



MAY 2016

Harrisonburg & Rockingham County Real Estate Market Report

*An analysis of real estate activity through April 30, 2016
provided courtesy of Scott P. Rogers, Funkhouser Real Estate Group*



Immaculate, Upscale Five Bedroom Home With Finished Basement in Highland Park 4290BrownRoanLane.com

HOME SALES REPORT

Harrisonburg & Rockingham County

May 11, 2016

# Home Sales	2013	2014	2015	2016	% Change ('15 - '16)
April	103	81	93	100	7.53%
Year-To-Date (Jan-Apr)	296	244	282	320	13.48%
Last 12 Months (May-Apr)	968	1,014	1,117	1,163	4.12%

Median Sales Price	2013	2014	2015	2016	% Change ('15 - '16)
April	\$159,000	\$164,900	\$188,000	\$181,500	-3.46%
Year-To-Date (Jan-Apr)	\$165,000	\$170,000	\$183,250	\$190,500	3.96%
Last 12 Months (May-Apr)	\$172,950	\$176,950	\$180,000	\$186,000	3.33%

Median Days on Market	2013	2014	2015	2016	% Change ('15 - '16)
April	63	92	79	94	18.99%
Year-To-Date (Jan-Apr)	90	92	81	73	-9.88%
Last 12 Months (May-Apr)	83	64	66	54	-18.18%

April 2016 marked yet another month of strong home sales in the Harrisonburg and Rockingham County residential real estate market, with a 7.53% jump over last April to 100 home sales. This brings the year-to-date sales pace to 320 home sales, which shows a 13.48% improvement over the sales pace during the same timeframe last

year. The median sales price of \$190,500 during the first four months of this year is a 3.96% improvement over the \$183,250 median sales price last year, and the time it takes to sell a home (YTD median of 73 days) has declined by 9.88% as compared to the median of 81 days during the same timeframe last year.

HOME SALES REPORT :: BY AREA

# Home Sales	City of Harrisonburg			Rockingham County		
	2015	2016	% Change	2015	2016	% Change
April	29	31	6.90%	64	69	7.81%
Year-To-Date	89	109	22.47%	193	211	9.33%

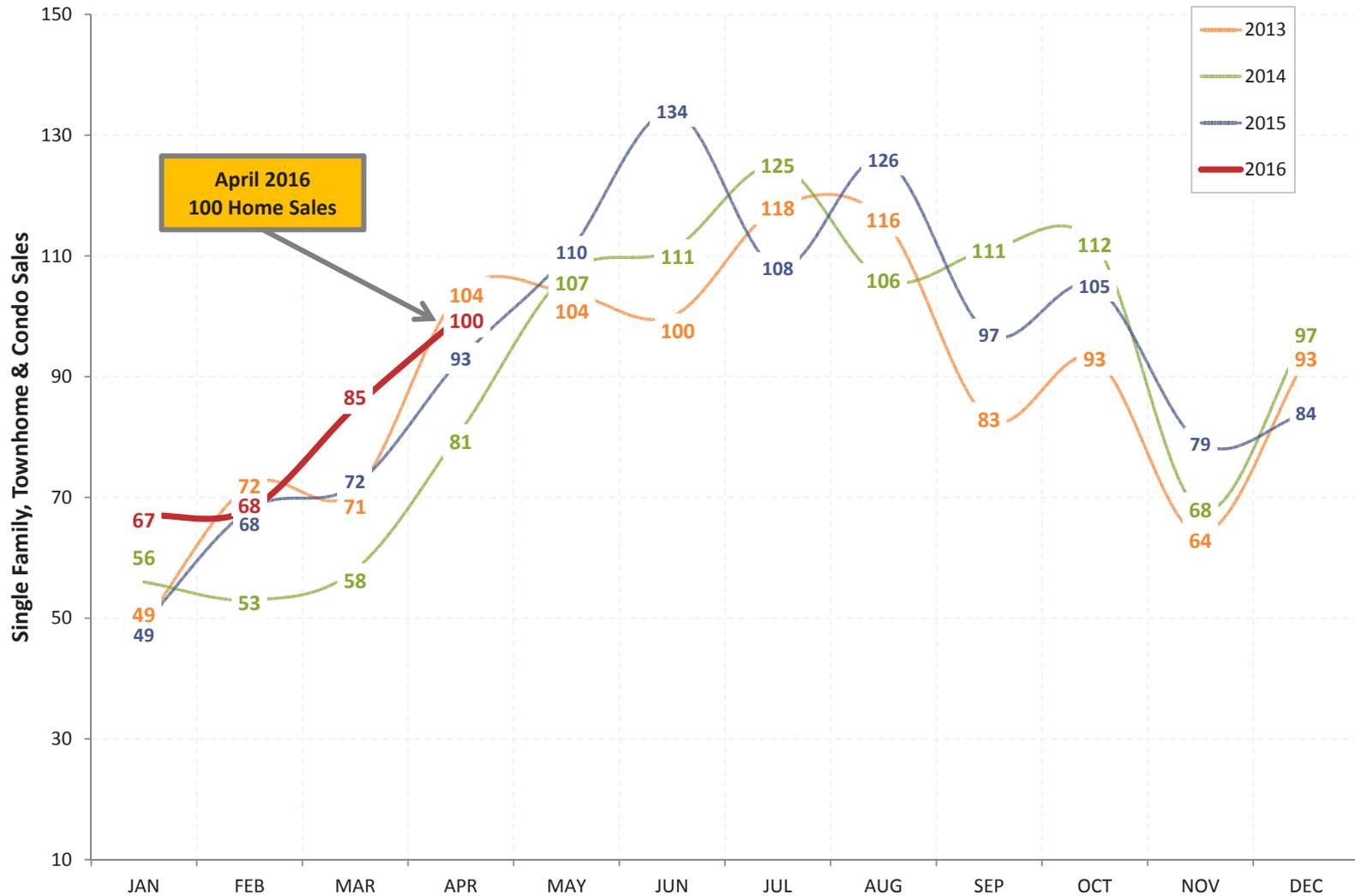
Median Sales Price	City of Harrisonburg			Rockingham County		
	2015	2016	% Change	2015	2016	% Change
April	\$145,000	\$145,000	0.00%	\$199,000	\$210,000	5.53%
Year-To-Date	\$154,000	\$168,000	9.09%	\$191,500	\$197,500	3.13%

Median Days on Market	City of Harrisonburg			Rockingham County		
	2015	2016	% Change	2015	2016	% Change
April	63	40	-36.51%	82	114	39.02%
Year-To-Date	74	52	-29.73%	83	81	-2.41%

As you consider the data in this chart, bear in mind that this only reflects four months of data, and as such, the small sample size can distort overall market trends. As such, let's ignore the trends completely (for one more month) and note that there are more homes selling in the County (211 YTD) than the City (109 YTD) and at much

higher prices in the County (median of \$198K) as compared to the City (median of \$168K) though more speedily in the City (median of 52 days on the market) as compared to the County (median of 81 days). When we get to next month's report we will look a bit more closely at the trends over time - I promise.

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

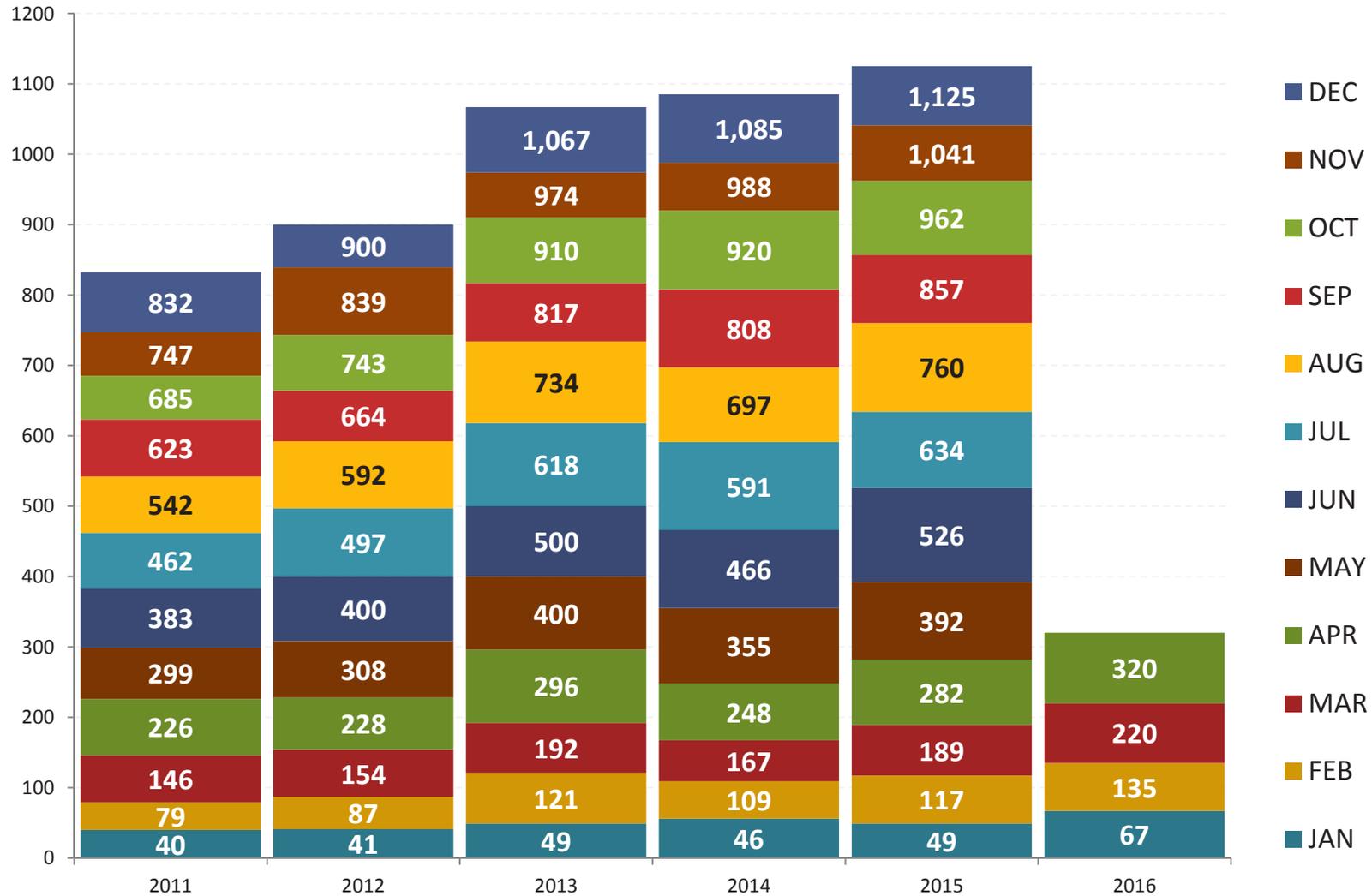


April 2016
 100 Home Sales

The graph above shows the month-by-month breakdown of home sales in Harrisonburg and Rockingham County with a red line for 2016 and a blue line for 2015. As you can see, the 100 home sales in April 2016 is yet again more home sales than seen in the same month last year. Way back in April 2013, there was a

