



JANUARY 2017

Harrisonburg & Rockingham County Real Estate Market Report

*An analysis of real estate activity through December 31, 2016
provided courtesy of Scott P. Rogers, Funkhouser Real Estate Group*



Extensively Renovated, Expansive (5 - 6 Bedroom) Home on 1.54 Acres 5448JesseBennettWay.com

HOME SALES REPORT

Harrisonburg & Rockingham County

January 11, 2017

# Home Sales	2013	2014	2015	2016	% Change ('15 - '16)
December	94	96	84	94	11.90%
Year-To-Date (Jan-Dec)	1,067	1,081	1,126	1,309	16.25%
Last 12 Months (Jan-Dec)	1,067	1,081	1,126	1,309	16.25%

Median Sales Price	2013	2014	2015	2016	% Change ('15 - '16)
December	\$169,500	\$178,250	\$178,000	\$199,900	12.30%
Year-To-Date (Jan-Dec)	\$175,000	\$178,000	\$185,000	\$192,500	4.05%
Last 12 Months (Jan-Dec)	\$175,000	\$178,000	\$185,000	\$192,500	4.05%

Median Days on Market	2013	2014	2015	2016	% Change ('15 - '16)
December	41	65	46	65	41.30%
Year-To-Date (Jan-Dec)	66	66	54	52	-3.70%
Last 12 Months (Jan-Dec)	66	66	54	52	-3.70%

Home sales increased 12% in December 2016 to add to the overall excitement of the year and we now, finally have a full year of data to work with -- and my oh my, what a year it was in the Harrisonburg and Rockingham County residential real estate market! With all of the data in, we find that there were 16.25% more home sales

in 2016 than in 2015 -- rising to an annual pace of 1,309 home sales. The median price rose 4.05% during 2016 to \$192,500 -- as compared to \$185,000 one year ago. Homes are also selling slightly more quickly -- with a median of 52 days on the market in 2016 as compared to 54 days on the market in 2015.

HOME SALES REPORT :: BY AREA

# Home Sales	City of Harrisonburg			Rockingham County		
	2015	2016	% Change	2015	2016	% Change
December	36	28	-22.22%	48	66	37.50%
Year-To-Date (Jan-Dec)	380	440	15.79%	746	869	16.49%

