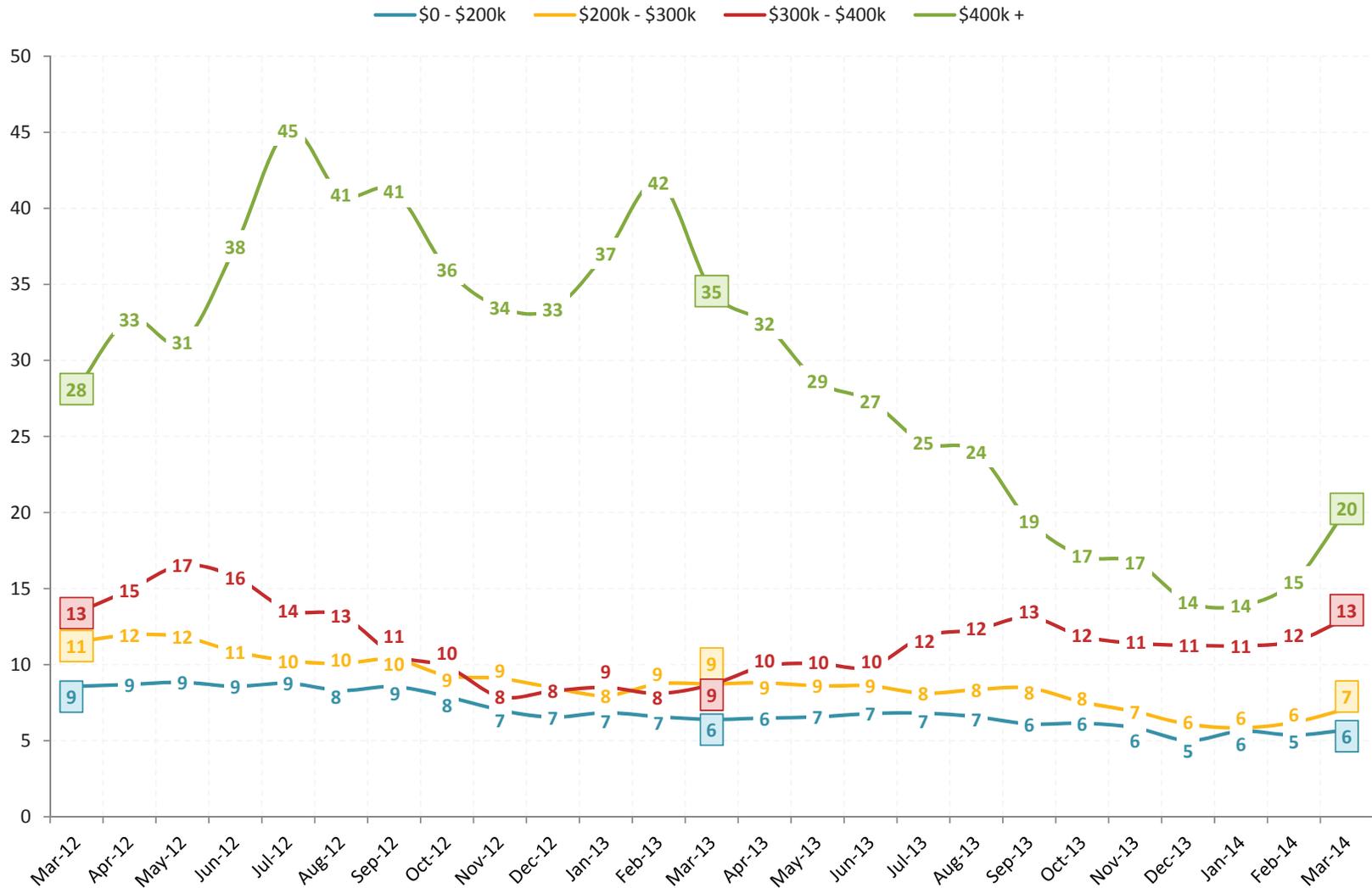
Harrisonburg & Rockingham County Inventory Levels by Price Range



Inventory levels rise in most price segments. Inventory levels have risen over the past year in the upper price ranges (\$300K+), are stable in the under \$200K segment of the market, but have fallen significantly in the \$200K - \$300K segment of the market. We are likely to see increase in listing inventory in all segments of

the market as we continue through the Spring and Summer, but thus far, there seems to be the most pressure on the \$200K - \$300K segment of the market, where inventory levels have dropped 15% over the past year.

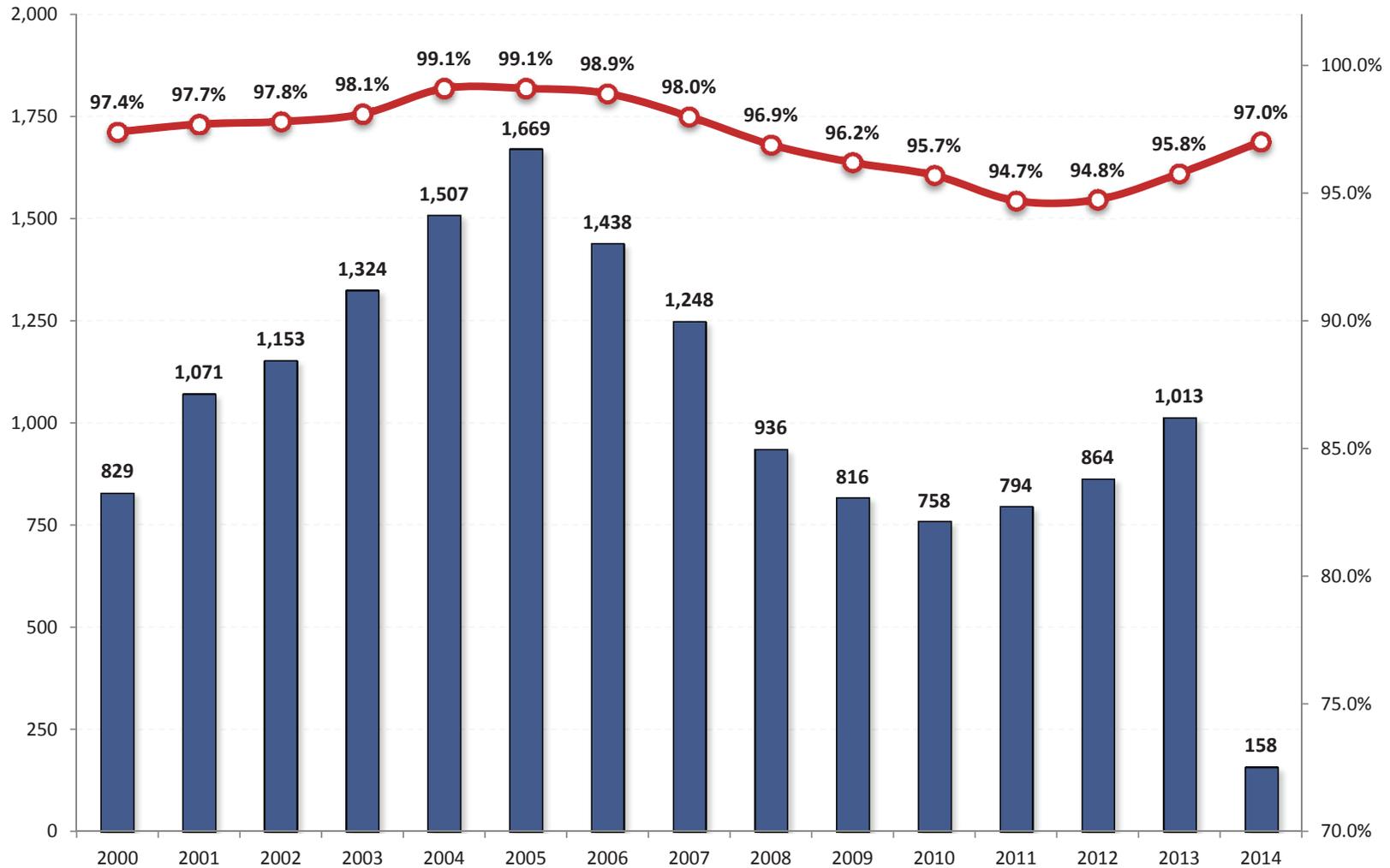
Harrisonburg & Rockingham County Months of Housing Supply by Price Range



