



MAY 2014 Harrisonburg & Rockingham County Real Estate Market Report



*An analysis of real estate activity through April 30, 2014
provided courtesy of Scott P. Rogers, Funkhouser Real Estate Group*



Charming 3 BR, 2 BA Victorian Home on Large, 0.8 Acre Lot 1103DicesSpringRoad.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: April

75 homes sold in April 2014, marking a 27% decline compared to April 2013 when 103 homes sold -- but a 3% increase compared to April 2012.

Home Values: April

Median sales prices increased 11% and average sales prices increased 4% when comparing April 2014 to April 2013.

Days on Market: April

The median time it took for a home to sell was 163 days in April 2014, a 40% increase from 116 days in April 2013 and a 31% increase from 124 days in April 2012.

Foreclosures

54 trustee deeds have been recorded in 2014 compared to 233 total home sales reported through the HRAR MLS during the same timeframe.

Inventory

Inventory levels increased in April 2014 to 675 residential properties currently for sale, up 7.5% from one year ago, and down 8% from two years ago.

Pace of Home Sales: Year To Date

233 homes sold thus far in 2014. This marks an 18% decline from the same time period in 2013 when 284 homes had sold, though a 4% increase over 2012 when only 224 homes sold.

Home Values: Year To Date

Median sales prices increased 3% though average sales prices decreased 1% 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 9% increase compared to 2013, but no change from the median in 2012.

Supply

The under \$200k and under \$300K price ranges are balanced (6 - 8 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

107 buyers committed to buy in April 2014, compared to 116 in April 2013 -- marking an 8% decline in buyer activity over the past year, though an 11% increase since 2012.

Single Family Home Sales

167 single family homes have sold thus far in 2014, compared to a total of 766 in 2013. The median sales price has declined to \$179,950.

Townhouse Sales

66 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 \$152,250 thus far in 2014.

Lot Sales

There have been 27 lot sales of less than an acre thus far in 2014, compared to 79 in all of 2013. Median sales prices have declined to \$51,000 thus far in 2014.

Land Sales

16 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 \$9,809.

HOME SALES REPORT

Harrisonburg & Rockingham County

May 12, 2014

# Home Sales	2011	2012	2013	2014	% Change ('13 - '14)
April	78	73	103	75	-27.18%
Year-To-Date (Jan-Apr)	217	224	284	233	-17.96%

Median Sales Price	2011	2012	2013	2014	% Change ('13 - '14)
April	\$158,863	\$179,000	\$158,000	\$176,000	11.39%
Year-To-Date (Jan-Apr)	\$162,000	\$168,628	\$167,500	\$173,000	3.28%

Average Sales Price	2011	2012	2013	2014	% Change ('13 - '14)
April	\$192,265	\$192,215	\$182,891	\$190,487	4.15%
Year-To-Date (Jan-Apr)	\$186,540	\$188,329	\$187,988	\$185,513	-1.32%

Median Days on Market	2011	2012	2013	2014	% Change ('13 - '14)
April	161	124	116	163	40.52%
Year-To-Date (Jan-Apr)	160	163	150	163	8.67%

2013 was an encouraging year in the local housing market. After many years of a declining pace of home sales, we finally saw a (strong!) rebound in the home sales activity. Now, however, with four months of 2014 behind us, we are facing a very different trend when comparing year over year trends -- the pace of home sales has

declined 18% year-over-year. This could be the result of the icy winter weather in 2014... but that is becoming a less likely theory as we move through Spring. The next theory I'll throw out is that 2013 was a rebound year, with higher than normal sales volume, and 2014 is reverting back to the slow upward trend that began in 2011.

HOME SALES REPORT :: BY AREA

	City of Harrisonburg			Rockingham County		
# Home Sales	2013	2014	% Change	2013	2014	% Change
April	51	32	-37.25%	52	43	-17.31%
Year-To-Date	107	90	-15.89%	177	143	-19.21%

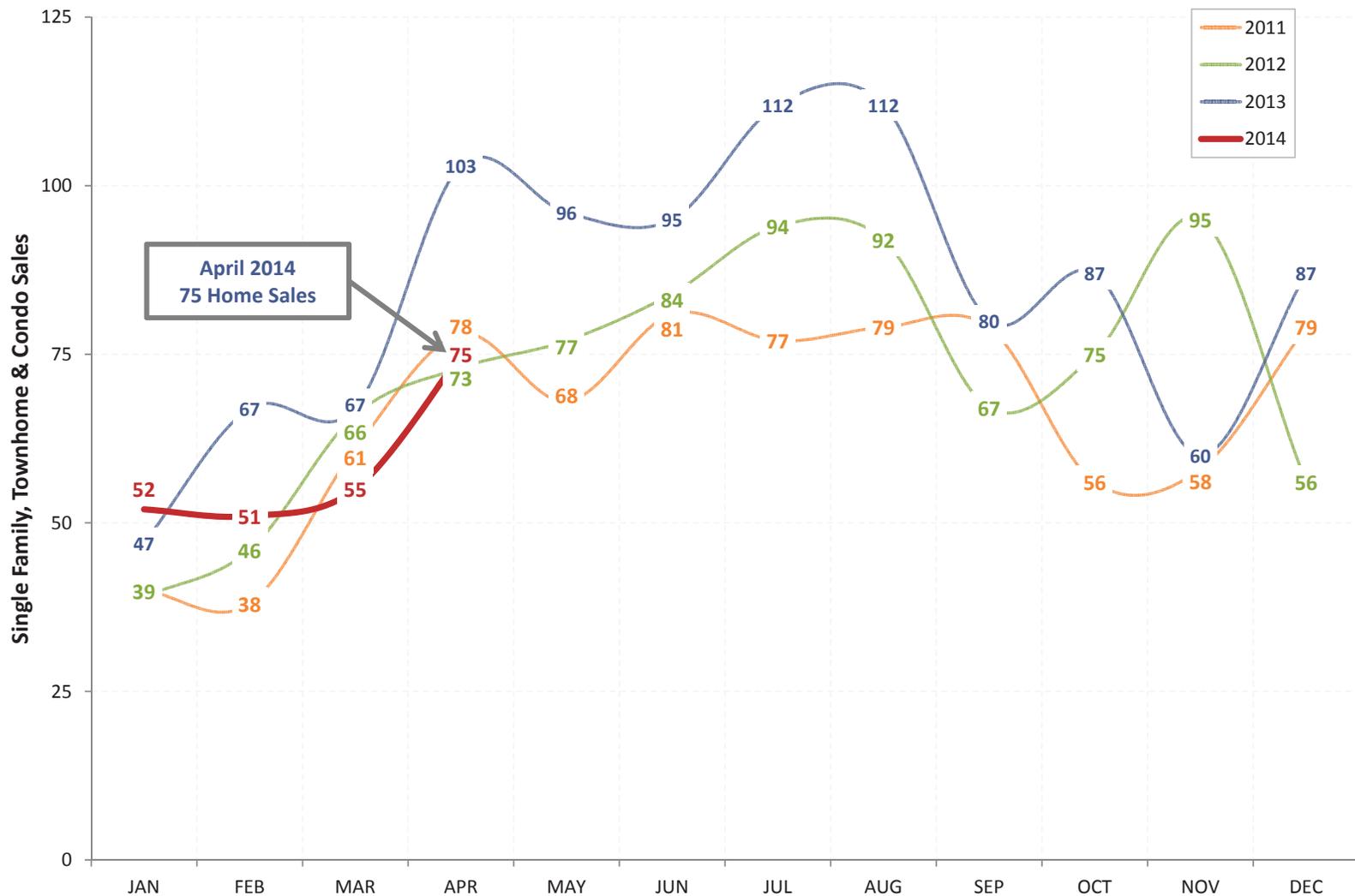
	City of Harrisonburg			Rockingham County		
Median Sales Price	2013	2014	% Change	2013	2014	% Change
April	\$149,000	\$150,950	1.31%	\$177,625	\$177,500	-0.07%
Year-To-Date	\$150,000	\$165,000	10.00%	\$180,000	\$176,500	-1.94%

	City of Harrisonburg			Rockingham County		
Median Days on Market	2013	2014	% Change	2013	2014	% Change
April	157	105	-33.12%	107	240	124.30%
Year-To-Date	134	130	-2.99%	155	179	15.48%

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 (YTD) sales pace both in the City (-16%) and the County (-19%). Of interest, however, is that the median sales price is increasing (+10%) in the City, but

decreasing (-2%) in the County. These price trends are observed when comparing January through April sales data for 2013 and 2014. Similarly, it is now taking longer (+15%) for properties to sell in the County as compared to the City (-3%).

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



Going back to the rebound theory (page 3) -- the blue line in this graph shows the month-by-month sales experienced during 2013. As is quickly evident, last year's home sales were head and shoulders above any other recent year of home sales. Home sales this year (red) certainly look rather unexciting in comparison to last year

(2013) though when taken within the context of 2012 (green) we see that there has been an improvement when looking at a 24 month differential. Again, this may indicate that 2013 was a year of our marketing bouncing back and burning through old inventory, but that the 2013 sales pace was not sustainable moving forward.

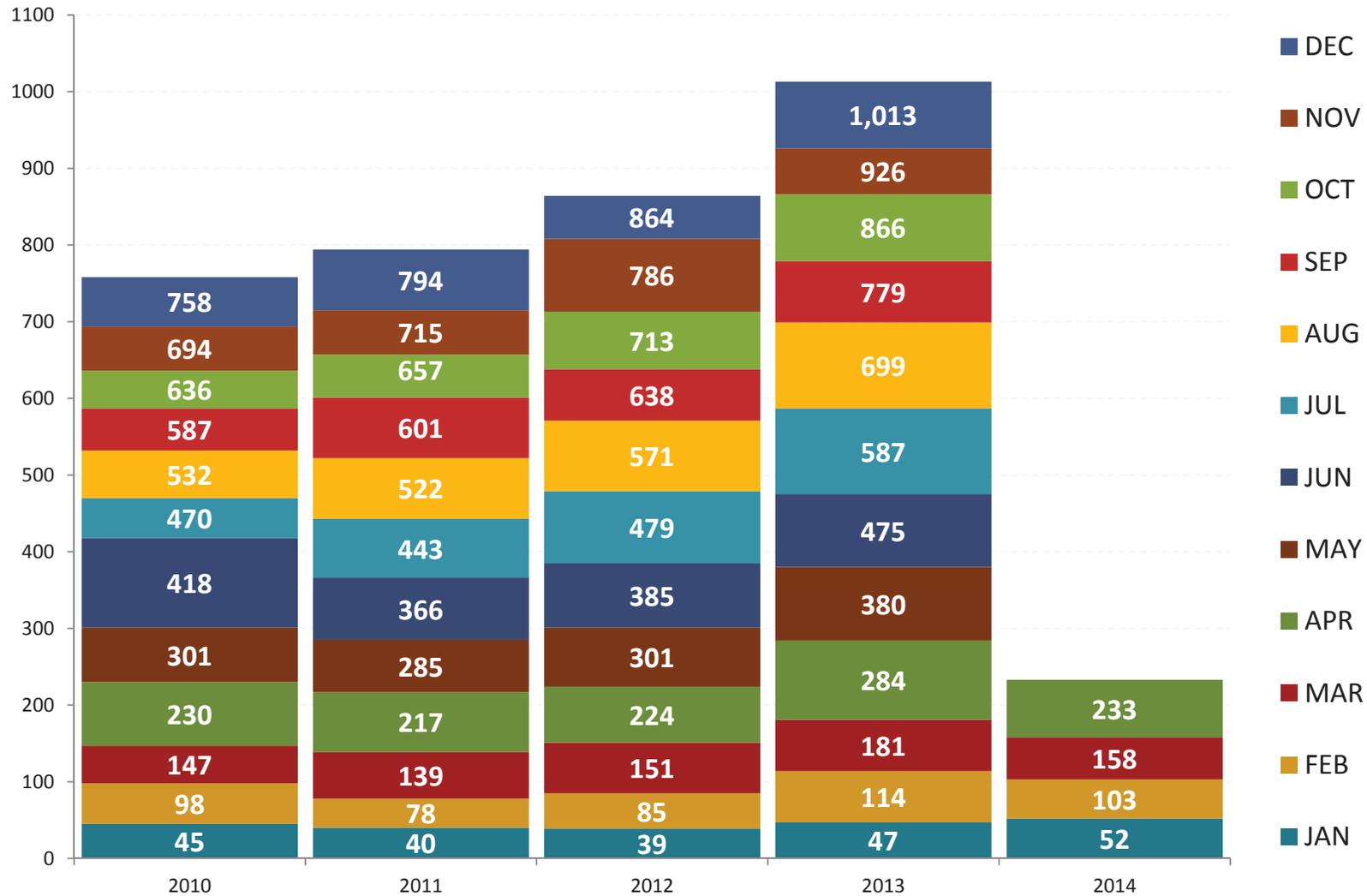
Harrisonburg & Rockingham County
Buyers Per Month Committing to Buy Properties



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 steady month by month increases in contract activity since January of this year, though the year-over-year comparison does not fare as favorably. There were more

buyers signing contracts to buy homes last April (116) as compared to this April (107). For those who are hoping for a wild summer of home sales to make up for the slower start this year, that would require a tremendous (greater than 143?) number of contracts to be signed during May 2014.

