



JANUARY 2015 Harrisonburg & Rockingham County Real Estate Market Report



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

2014 YEAR IN REVIEW



Home
Sales



Median
Sales Price



Median Days
on Market



Inventory
Levels

HOME SALES REPORT

Harrisonburg & Rockingham County

January 8, 2015

# Home Sales	2011	2012	2013	2014	% Change ('13 - '14)
December	79	56	87	92	5.75%
Year-To-Date (Jan-Dec)	794	865	1,013	1,041	2.76%

Median Sales Price	2011	2012	2013	2014	% Change ('13 - '14)
December	\$169,900	\$180,000	\$172,000	\$179,750	4.51%
Year-To-Date (Jan-Dec)	\$174,000	\$175,000	\$176,000	\$179,500	1.99%

Average Sales Price	2011	2012	2013	2014	% Change ('13 - '14)
December	\$187,406	\$194,578	\$187,589	\$202,848	8.13%
Year-To-Date (Jan-Dec)	\$195,068	\$193,610	\$199,181	\$203,612	2.22%

Median Days on Market	2011	2012	2013	2014	% Change ('13 - '14)
December	145	151	103	122	18.45%
Year-To-Date (Jan-Dec)	148	143	120	119	-0.83%

December 2014 home sales exceeded levels seen during the past three months of December, which brought the year-to-date pace of home sales up 2.76% to an annual pace of 1,041 home sales. Looking at 2014 as a whole, the median sales price increased 2% to \$179,500 and the average sales price increased 2% to \$203,612.

The time it took to sell a home in 2014 (median of 119 days) did not significantly change as compared to last year when it took a median of 120 days to sell a home. The local housing market has now experienced three years in a row of growth in the number of homes selling each year.

HOME SALES REPORT :: BY AREA

	City of Harrisonburg			Rockingham County		
# Home Sales	2013	2014	% Change	2013	2014	% Change
December	38	29	-23.68%	49	63	28.57%
Year-To-Date	379	355	-6.33%	634	686	8.20%

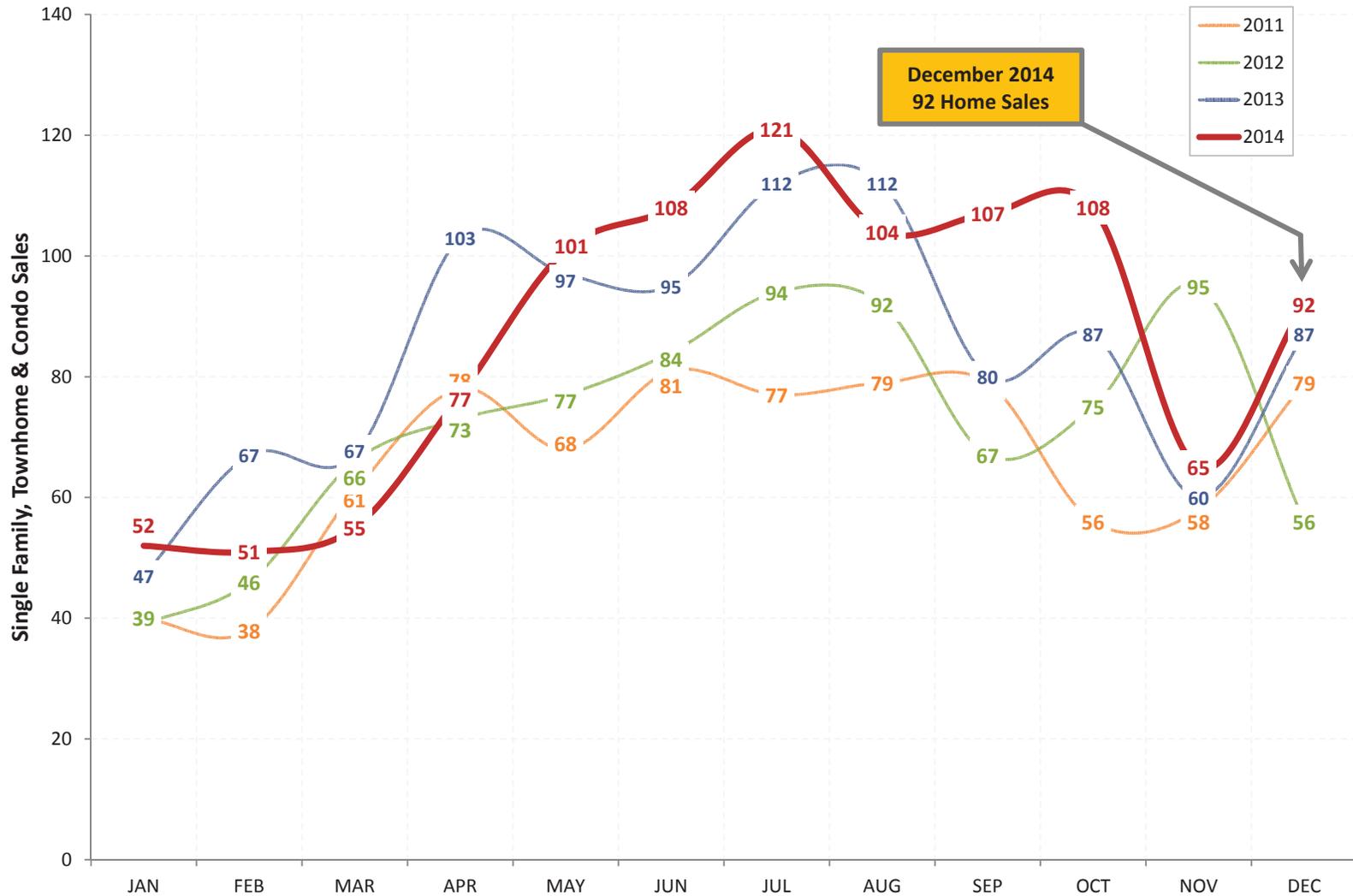
	City of Harrisonburg			Rockingham County		
Median Sales Price	2013	2014	% Change	2013	2014	% Change
December	\$147,750	\$188,500	27.58%	\$198,000	\$176,750	-10.73%
Year-To-Date	\$160,000	\$172,000	7.50%	\$190,000	\$185,000	-2.63%

	City of Harrisonburg			Rockingham County		
Median Days on Market	2013	2014	% Change	2013	2014	% Change
December	118	172	45.76%	89	115	29.21%
Year-To-Date	114	111	-2.63%	122	124	1.64%

If we dig a bit deeper into the sales data, looking at how the City and County are performing individually, the first thing we notice is that there has certainly been a decline in sales pace in the City (-6.33%) that was not seen in the County (+8.20%). Of interest, however, is that the median sales price is increasing (+7.50%) in the City,

while it is decreasing (-2.63%) in the County. These price trends are observed when comparing January through December sales data for 2013 and 2014. Homes in the City are selling more quickly (median of 111 days on the market) as compared to in the County (124 days).

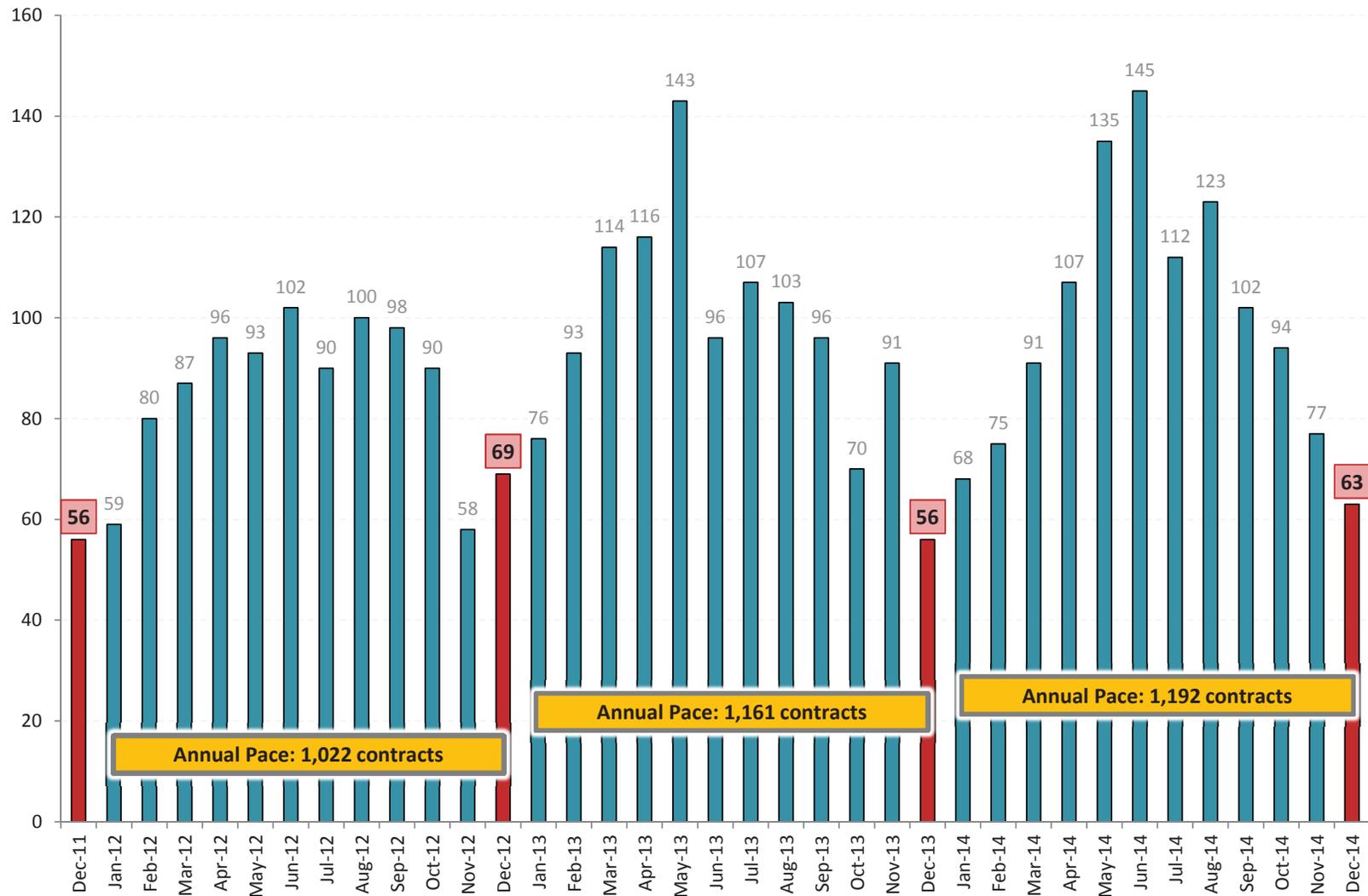
Harrisonburg & Rockingham County Month-By-Month Home Sales History



Looking back at the entirety of 2014, it was certainly a roller coast of a year. After a quick start in January (highest sales level in three years) the next three months (Feb-Apr) showed significantly slower than normal sales levels. The pace of sales accelerated into the Spring and Summer market, declined sharply in November (as

usual) and then peaked in December with the highest level of home sales seen in the past three years. As we look forward at 2015, we are likely to see slower home sales over the next three months (Jan-Mar) in the 40 to 60 sales per month range before we again hit the fast paced Spring market.

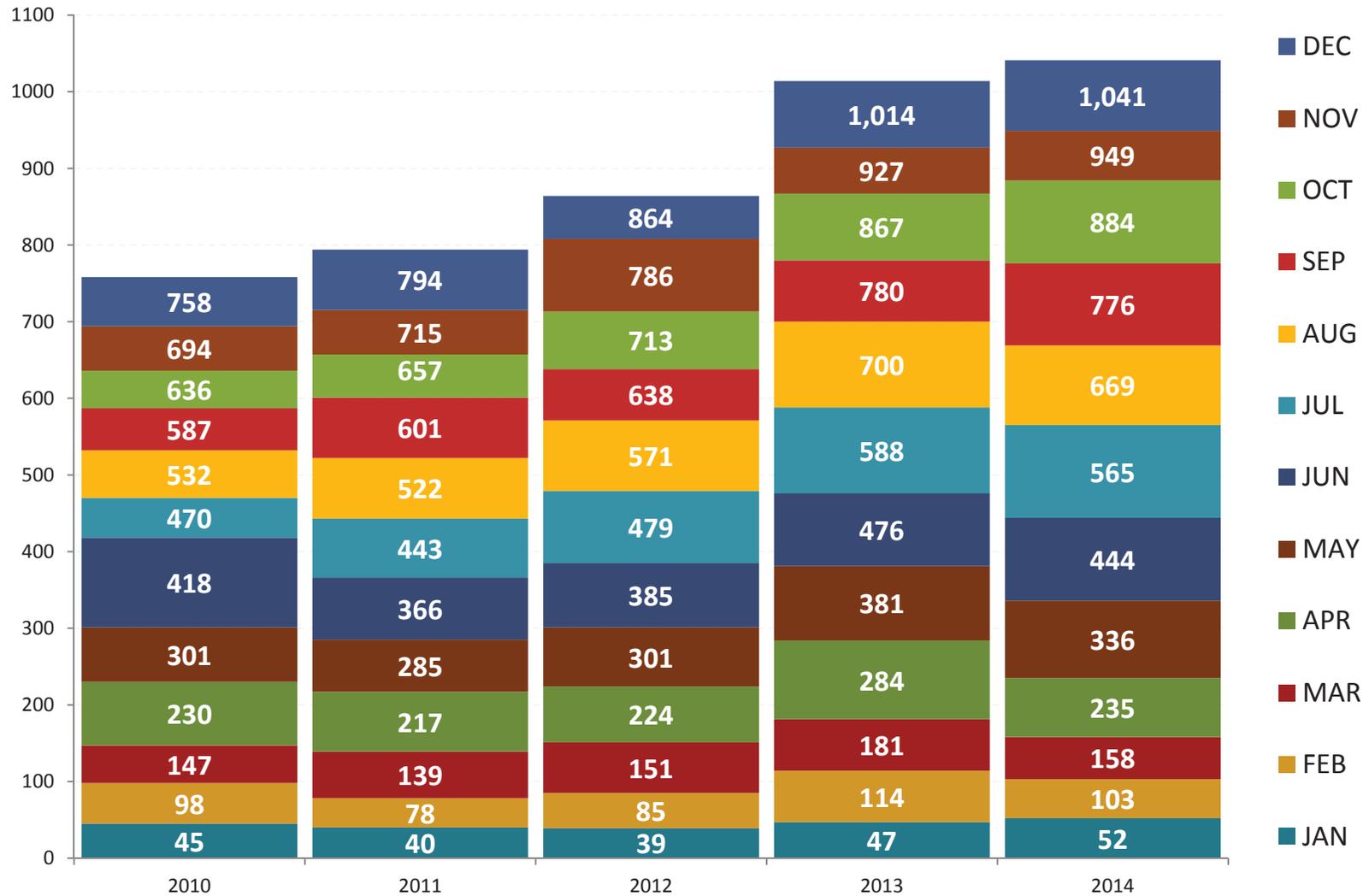
Harrisonburg & Rockingham County Buyers Per Month Committing to Buy Properties