Housing supply more stable in lower 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 most price ranges our local real estate market. The graph above illustrates that it would take 20 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 month supply to be a balance between buyers and sellers, and we have finally reached that balance (now or recently) in the under \$200K, and \$200K - \$300K price range.

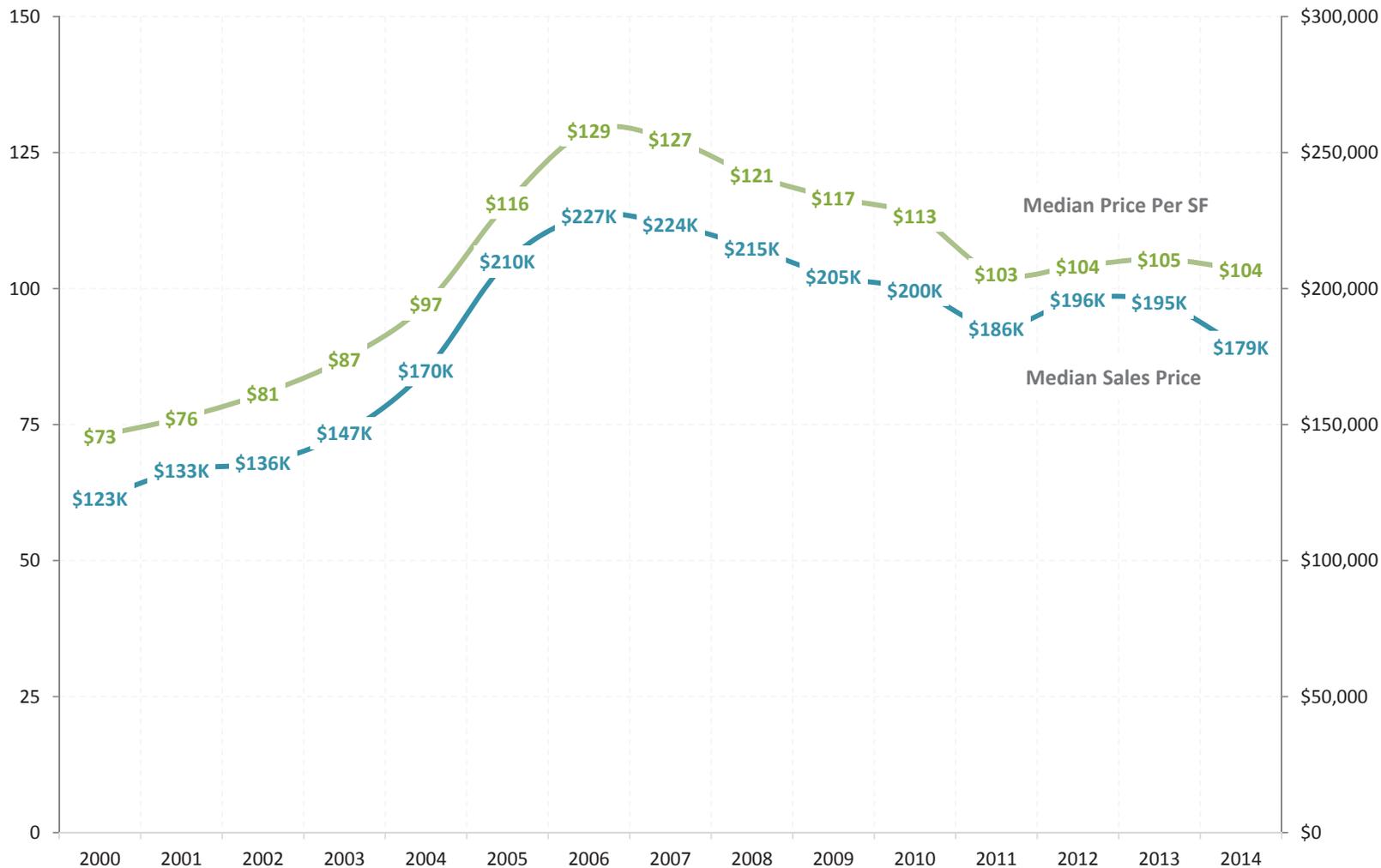
Harrisonburg & Rockingham County
List Price to Sales Price Ratio
 within the context of Home Sales Pace



Buyers seeing less negotiating room. 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. Since 2011, buyers have negotiated an average of 3.0% - 5.3% off of the (last) list price of houses for sale. As the market recovers, we will likely see this ratio start to increase again as it did in 2013. We have now, for the first time since 2007, seen this ratio increase to 97%.