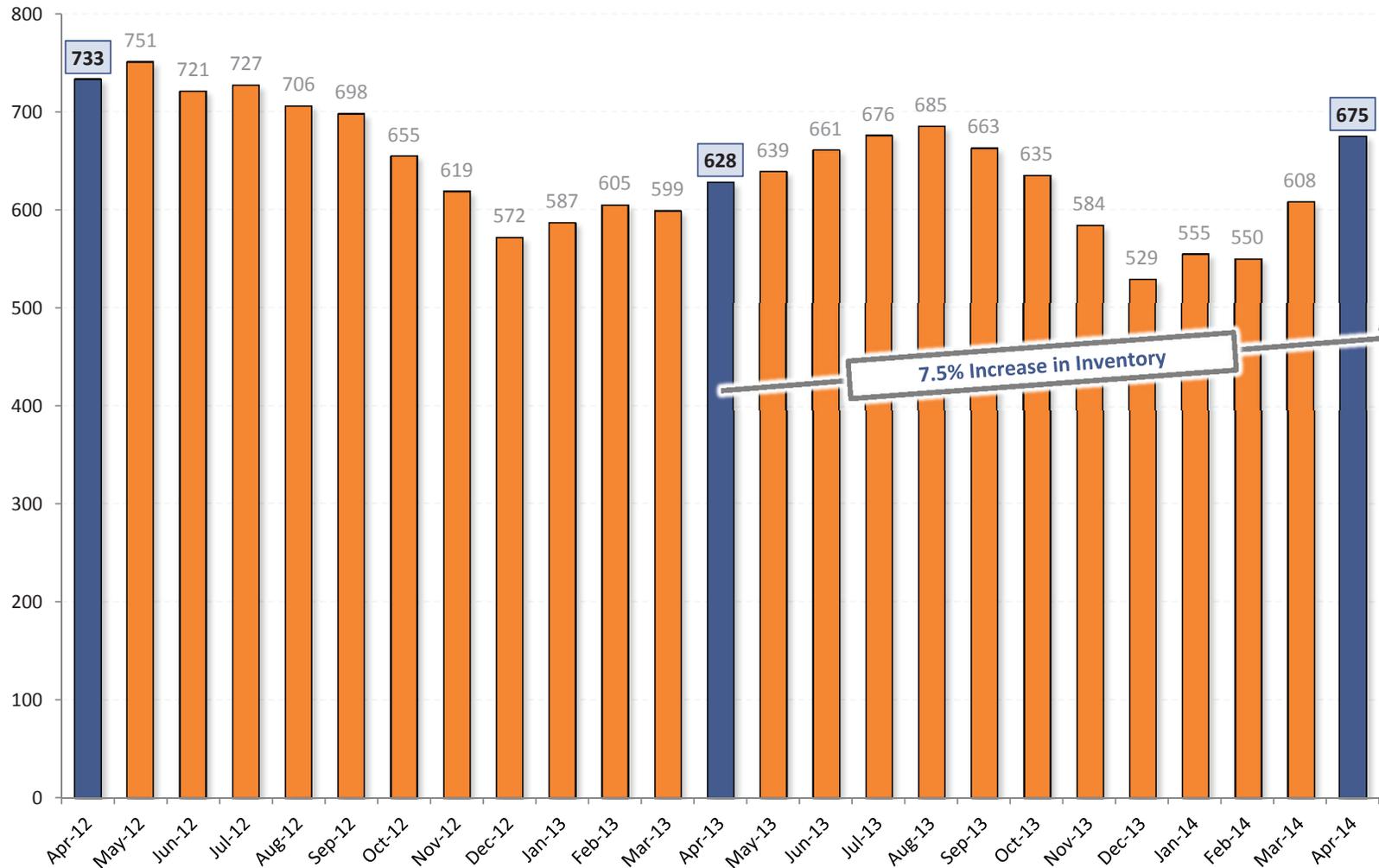
Harrisonburg & Rockingham County Monthly Cumulative Residential Sales



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, just look at how high the top of the olive green segment of the bar chart extends. You'll note that this year's pace of home sales (233) is higher

than every year (2010, 2011, 2012) other than last year when there were 284 home sales. This is disappointing in many ways, as it seemed that 2013 had shown strong growth in our local housing market, and many were anticipating that 2014 would show a continuation of that trend.

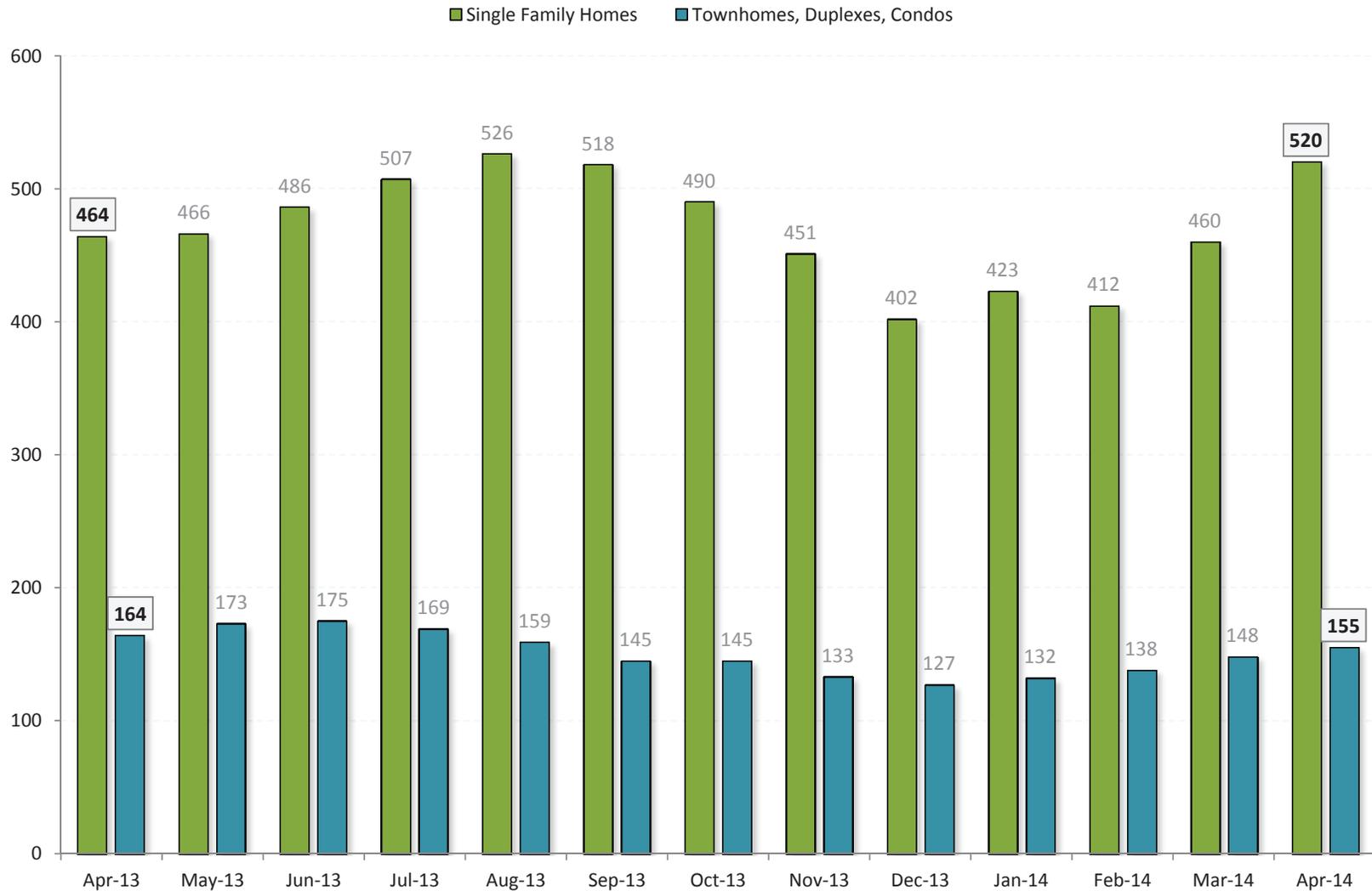
Harrisonburg & Rockingham County
Inventory Levels
 (end of month)



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. We have certainly seen a significant increase in these inventory levels over the past two months.

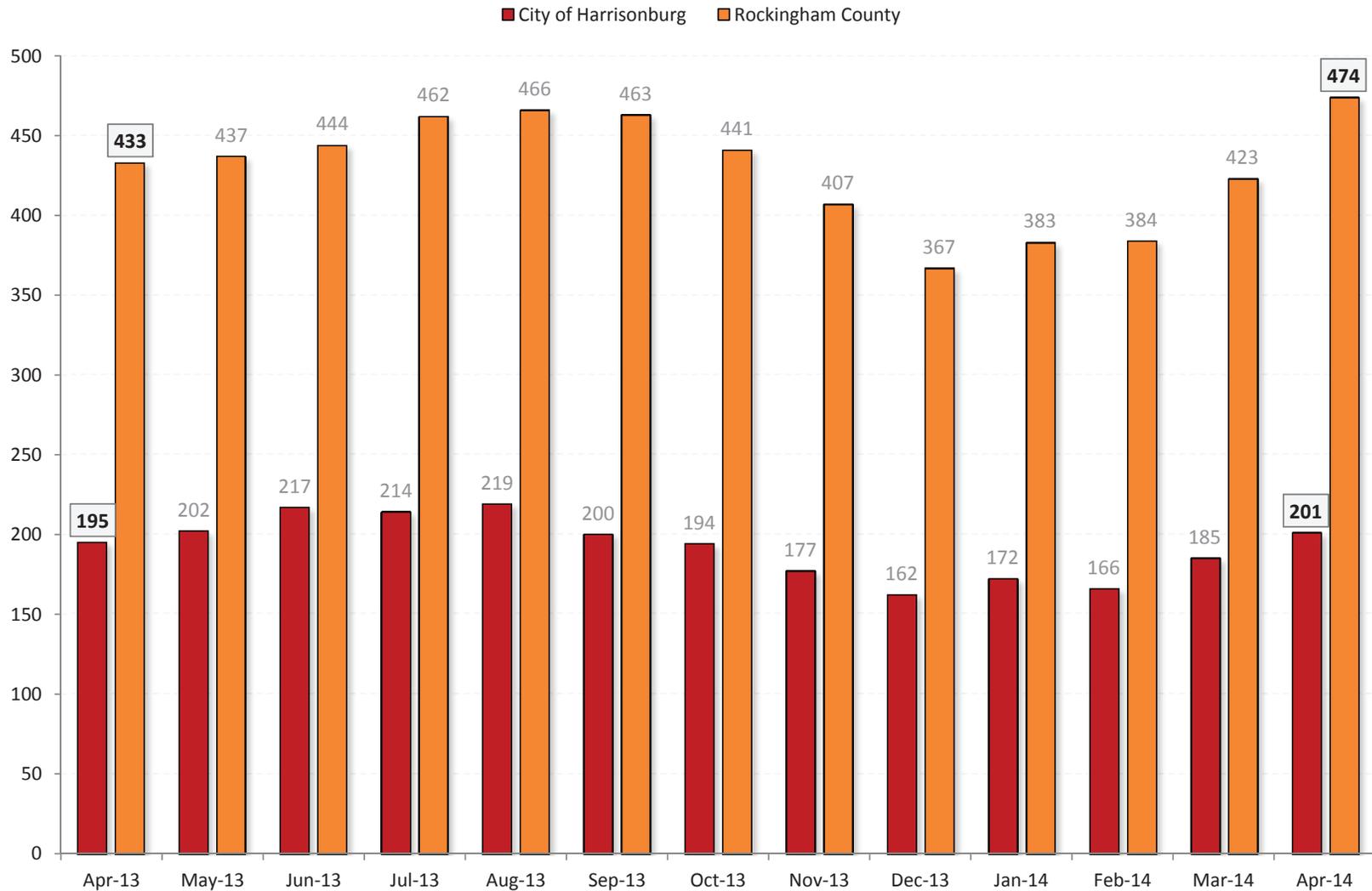
Harrisonburg & Rockingham County Inventory Levels by Property Type



If you're searching for a single family home, I have some good news for you --- you have more options now than you did a year ago. Inventory levels of single family homes have increased 12% over the past year - and most significantly over the past two months when we have seen a 26% increase in homes for sale. Townhouses

(plus duplexes and condos) are actually seeing a year over year decline (-5%) when looking at current inventory levels compared to a year ago at this time. This will be welcome news for my buyer clients seeking single family homes -- as well as for my seller clients hoping to sell their townhouses, duplexes and condos.