The pace at which buyers are signing contracts to buy real estate is often an excellent indicator of the future sales performance of our local market. It is encouraging to see month by month increases in contract activity for nearly every month during 2014, and the year finished out with 1,192 contracts signed, as compared to only

1,161 contracts in 2013. Of note, we are currently at an annual pace of 1,192 contracts being signed, as compared to an annual pace of 1,041 closed sales. This would indicate that approximately 87% of contracts result in closed sales in our local market, or conversely, a contract has a 13% chance of falling apart before closing.

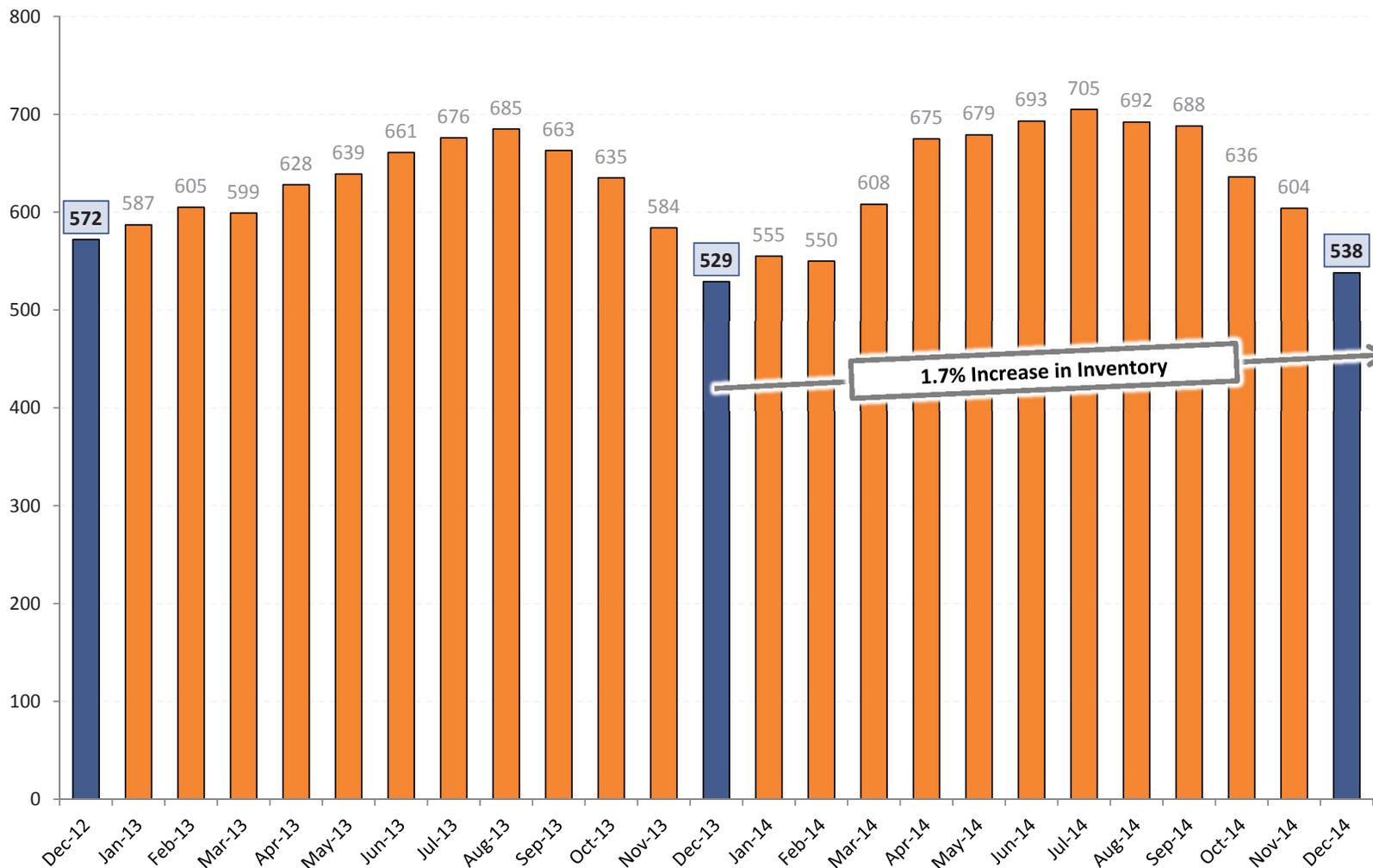
Harrisonburg & Rockingham County Monthly Cumulative Residential Sales



This pretty graph offers another way to look at the overall sales trends for the past few years in the Harrisonburg and Rockingham County housing market. To compare year-to-date figures at any point during the year, just look at how high the top of the any color segment compares to the same color in different years. This illustrates

that the YTD pace of home sales in 2014 was lagging behind 2013 for most of the year -- in fact all the way through September. It wasn't until we were reporting October sales that we finally saw a year-to-date increase in the pace of sales in the local market.

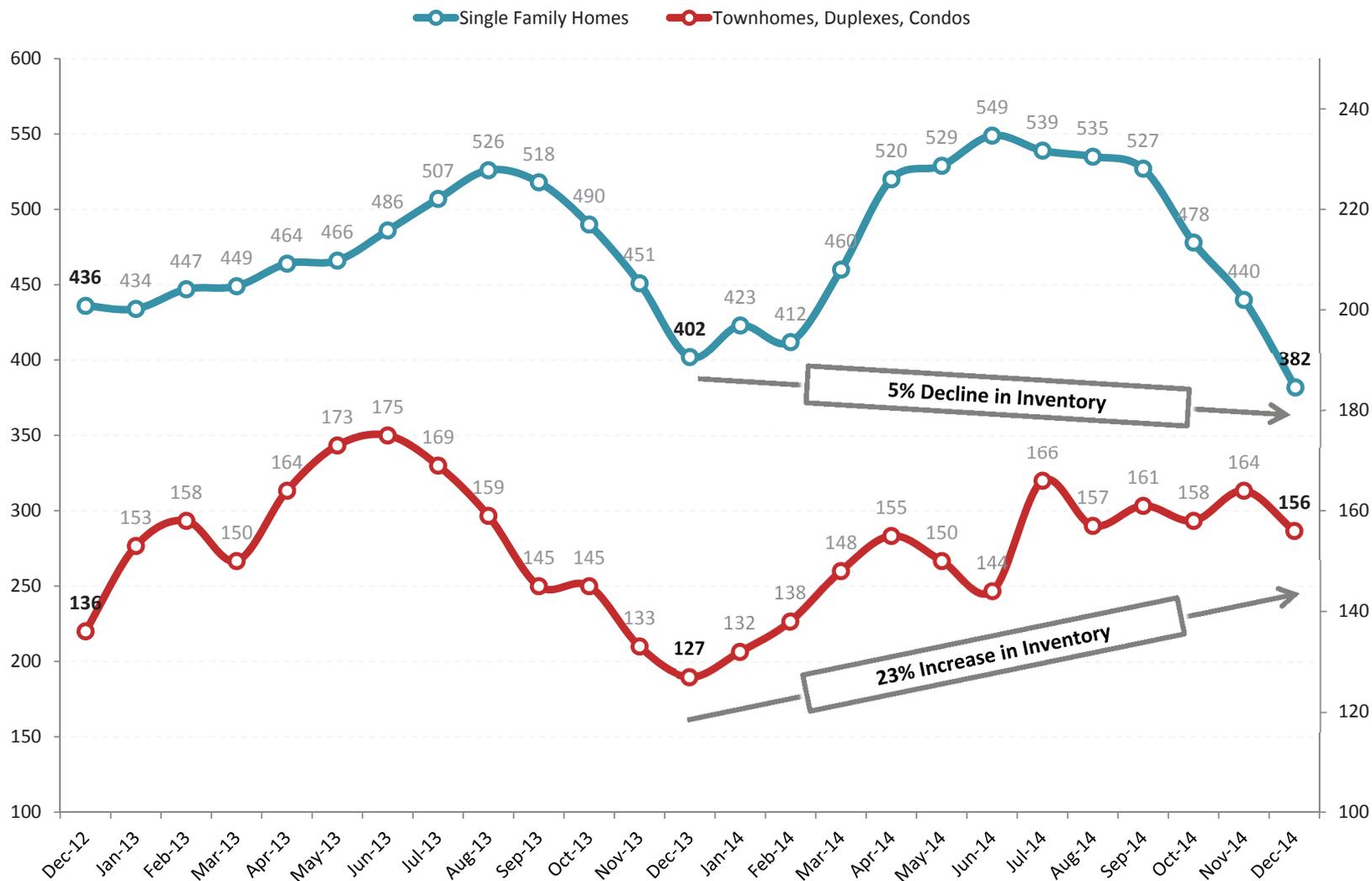
Harrisonburg & Rockingham County
Inventory Levels
 (end of month)



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 combined effect of many homeowners deciding to list their home for sale -- which be a big, significant,

weighty decision, but it is not always so. Some homes that are on the market have been listed for sale by sellers who are "testing the market" and as a result, inventory levels can shift more quickly than home sales trends. Inventory levels have been relatively stable over the past year, with a 1.7% year-over-year increase.

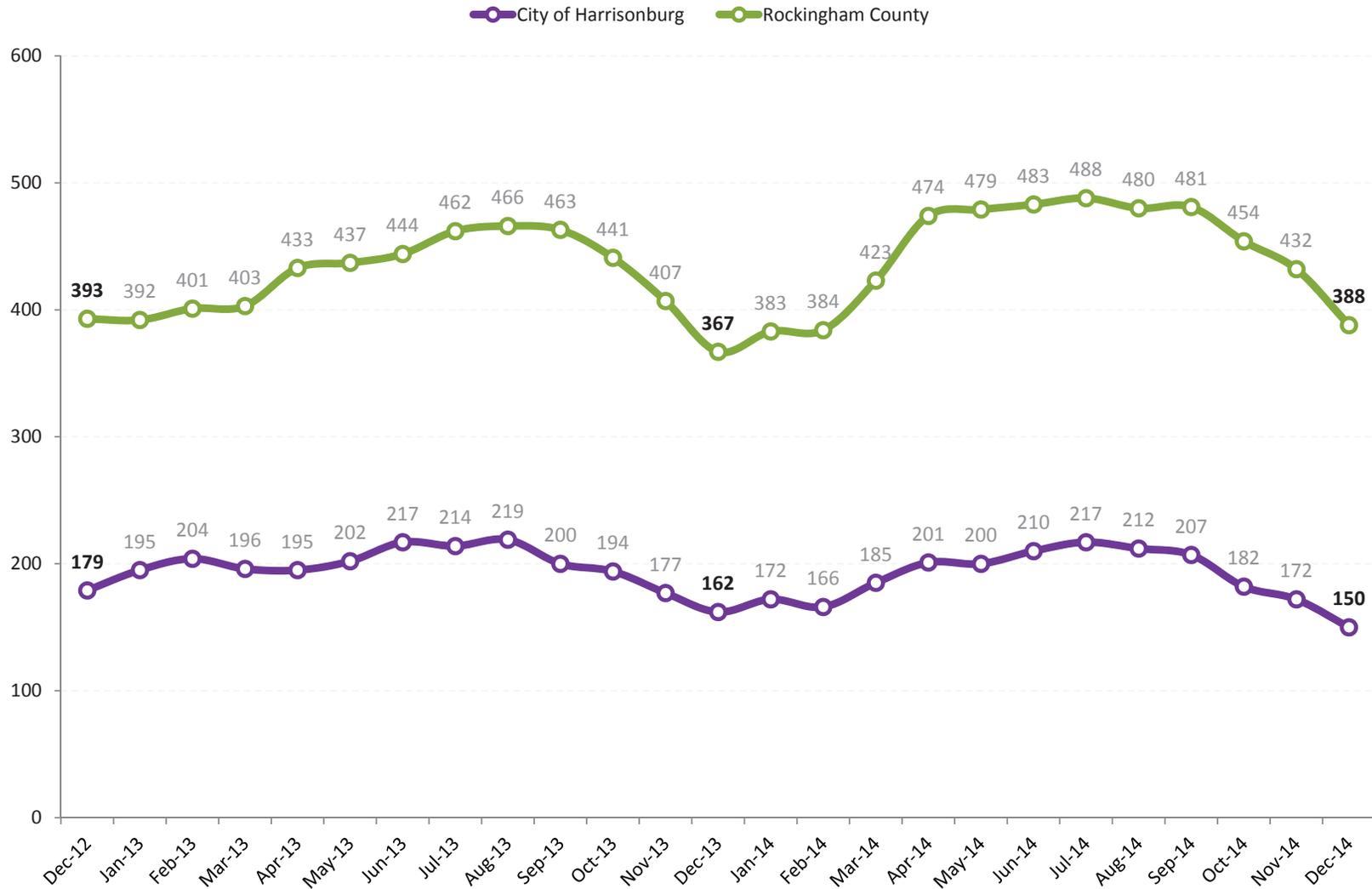
Harrisonburg & Rockingham County Inventory Levels by Property Type



This graph examines the differences in inventory levels over time when examining only single family homes as compared to attached dwellings (townhouses, duplexes, condos). Of interest, the number of single family homes for sale has declined by 5% from this same time of year last year -- while the number of townhouses, duplexes

and condos on the market for sale has increased 23%. If last year is any indication, the current inventory levels are likely the low point, and we should see steadily increasing inventory levels (in both property types) over the next few months.