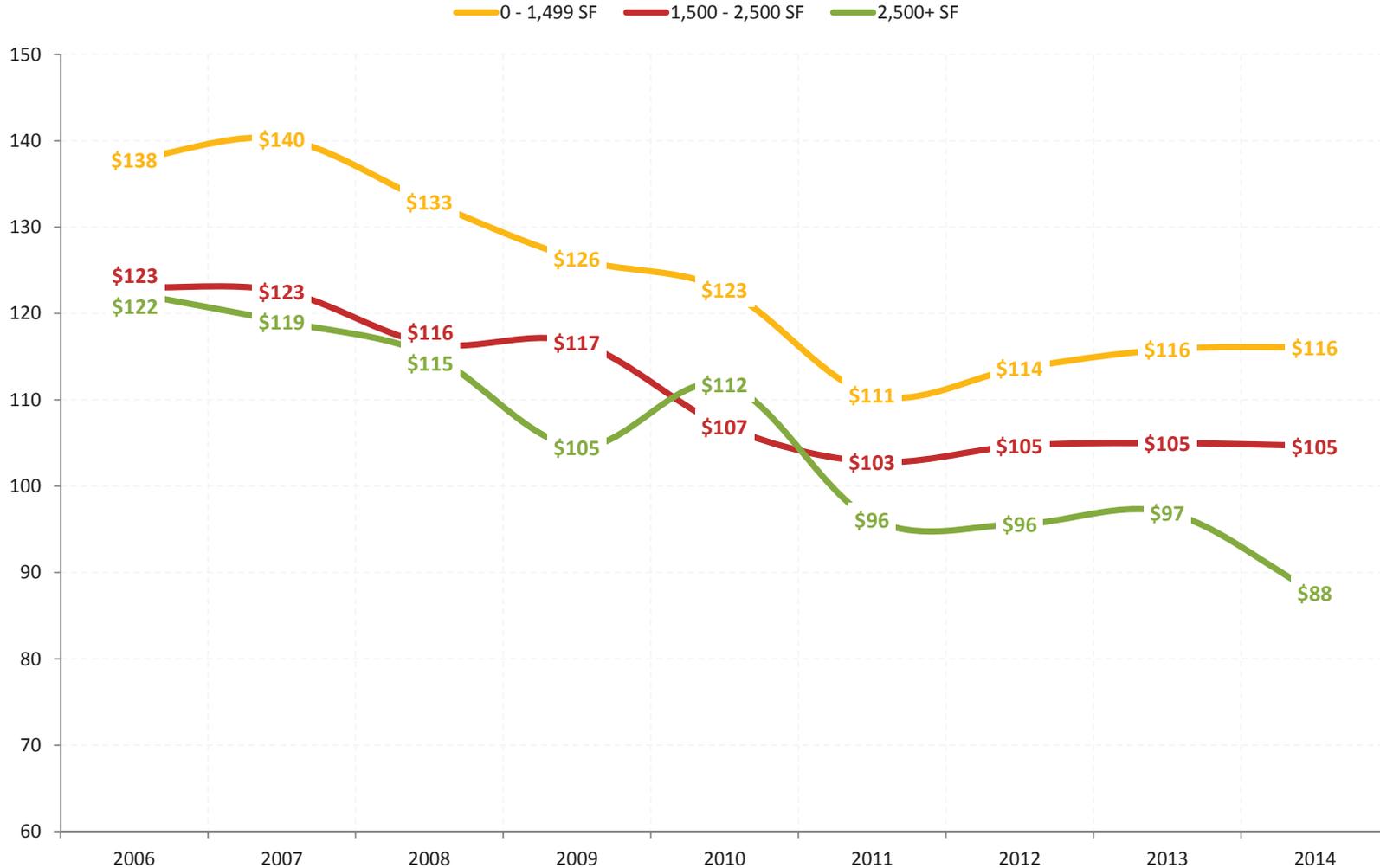
Harrisonburg & Rockingham County Median Price Per Square Foot Trends Single Family Homes



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.

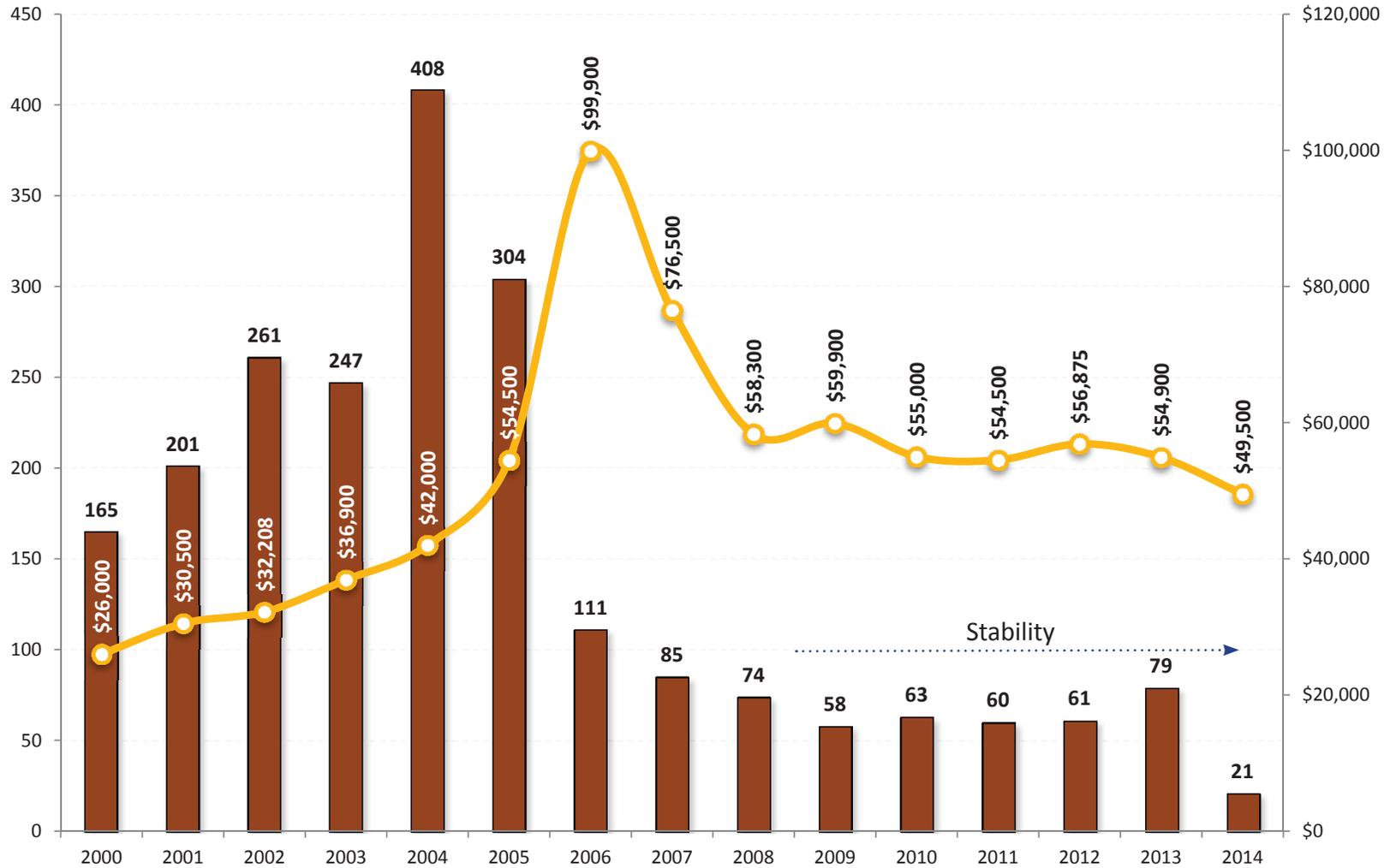
Harrisonburg & Rockingham County
Median Price Per Square Foot by Home Size
 Single Family Homes