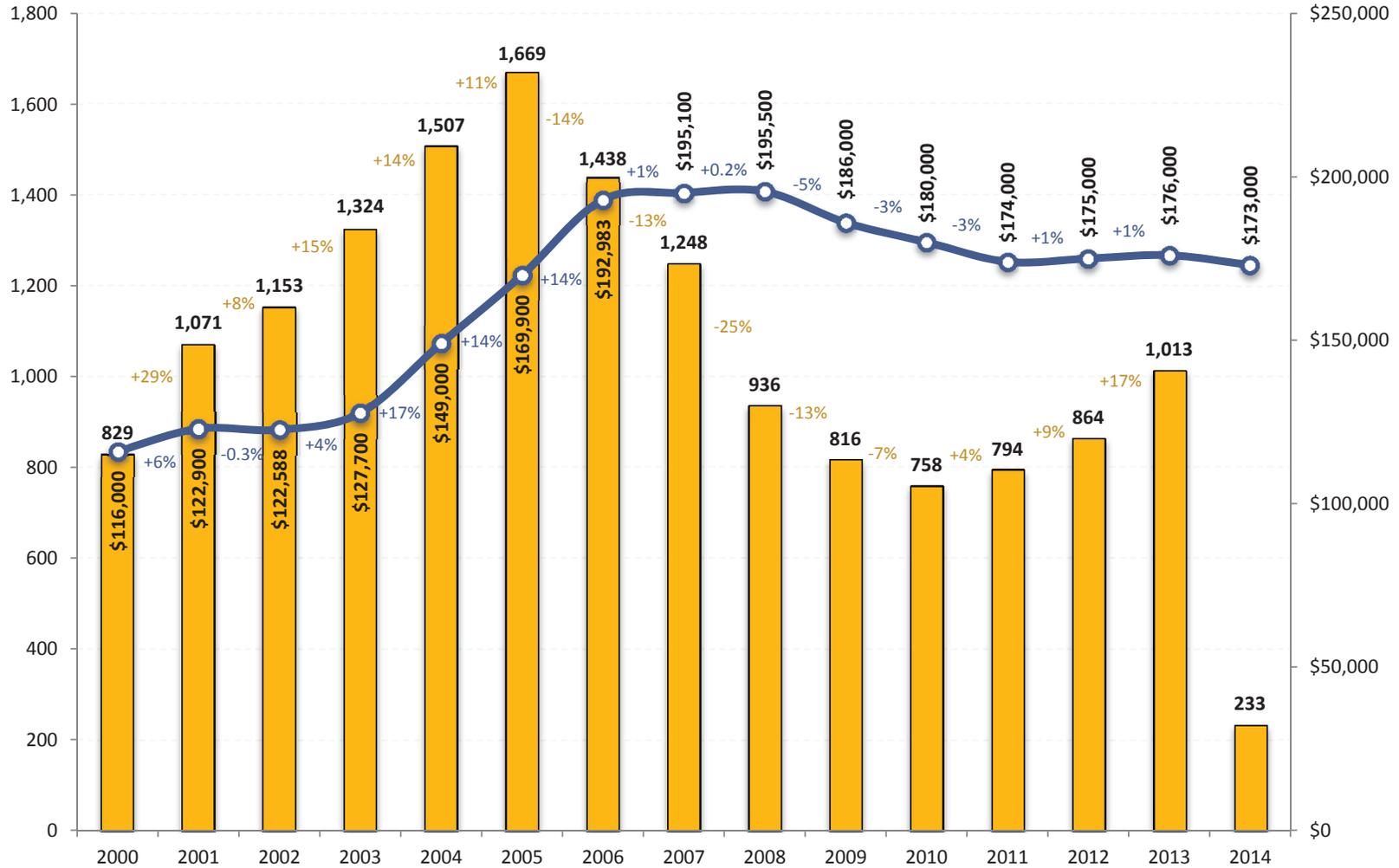
Harrisonburg & Rockingham County Inventory Levels by Property Location



Trends in inventory level do not seem to transcend the City / County divide. When looking only at inventory levels in the City, we see that there has been only a small increase (+3%) in the number of properties for sale. In the County, however, there has been a 9% increase in the number of homes for sale. I suppose this is good

news for the home buyer seeking a property in the County, though the many home sellers in the County likely are not enjoying the extra competition. Overall, the inventory levels in the County seem much more turbulent than in the City.

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

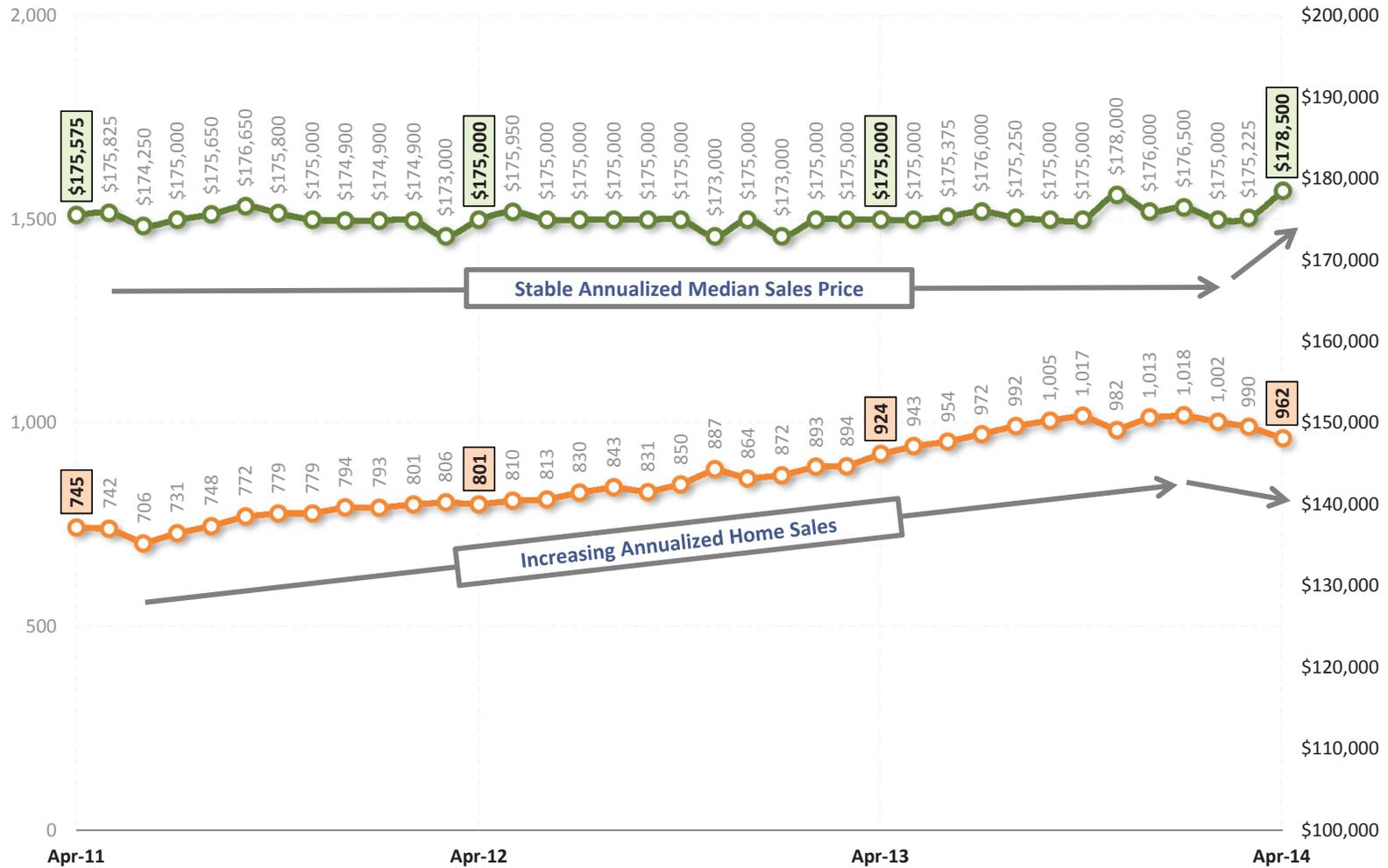


This graph provides an overall indicator of the state of our housing market, showing both the number of homes being sold each year since 2000 (yellow bars) as well as changes in the median sales price during the same time period (blue line). This past year (2013) marked the third year in a row with an increased pace of home sales --

showing 17% growth as compared to 4% and 9% in the previous years. As we know (page 3) the strong pace of home sales seen last year is not necessarily continuing this year, and we are also seeing a slight decline in median sales prices, although the graph above compared to different time frames for 2013 (12M) and 2014 (4M).

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

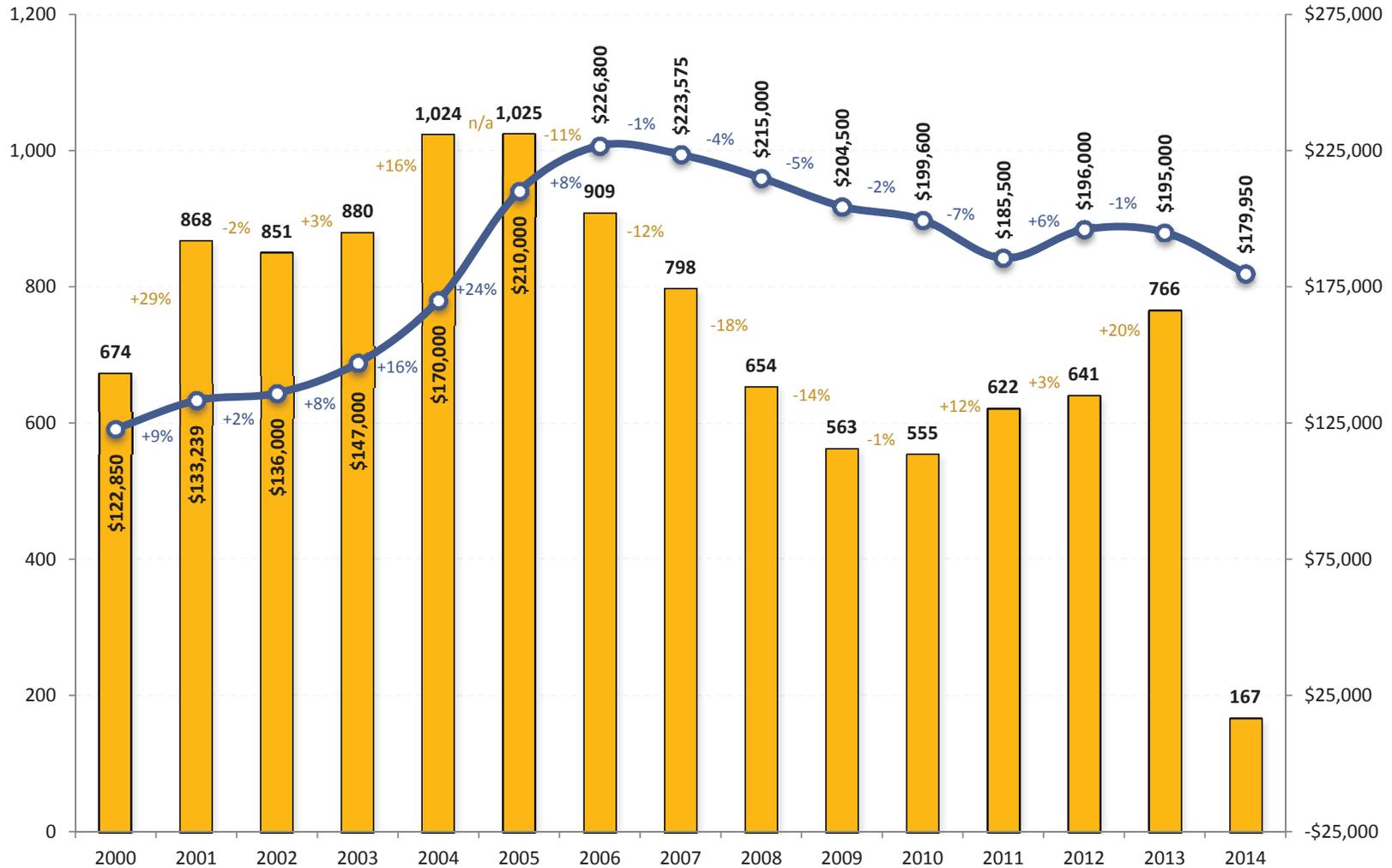
Home Sales, Median Sales Price in each 12 Month Period



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 are now seeing the market starting to taper off -- falling back below annualized pace of 1,000 home sales. In slightly better news, we are starting to see an increase in the median sales price in our local market after over two years of no increases in that metric.