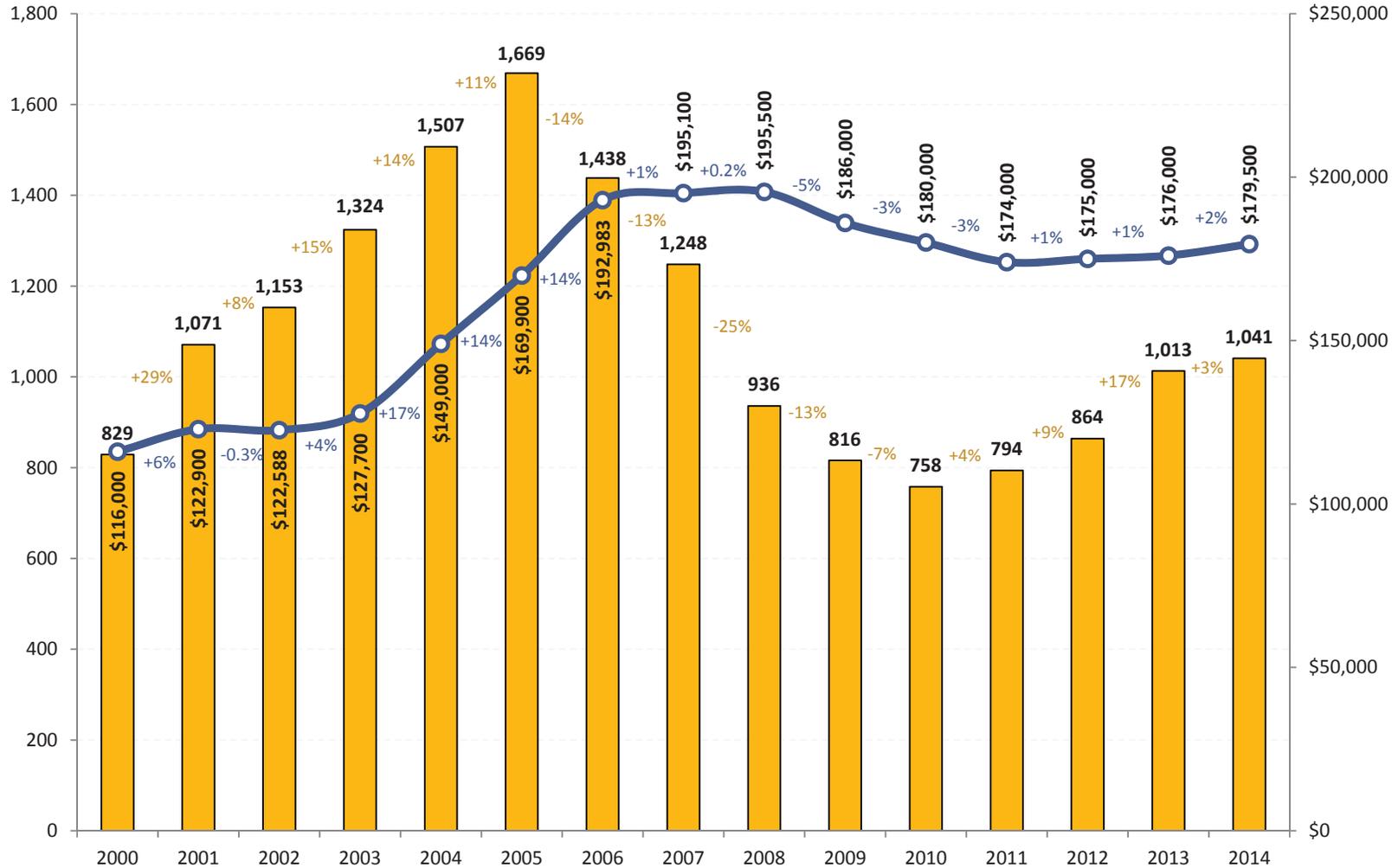
Harrisonburg & Rockingham County Inventory Levels by Property Location



Trends in inventory level currently seem to, for the most part, transcend the City / County divide. When looking only at inventory levels in the City, we see that there has been a small decline (-7.4%) in the number of properties for sale. In the County, there has been slight increase (+5.7%) in the number of homes for sale.

Despite relatively small changes in inventory levels in the City of Harrisonburg and Rockingham County over the past year, inventory levels in the County seem much more turbulent than in the City.

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

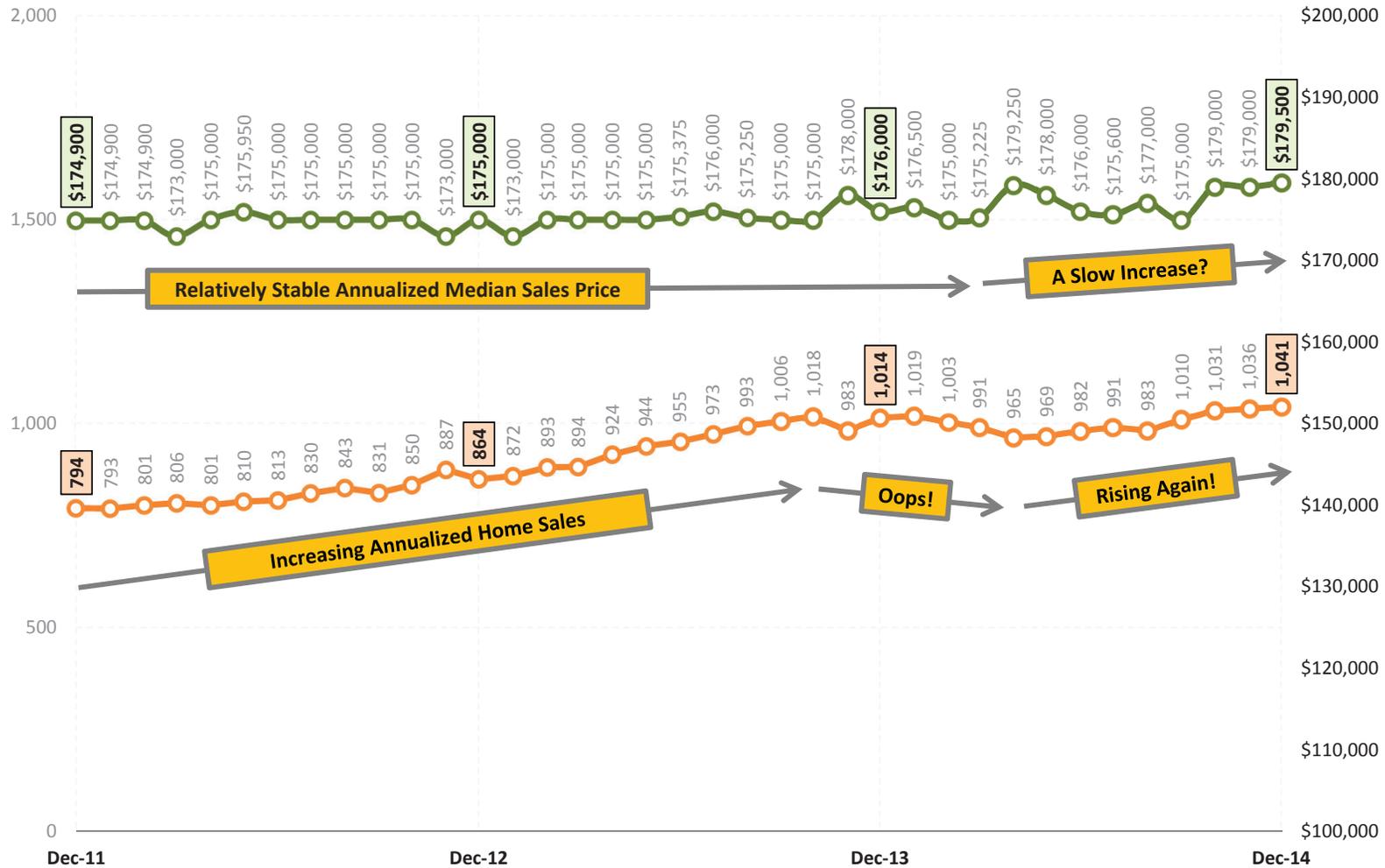


This graph provides an overall indicator of the state of our housing market, showing both the number of homes being sold each year since 2000 (yellow bars) as well as changes in the median sales price during the same time period (blue line). This past year (2014) marks the fourth (!) year in a row when we have seen an increase

(+3%) in the pace of sales in our local market, which was also accompanied by a 2% increase in the median sales price. We have now seen increases in the median sales price for three years in a row, though they have been small (+1%, +1%, +2%) increases thus far.

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

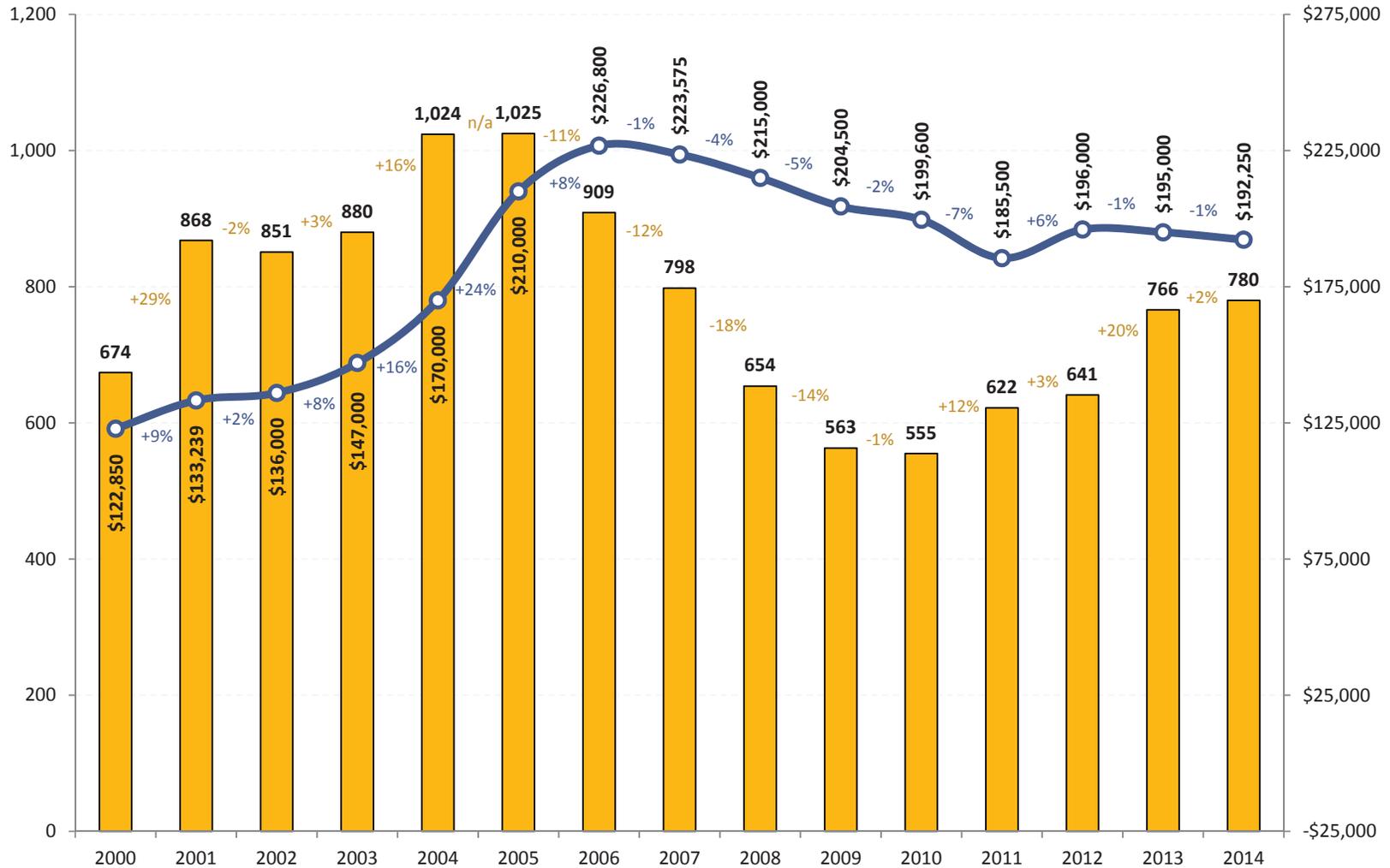
Home Sales, Median Sales Price in each 12 Month Period



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. After

over two years of an increasing pace of home sales (orange line) we saw a market slow down that began sometime in late 2013, which seems to have reversed itself about eight months ago. Median prices continue to stay predictably between \$173,000 and \$180,000 - though they have been trending up in recent months.