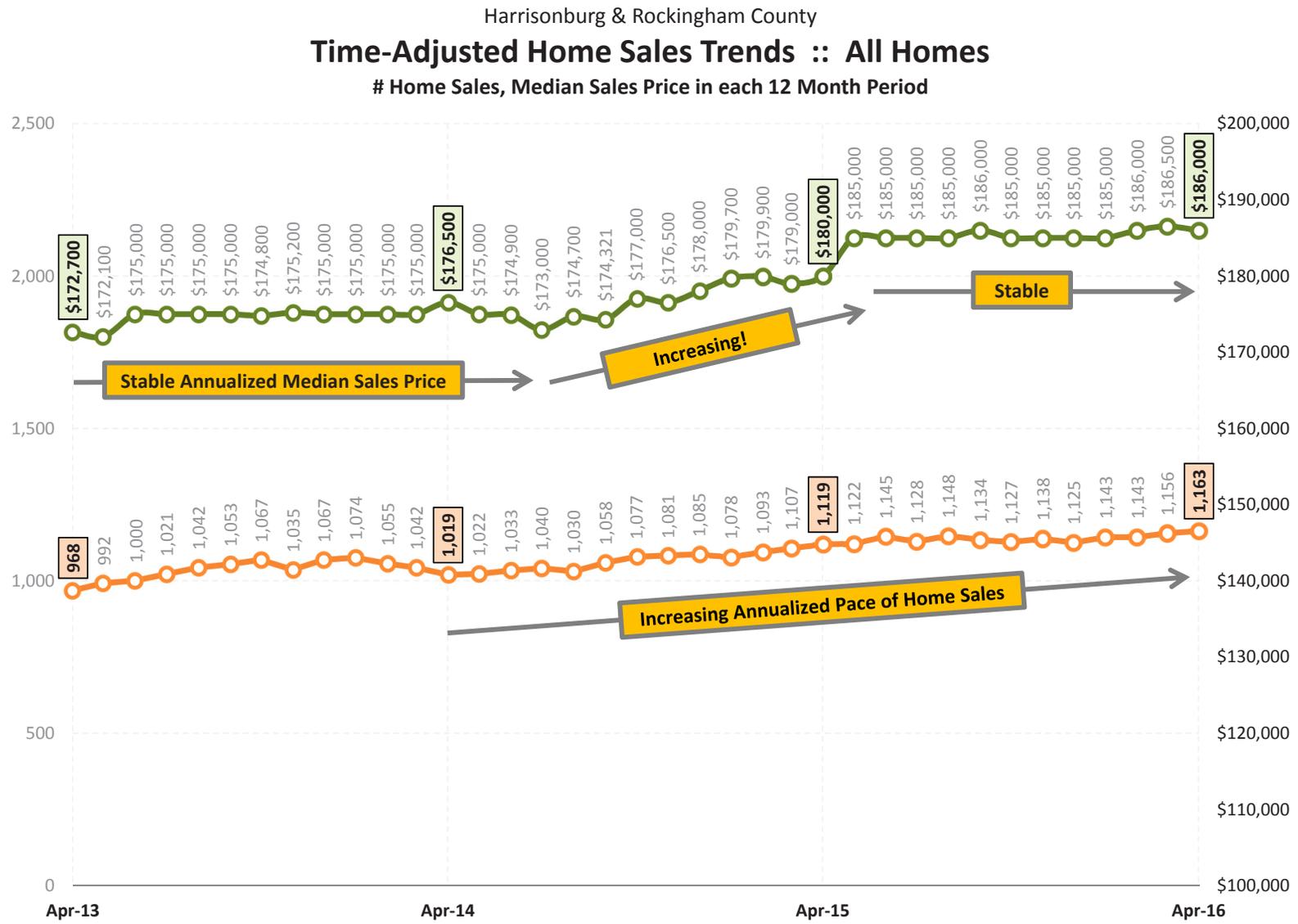
surge of home sales (104) that was slightly higher than April 2016 -- though sales then slumped in May and June of 2013. If last year is any indicator, we should see an increase in monthly home sales as we continue through May and June of this year. I would predict between 120 and 130 home sales next month.

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 is evident, there were more home sales in 2015 than in any other year in the prior four years. The largest year-over-year recovery seems to have occurred between

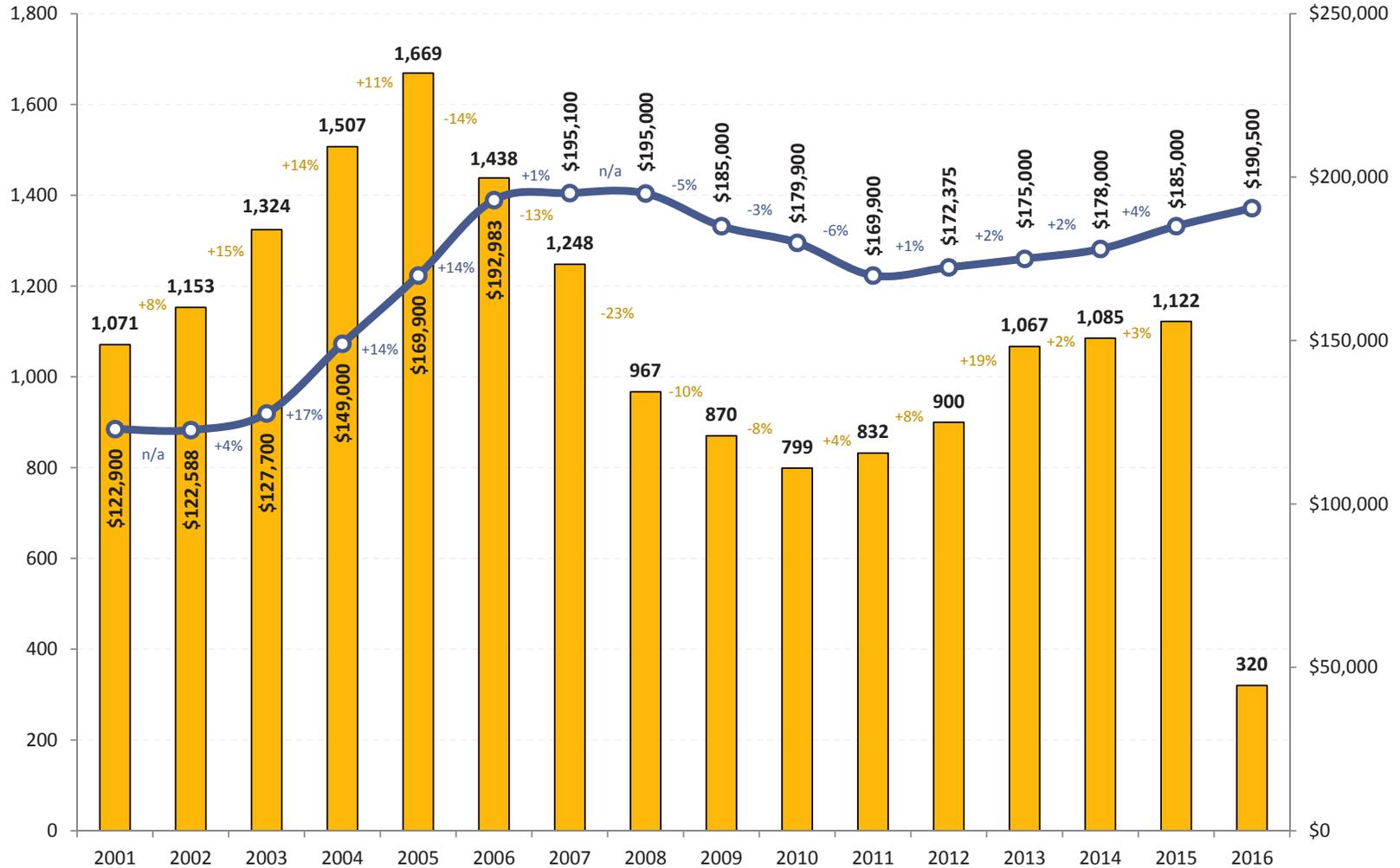
2012 and 2013 -- but we also saw a larger increase in home sales last year (2014 to 2015) than we saw the previous year (2013 to 2014). The total of 1,125 home sales seen in 2015 is a high bar that I hope our market will be able to reach and potentially exceed in 2016. Thus far, with 320 sales, 2016 may set new records!



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. Over

the past 24 months we have seen relatively consistent increases in the annual pace of home sales, which has now risen to 1,163 sales/year. And after many years of median sales prices hovering between \$173K and \$175K, we have seen steady increases over the past 20 months up to their current level of \$186,000.

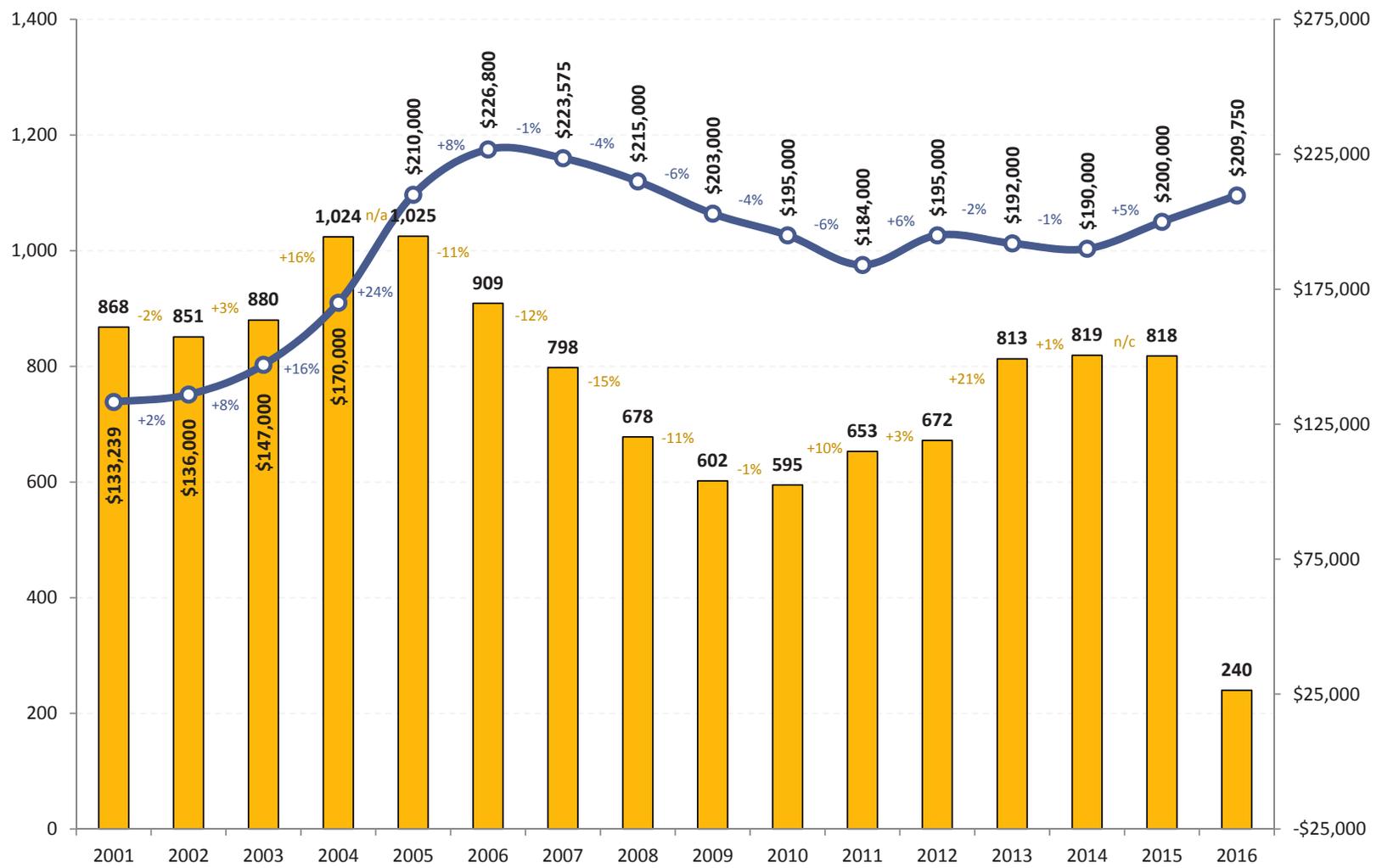
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Single Family Homes & Townhomes



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 (2015) marks the fifth (!) 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 4% increase in the median sales price. We have now seen increases in the median sales price for four years in a row, though they were small (+1%, +2%, +2%) increases up until 2015 when we saw a 4% increase in the median sales price.

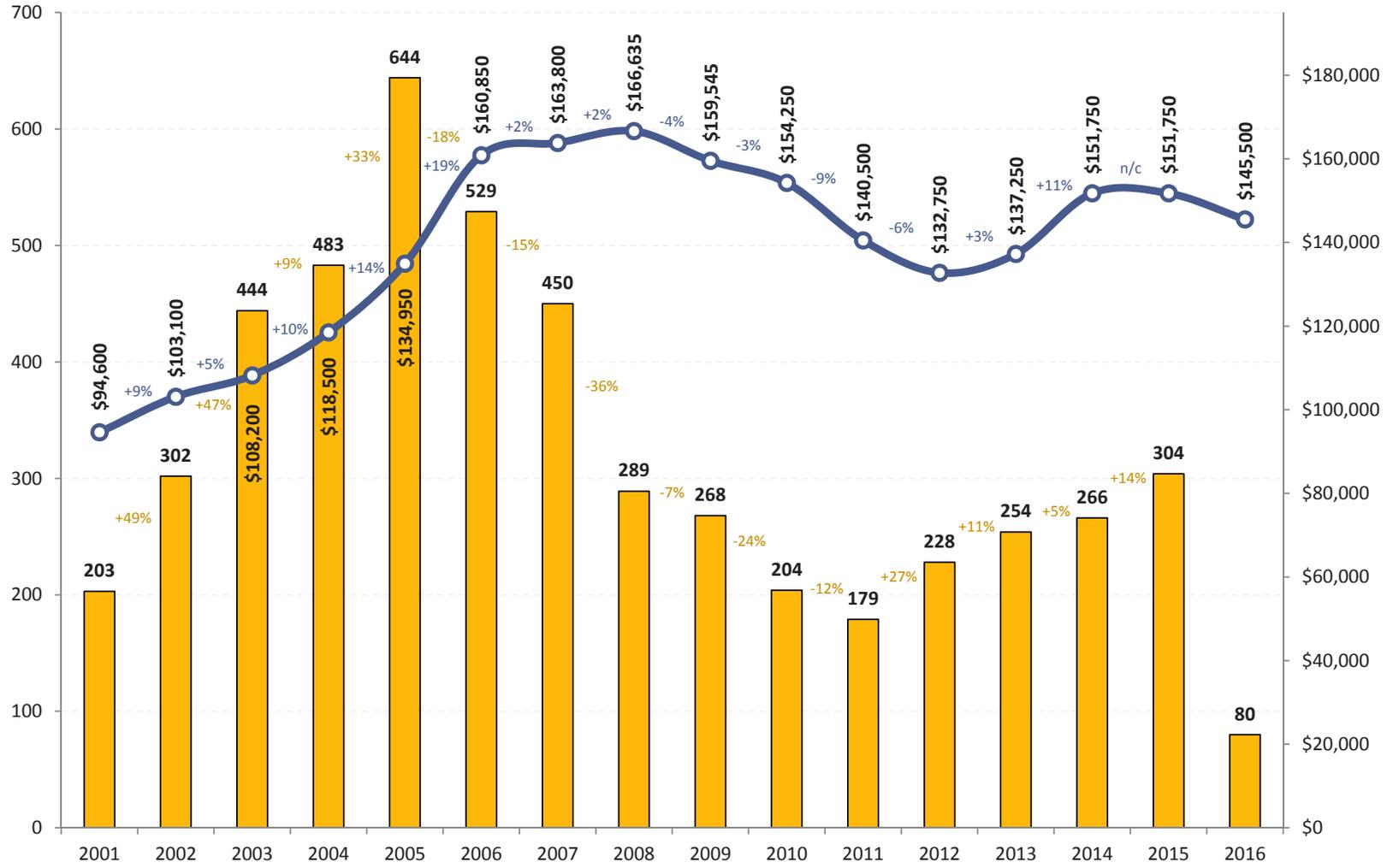
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Single Family Homes



The single family home market in Harrisonburg and Rockingham County told two different stories last year (2015), depending on whether we were evaluating the price or pace of home sales. This past year (2015) marked the third year in a row with between 810 and 820 home sales -- so, virtually no change in the pace of

home sales. Over the past year, however, the median sales price of single family homes increased by 5% to \$200,000 -- which is the first time we have seen a \$200K or higher median sales price since 2005-2009. It is encouraging that sales prices are increasing even without substantial increases in the number of home sales.