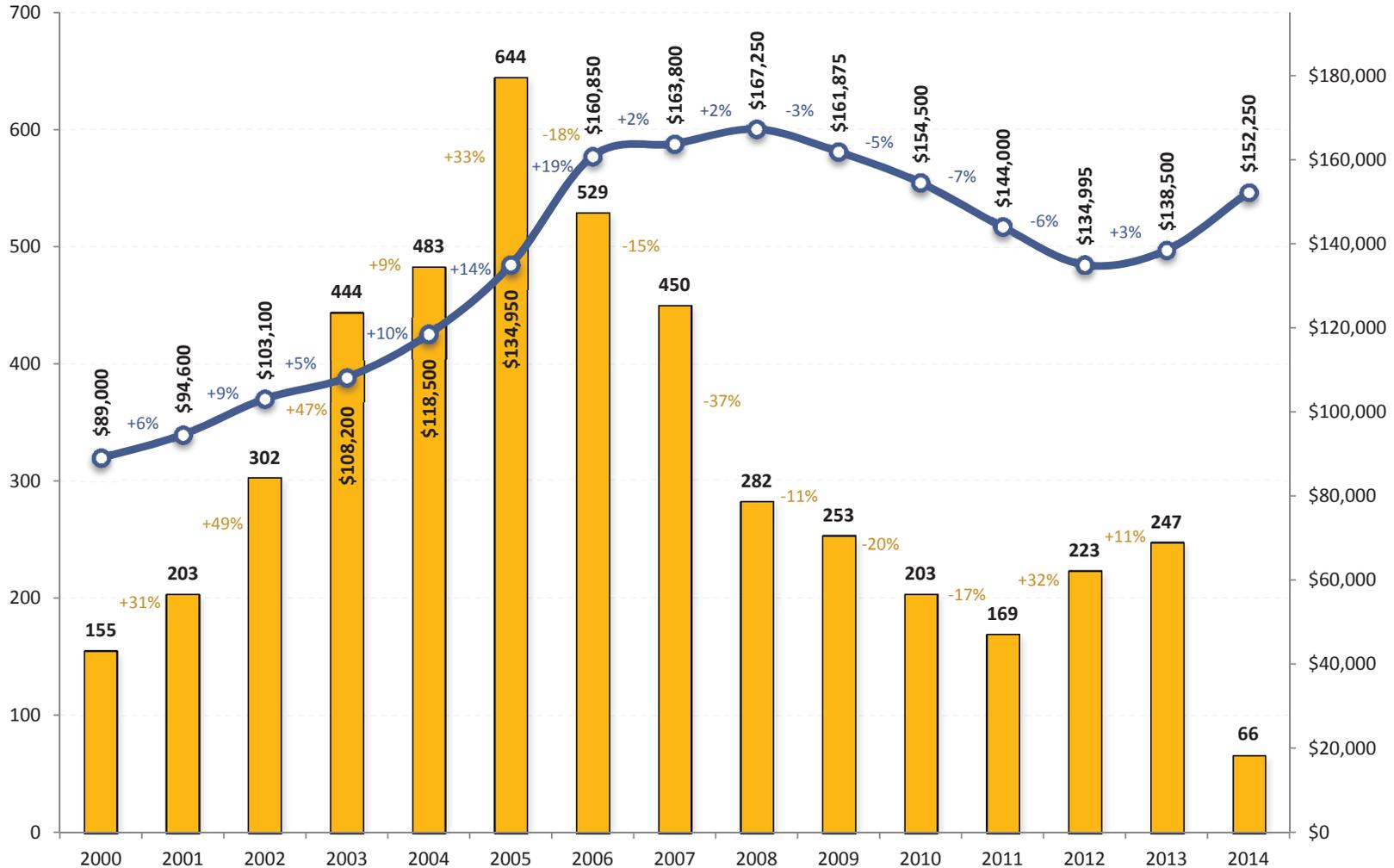
Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes



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 when there is more sales activity, and at times more competition for properties.

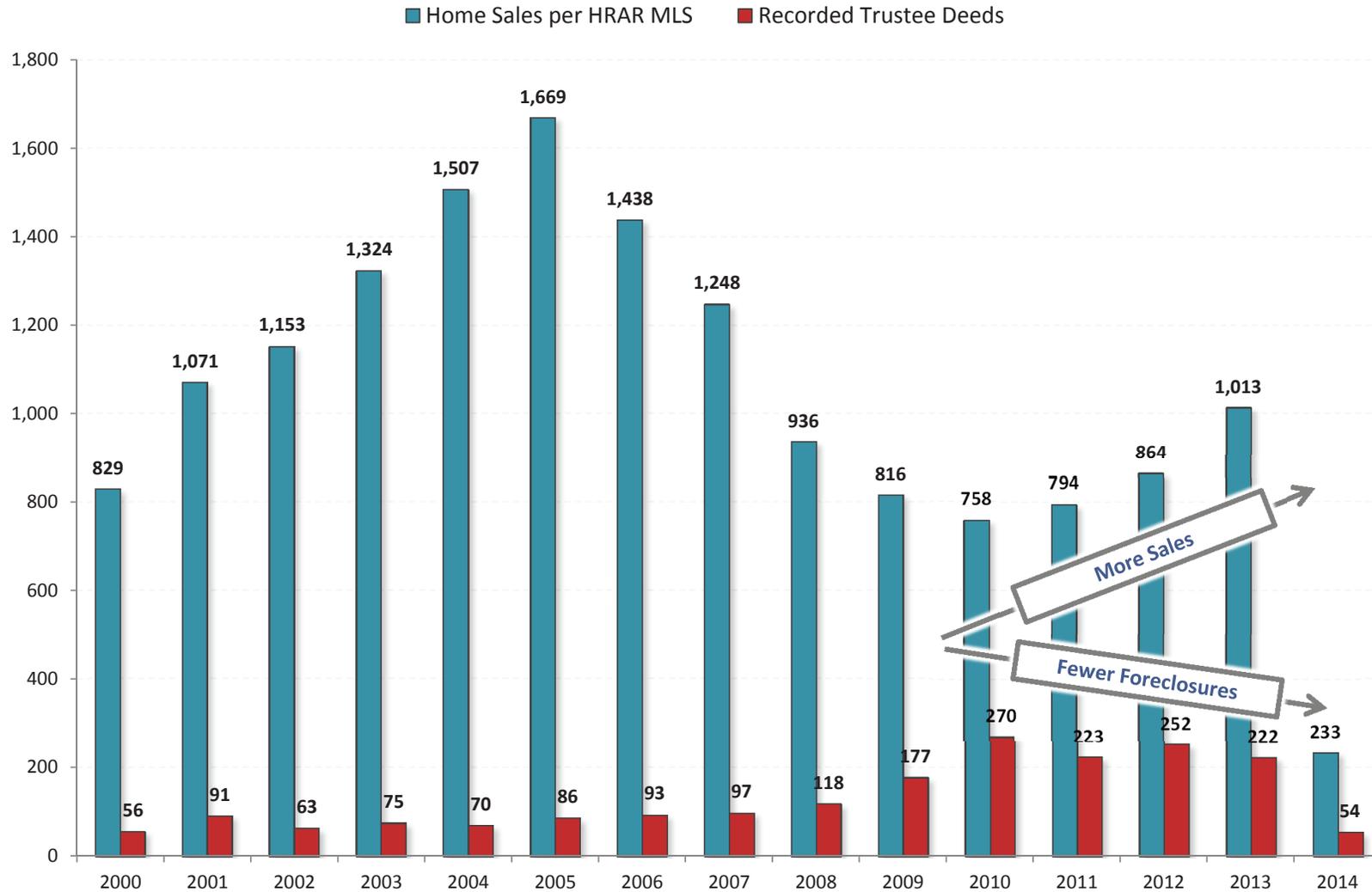
Harrisonburg & Rockingham County Home Sales & Price Trends Duplexes, Townhomes & Condos



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 analysis shows the compilation of duplex, townhouse and condominiums sales, and it seems that in 2014 we will see an even larger increase in median sales price. These property values fell further than single family homes so this would be a welcome price recovery for such homeowners and sellers.

Harrisonburg & Rockingham County Home Sales vs. Trustee Sales

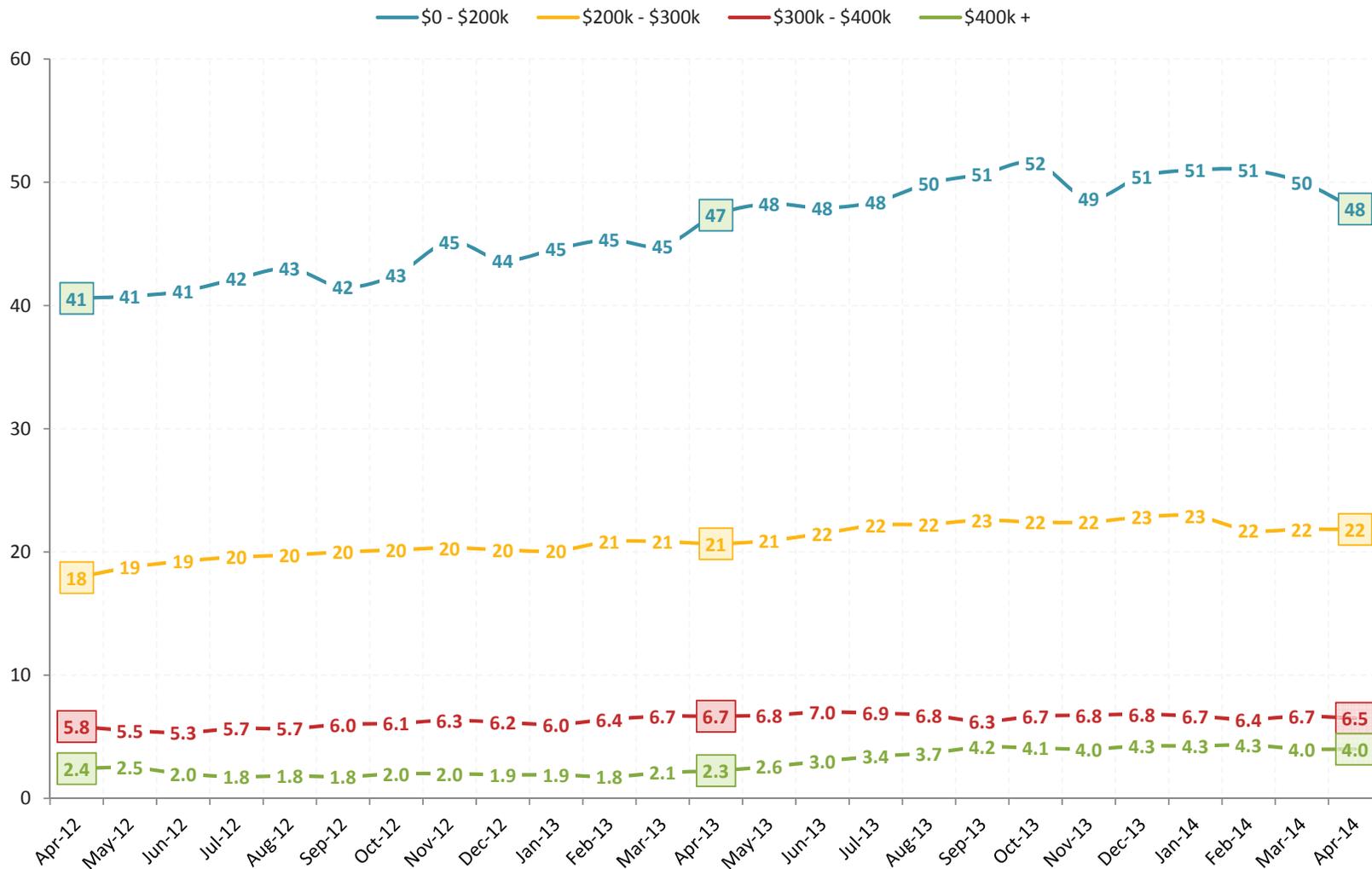


The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales (without a Realtor), nor new home sales directly from a builder. The red bars show the number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

foreclosed properties then show up again as REO properties. The foreclosure rate in 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