Prices decline slightly in most 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 (\$88/SF) than homes that offer less than 1500 SF (\$116/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.

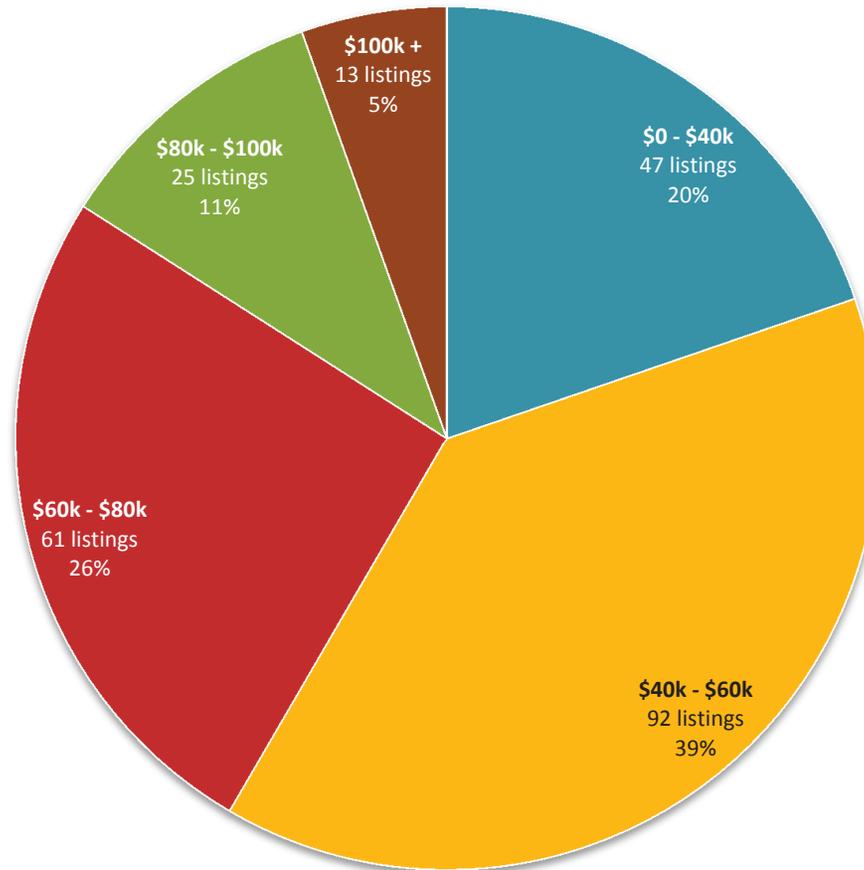
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



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 79 lot sales (of less than an acre) for each of the past six years (2008-2013). The median sales

price of these lots under one acre also appears to be stabilizing between \$50,000 and \$60,000. Looking towards 2014, it seems likely that we will see between 75 and 100 sales of this type and size of property.