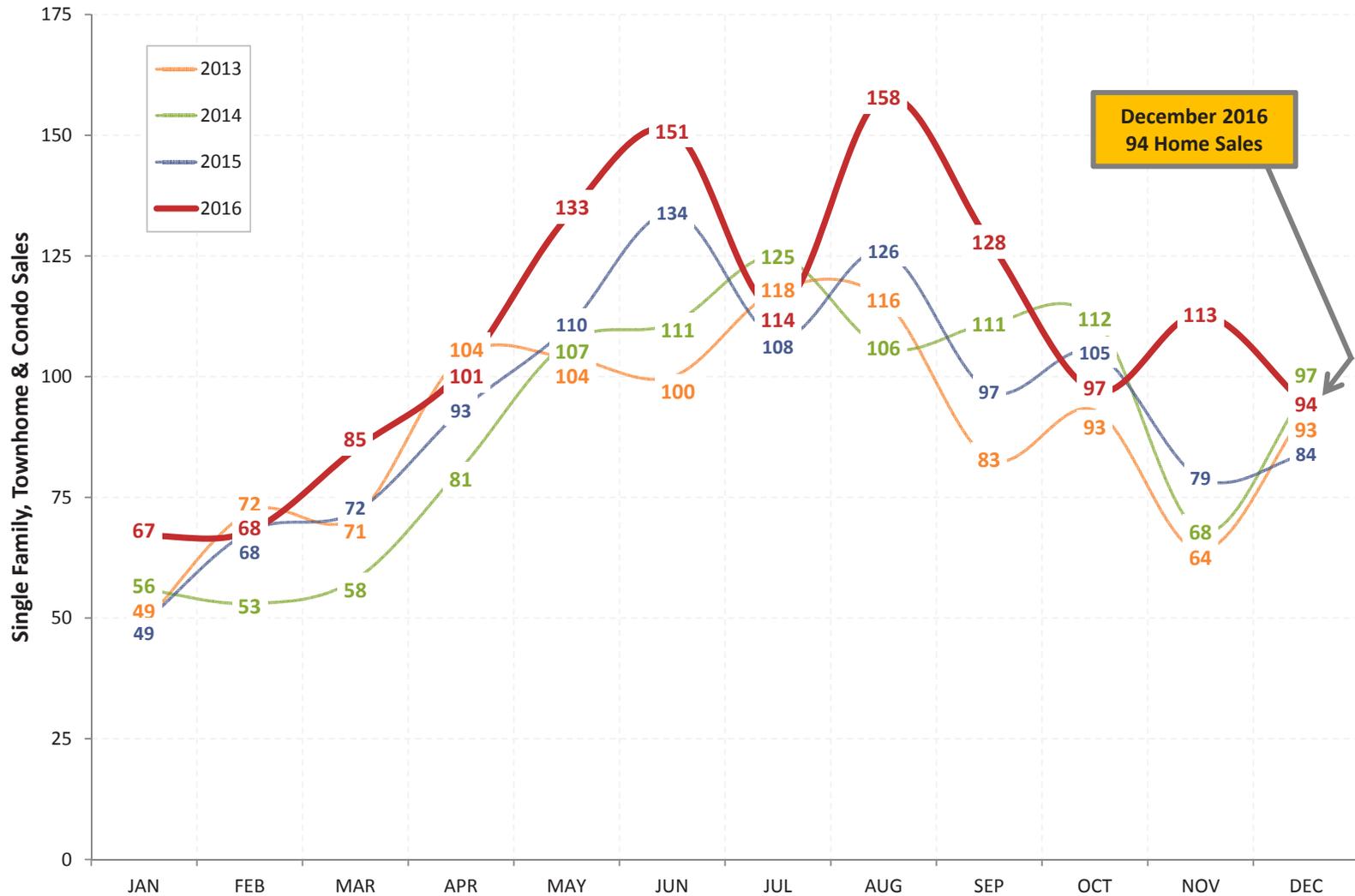
Median Sales Price	City of Harrisonburg			Rockingham County		
	2015	2016	% Change	2015	2016	% Change
November	\$152,700	\$176,750	15.75%	\$213,725	\$204,000	-4.55%
Year-To-Date (Jan-Dec)	\$166,500	\$166,750	0.15%	\$194,900	\$202,000	3.64%

Median Days on Market	City of Harrisonburg			Rockingham County		
	2015	2016	% Change	2015	2016	% Change
November	50	52	4.00%	34	68	100.00%
Year-To-Date (Jan-Dec)	53	35	-33.96%	56	62	10.71%

Looking back at 2016, home sales increased ever so slightly more in the County (+16.49%) than in the City (+15.79%) while at the same time, median prices have risen more in the County (+3.64%) than in the City (-0.15%) during that same timeframe. Homes are selling much faster in the City (median of 35 days) as compared to the

County (median of 62 days). Perhaps the larger number of buyers who purchased in the County (869) as compared to the City (440) combined with slightly faster sales growth in the County to create that larger increase in median sales price in the County over the past year?