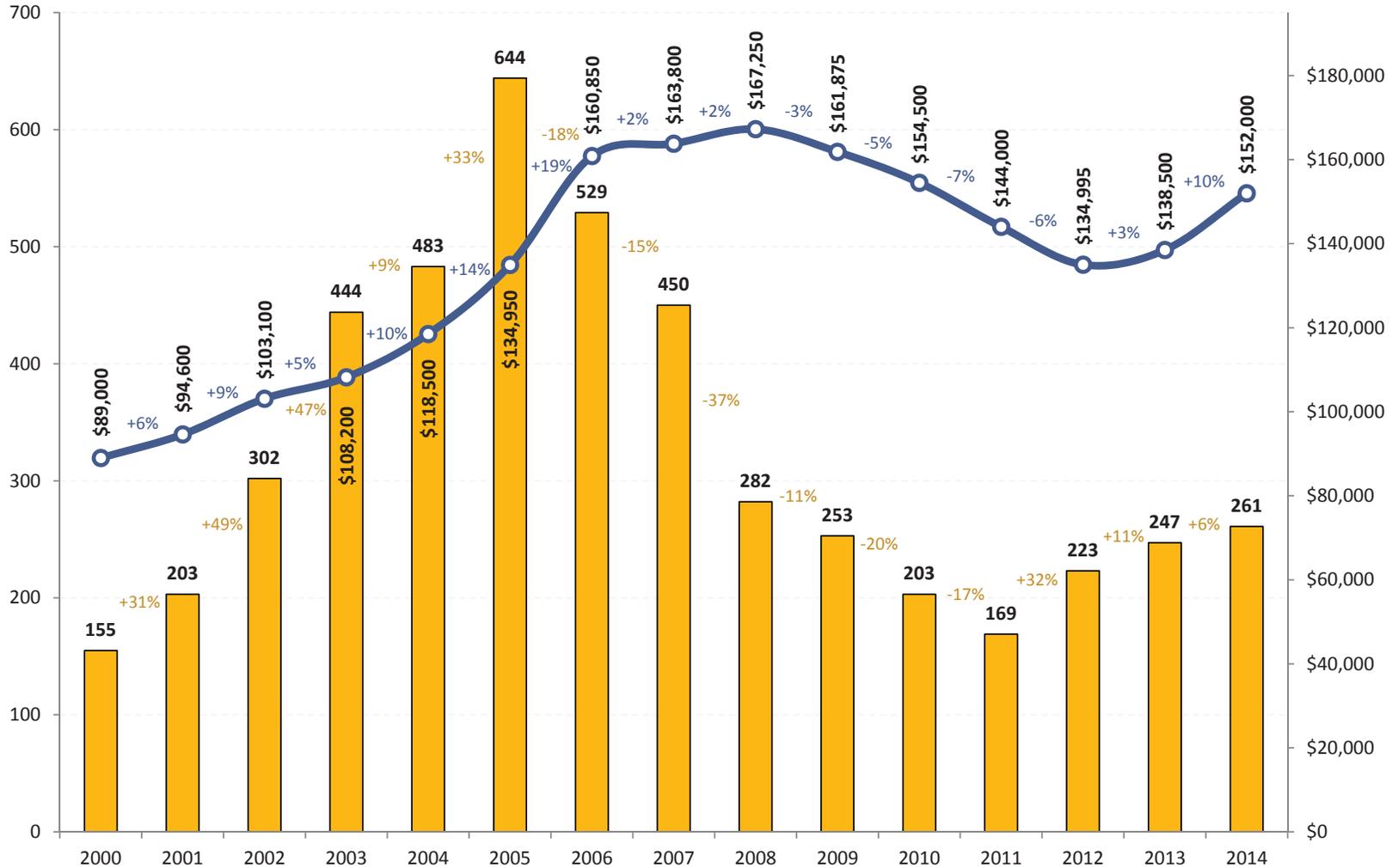
Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes



The single family home market in Harrisonburg and the Rockingham County is still telling two different stories, depending on whether we are considering the price or pace of home sales. This past year (2014) marked the fourth year of an increasing pace of home sales with a 2% year-over-year increase to a pace of 780 home sales

during the year. Over the past year, however, the median sales price of single family homes dropped an additional 1% to \$192,250 -- which follows last year's 1% decline as compared to 2012 levels. It seems that single family home values may not have started increasing again in this local market.

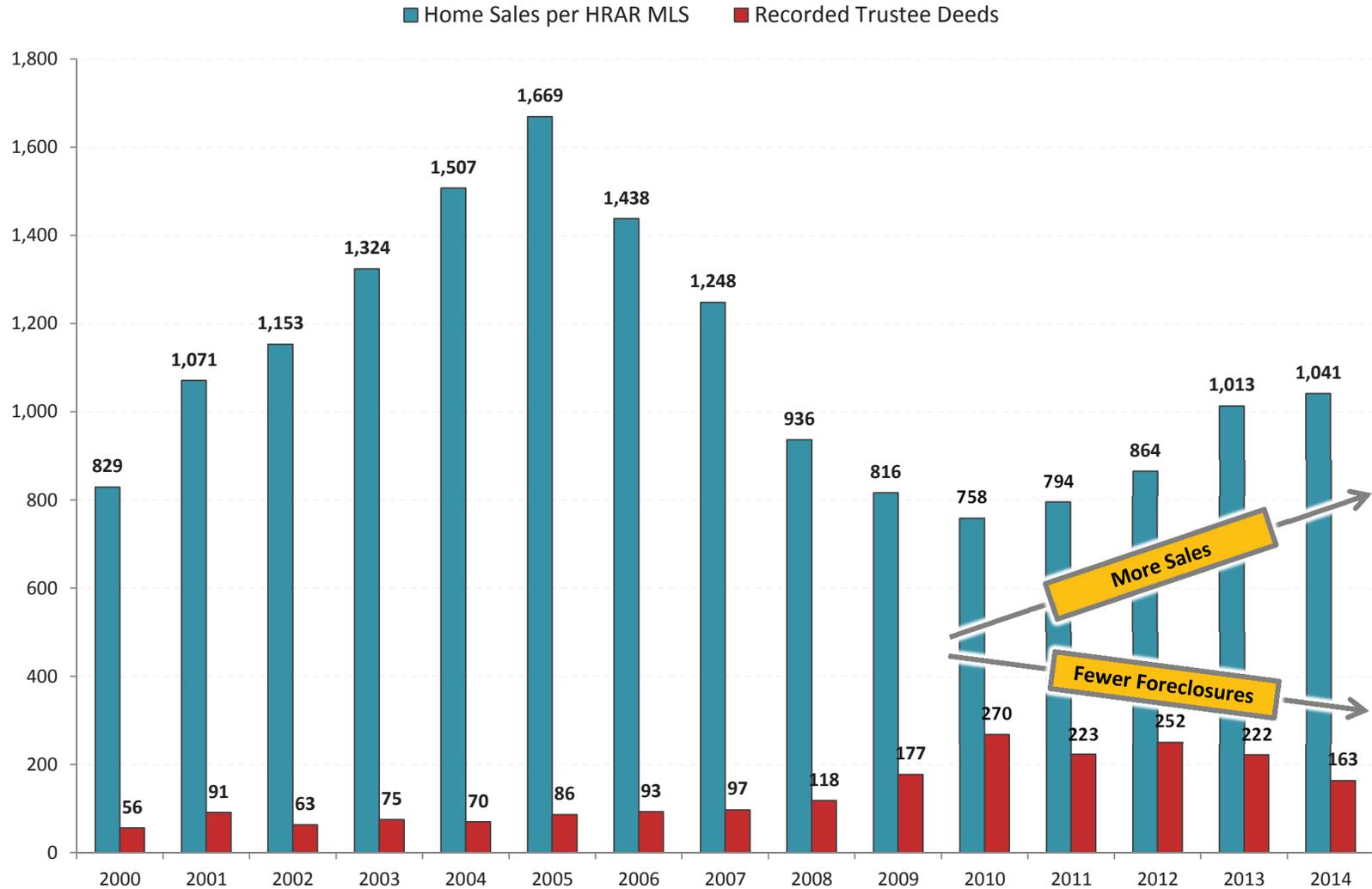
Harrisonburg & Rockingham County Home Sales & Price Trends Duplexes, Townhomes & Condos



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 past year (2014) marked an additional increase (+6%) in the pace of these sales (duplexes, townhomes, condos) and an even larger increase (+10%) in the median price of these sales. We have now nearly returned to the median sales price in 2010 (\$154,500).

Harrisonburg & Rockingham County Home Sales vs. Trustee Sales

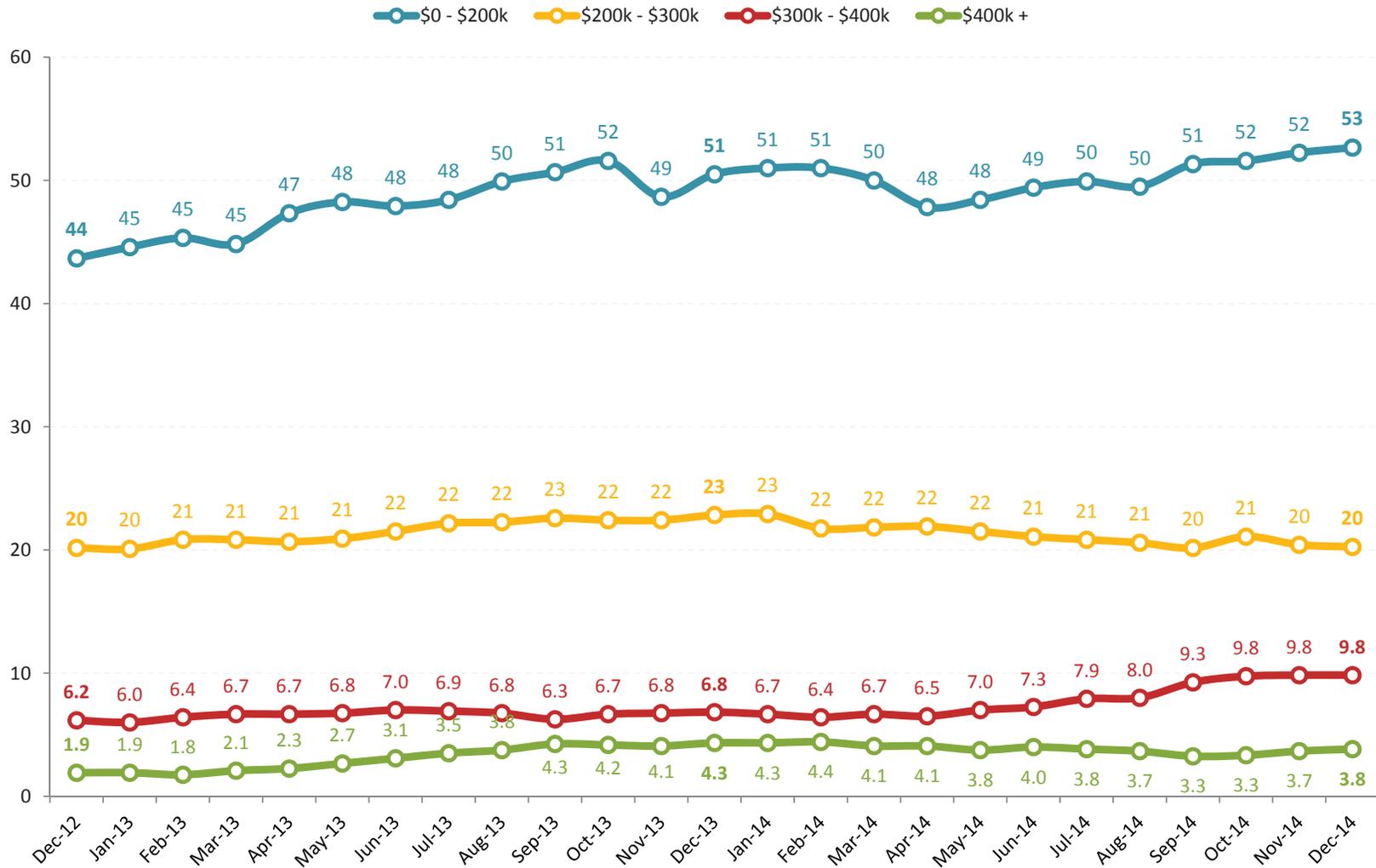


The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales (without a Realtor), nor new home sales directly from a builder. The red bars show the number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

Some foreclosed properties then show up again as REO properties. The foreclosure rate in our local market area is definitely trending down, as there were 4.6 times as many home sales as foreclosures during 2013 and 6.4 times as many home sales as foreclosures in 2014.