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

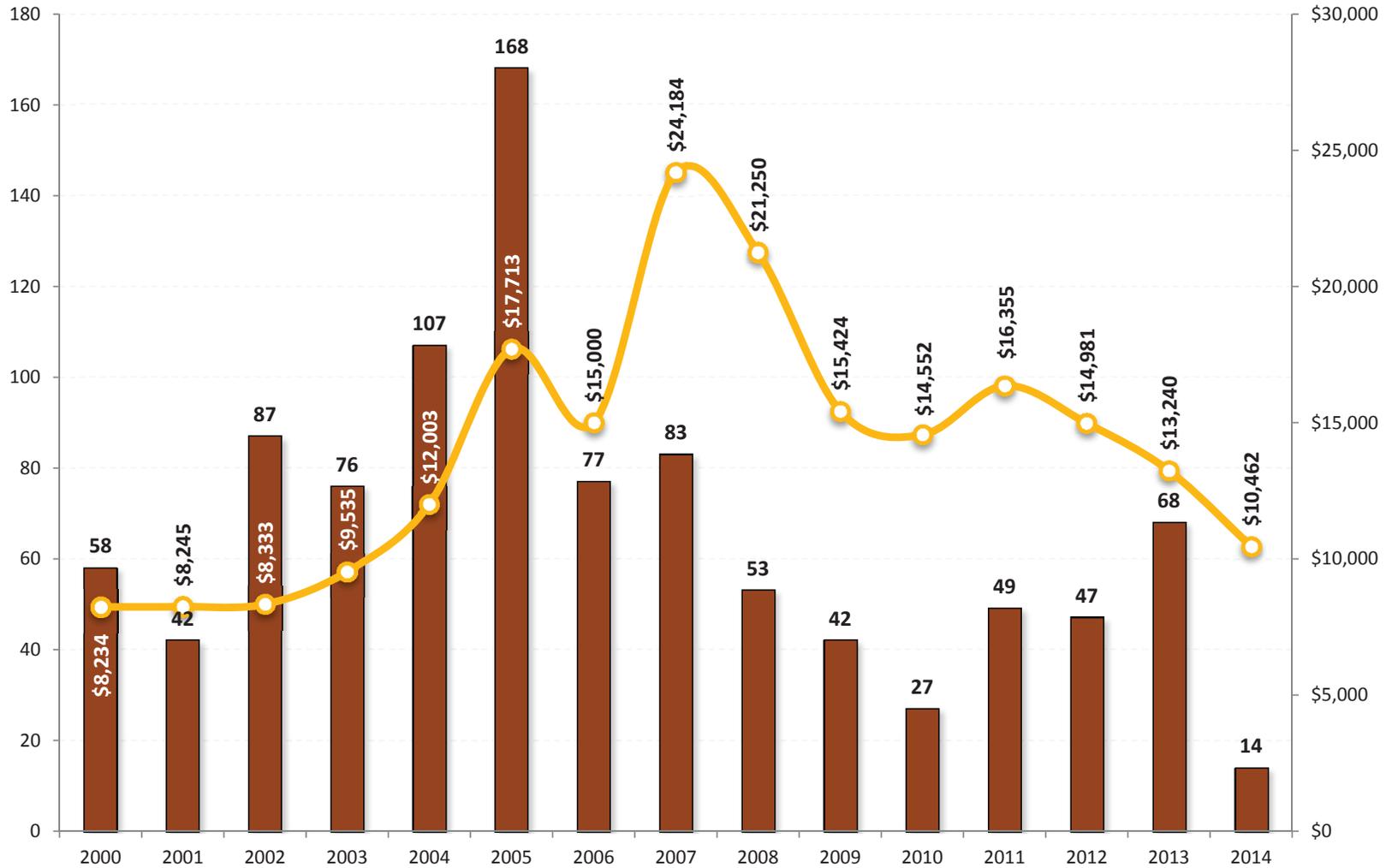


238 Active Lot Listings; Median List Price: \$57,500

Many (many) building lots for sale. Despite the fact that only 79 lots (of less than an acre) sold in all of 2013, there are a remarkable 238 lots currently for sale. Some sanity exists in this listing market, however, as the median list price of lots for sale (\$57,500) is very similar to the 2013 median sales price of \$54,900. Given last year's

79 lot sales, if no other lots were listed for sale, it would take 3 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, 2013) median sales prices.

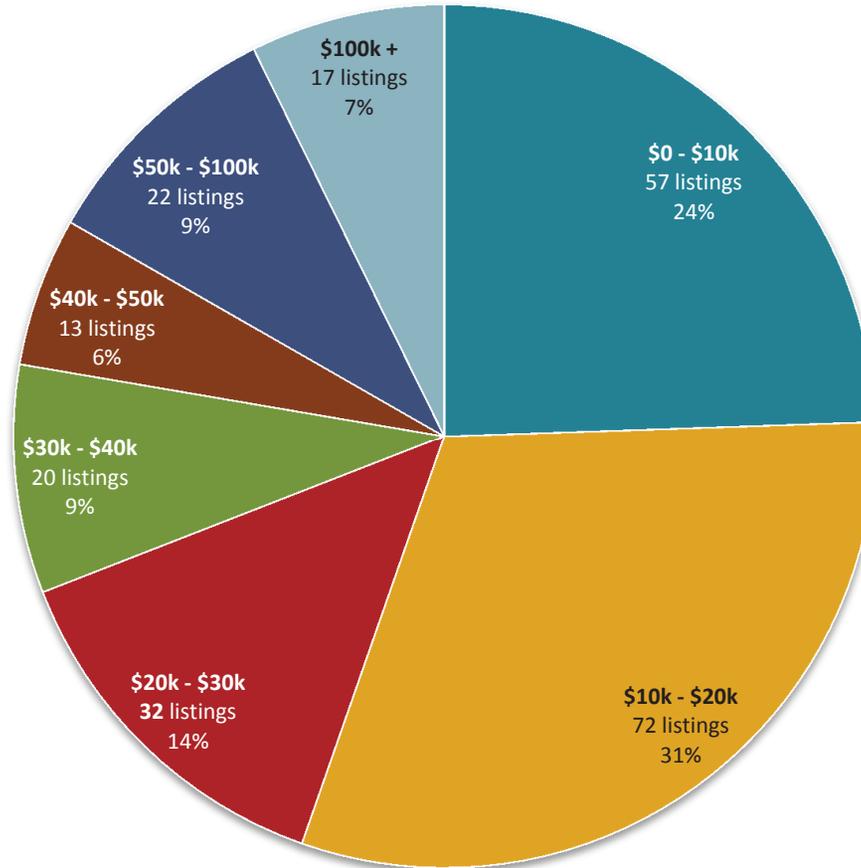
Harrisonburg & Rockingham County
Land Sales & Median Price Per Acre
 1 acre or more



Larger lot sales mostly stable between 2008 and 2013. Parcels of land larger than one acre in Harrisonburg or Rockingham County sold quite quickly in 2013 as compared to the past five years. We are still not approaching the number of land sales that we saw in record breaking years such as 2004 and 2005, but 2013 has

been a significant improvement with 68 land sales. The median price per acre of lots over 1 acre in size has fallen quite a bit over the past two years, from \$16,355 per acre to \$13,240. The lower (\$10,462) median price per acre in 2014 is likely a result of only a small number of lots selling thus far.