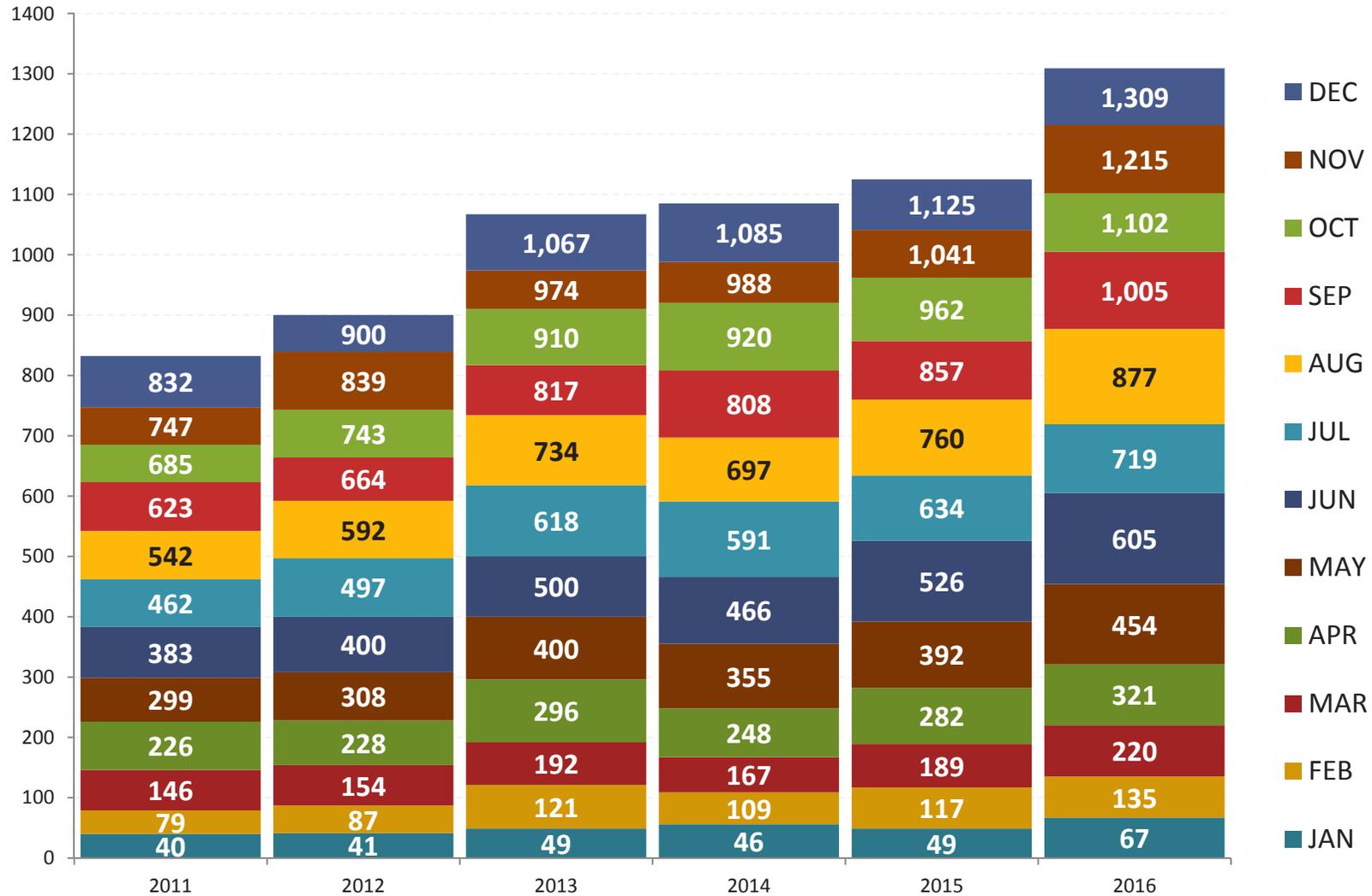
Harrisonburg & Rockingham County
Month-By-Month Home Sales History



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. After a slow and somewhat disappointing month of October home sales (97) home sales shot up to 113 in November, which far exceeds the number of