Harrisonburg & Rockingham County Home Sales by Price Range

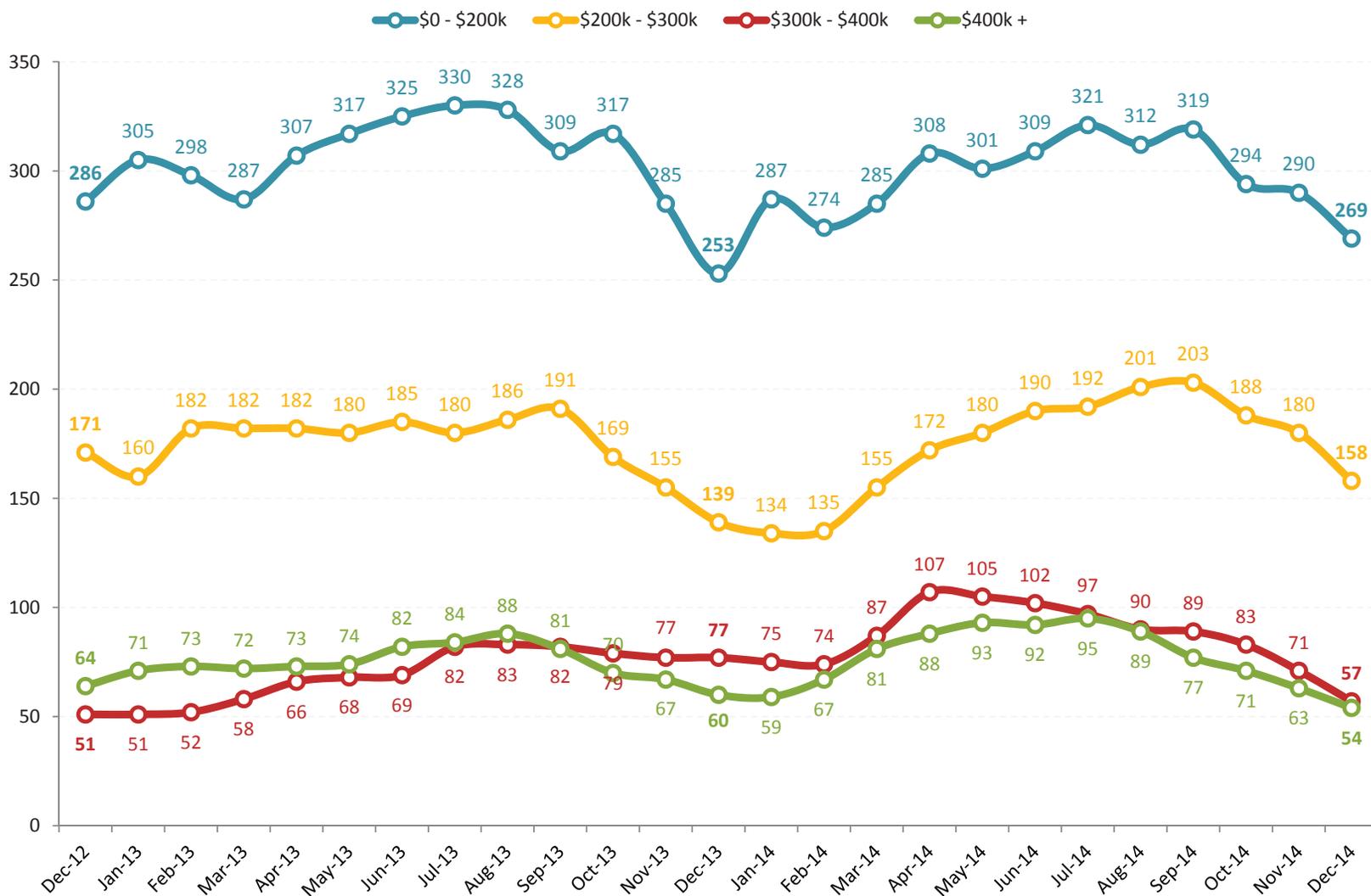
(Average of Past 12 Months)



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 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 the \$300k - \$400k price range. The pace of home sales in the \$200k - \$300k price range has actually declined over the past year.

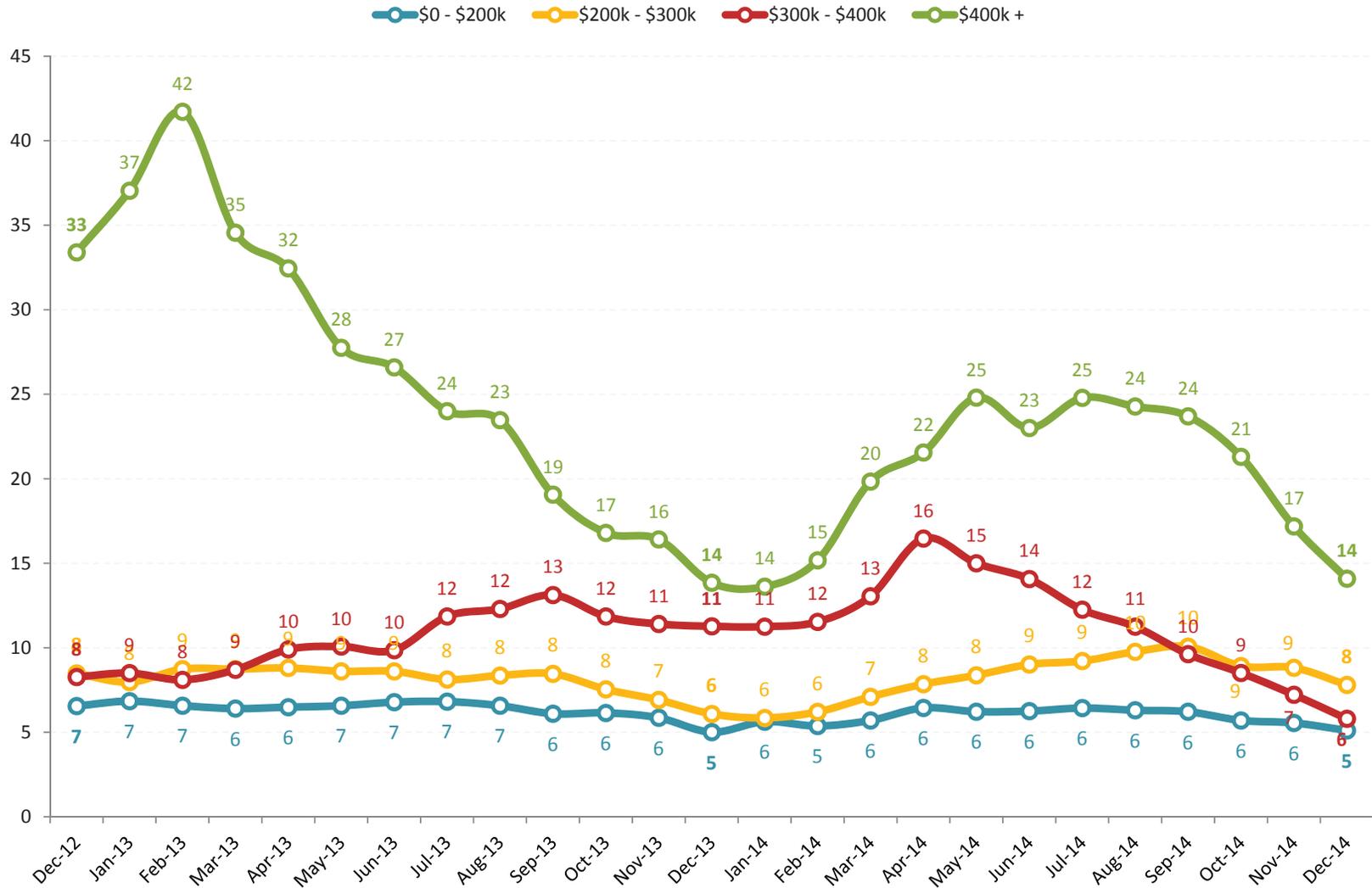
Harrisonburg & Rockingham County Inventory Levels by Price Range



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. The highest two price ranges (\$300K-\$400K, \$400K+) have seen a year-over-year decline in inventory levels, while the lower two price ranges (\$0-\$200K, \$200K-\$300K) have

seen increasing inventory levels. All four price ranges are likely to see inventory levels rise over the next few months as we (hopefully, eventually) get out of this cold (!) winter and move towards the Spring market.

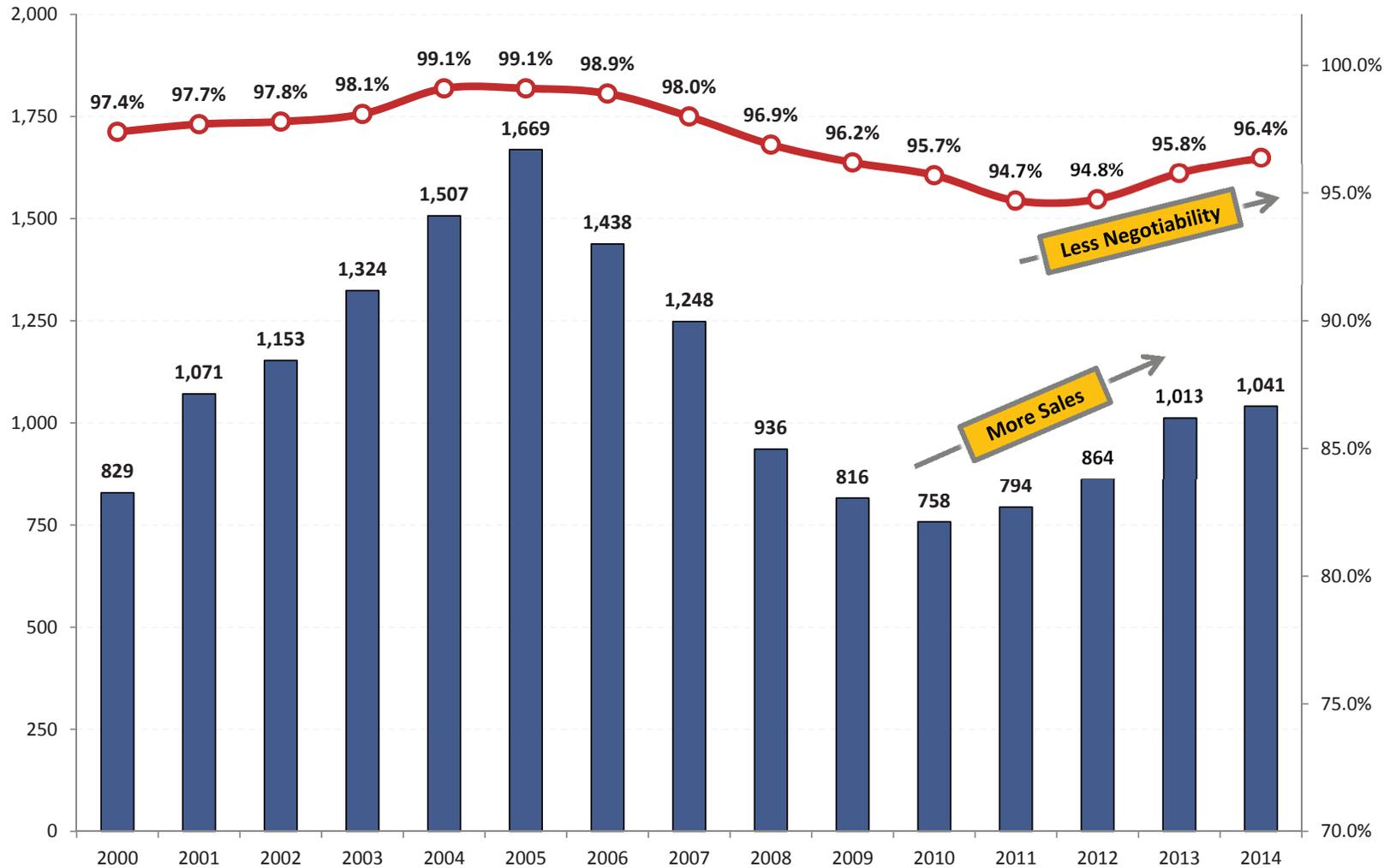
Harrisonburg & Rockingham County Months of Housing Supply by Price Range



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 14 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 this year we have only consistently seen that balance in the under \$200K price range, and are starting to approach it in the \$300K - \$400K price range.