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

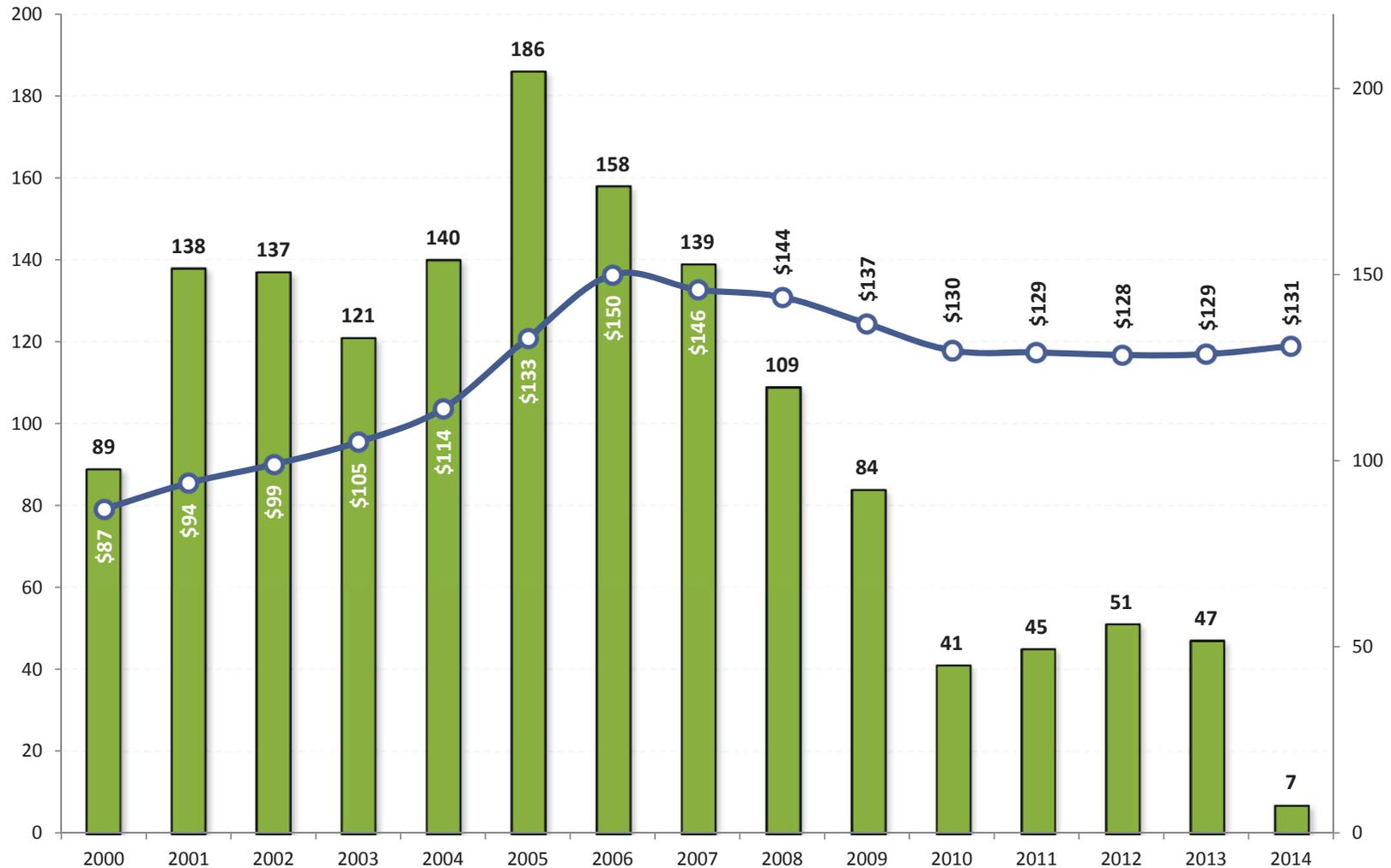


233 Active Land Listing; Median List Price: \$18,633 / Acre

High (really high) levels of lot inventory. Despite the fact that only 68 parcels of land (of one acre or more) sold in all of 2013, there are a remarkable 233 parcels of land currently for sale. Furthermore, despite the fact that the median sales price of land is hovering around \$13,000 per acre, the median list price of the 216 parcels

for sale is currently \$18,633 per acre. Given last year's 68 land sales, if no other land is listed for sale, it would take 3.4 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.

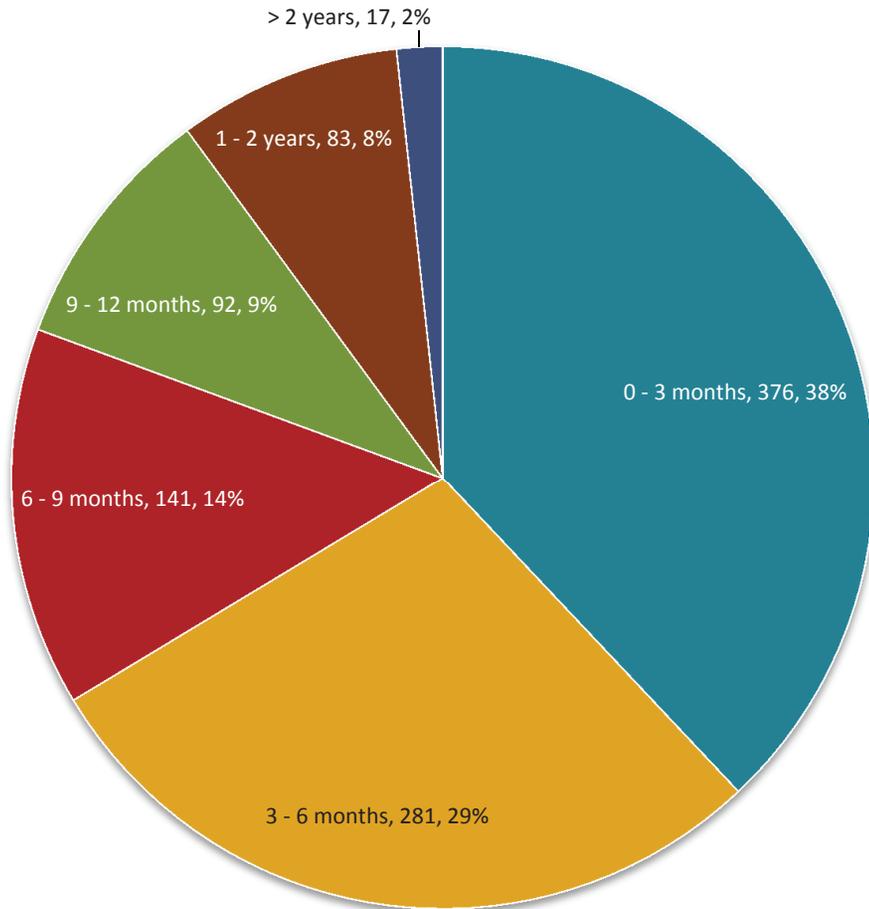
Harrisonburg & Rockingham County
New Construction Single Family Home Sales Trends
 Number of Sales, Median Price Per Square Foot



New home sales, prices relatively stable. New home builders experienced a slight increase in the pace of new home sales between 2010 and 2012 -- after steady declines since 2005. These increases (41 to 45 to 51) in sales pace, however, still leave plenty of room for improvement. The number of new (single family) home