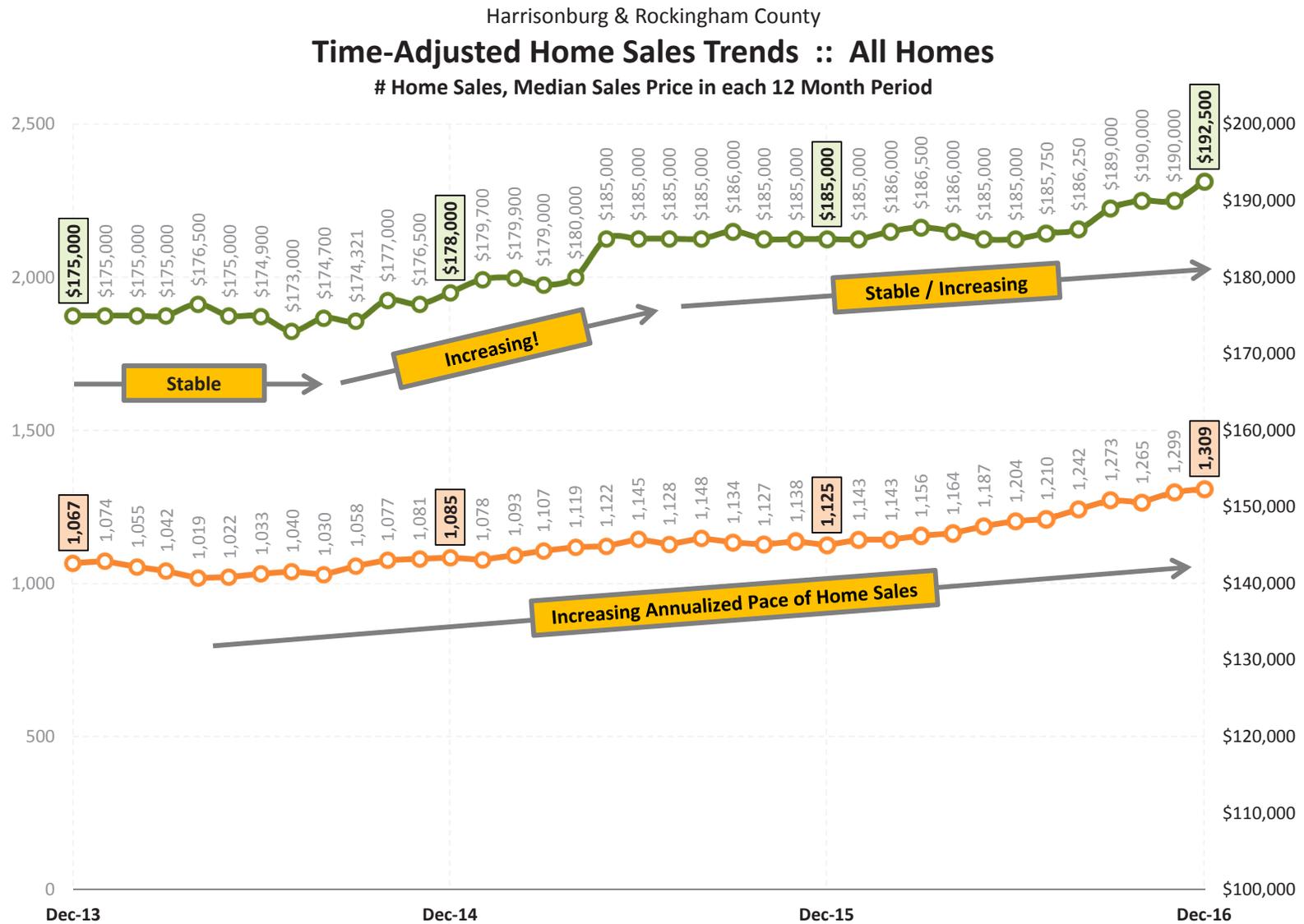
sales seen in each of the past three months of November. The 94 home sales seen in December 2016 also exceeded the amount (84) seen in December of last year, which closes out a strong year of home sales during 2016.

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. While we saw a significant improvement in the number of annual home sales between 2012 and 2013, we then saw just slow and steady growth over the subsequent two years