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



After six years (2005-2011) of rapid declines in the pace of townhouse sales in Harrisonburg and Rockingham County, the pace of sales has been rebounding since 2012. The 304 sales seen in 2015 marked the highest level of sales seen anytime between 2008 and 2015. Despite the continuing increase in the sale of townhouses

(and duplexes and condominiums) we did not see any further market recovery in 2015 when it comes to price. The median sales price of these properties was again \$151,750 -- the exact same median sales price we saw in 2014. It will be important to watch these trends in 2016 as the median sales price is declining thus far in 2016.

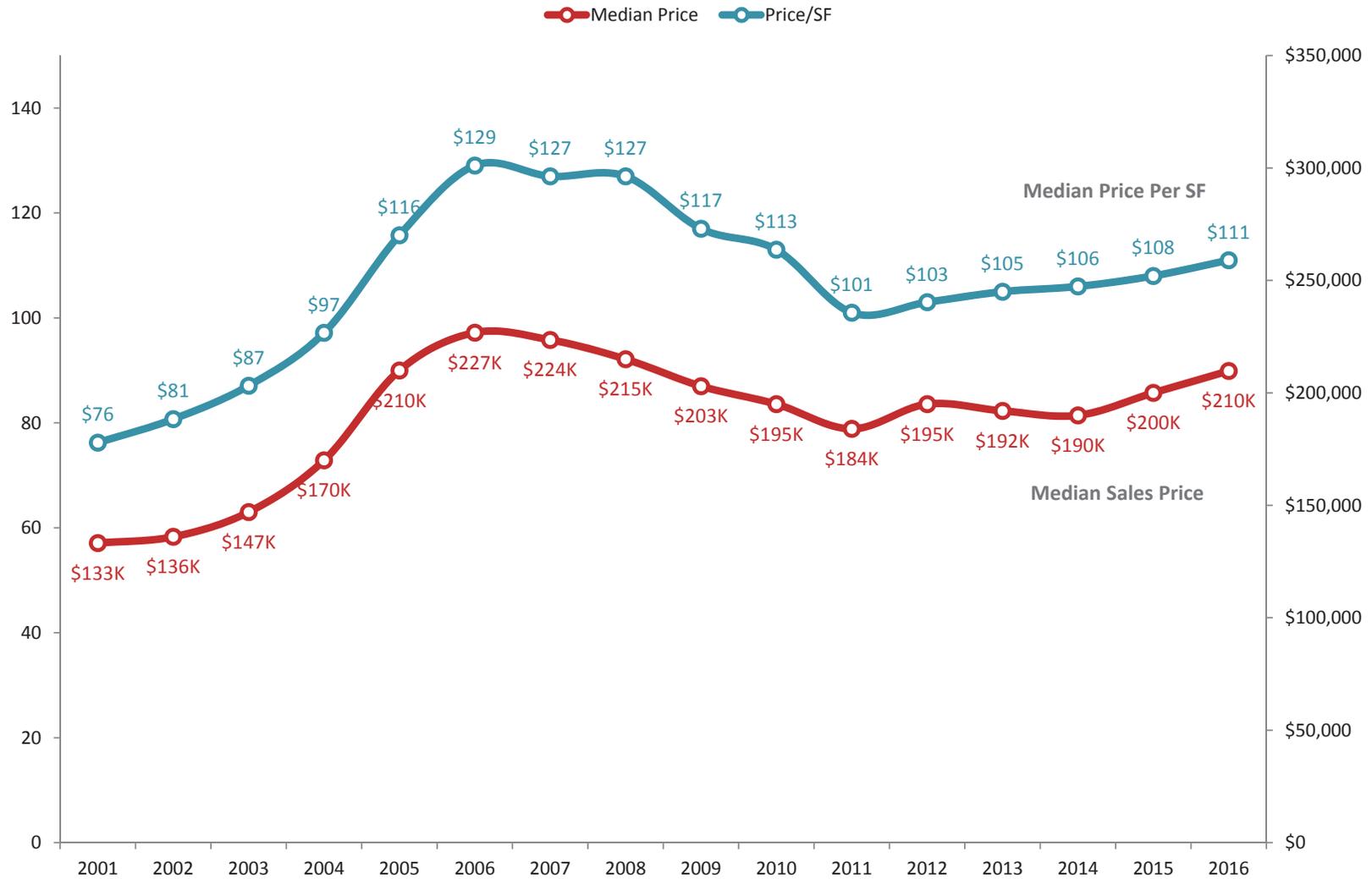
Harrisonburg & Rockingham County
Market Balance between Buyers and Sellers
 Assuming Six Months of Housing Supply is a Balanced Market



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. As you can see, our market had an extreme imbalance several years ago, with more sellers in the market than were needed based on the buyers in the market. Over the past four years we have been seeing a steady increase in buyers in the market and a decline in sellers in the market.

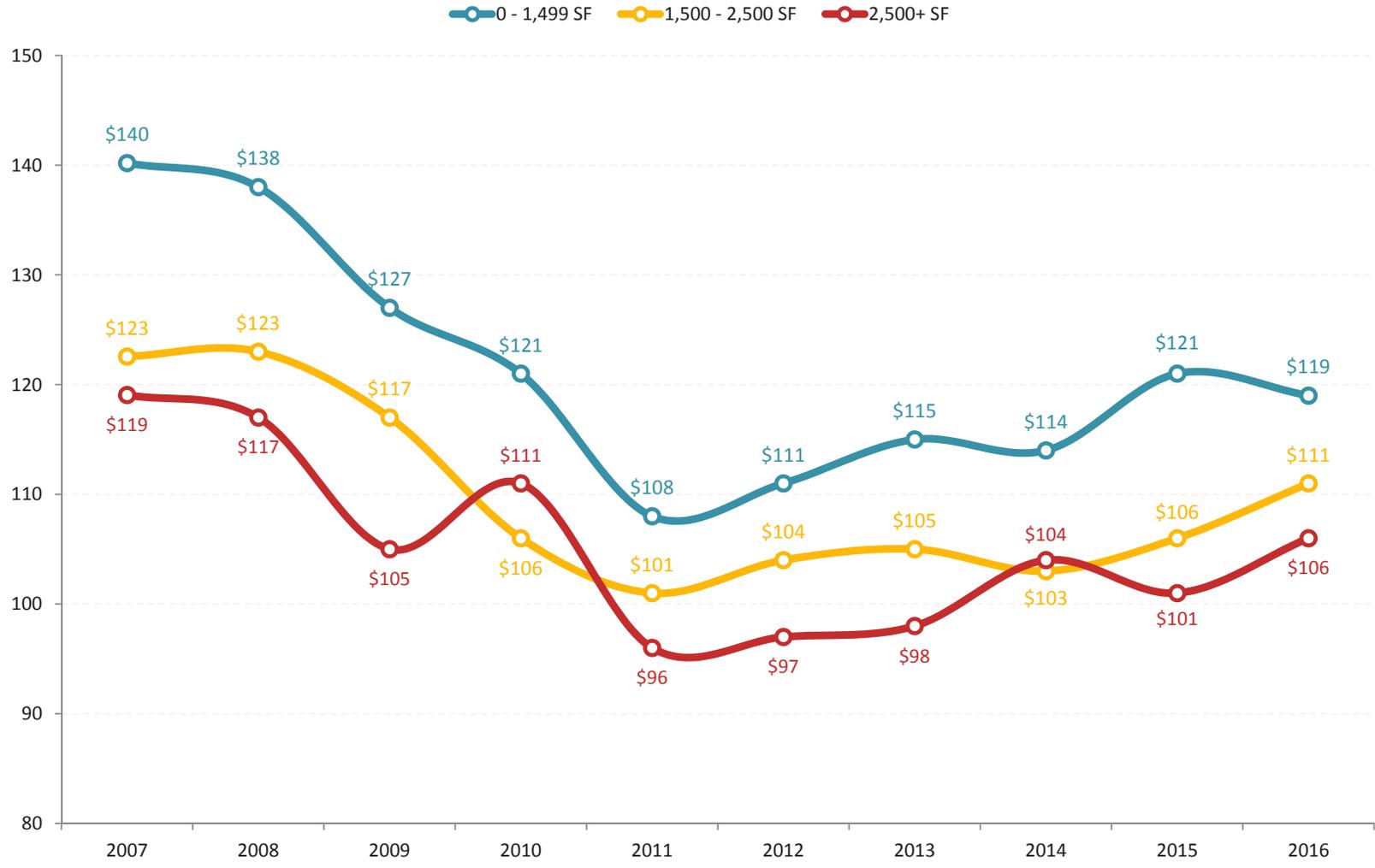
Harrisonburg & Rockingham County
Median Price vs. Price Per SF (Single Family Homes)



In addition to monitoring home values by overall median sales prices in our market, it can be insightful to examine the median price per square foot of homes that are selling. The graph above shows the median price per square foot of all single family homes sold over the past 10+ years. The value trend captured by this graph is quite

similar to the trend shown in the single family home median sales price during the same time, which validates that assumed set of changes in home values. Over the past year (2014 to 2015) we have seen increases in both the median sales price as well as the median price per square foot of single family homes.

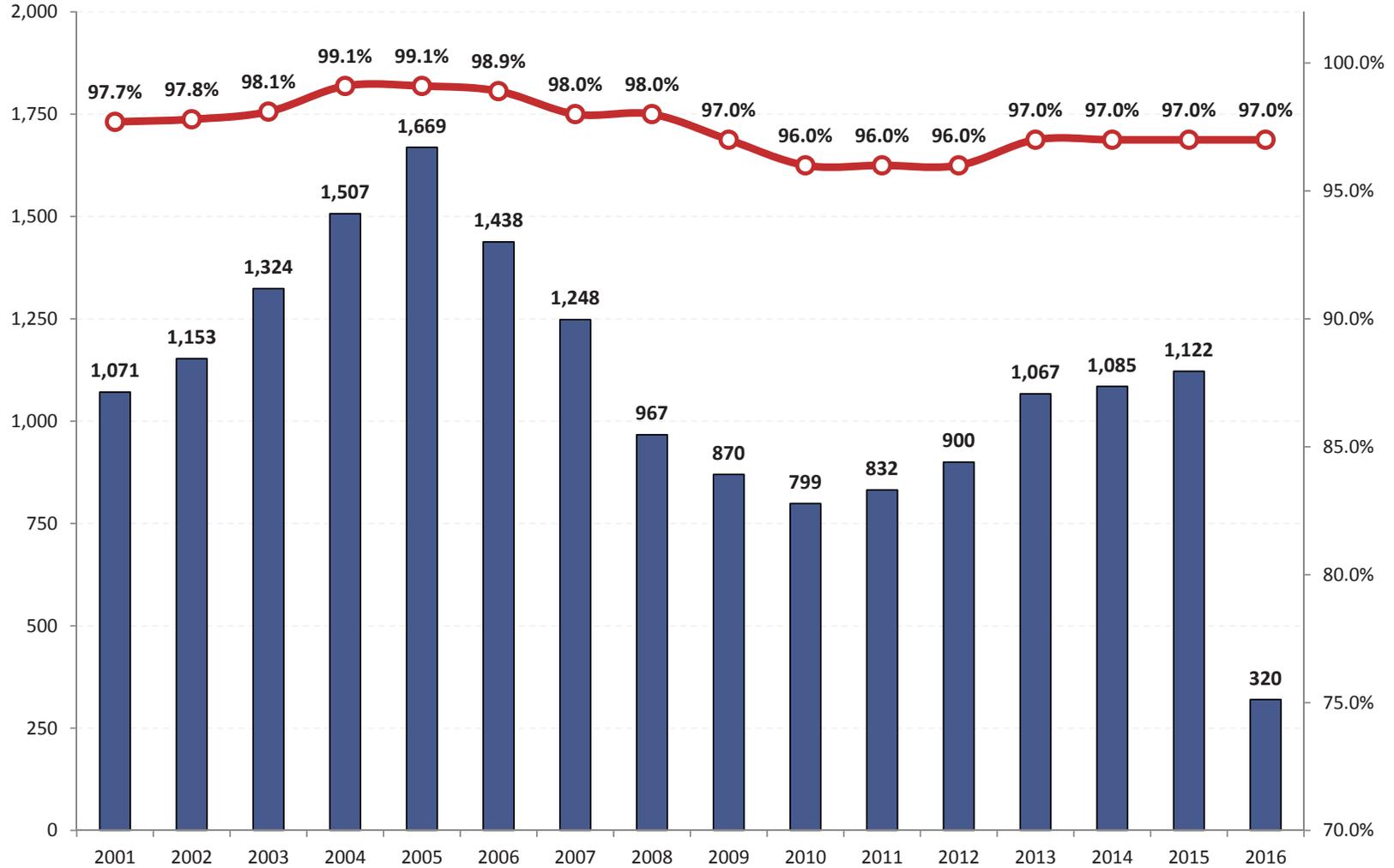
Harrisonburg & Rockingham County
Median Price Per Square Foot by Home Size
Single Family Homes