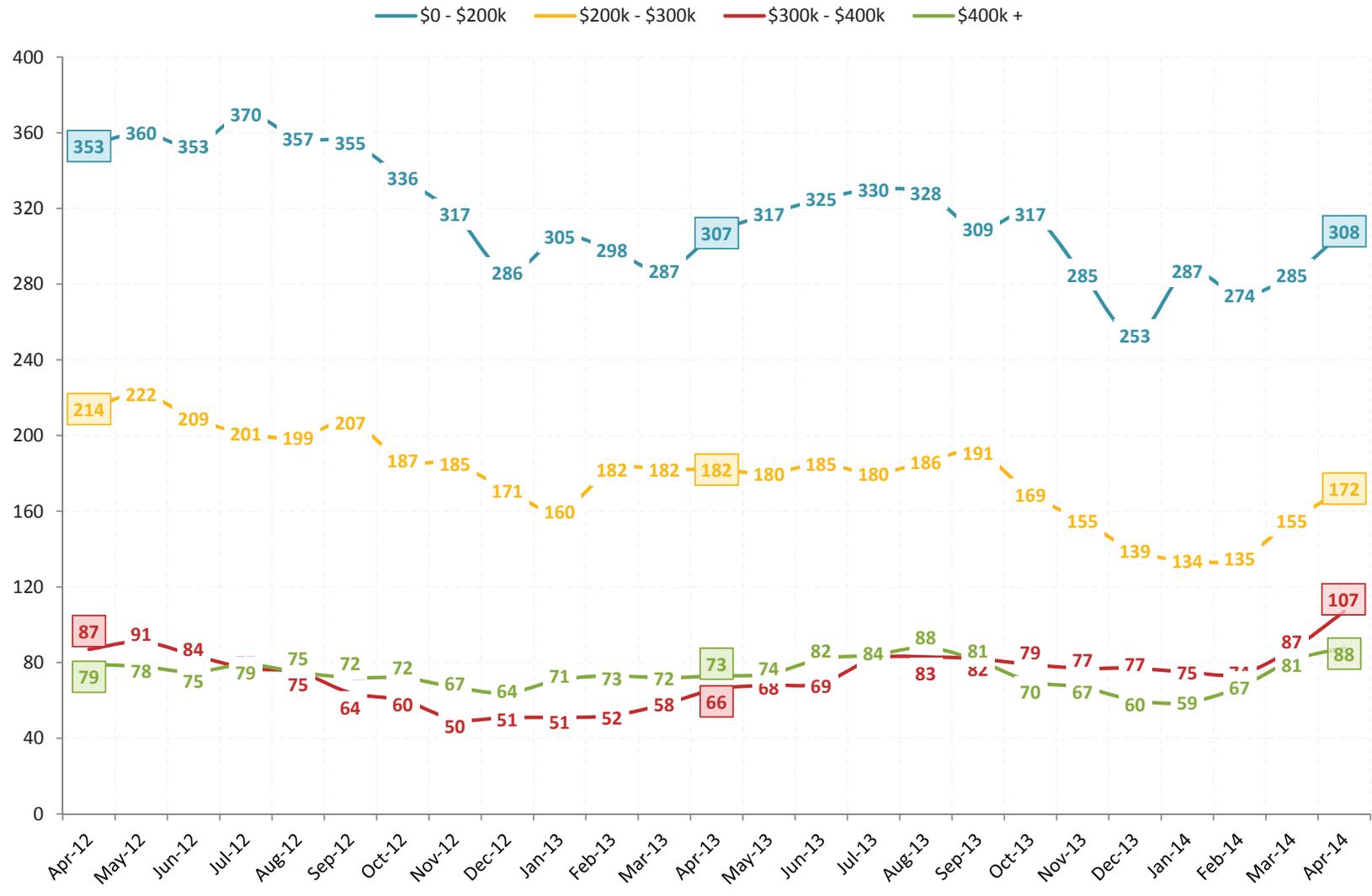
(Average of Past 12 Months)



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 74% improvement in the pace of sales. All other price ranges have stayed relatively stable over the past 12 months.

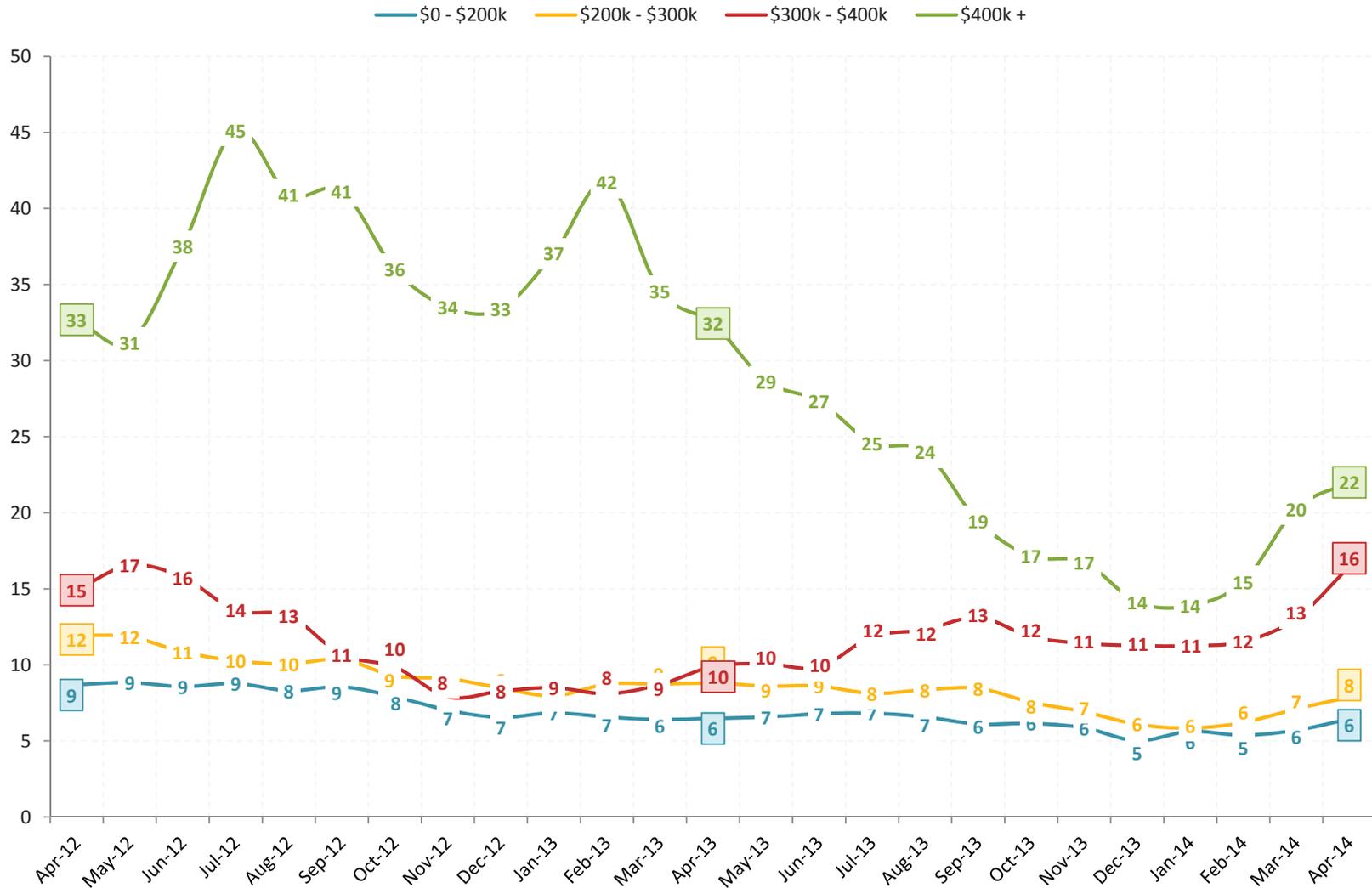
Harrisonburg & Rockingham County Inventory Levels by Price Range



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 slightly 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 5% over the past year. The largest increase in inventory over the past year has been in the \$300K - \$400K market, which has seen a 62% increase in the number of homes for sale!

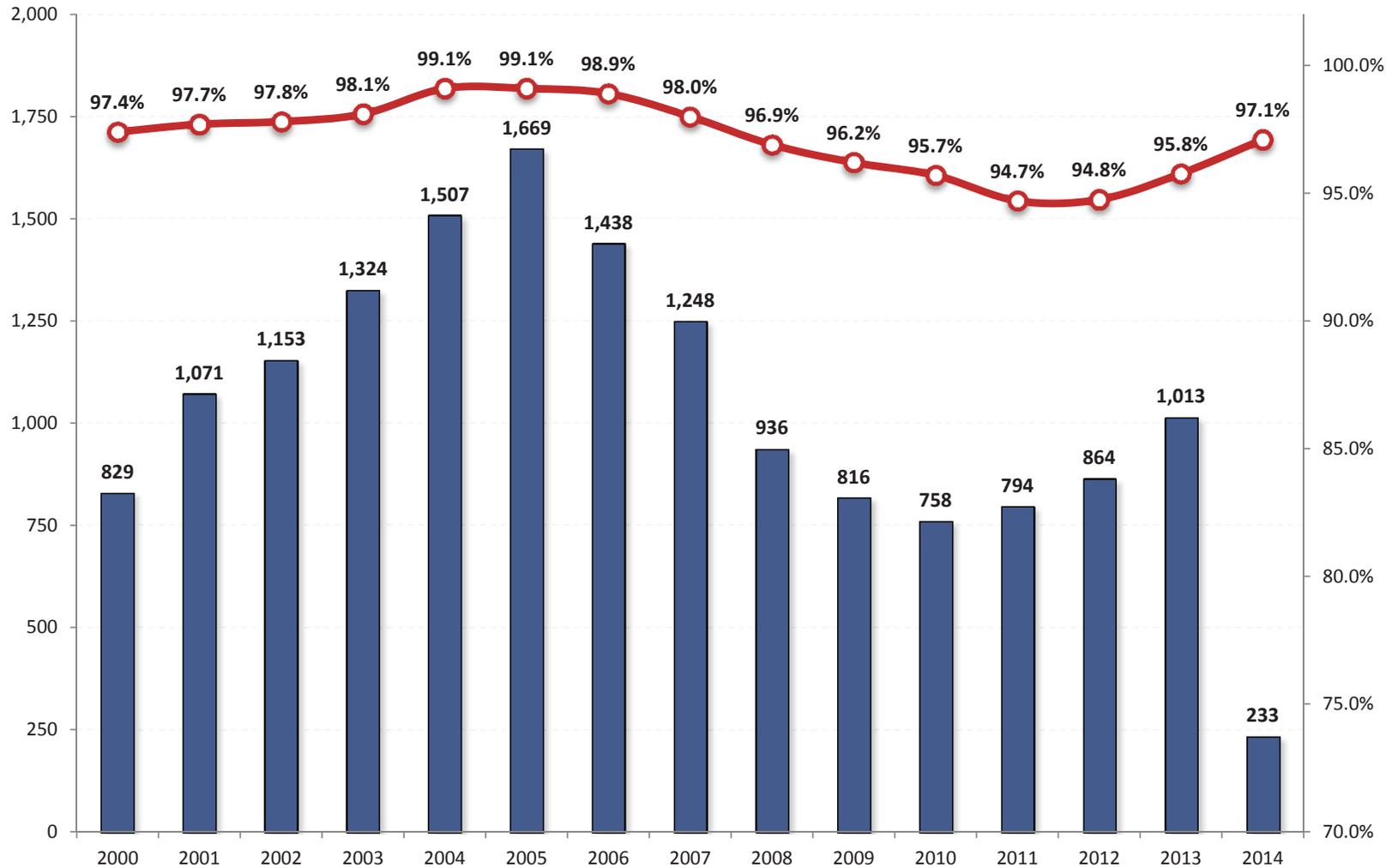
Harrisonburg & Rockingham County Months of Housing Supply by Price Range



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 22 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.