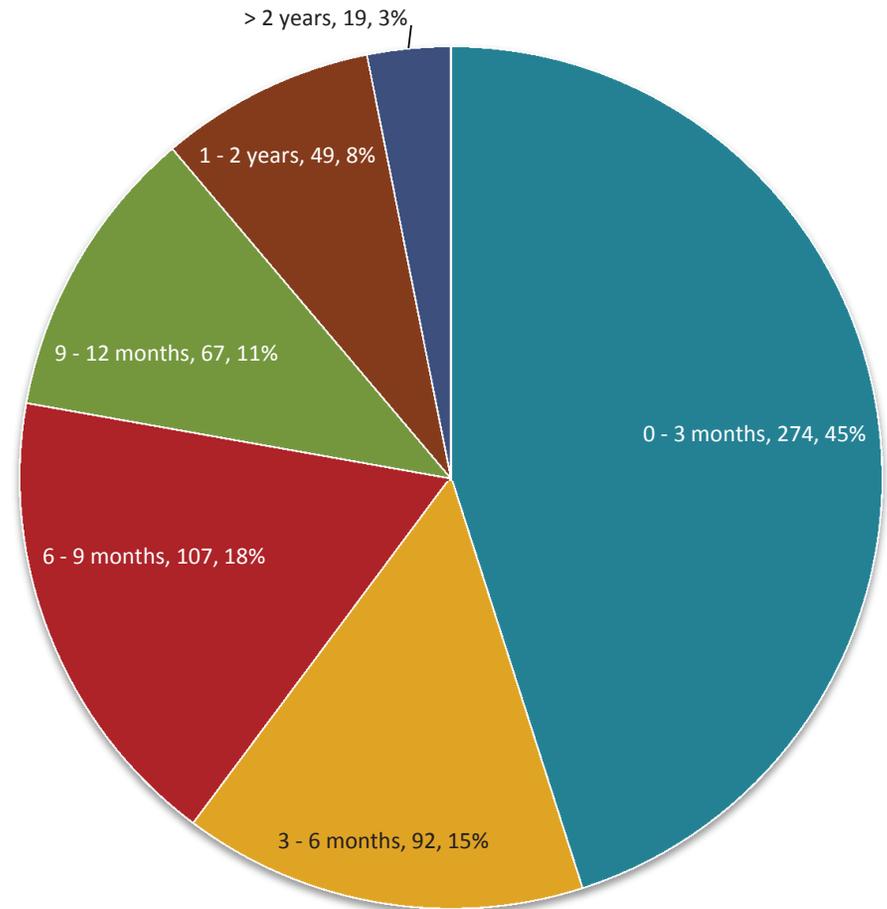
sales declined again in 2013 to 47 sales. The median price per square foot now seems to have stabilized around \$130/SF last year, where it has been for the past four years. As the inventory of re-sale homes slims down, the sales of new homes should slowly start to increase.

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



Median Days On Market: 118

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

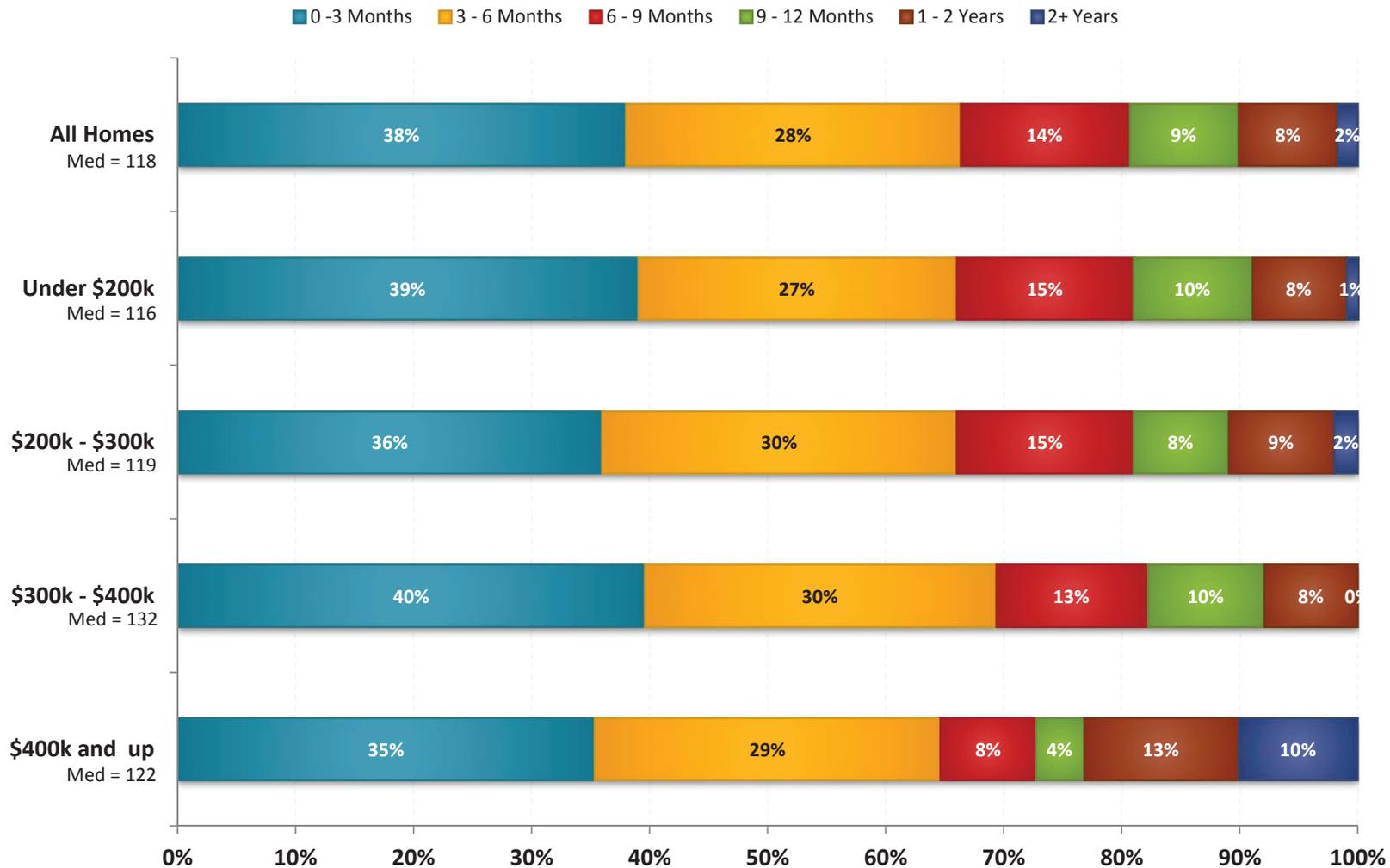


Median Days On Market: 128

Days on market relatively low amongst many homes that actually sold. Despite high inventory levels, and low numbers of buyers in the market, the homes that are actually selling are selling rather quickly. In fact, more than 1 out of 3 homes (38%) that sells closes less than 90 days after being listed for sale. Include with that those

that close in the next 90 days (29%) and we find that an amazing 67% 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