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 a similar size. In looking at 2015 figures, this graph illustrates that the median price per square foot of larger homes

(2500+ SF) is a good bit lower (\$106/SF) than that of homes with less than 1500 SF (\$119/SF). These values cannot be used as an absolute standard against which the value of any home can be measured, but they can provide some helpful guidance when trying to determine the value of a home.

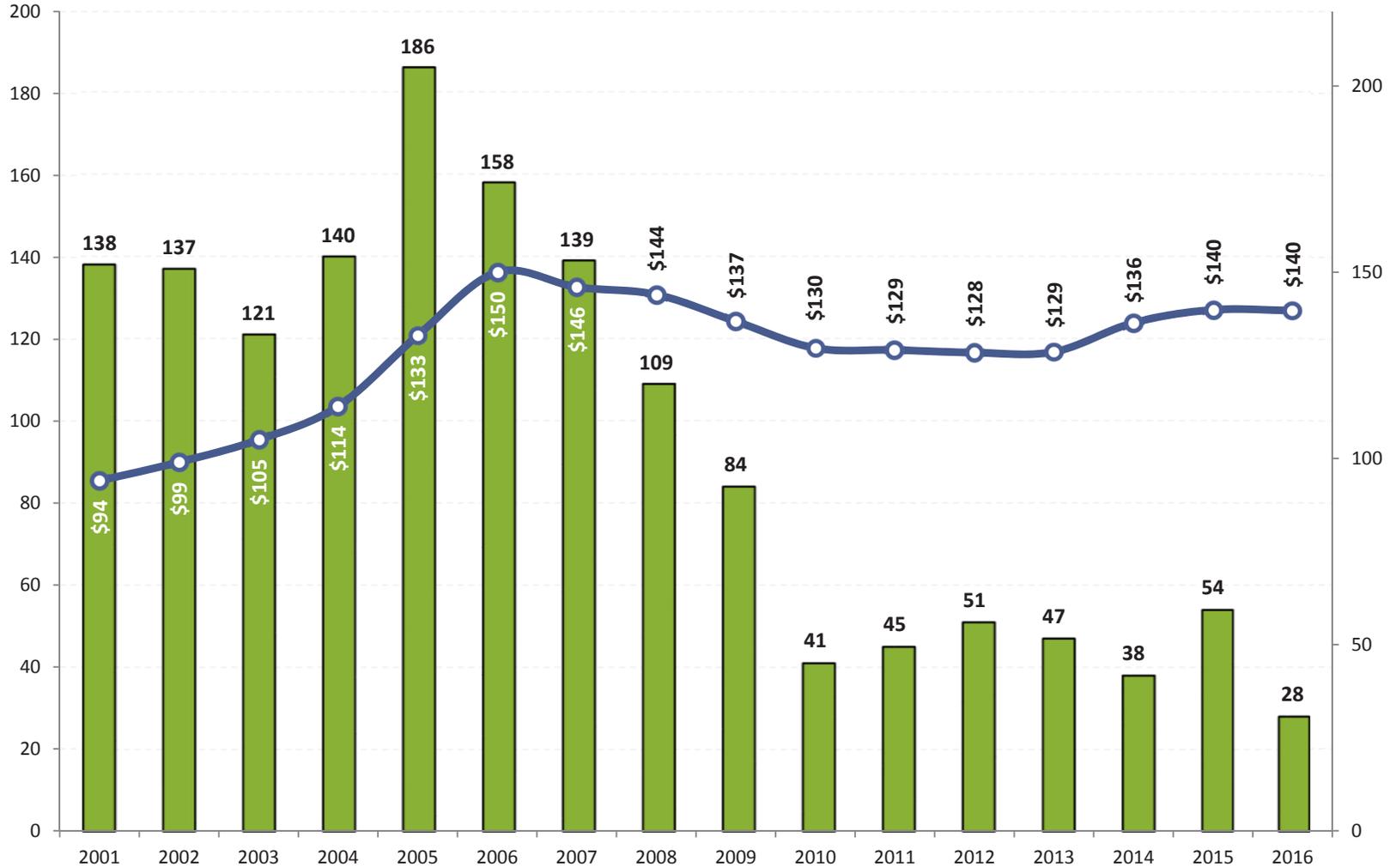
Harrisonburg & Rockingham County
Median List Price to Sales Price Ratio
 within the context of Home Sales Pace



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

escalating. Of note, last year we almost returned to that pre-boom level -- given the 97% average during 2015 compared to the 97% - 98% average in 2000 - 2002. As the market continues to recover, we may see this ratio increase a bit more.

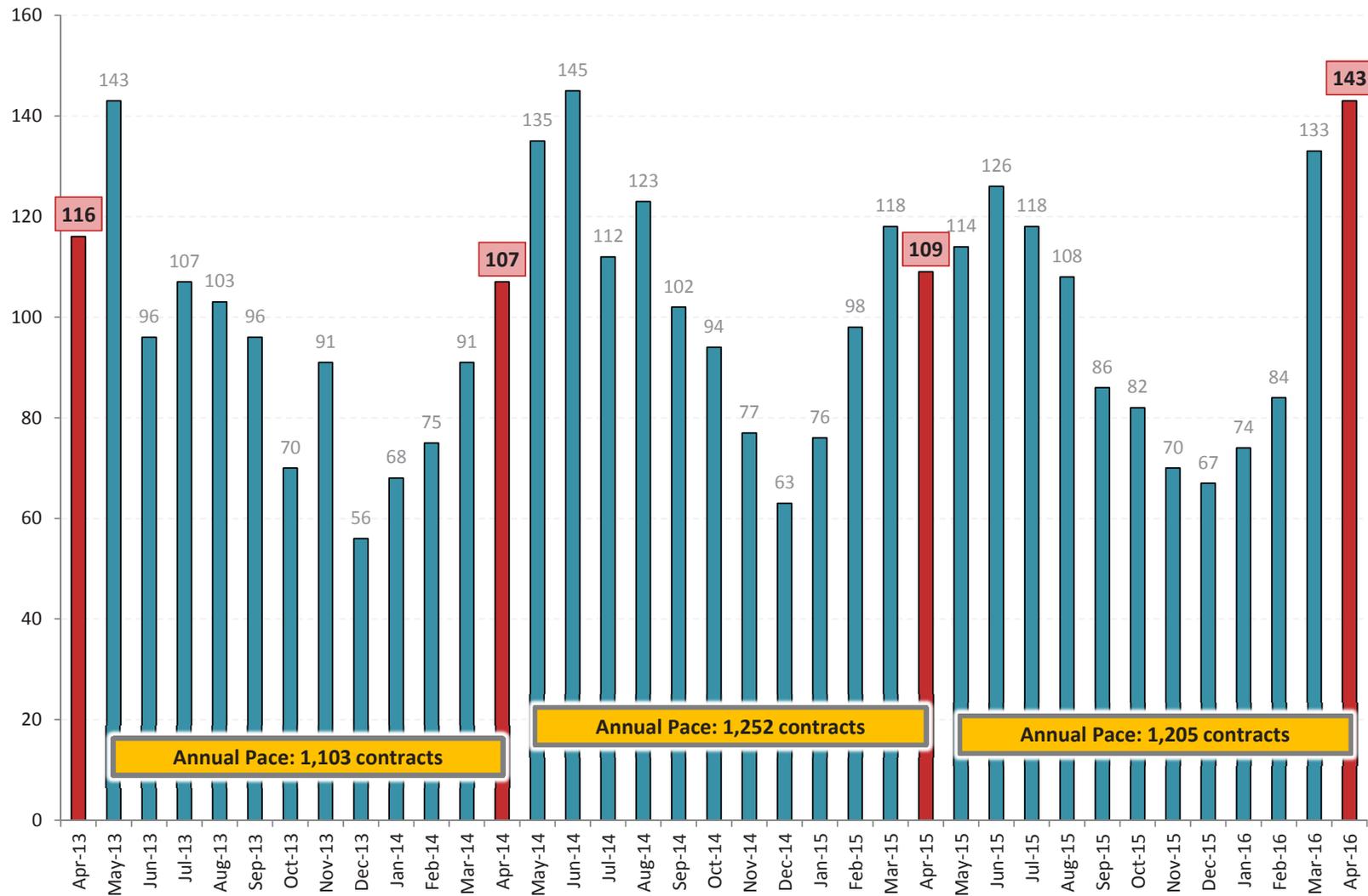
Harrisonburg & Rockingham County
New Construction Single Family Home Sales Trends
 Number of Sales, Median Price Per Square Foot



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, but finally bounced back up to 54 sales last year -- the highest number seen since pre-2010. The median price per square foot has risen steadily over the past two years to its current level of \$140/SF. The 28 sales seen in the first four months of 2016 are an indication of a strong year to come.

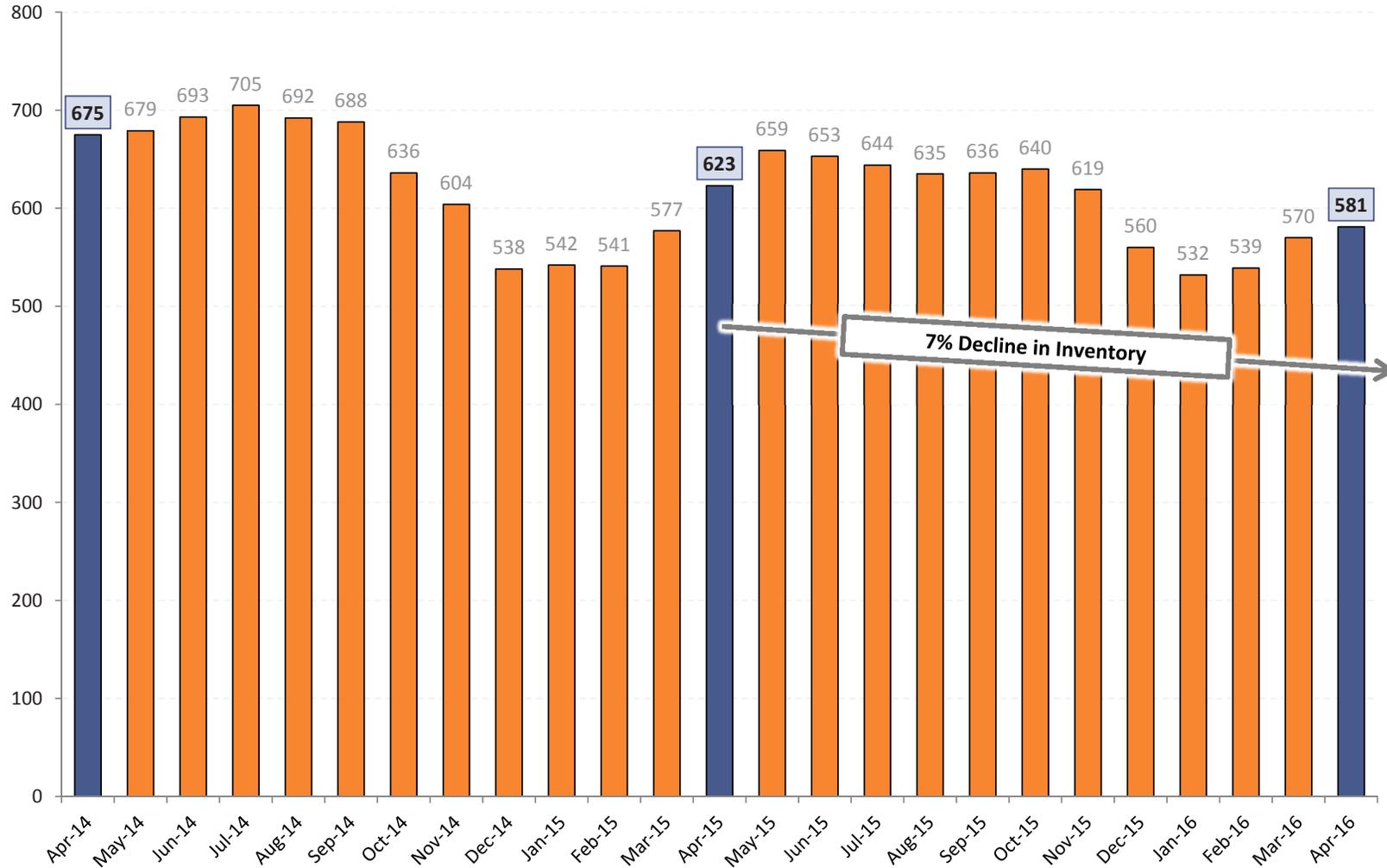
Harrisonburg & Rockingham County
Buyers Per Month Committing to Buy Properties