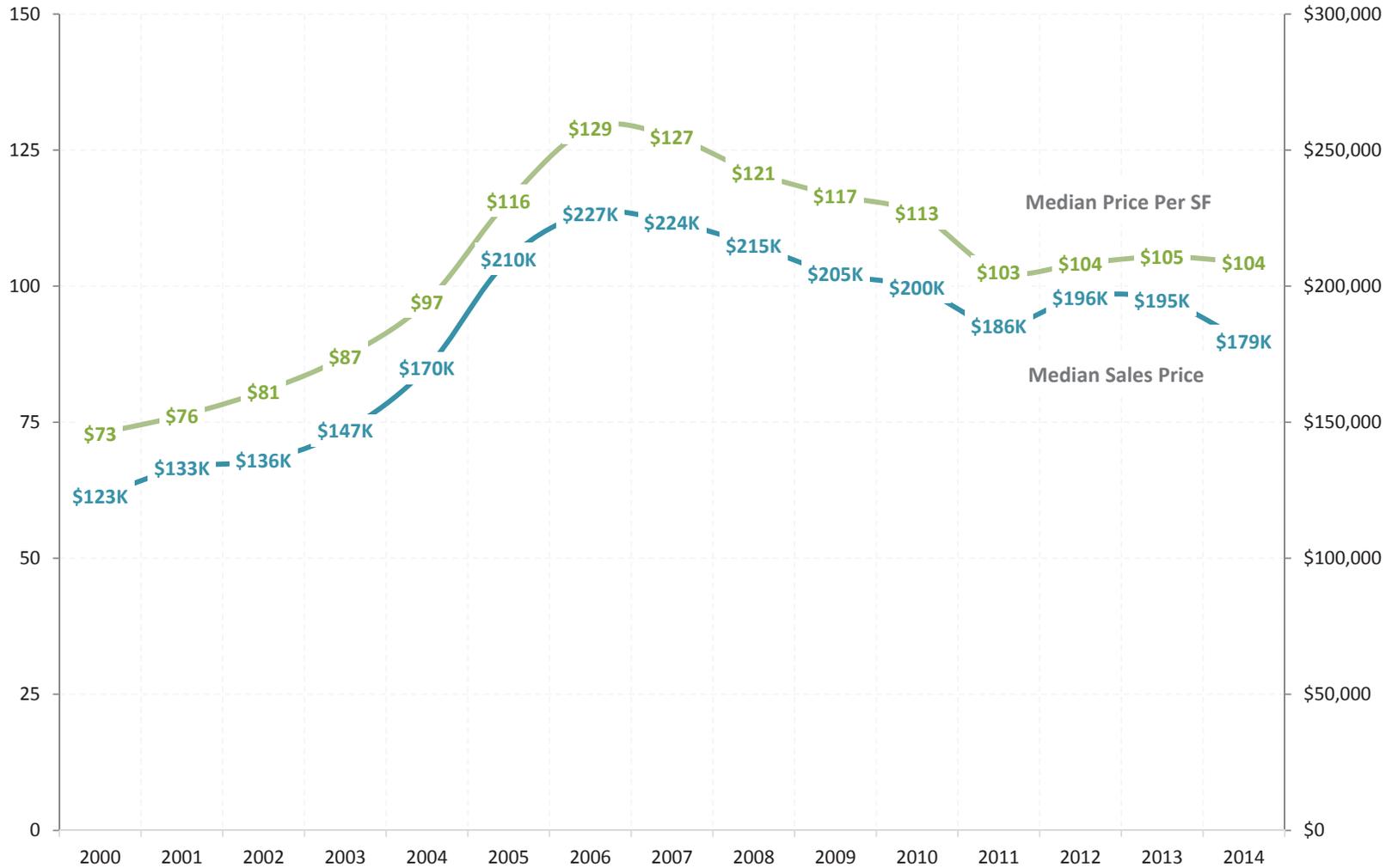
Harrisonburg & Rockingham County List Price to Sales Price Ratio within the context of Home Sales Pace



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 2.9% - 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 above 97%.

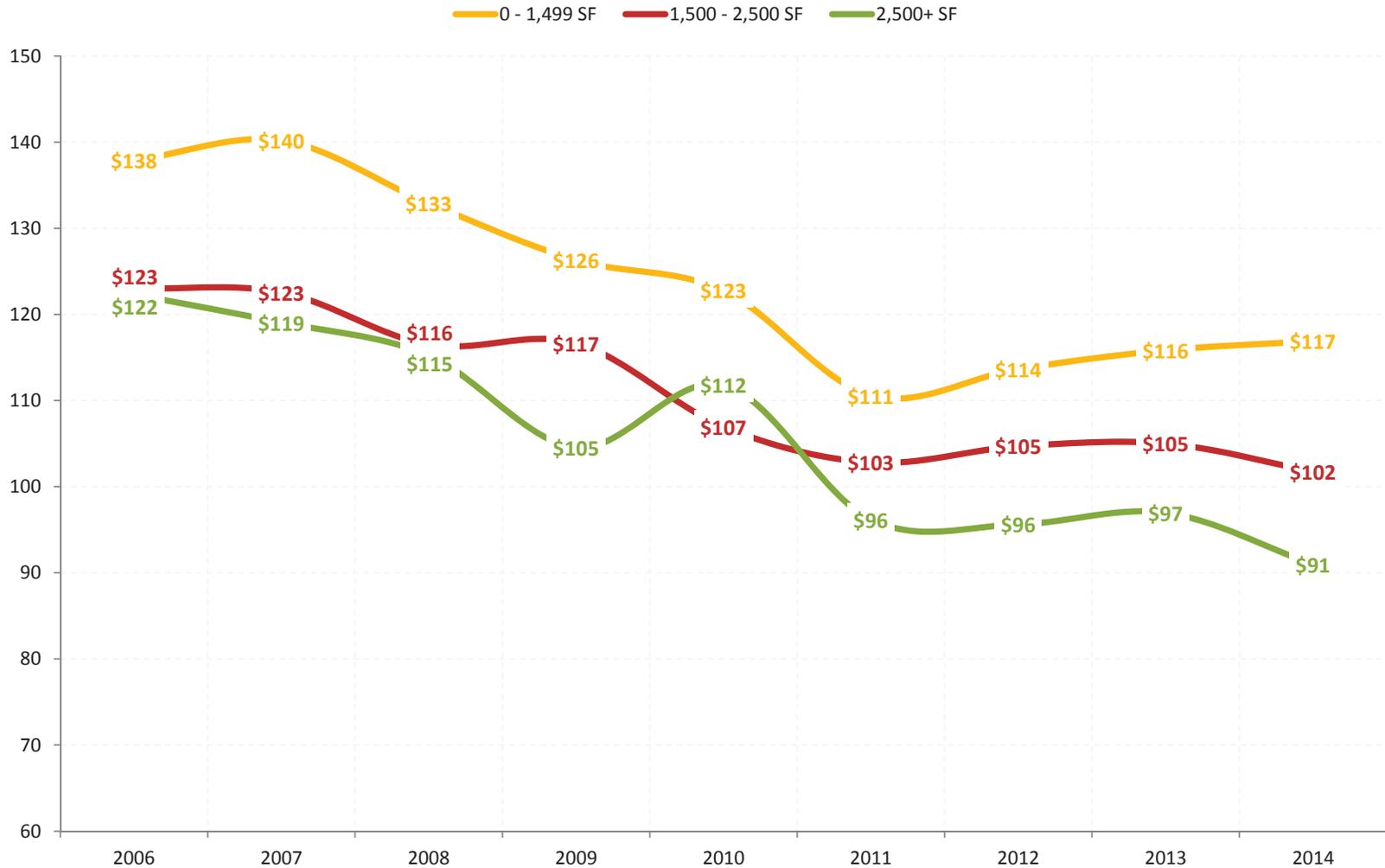
Harrisonburg & Rockingham County Median Price Per Square Foot Trends Single Family Homes



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. 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 has not yet done so.

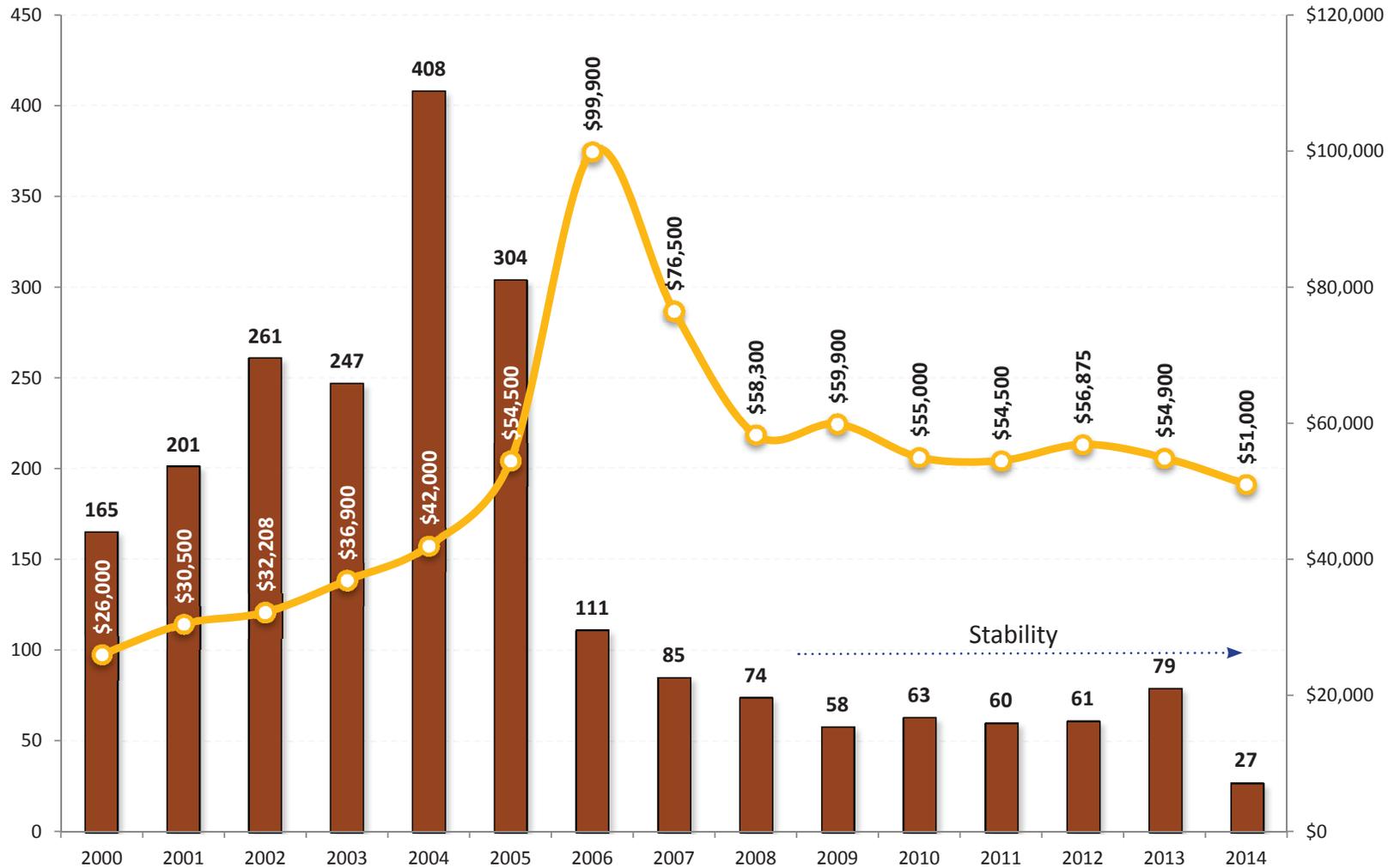
Harrisonburg & Rockingham County
Median Price Per Square Foot by Home Size
 Single Family Homes



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 (\$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.

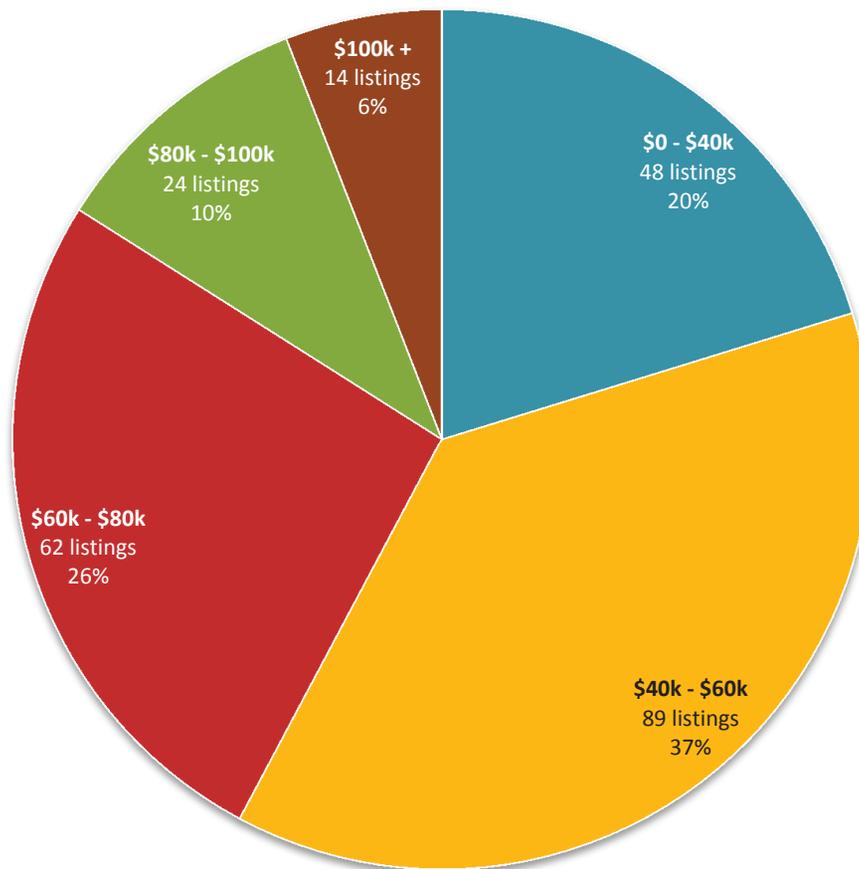
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



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. Prices being where they are (just above \$50K) is certainly helping this market to stay steady at this point.