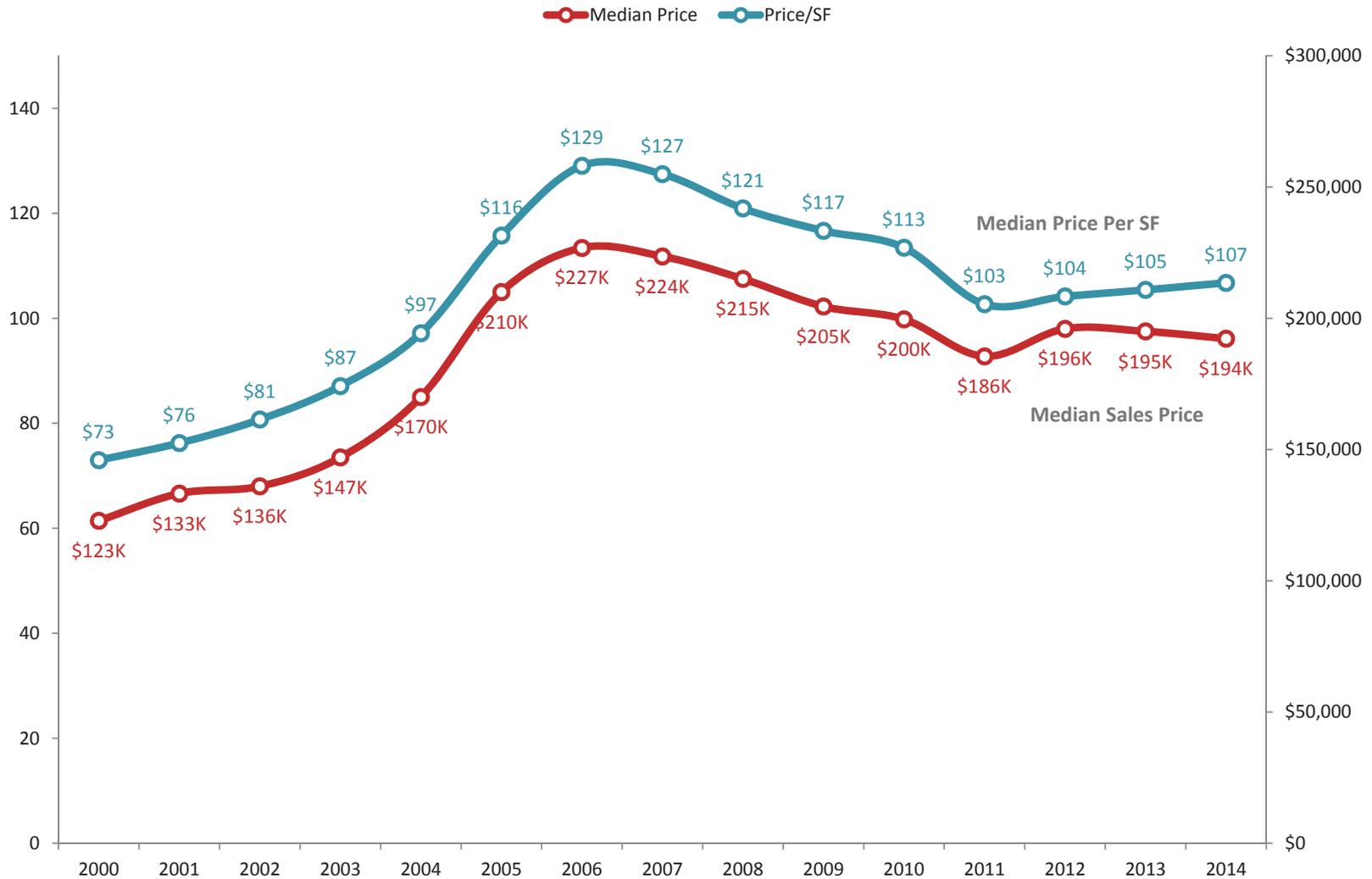
Harrisonburg & Rockingham County Average List Price to Sales Price Ratio within the context of Home Sales Pace



This graph shows the average list price to sales price ratio (red line) over the past 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.

Of note, we have now almost returned (in 2014) to that pre-boom level -- given the 96.4% average during 2014. As the market continues to recover, we may see this ratio increase even further.

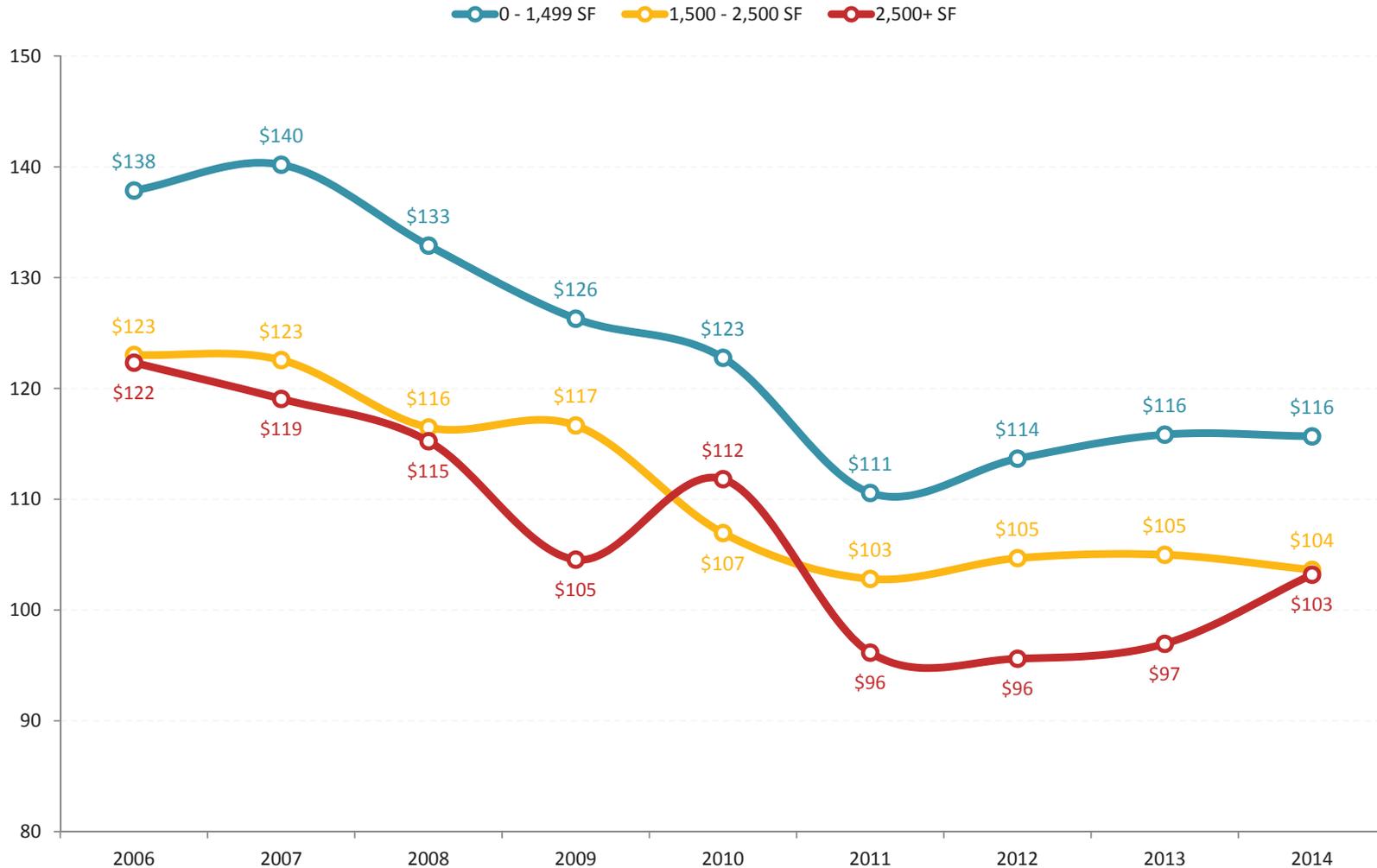
Harrisonburg & Rockingham County Median Price vs. Price Per SF



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. When focusing in on 2013 and 2014 data, we can see that the median sales price has started to shift downward, though the price per square foot is increasing.

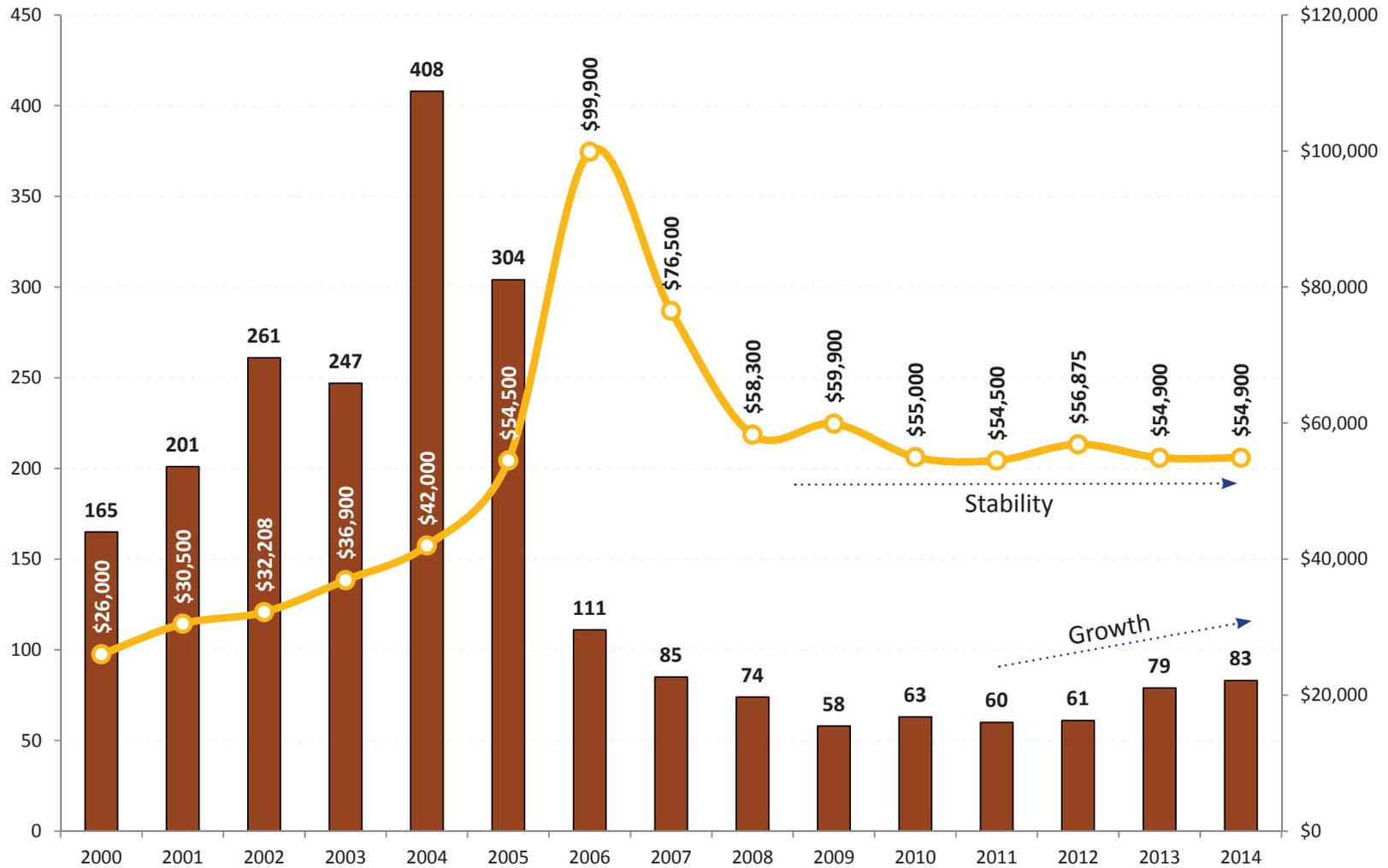
Harrisonburg & Rockingham County
Median Price Per Square Foot by Home Size
 Single Family Homes



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 a similar size. This graph illustrates that the median price per square foot of larger homes (2500+ SF) is a good bit lower

(\$103/SF) than homes with 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.

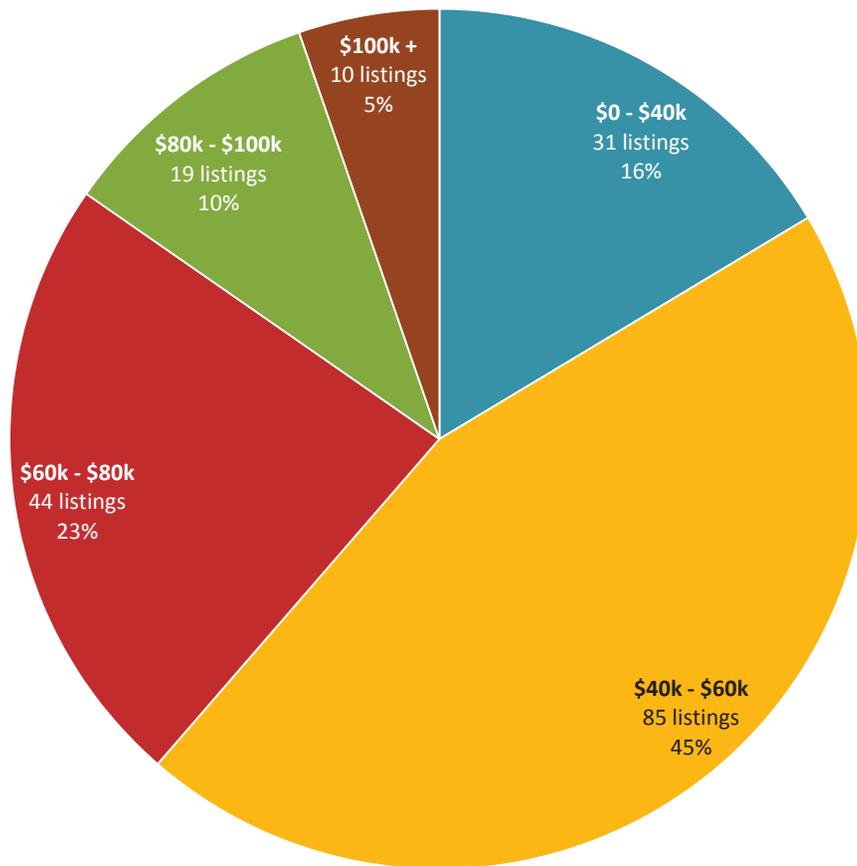
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



While the pace of sales of lots that are smaller than an acre have plummeted since 2004 (-85% between 2004 and 2010), they may finally be increasing again, as we have seen approximately 80 sales per year for the past two years, after four years in a row of approximately 60 lot sales per year. The median sales price of these

lots under one acre also appears to be stabilizing between \$50,000 and \$60,000. If these trends continue, we may see as many as 90 (or more?) lot sales in 2015, and we may start to see the median price of lots increase again, perhaps approaching \$57,000 or \$58,000 in the coming year.