Wow! This graph shows very clearly (look at the last two bars on the right) how HOT of a Spring real estate market we are experiencing this year. The pace of contracts in March was a new record for March -- and in April, buyers have done it again. As far back as I have on record (2007) there has never been a month of April when this

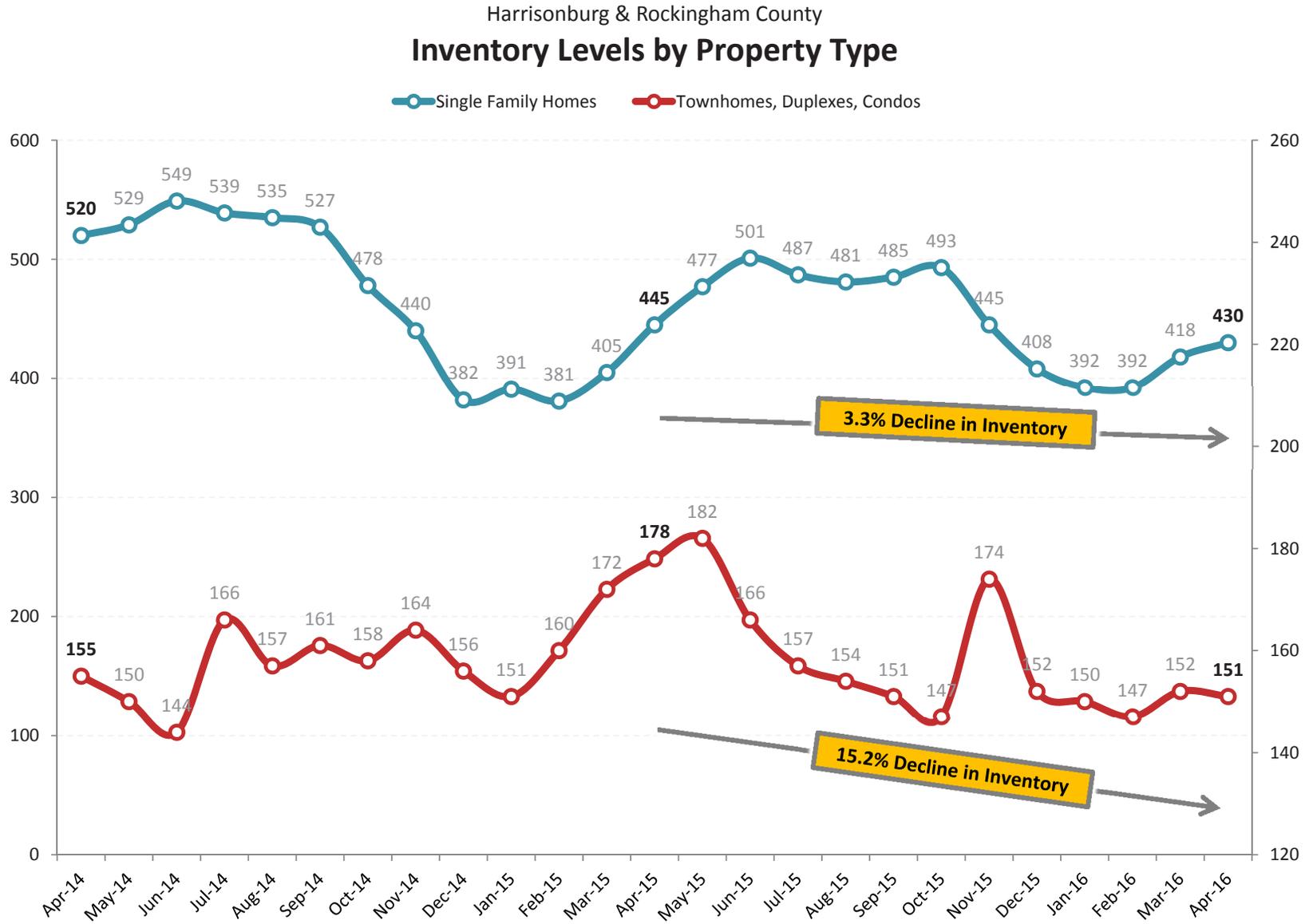
many (143) contracts have been signed in Harrisonburg and Rockingham County. Year to date figures are even more impressive -- last year there were 401 contracts in the first four months of the year. This year there have been 434 contracts during the same timeframe, which marks an 8% improvement in the pace of contracts.

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 may be a big, significant,

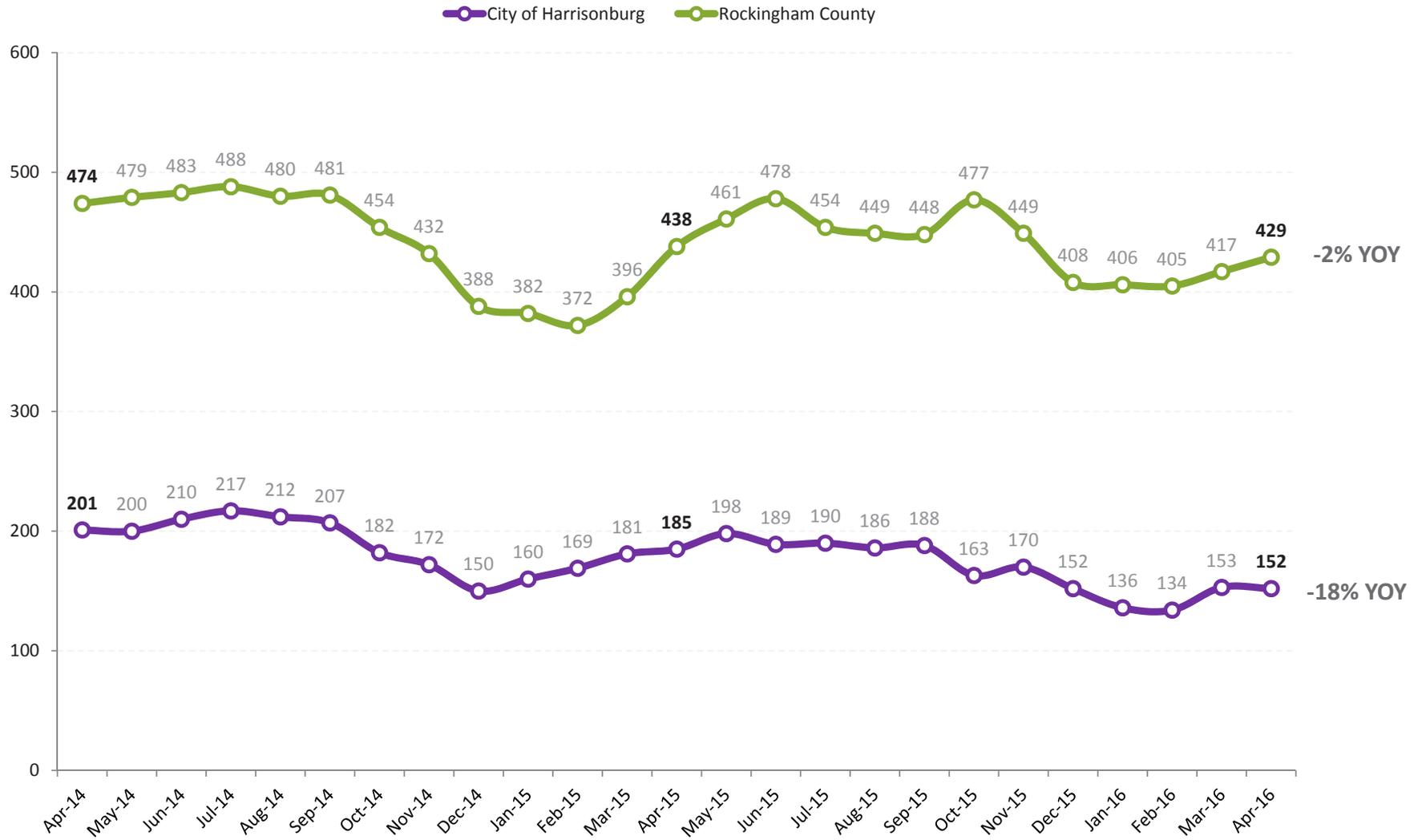
weighty decision, but it is not always so. Some homes that are on the market have been listed for sale by sellers who are "testing the market" and as a result, inventory levels can shift more quickly than home sales trends. Inventory levels have been mostly stable over the past year, though are currently down 7% year-over-year.



This graph examines the differences in inventory levels over time when examining only single family homes as compared to attached dwellings (townhouses, duplexes, condos). The number of single family homes for sale has decreased slightly (-3.3%) over the past year while the number of townhouses, duplexes and condos for sale

has declined much more significantly (-15.2%) during that same time period. As is evident, inventory levels are much lower in the Winter market, and we are likely to see inventory levels continue to rise over the next few months.

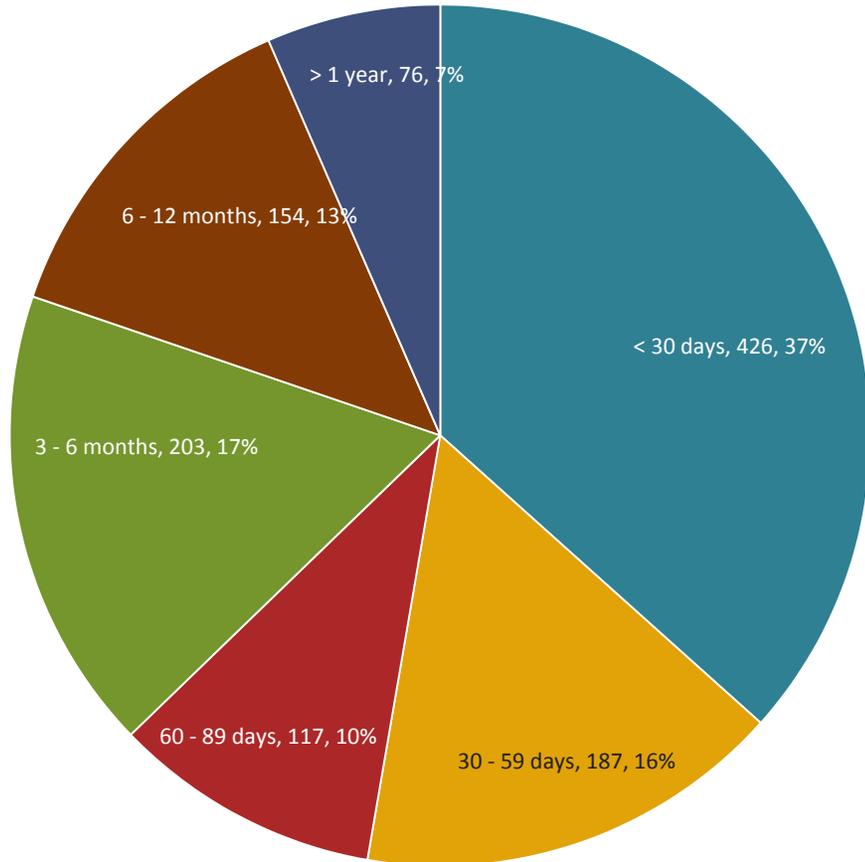
Harrisonburg & Rockingham County
Inventory Levels by Property Location



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 only been a relatively sizable decline (-18%) over the last year in the number of properties for sale. In the County, however, there has been a much smaller