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

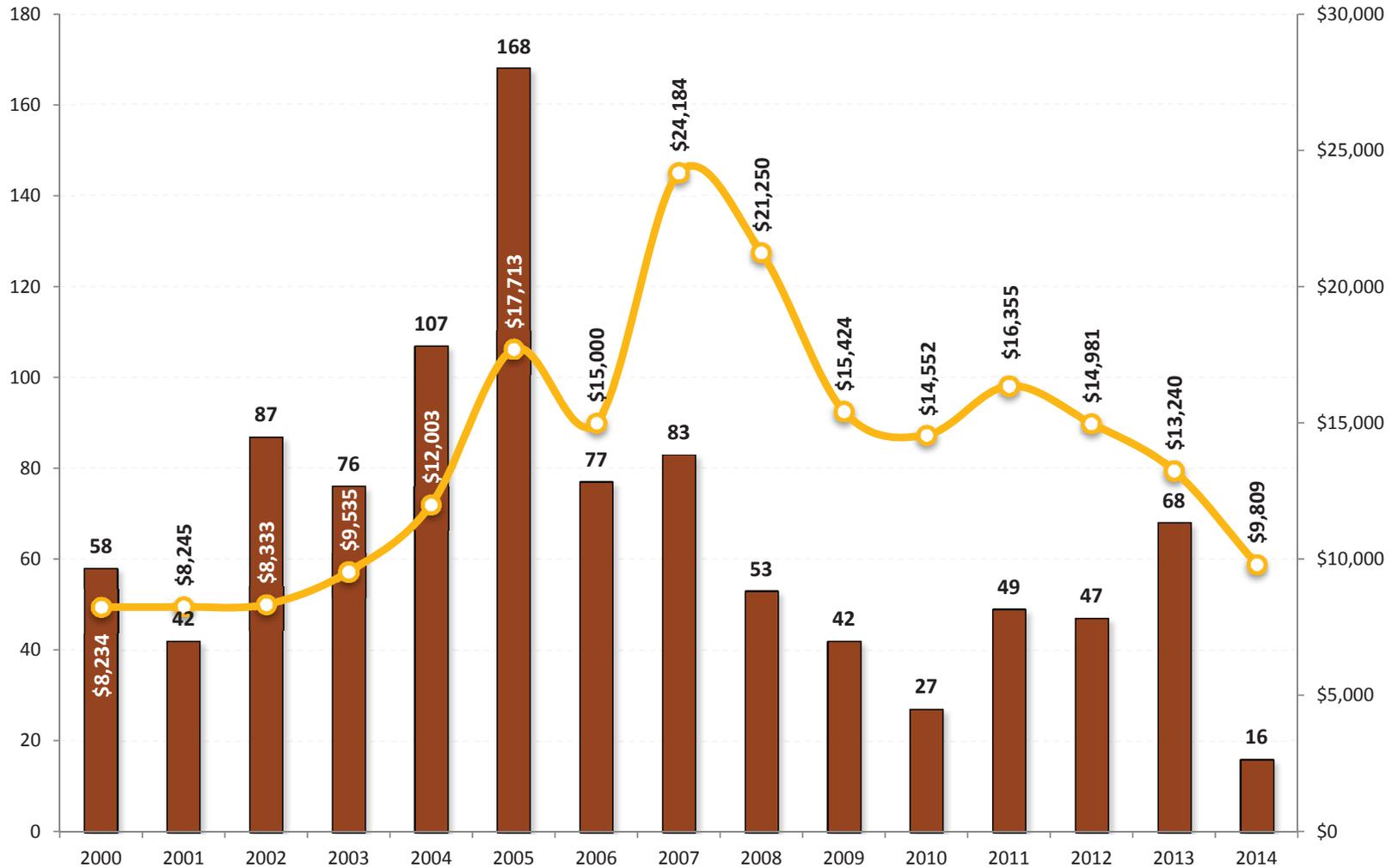


237 Active Lot Listings; Median List Price: \$57,000

Despite the fact that only 79 lots (of less than an acre) sold in all of 2013, there are a remarkable 237 lots currently for sale. Some sanity exists in this listing market, however, as the median list price of lots for sale (\$57,000) 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.

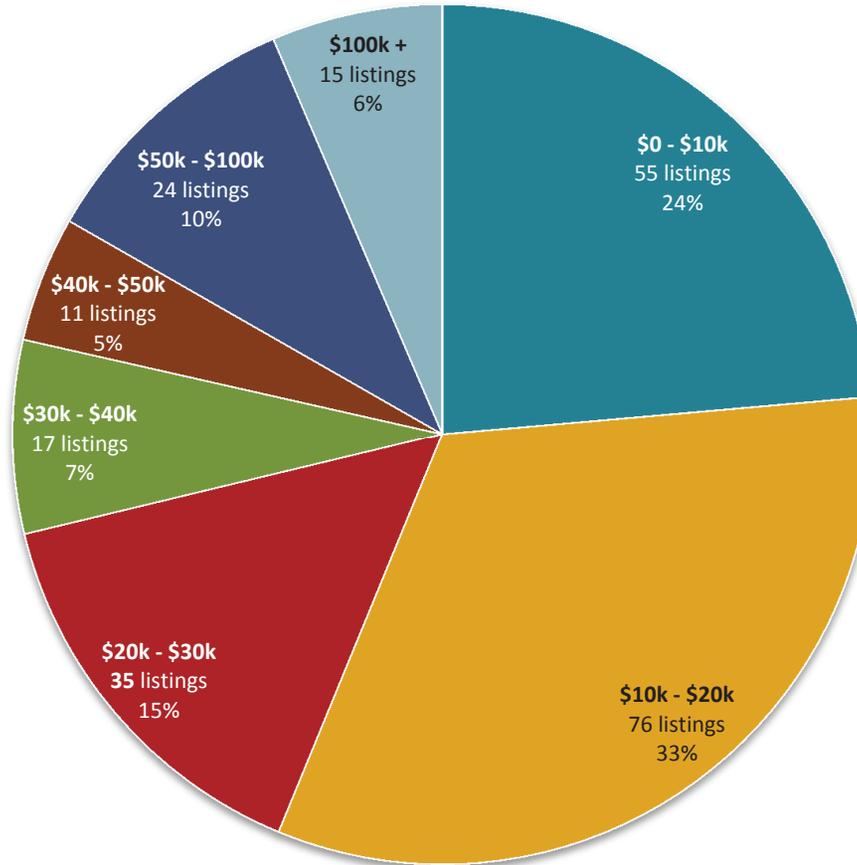
Harrisonburg & Rockingham County
Land Sales & Median Price Per Acre
 1 acre or more



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 (\$9,809) median price per acre in 2014 may be 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

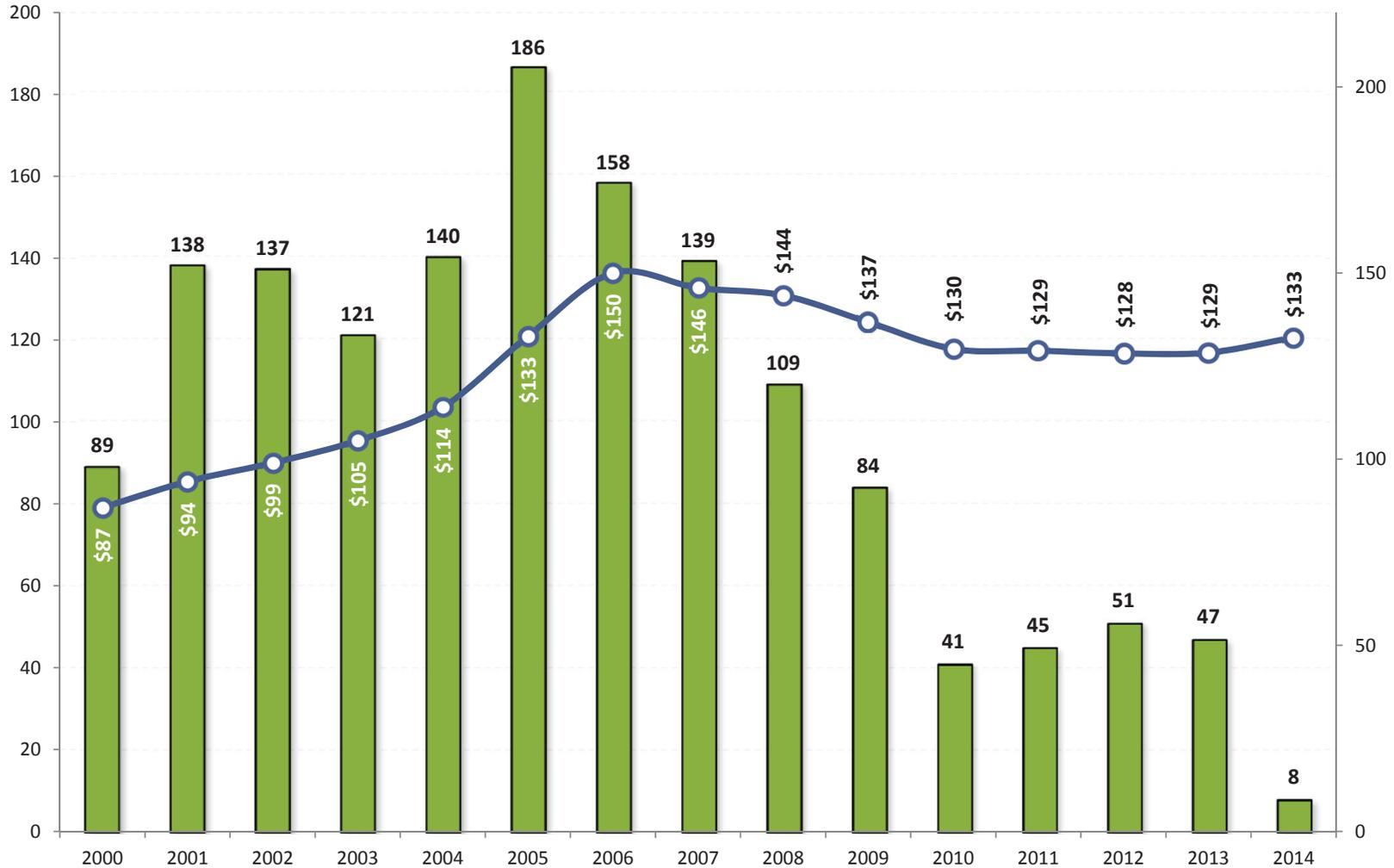


233 Active Land Listing; Median List Price: \$18,633 / Acre

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 233 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.