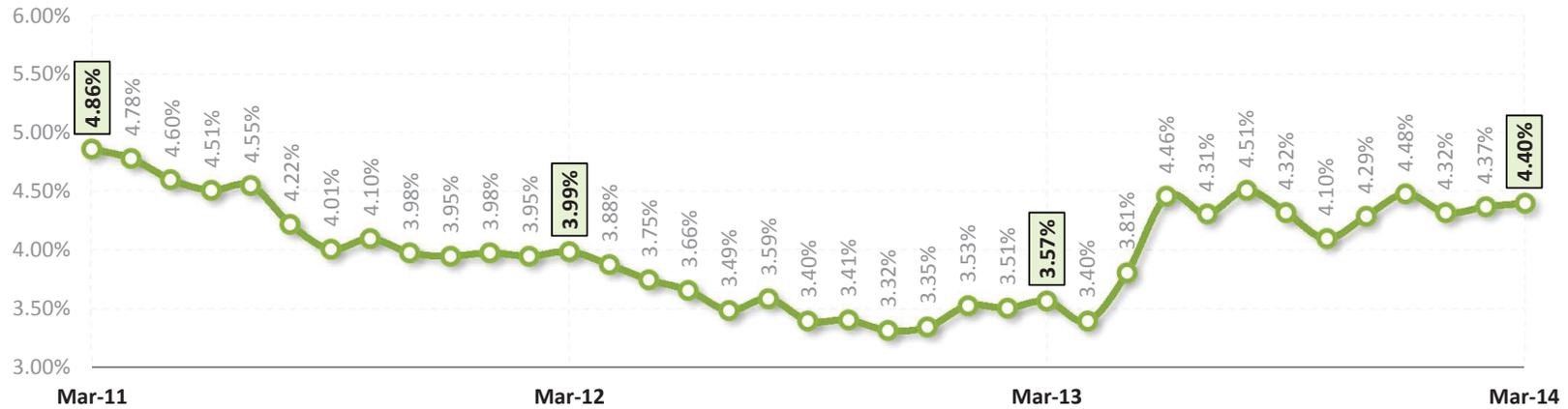


Sales pace varies by price range. The time that it takes to sell a home in today's market varies based on the price range of the home in question. For example, the median days on market for homes under \$200K is 116 days -- a good bit lower than the median of 132 days for homes between \$300K and \$400K. The difference

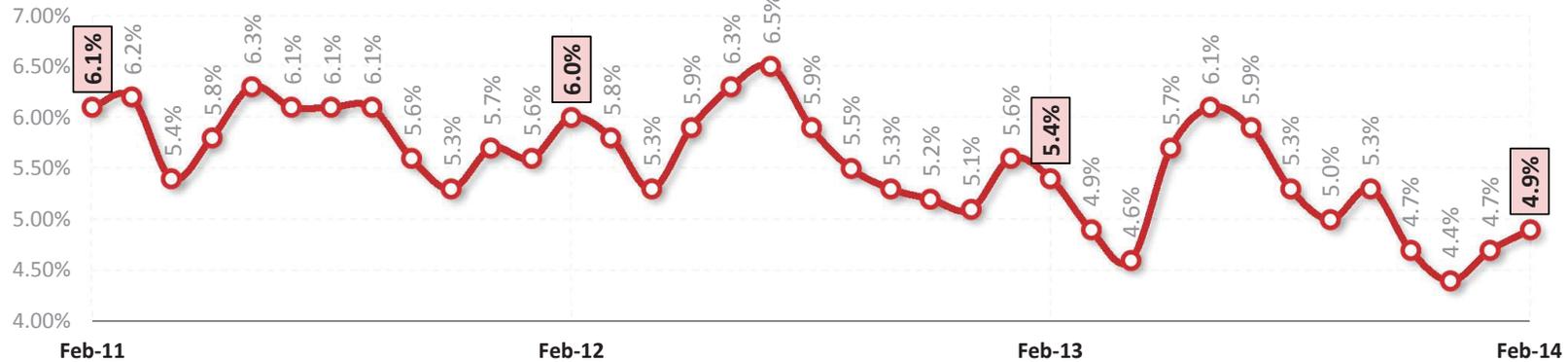
in median values between price ranges is also indicative of market challenges for higher priced listings. A full 23% of homes that sold over \$400K in the past year took one year or longer to do so.

Average 30-Year Fixed Mortgage Interest Rate

Source: Freddie Mac



Harrisonburg-Rockingham MSA Unemployment Rate Not Seasonally Adjusted



Mortgage interest rates steady, unemployment rates up a bit. As shown in the top graph above, home buyers have seen several increases in interest rates on 30-year fixed rate mortgages over the past six months, but they have remained between 4% and 4.5% for more than six months now. The second graph above illustrates

trends in the local unemployment rate -- which increased in January and February to its current level of 4.9%, which is still considerably lower than any of the previous three months of February. A stable local job market and relatively low long-term interest rates are certainly helping our local real estate market to stabilize and grow.

Scott P. Rogers, Associate Broker



Scott P. Rogers, 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 condo 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.

Scott serves on the Board of Directors for the Shenandoah Valley Builders Association, Harrisonburg Children's Museum and the James Madison University Alumni Association. Tambien, Scott habla espanol, y puede ayudar gente y familias quien quisiera utilizar un Realtor bilingue. Si usted necesita servicio en espanol, llamar a Scott. Scott puede ayudarle a comprar o vender casas.

In 2010, 2011, 2012 and 2013 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:

SCOTT P. ROGERS, Associate Broker
540-578-0102 (mobile)
scott@HarrisonburgHousingToday.com



Local Online Real Estate Resources

Central Shenandoah Valley Property Search
ScottPRogers.com

Mobile Real Estate Apps
HarrisonburgApps.com

Monthly Real Estate Market Reports
HarrisonburgHousingMarket.com

Ongoing Housing Market Analysis & Commentary
HarrisonburgHousingToday.com

Comprehensive Data on Harrisonburg Townhouse Communities
HarrisonburgTownhouses.com

Analysis of Property Assessments
HarrisonburgAssessments.com

New Construction Homes For Sale
HarrisonburgNewHomes.com

Half Million (plus) Homes in Harrisonburg, Rockingham County
HarrisonburgLuxuryHomes.com

Most Recent Listings in Harrisonburg, Rockingham County
NewListingsInHarrisonburg.com

Trustee Sales in Harrisonburg & Rockingham County
HarrisonburgForeclosures.com

Bank Owned Properties in Harrisonburg & Rockingham
HarrisonburgREO.com

Potential Short Sales in Harrisonburg & Rockingham County
HarrisonburgShortSales.com

Owner Financed Properties in Harrisonburg & Rockingham County
HarrisonburgOwnerFinancing.com

Lease/Purchase Properties in Harrisonburg & Rockingham County
HarrisonburgLeasePurchase.com

Property Transfers in Harrisonburg & Rockingham County
HarrisonburgPropertyTransfers.com