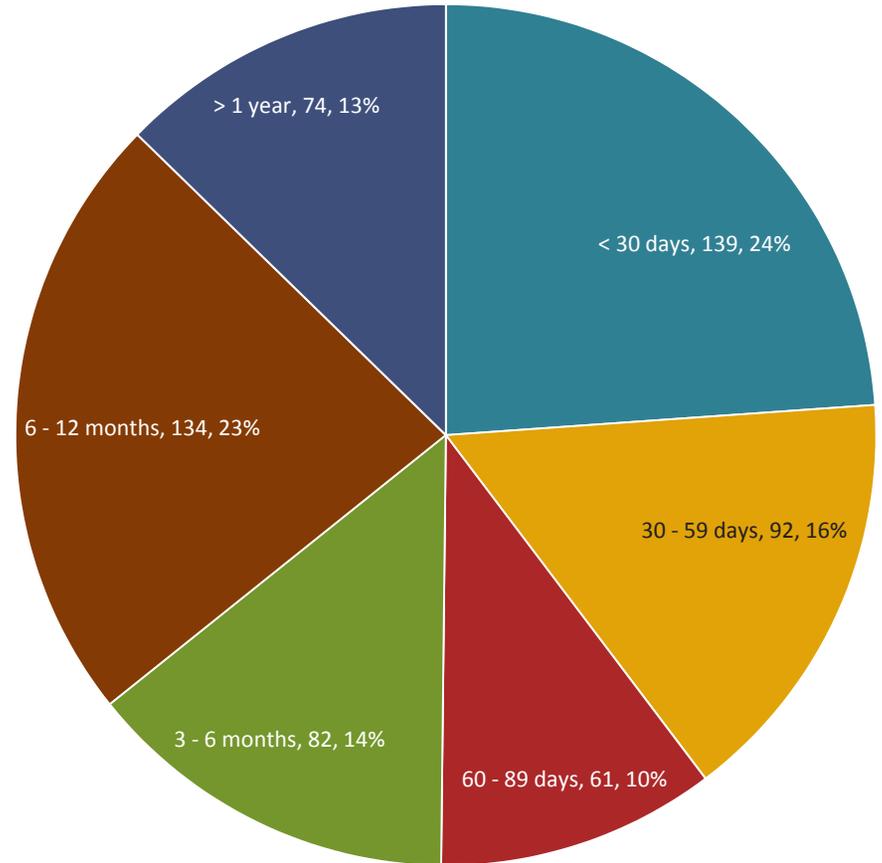
decline in the number of homes for sale. Despite relatively modest changes in inventory levels in the City of Harrisonburg and Rockingham County over the past year, inventory levels in the County seem much more turbulent than in the City.

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



Median Days On Market: 54

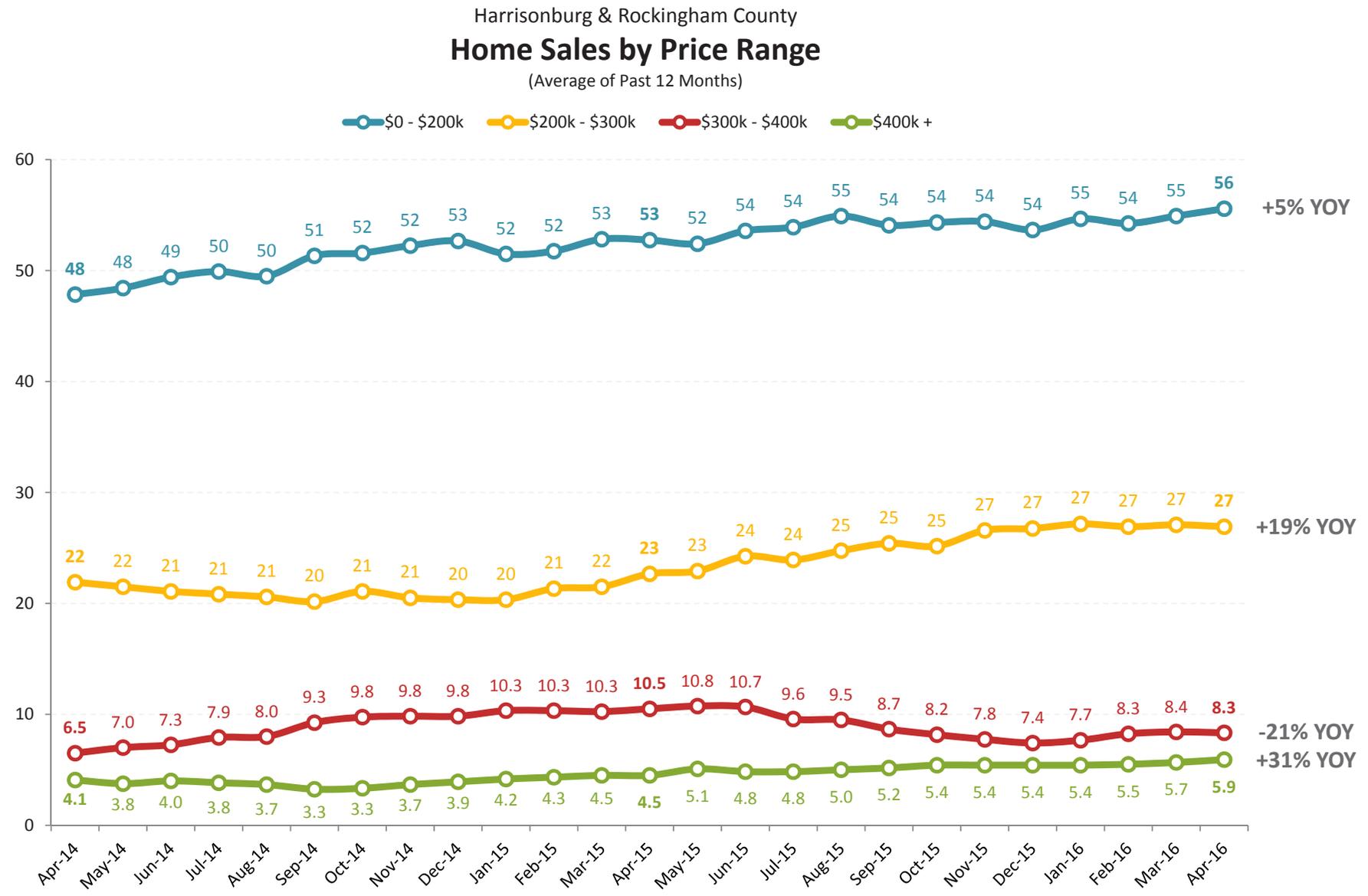
Harrisonburg & Rockingham County
Days on Market Analysis of Active Listings
 Active Residential Listings



Median Days On Market: 88

Despite high inventory levels, and low numbers of buyers in the market, the homes that are actually selling are selling rather quickly. In fact, over 1 out of 3 homes (37%) that sells goes under contract less than 30 days after being listed for sale. Include with that those that go under contract in the next 60 days (16%) and we

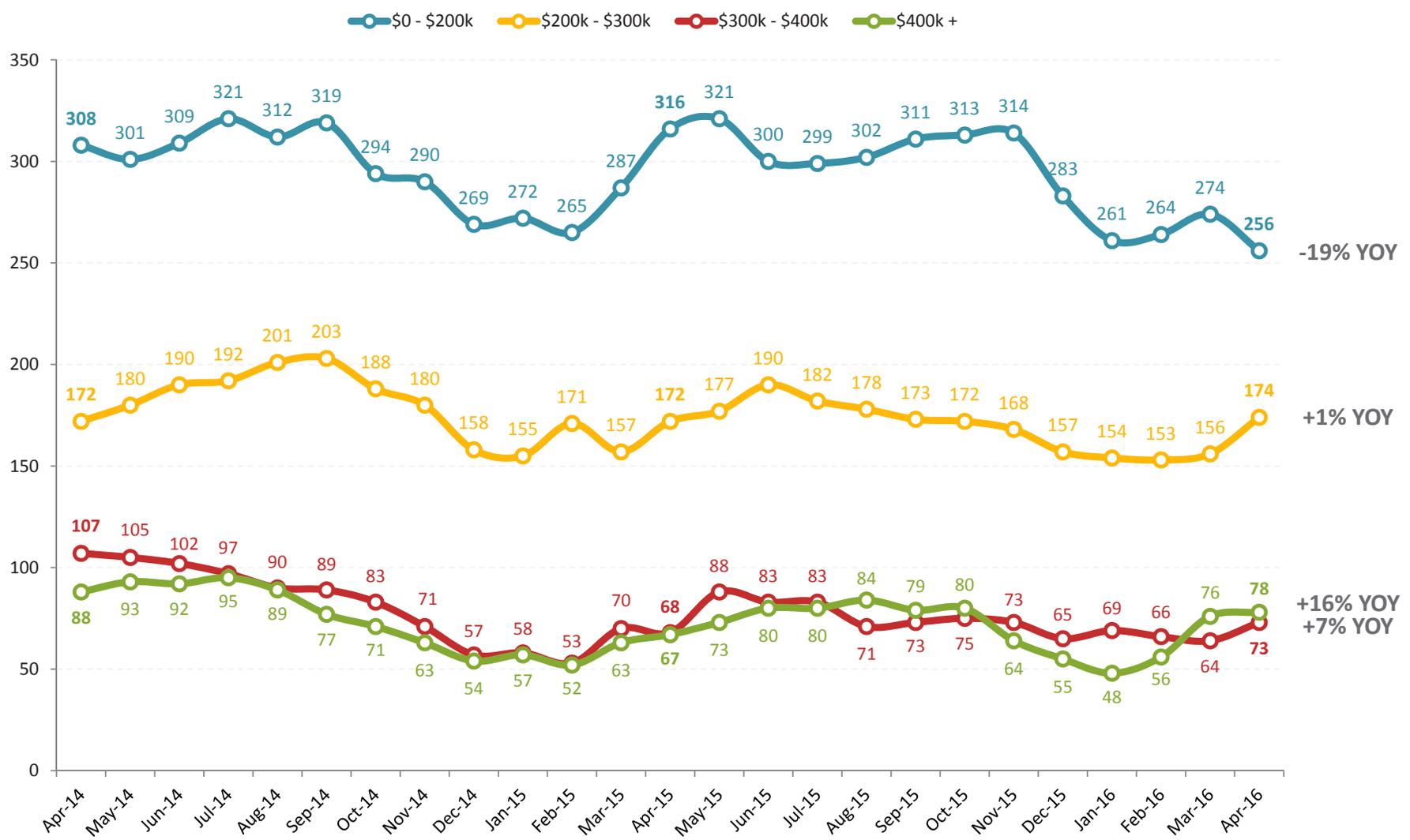
find that more than half of homes (53%) that sell go under contract within the first 60 days of first coming on the market. This is not, however accounting for the many homes that never sell -- that linger on the market, or are eventually taken off the market.



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 years, except

for in the \$300K - \$400K price range, where we have seen a 21% decline in home sales. The most significant increases seen over the past 12 months have been in the \$200K - \$300K price range (+19%) and the \$400K+ price range (+31%).

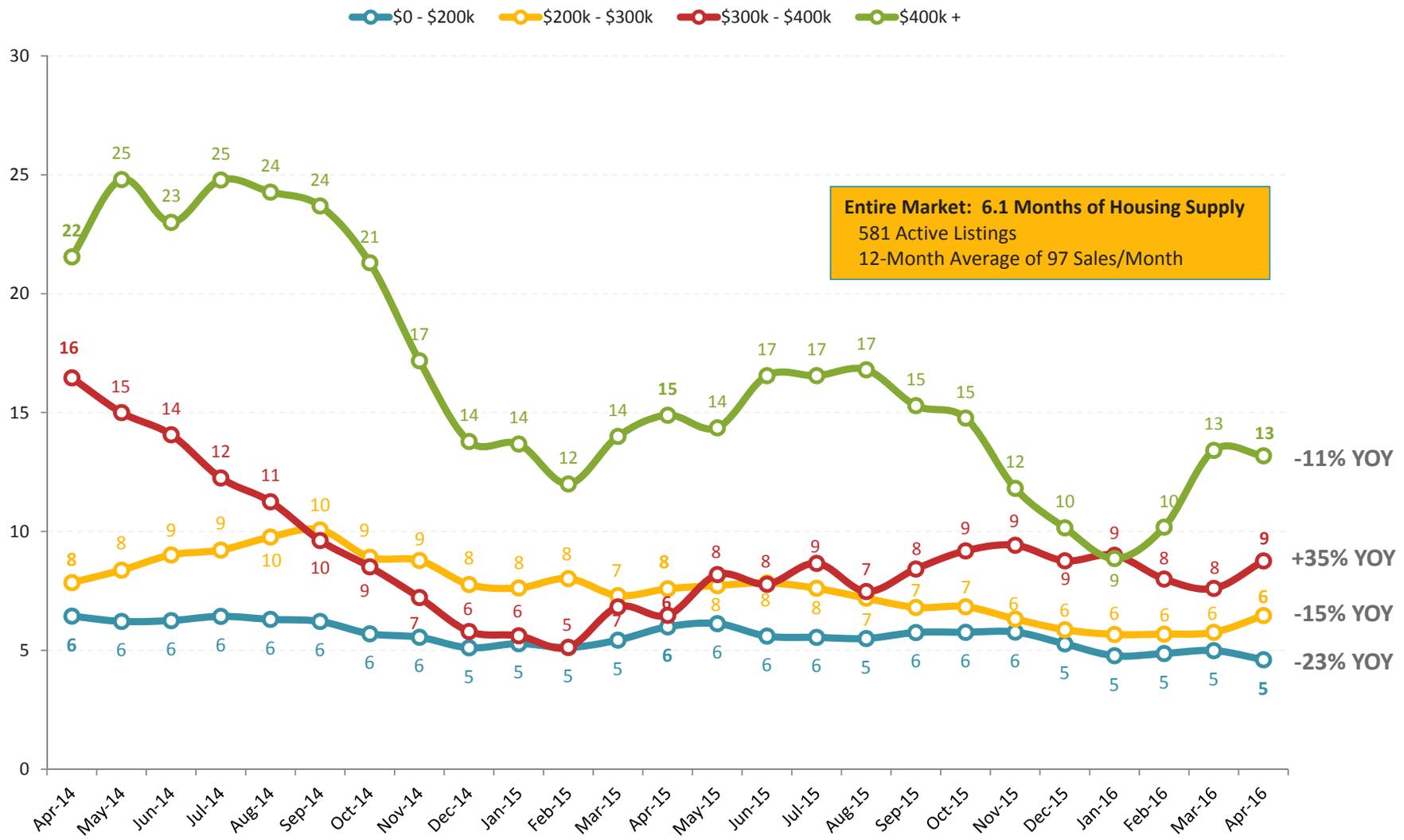
Harrisonburg & Rockingham County
Inventory Levels by Price Range



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 price range (\$400K+) has seen the largest upward adjustment (+16%) in inventory levels over the past year -- while the lowest price range (under \$200K) has

seen the largest decline (-19%) in the number of homes for sale. All four price ranges are likely to see inventory levels starting to increase over the next few months as we continue through the Spring market and into the Summer market.