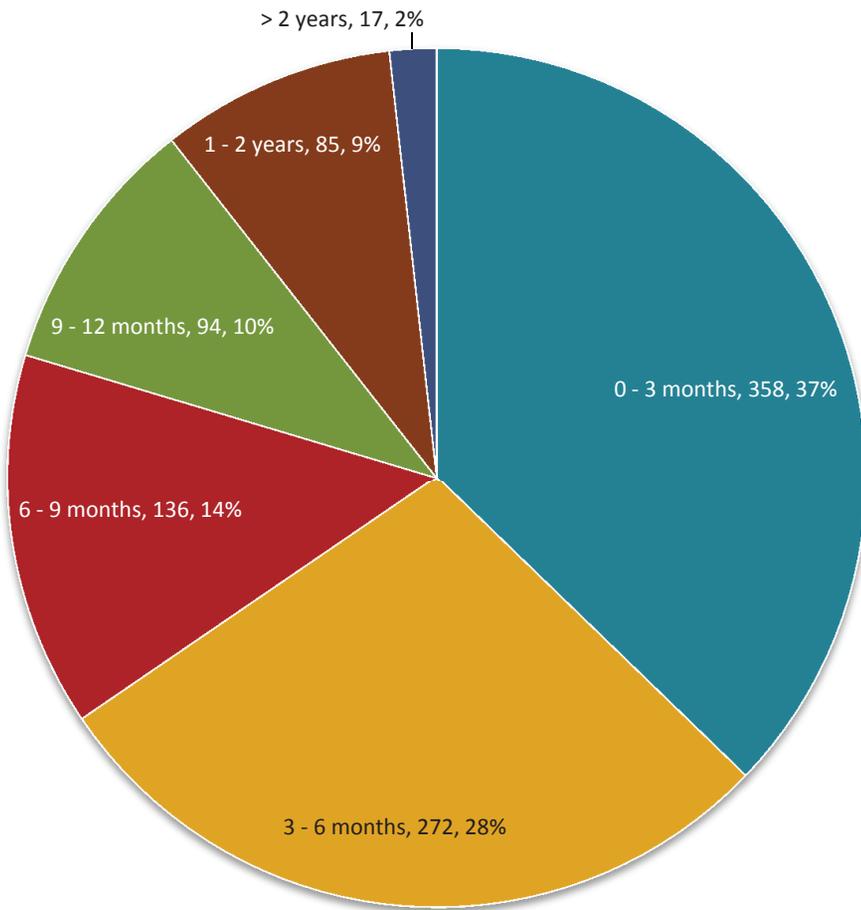
Harrisonburg & Rockingham County
New Construction Single Family Home Sales Trends
 Number of Sales, Median Price Per Square Foot



New home 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

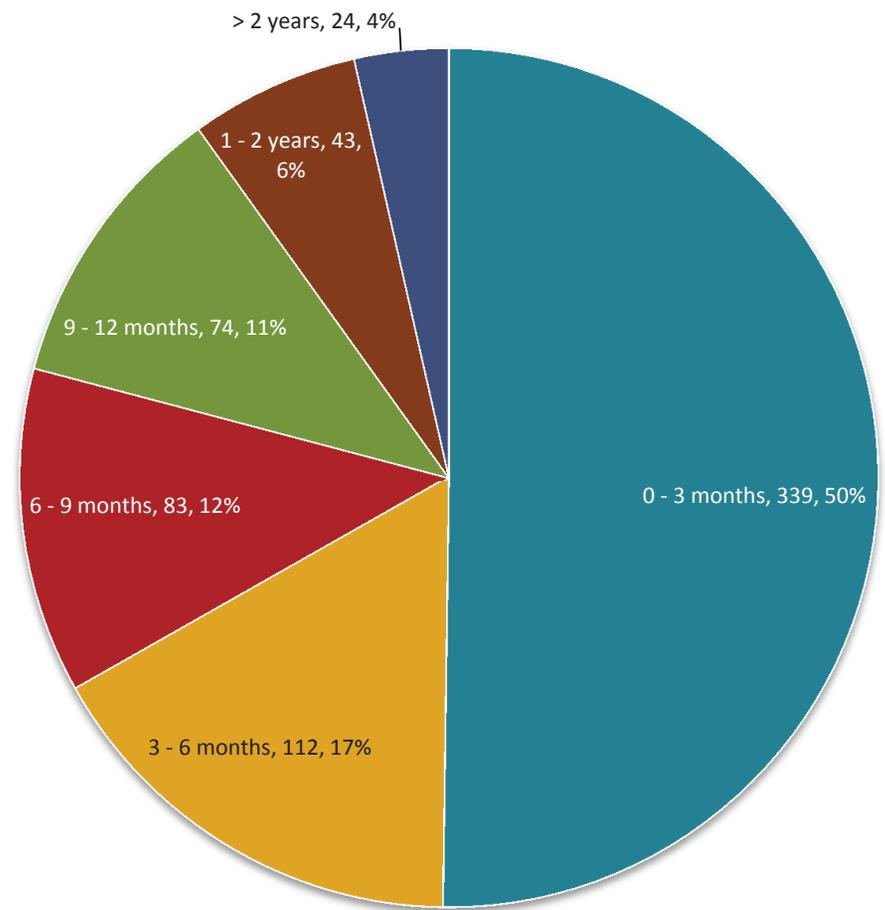
median price per square foot now seems to have stabilized around \$130/SF last year, where it has been for the past four years. As the inventory of re-sale homes slims down, the sales of new homes should slowly start to increase, though we are certainly not seeing that yet in 2014.

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



Median Days On Market: 120

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

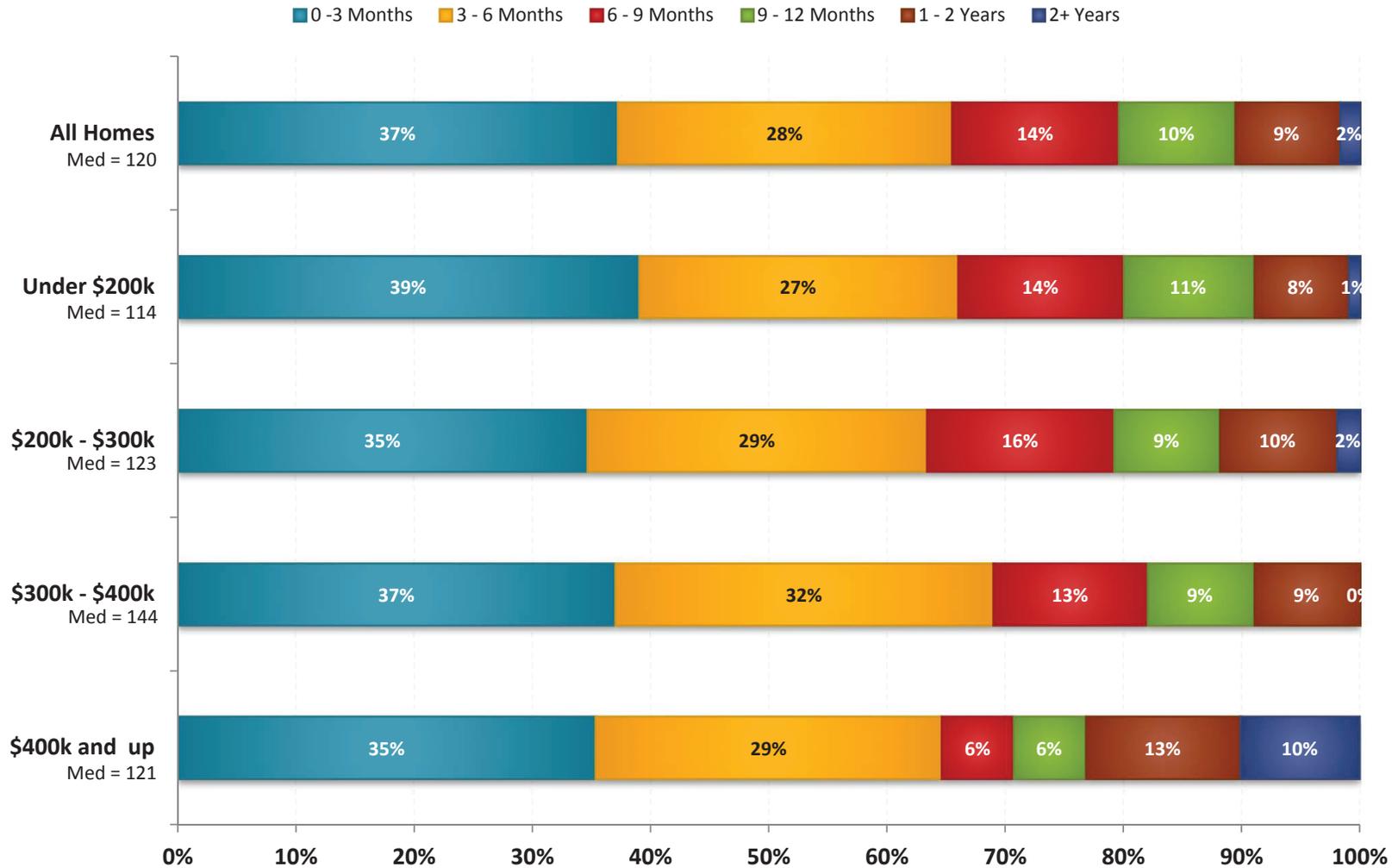


Median Days On Market: 90

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 (28%) and we find that an amazing

65% 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

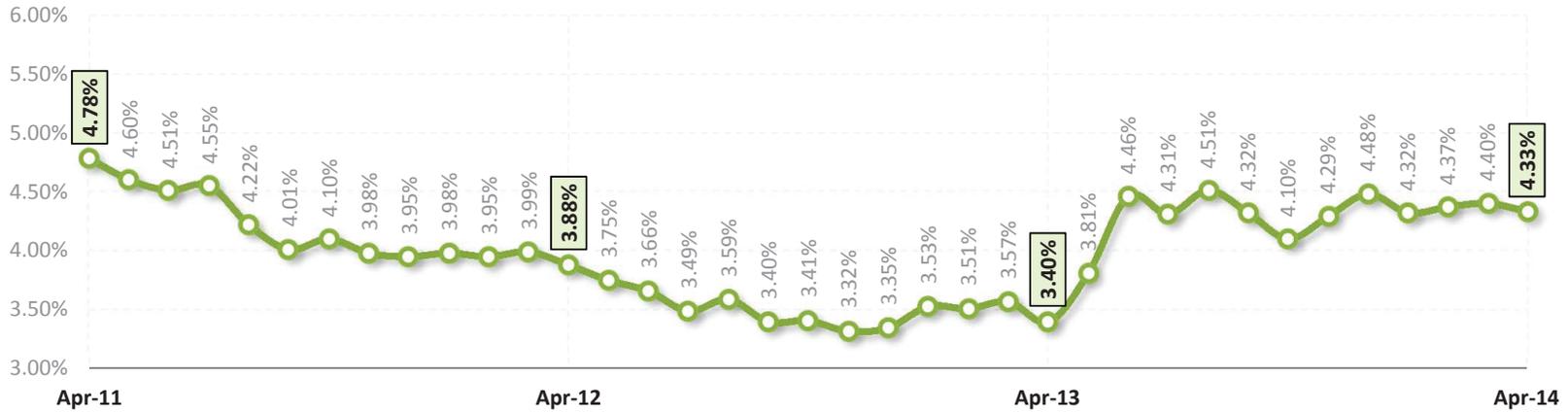


The time that it takes to sell a home in today's market varies based on the price range of the home in question. For example, the median days on market for homes under \$200K is 114 days -- a good bit lower than the median of 144 days for homes between \$300K and \$400K. The difference in median values between price ranges

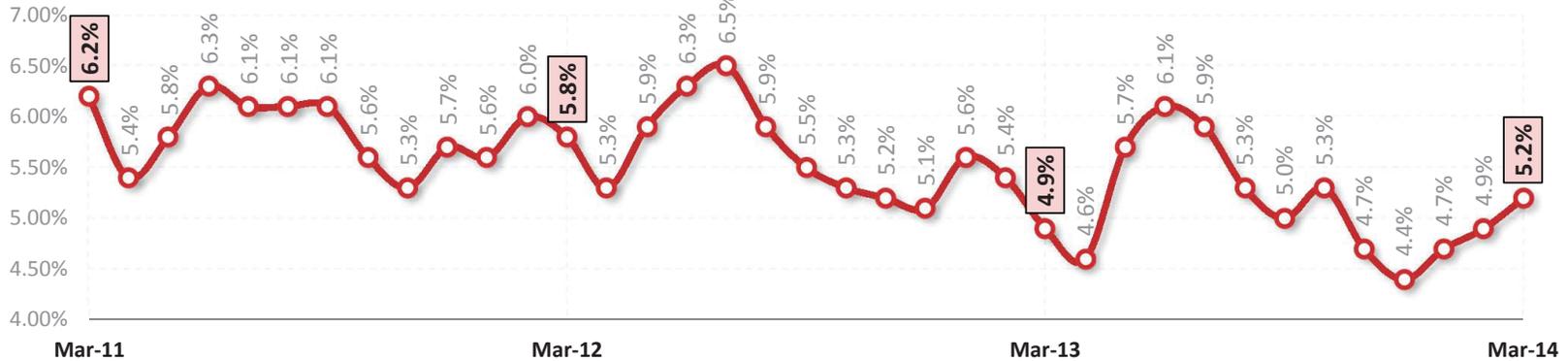
is also indicative of market challenges for higher priced listings. A full 31% of homes that sold over \$400K in the past year took one year or longer to do so. It is important to consider the price range, location, and many other factors when trying to understand how long it may take to sell your home.

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 relatively stable mortgage interest rates over the past nine months. These 30-year fixed rate mortgages have hovered between 4% and 4.5% for many months now. The second graph above illustrates trends in the local unemployment rate -- which increased in January,

February and March to its current level of 5.2%, which is a bit higher than last March but lower than the two months of March prior to that. 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:

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Local Online Real Estate Resources

Central Shenandoah Valley Property Search
ScottPRogers.com

Mobile Real Estate Apps
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