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

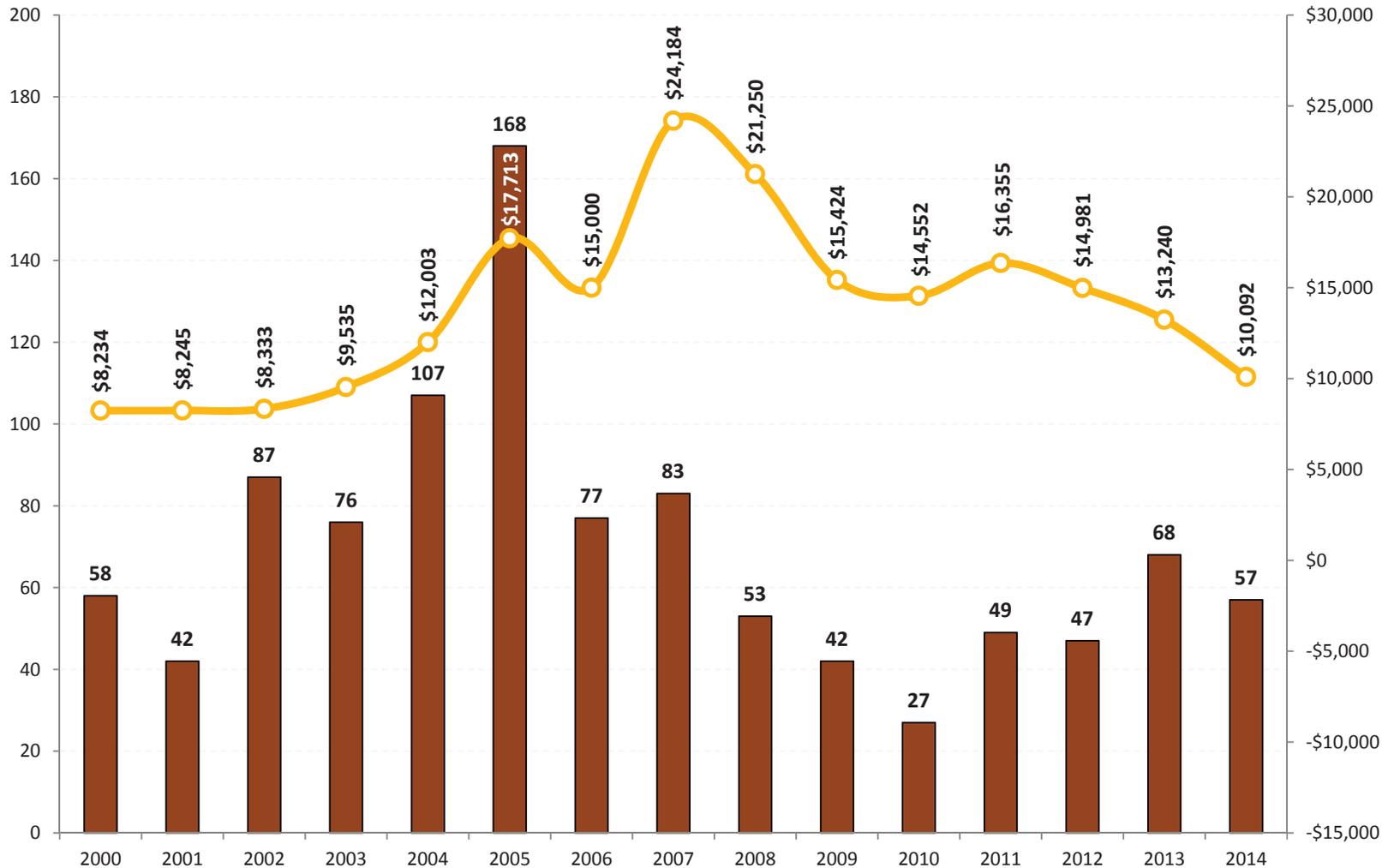


189 Active Lot Listings; Median List Price: \$59,000

Despite the fact that only 83 lots (of less than an acre) sold in all of 2014, there are a remarkable 189 lots currently for sale. Some sanity exists in this listing market, however, as the median list price of lots for sale (\$59,000) is not too far off from the 2014 median sales price of \$54,900. Given last year's 83 lot sales, if no other lots

were listed for sale, it would take 2.3 years to sell all of the lots currently listed for sale. As you can see above, more than a third of the lots currently listed for sale are priced above \$60,000 --- thus many sellers have offering prices higher than recent (2011-2014) median sales prices.

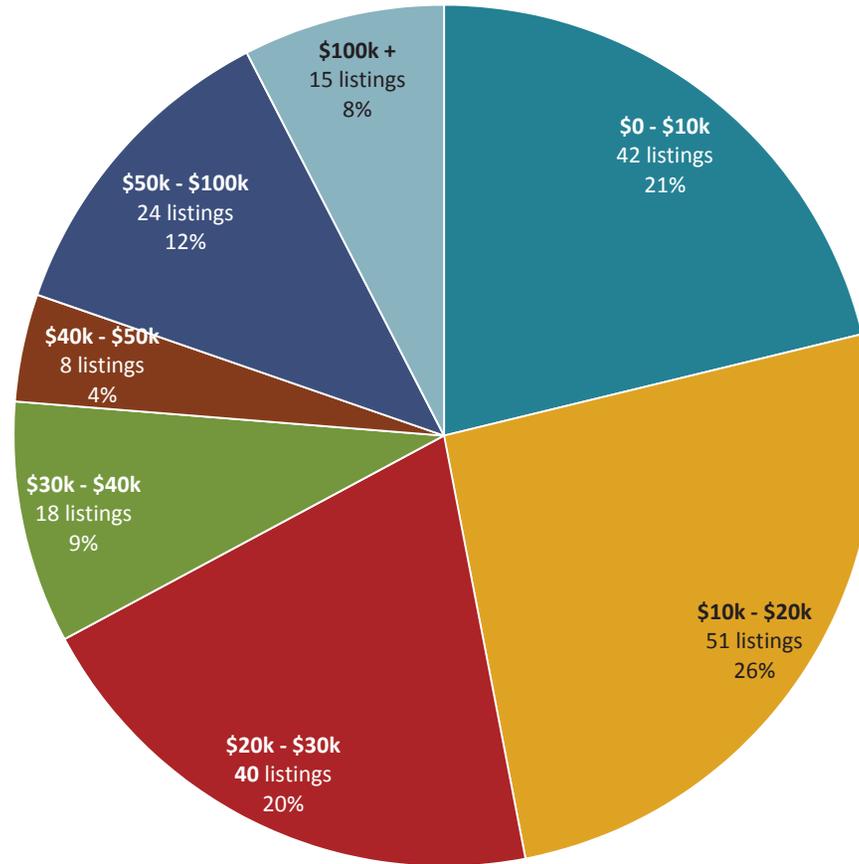
Harrisonburg & Rockingham County Land Sales & Median Price Per Acre 1 acre or more



Parcels of land larger than one acre in Harrisonburg or Rockingham County peaked in 2013 at 68 sales, and then declined again 2014 to only 57 sales. The median price per acre of these lots with over 1 acre continued to fall in 2014, to a price of \$10,092 per acre. This is far (far!) below the peak of \$24,184 per acre that was seen back in

2007. Looking forward at 2015, we are likely to see between 60 and 75 sales of this property type, and if the pace of sales does increase in 2015, perhaps we will see a slower decline (or none at all??) in the median sales price of these parcels.

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

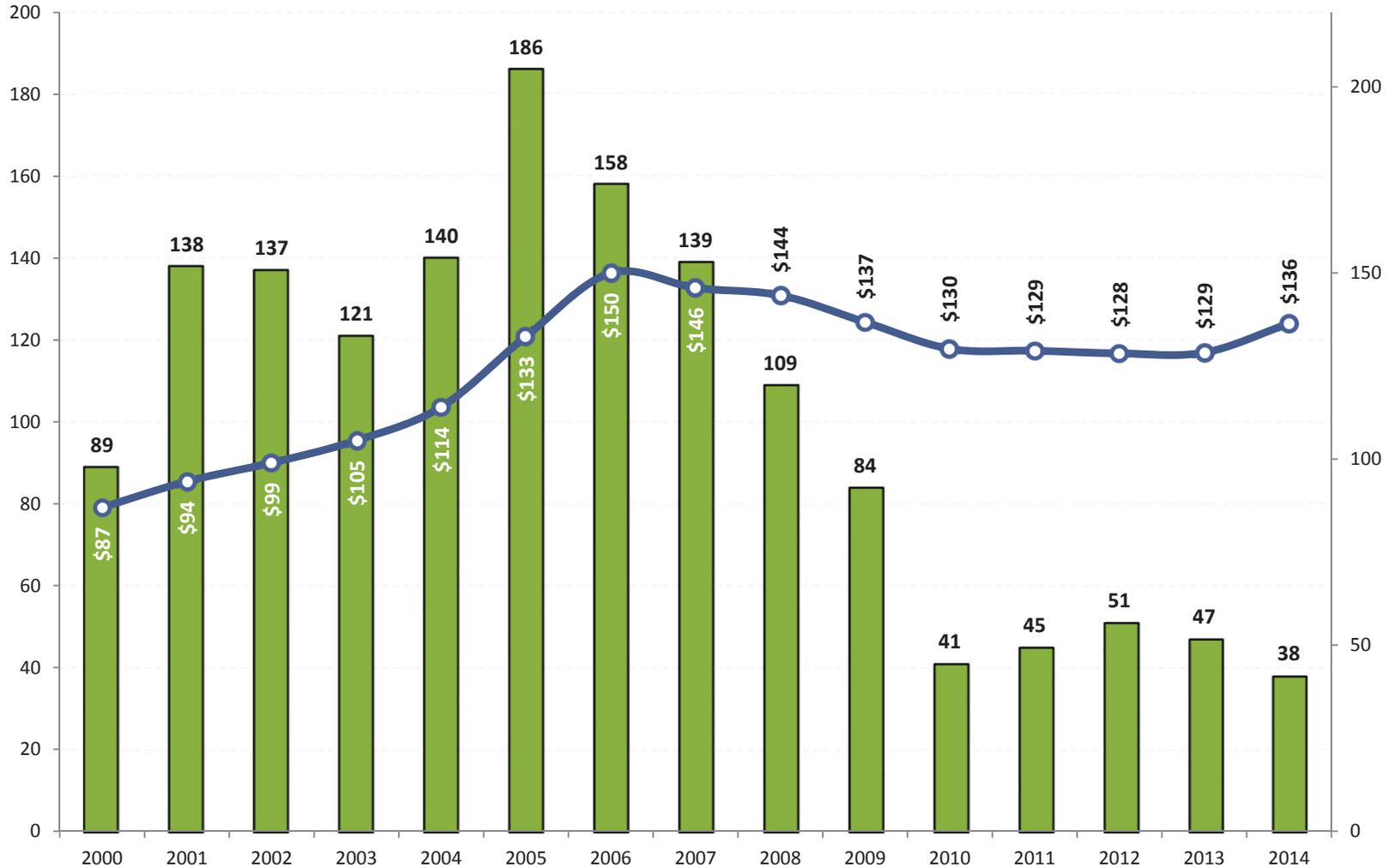


198 Active Land Listing; Median List Price: \$22,048 / Acre

Despite the fact that only 57 parcels of land (of one acre or more) sold in all of 2014, there are a remarkable 198 parcels of land currently for sale. Furthermore, despite the fact that the median sales price of land is hovering around \$10,000 per acre, the median list price of the 198 parcels for sale is currently \$22,048 per acre. Given

last year's 57 land sales, if no other land is listed for sale, it would take 3.5 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.