Harrisonburg & Rockingham County
Months of Housing Supply by Price Range

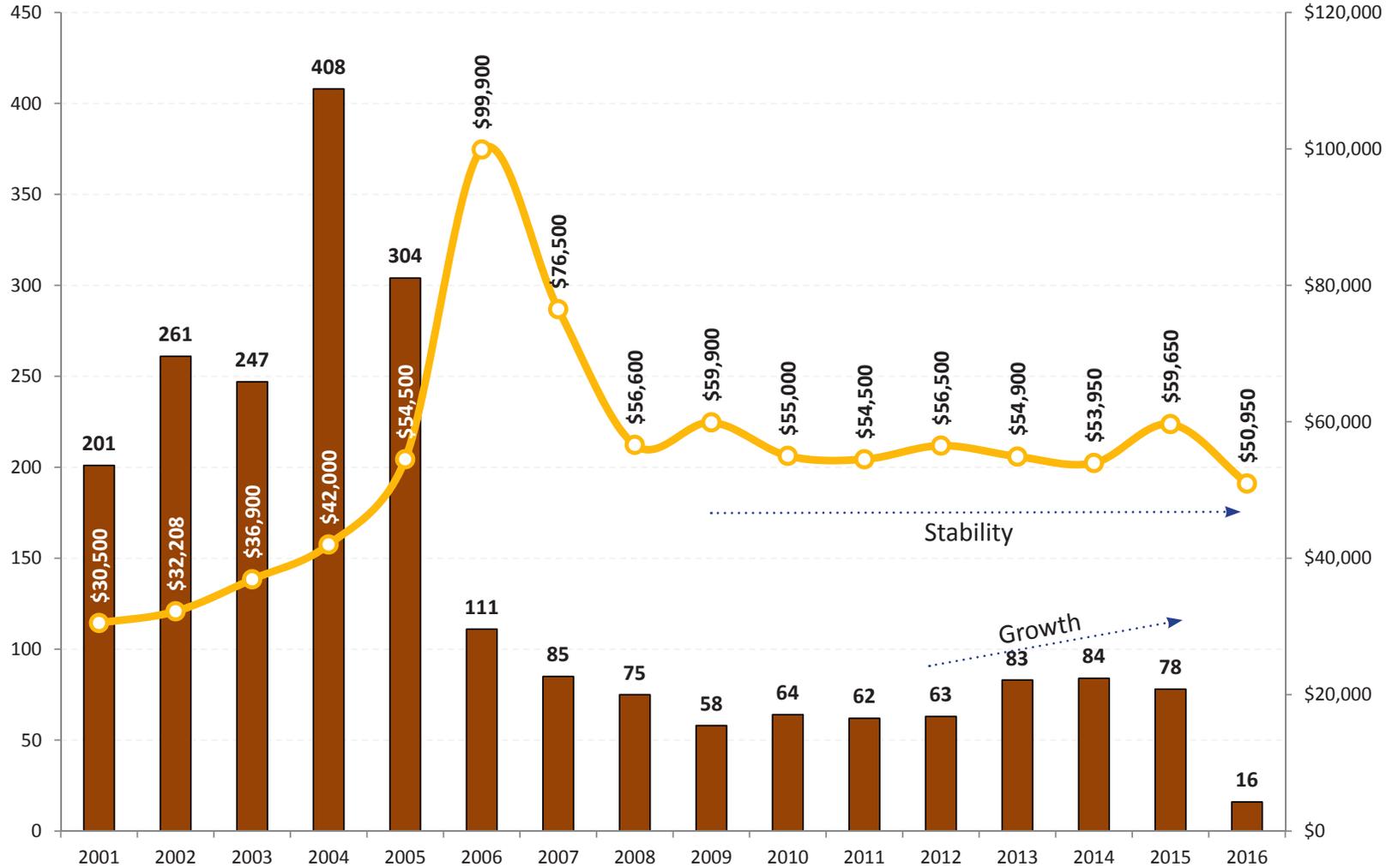


With so many homes on the market (lots of sellers) and so few home sales (not so many buyers), there are very high levels of supply in most price ranges our local real estate market. The graph above illustrates that it would take thirteen months to sell all of the homes currently for sale over \$400K if the same number of buyers bought

each month as have been buying (on average) over the past 12 months. Many consider a six month supply to be a balance between buyers and sellers, and in the past 12 months we have only consistently seen that balance in the under \$200K price range, though we are now seeing it in the \$200K - \$300K price range as well.

Published on May 11, 2016 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 - 04/30/2016..

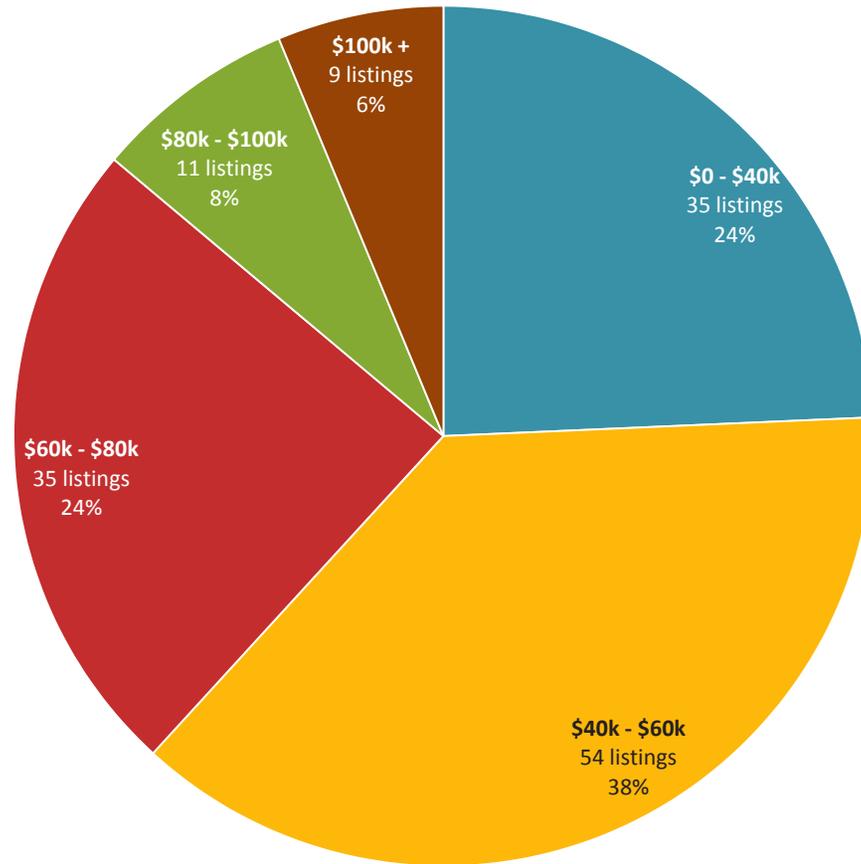
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



After some modest recovery in the pace of sales of lots of less than an acre over the past few years, there were fewer of these sales in 2015 (78) as compared to 2014 (84). That slower pace of lot sales did not stop sellers from being able to obtain higher prices for their building lots, as the median sales price increased from

\$53,950 to \$59,650. This is nearly tied for the highest median sales price seen anytime since 2008. While we are unlikely to return to seeing 250 or more lot sales in a single year, hopefully we will see increases 100+ sales per year in the coming years. Of note, the pace of these sales thus far this year is not looking promising.

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

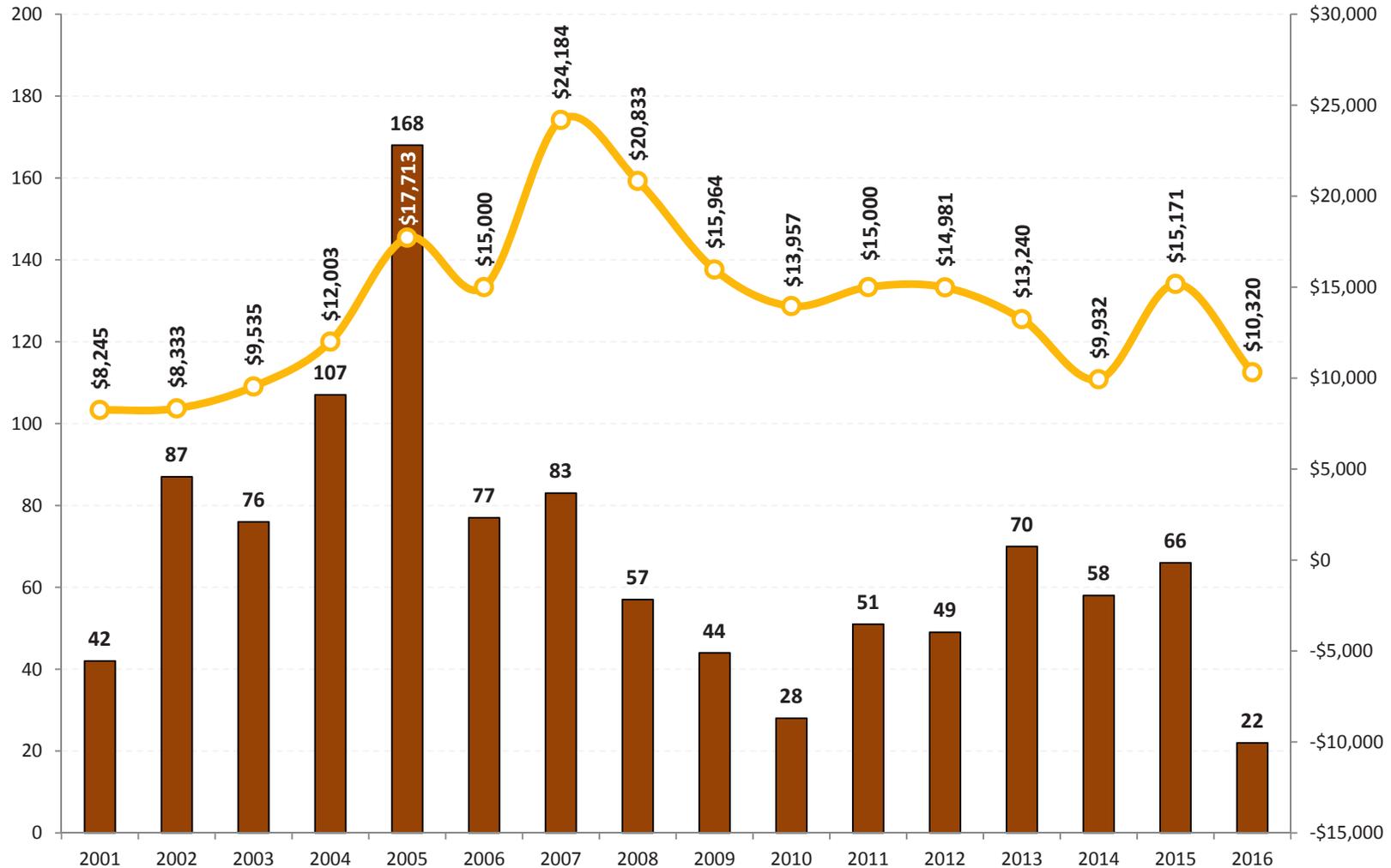


144 Active Lot Listings; Median List Price: \$54,900

Despite the fact that only 78 lots (of less than an acre) sold in all of 2015, there are a remarkable 144 lots currently for sale. Some sanity exists in this listing market, however, as the median list price of lots for sale (\$54,900) is actually a bit lower than the 2015 median sales price of \$59,650. Given last year's 78 lot sales, if no

other lots were listed for sale, it would take 1.8 years to sell all of the lots currently listed for sale. As you can see above, a significant portion of the lots currently listed for sale are priced above \$60,000 --- thus many sellers have offering prices higher than recent (2011-2015) median sales prices.