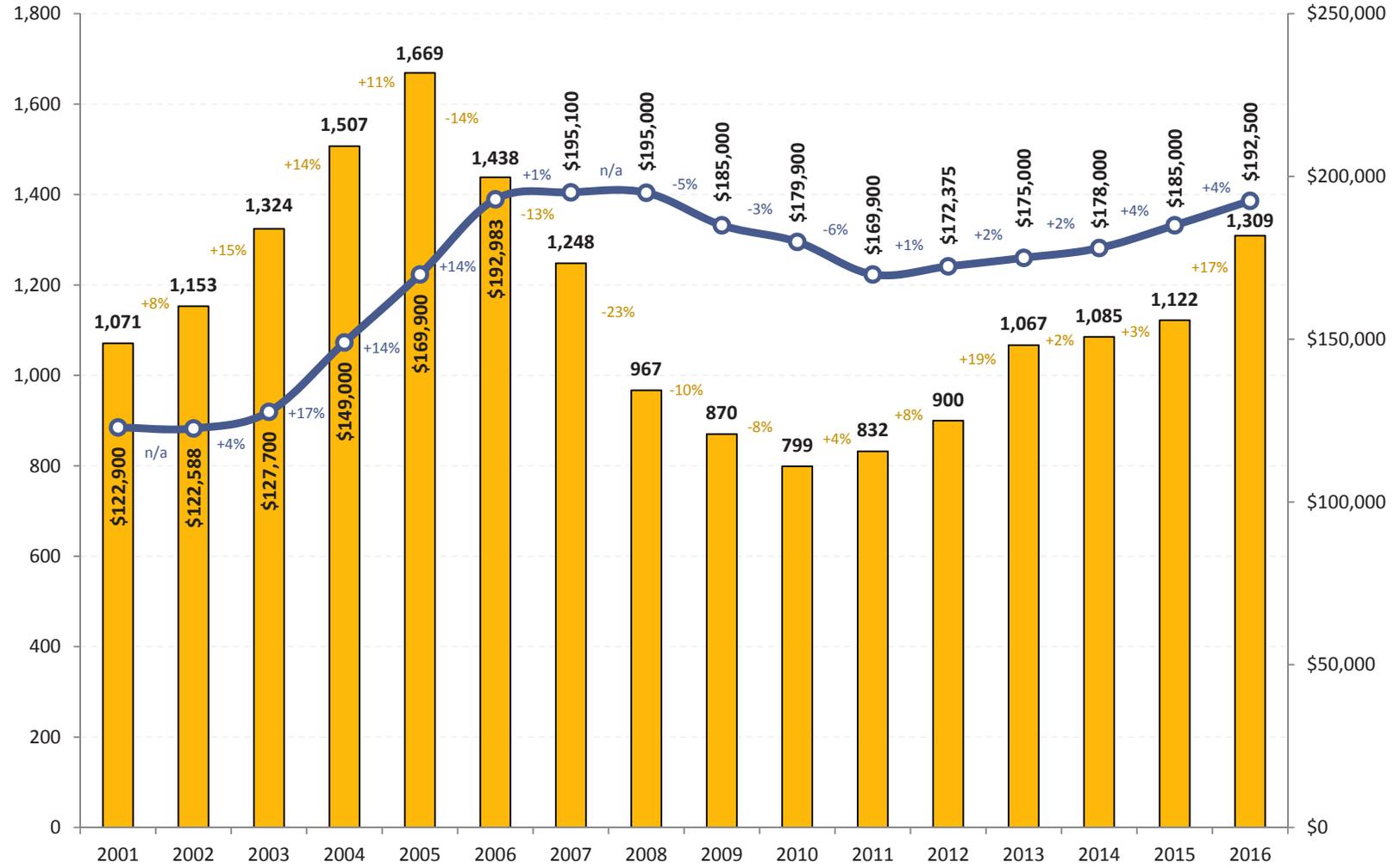
(2014, 2015) -- but that all changed in 2016. Annual home sales finished out the year at 1,309 sales -- the highest (by far) that we have seen anytime in the past five years. In fact -- this marks a 57% increase in annual home sales when comparing 2011 to 2016. Now we must wonder -- can 2017 keep pace with 2016?



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 30 months we have seen relatively consistent increases in the annual pace of home sales, which has now risen to more than 1,300 sales/year. And after many years of median sales prices hovering between \$173K and \$175K, they finally made their way up to \$185,000 by summer 2015 and have now risen to \$192,500.