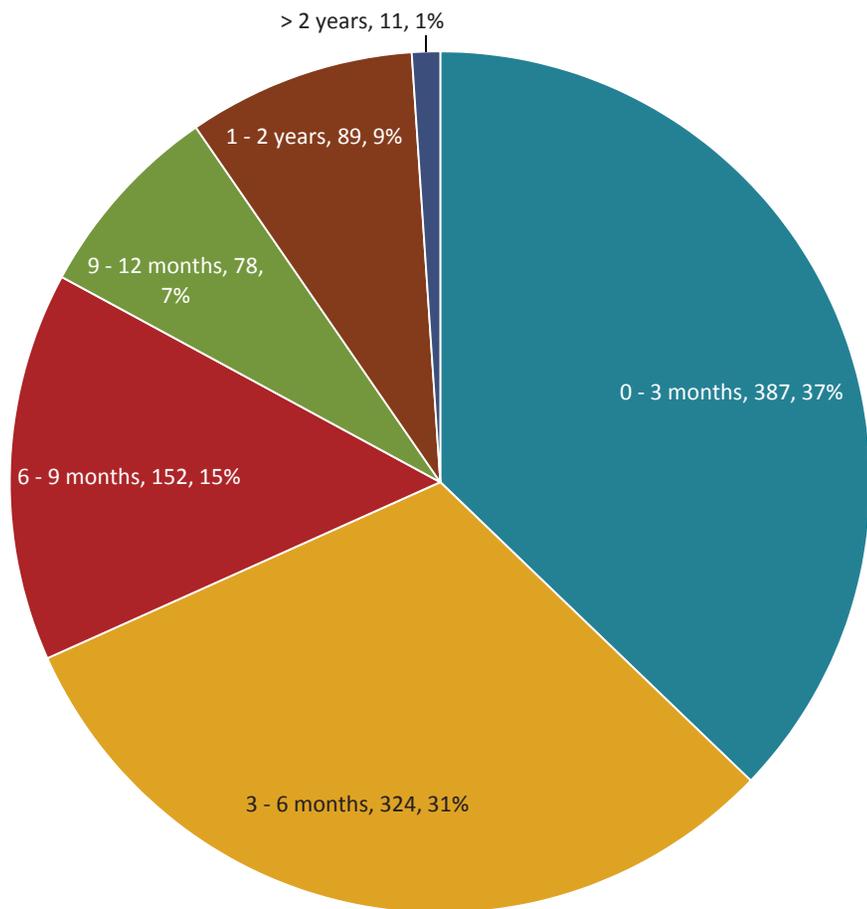
Harrisonburg & Rockingham County
New Construction Single Family Home Sales Trends
 Number of Sales, Median Price Per Square Foot



New home 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, and

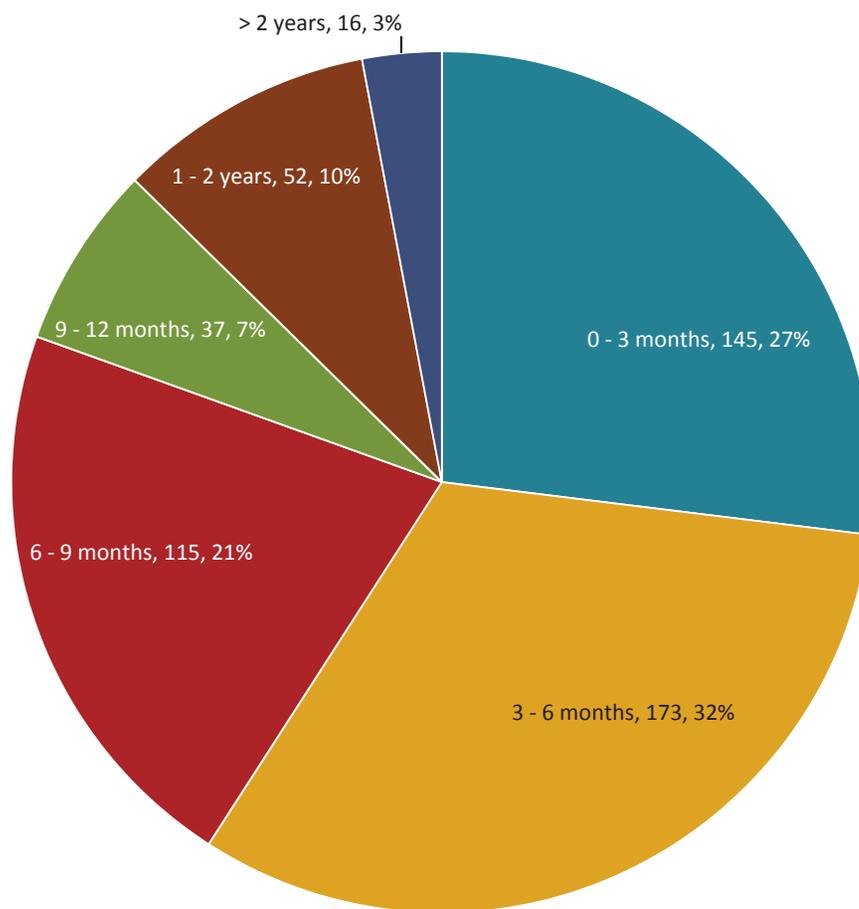
declined again in 2014 to 38 sales. The median price per square foot, however, now seems to have stabilized around \$130/SF last year, and even increased in 2014 to \$136/SF.

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



Median Days On Market: 119

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

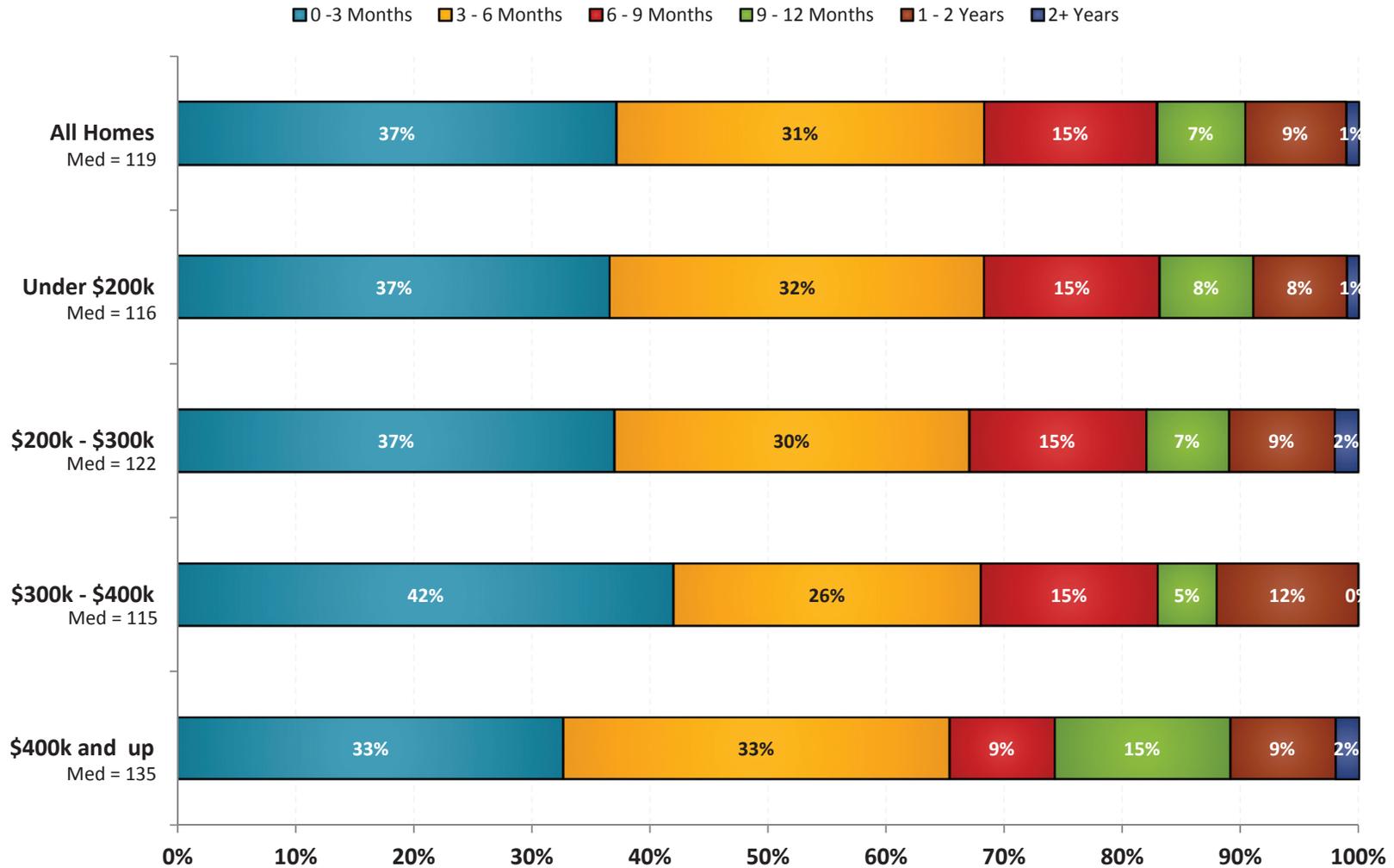


Median Days On Market: 143

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 (37%) that sells closes less than 90 days after being listed for sale. Include with that those that close in the next 90 days (31%) and we find that an amazing

68% 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. Of interest -- 27% of the homes currently on the market for sale have been listed in the past three months.

Harrisonburg & Rockingham County
Days on Market Analysis by Price Range
 Properties Sold in the Past 12 Months

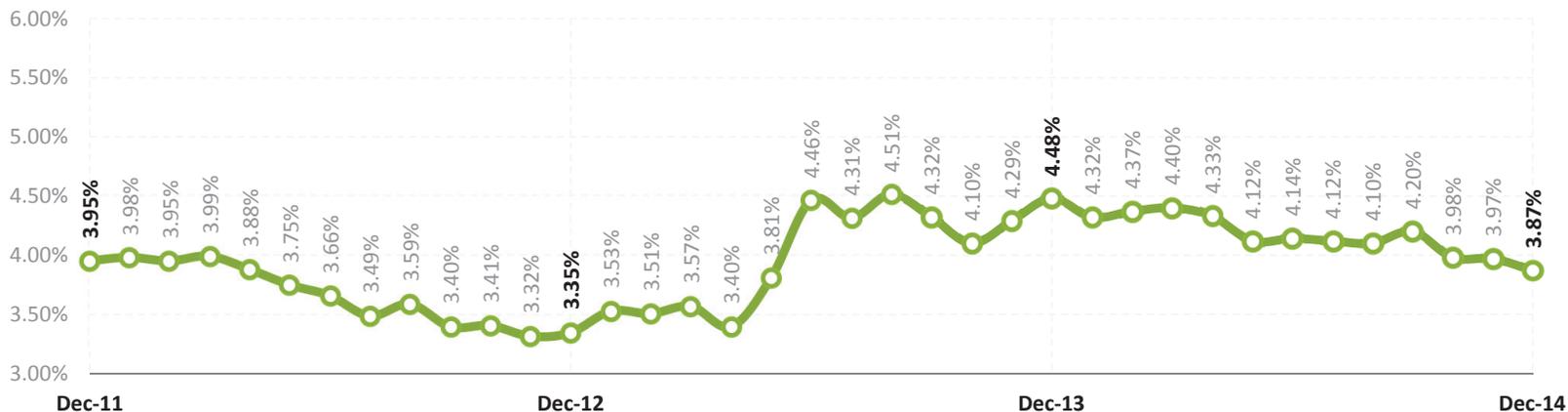


The time that it takes to sell a home in today's market only varies slightly based on the price range of the home in question. For example, the median days on market for homes under \$200K is 116 days -- quite a bit lower than the median of 135 days for homes over \$400K. It is important to consider the price range, location, and

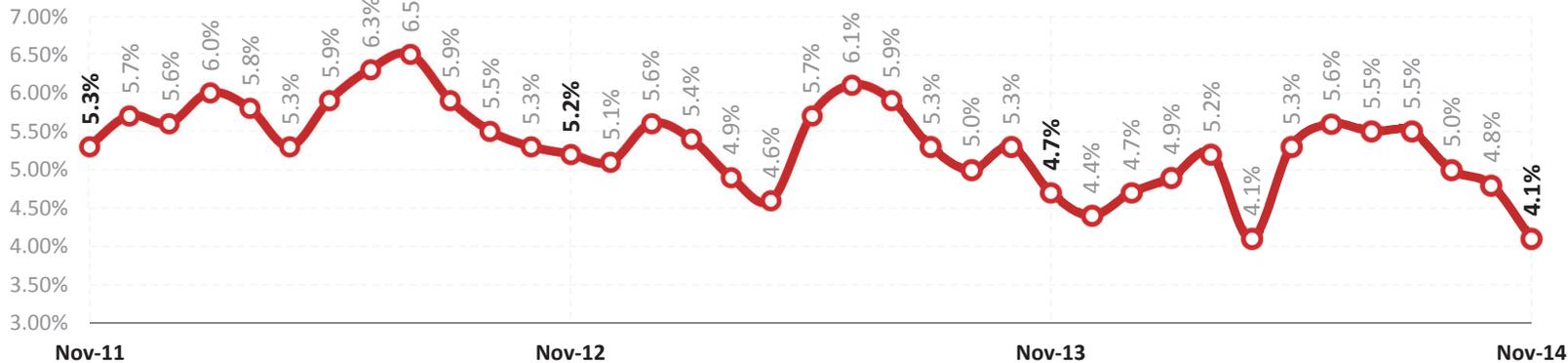
many other factors when trying to understand how long it may take to sell your home, but it seems that the price range alone will not necessarily dictate how long it will take to sell.

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, home buyers have seen steadily (though slowly) declining mortgage interest rates over the past year, which are now down to an average of 3.87%, the lowest levels seen in the past year and a half. The second graph above illustrates trends in the local unemployment rate -- which has shown

a general downward trend over the past three years, to the current level of 4.1% which is the lowest level seen anytime in the past three years. A stable local job market and extremely 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:

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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

The Most Realistic, Immersive Way to Experience a Home Online
WalkThroughThisHome.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
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Property Transfers in Harrisonburg & Rockingham County
HarrisonburgPropertyTransfers.com