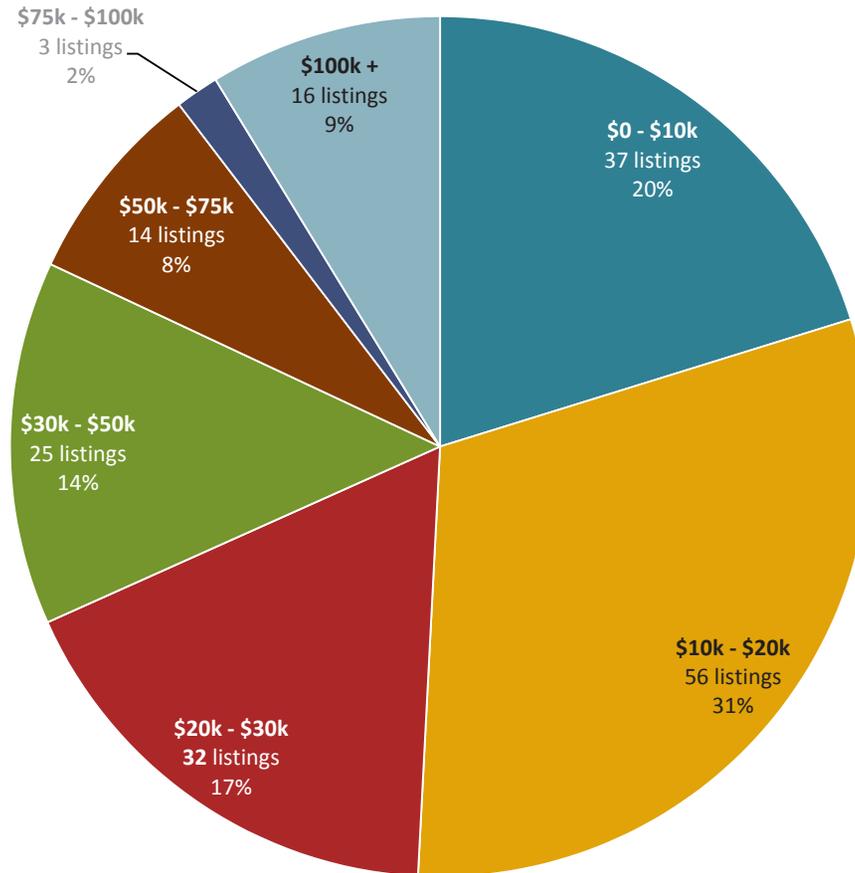
Harrisonburg & Rockingham County
Land Sales & Median Price Per Acre
 1 acre or more



Parcels of land larger than one acre in Harrisonburg or Rockingham County peaked in 2013 at 70 sales, declined in 2014 to only 58 sales, but popped back up to 66 sales during 2015. The median price per acre of these lots with over 1 acre also jumped back up in 2015 to \$15,171. This is the highest price per acre for land of over one

acre seen anytime in the past six years. It seems possible that we will see further increases in the pace of these sales in 2016 as well as potentially in the median sales price of these lot / land sales.

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

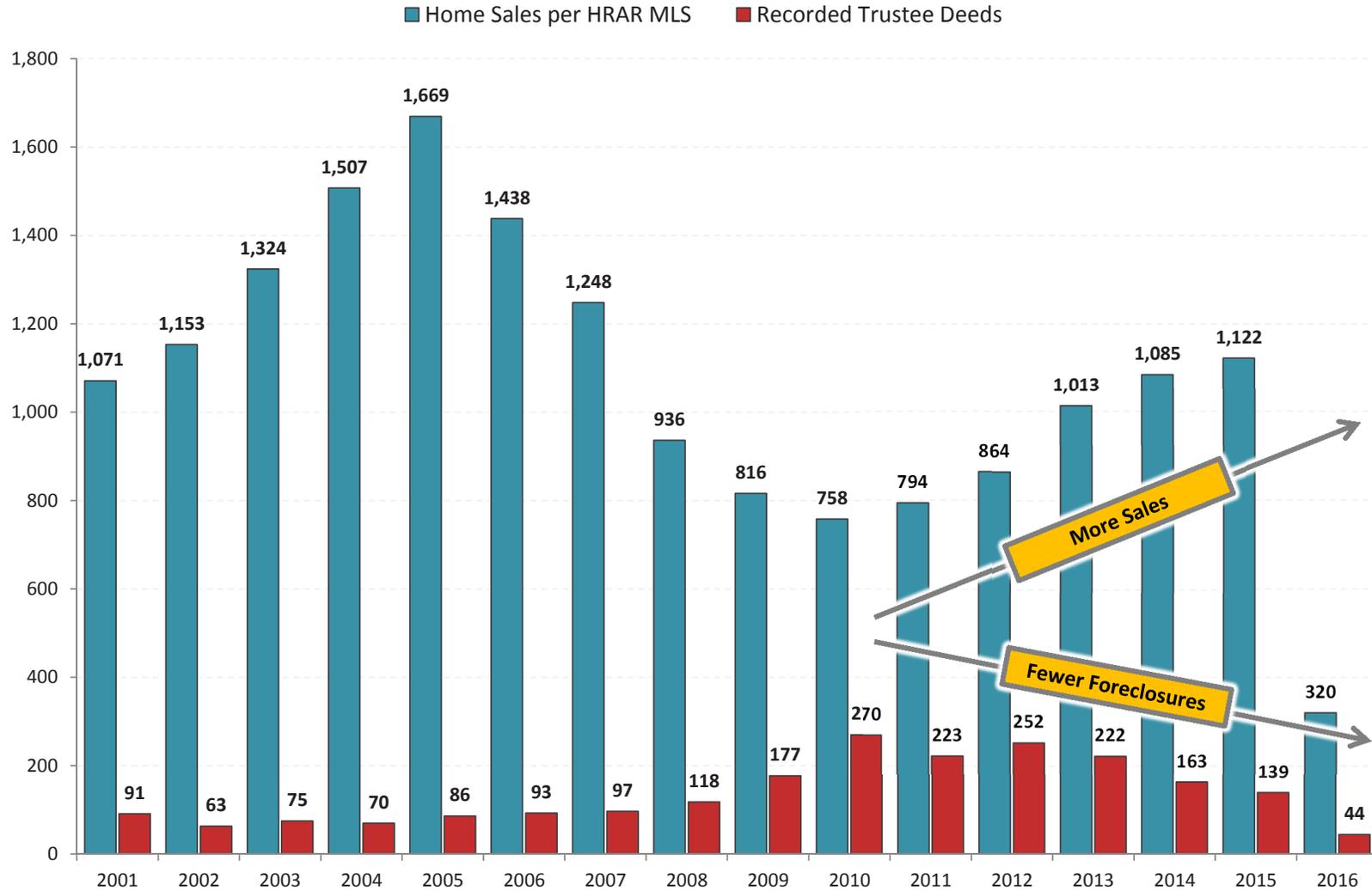


183 Active Land Listing; Median List Price: \$19,865 / Acre

Despite the fact that only 66 parcels of land (of one acre or more) sold in all of 2015, there are a remarkable 183 parcels of land currently for sale. Furthermore, despite the fact that the median sales price of land is hovering around \$15,000 per acre, the median list price of the 183 parcels for sale is currently \$19,865 per acre. Given

last year's 66 land sales, if no other land is listed for sale, it would take 2.8 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
Home Sales vs. Trustee Sales

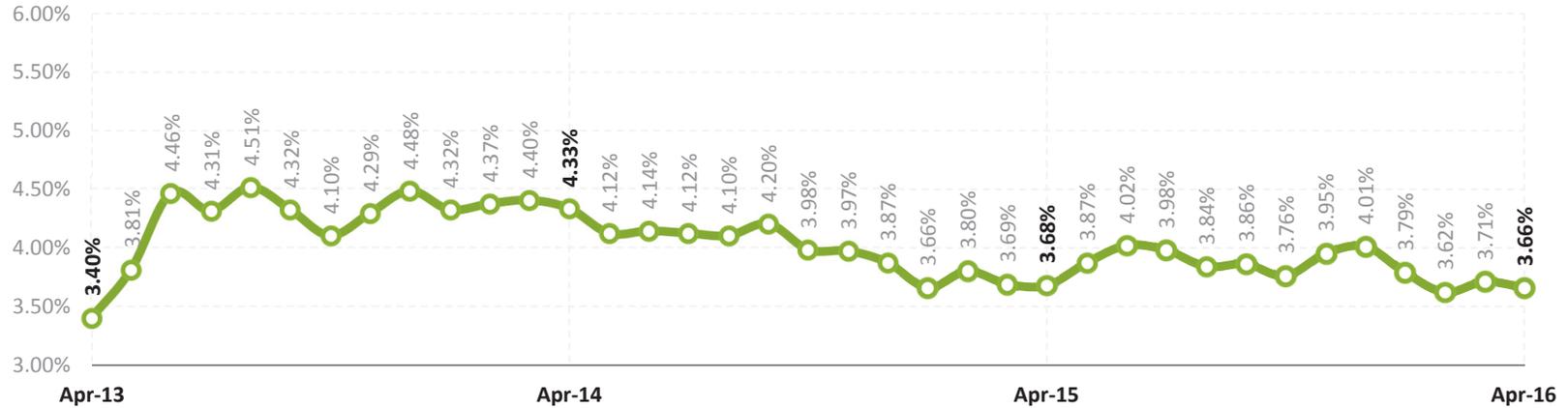


The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales (without a Realtor), nor new home sales directly from a builder. The red bars show the number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

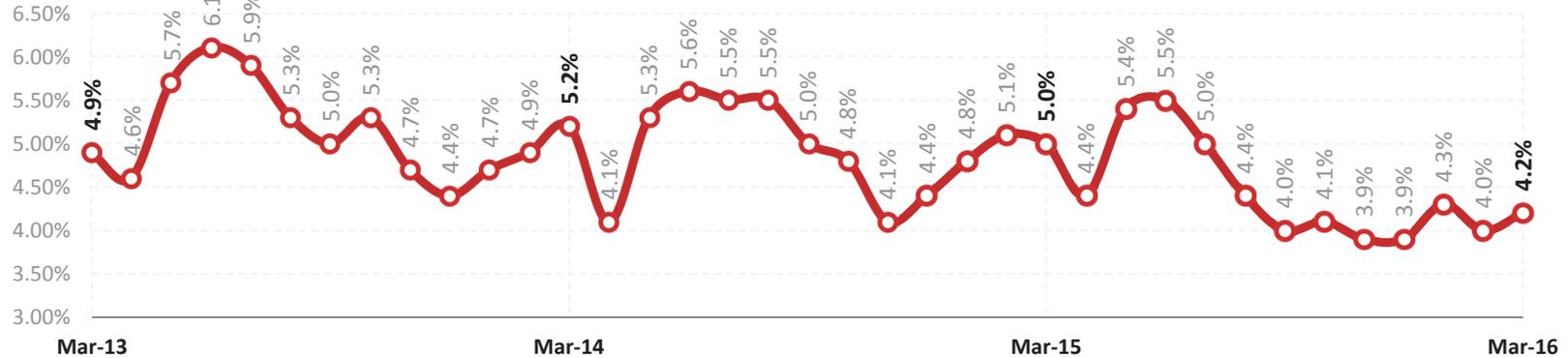
Some foreclosed properties then show up again as REO properties. The foreclosure rate in our local market area is definitely trending downward, as there were 4.6 times as many home sales as foreclosures during 2013, 6.7 times as many home sales as foreclosures in 2014, and 8.1 times as many in 2015.

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 two years to current levels that are amongst the lowest we have ever seen. The second graph above illustrates trends in the local unemployment rate -- which has shown a general downward trend over

the past several years, declining from 4.9% (in 2013) to 4.2% (in 2016). A low local unemployment rate and low mortgage interest rates continue to help our local housing market remain stable.

Scott P. Rogers, Associate Broker



Scott P. Rogers, an 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. Scott provides detailed, professional and responsive service to all of his clients, whether they are buying their first home or have been through many housing transitions. 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.

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, elevated photography equipment, property websites for each of his listings and Matterport 3D Showcase. 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, HarrisonburgApps.com, HarrisonburgAssessments.com, HarrisonburgPropertyTransfers.com, HarrisonburgTownhouses.com, BestDealsInHarrisonburg.com and many others.

Scott is a member of the Shenandoah Valley Builders Association, serves on the Board of Directors for the Shenandoah Valley Children's Choir and East Rockingham Recreation Association, and is the co-founder of TakeThemAMeal.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, camping, playing volleyball and attending JMU sporting events.

Questions? Contact Scott anytime....

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Local Online Real Estate Resources

Everything You Need To Know About the Home Buying Process
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Marketing Strategies for Successing Selling Your Home
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Central Shenandoah Valley Property Search
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Analysis of Real Estate Investment Options in Harrisonburg
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