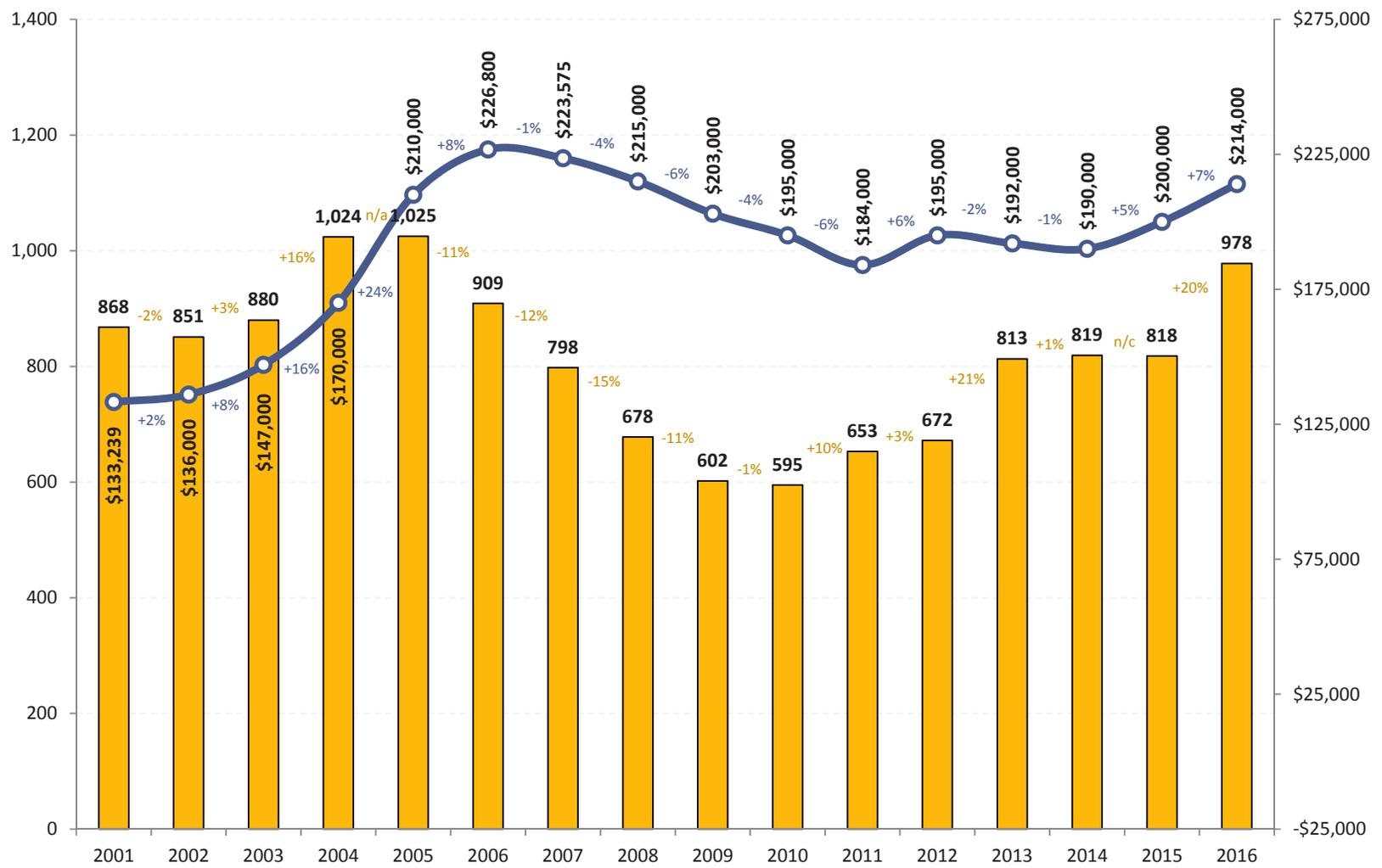
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Single Family Homes & Townhomes



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 (2016) marks the sixth (!) year in a row when we have seen an increase

(+17%) in the pace of sales in our local market, which was also accompanied by a 4% increase in the median sales price. This 17% increase in the pace of sales far exceeded the increases seen in the prior two years (2%, 3%) and likely contributed to the additional 4% increase in the median sales price.

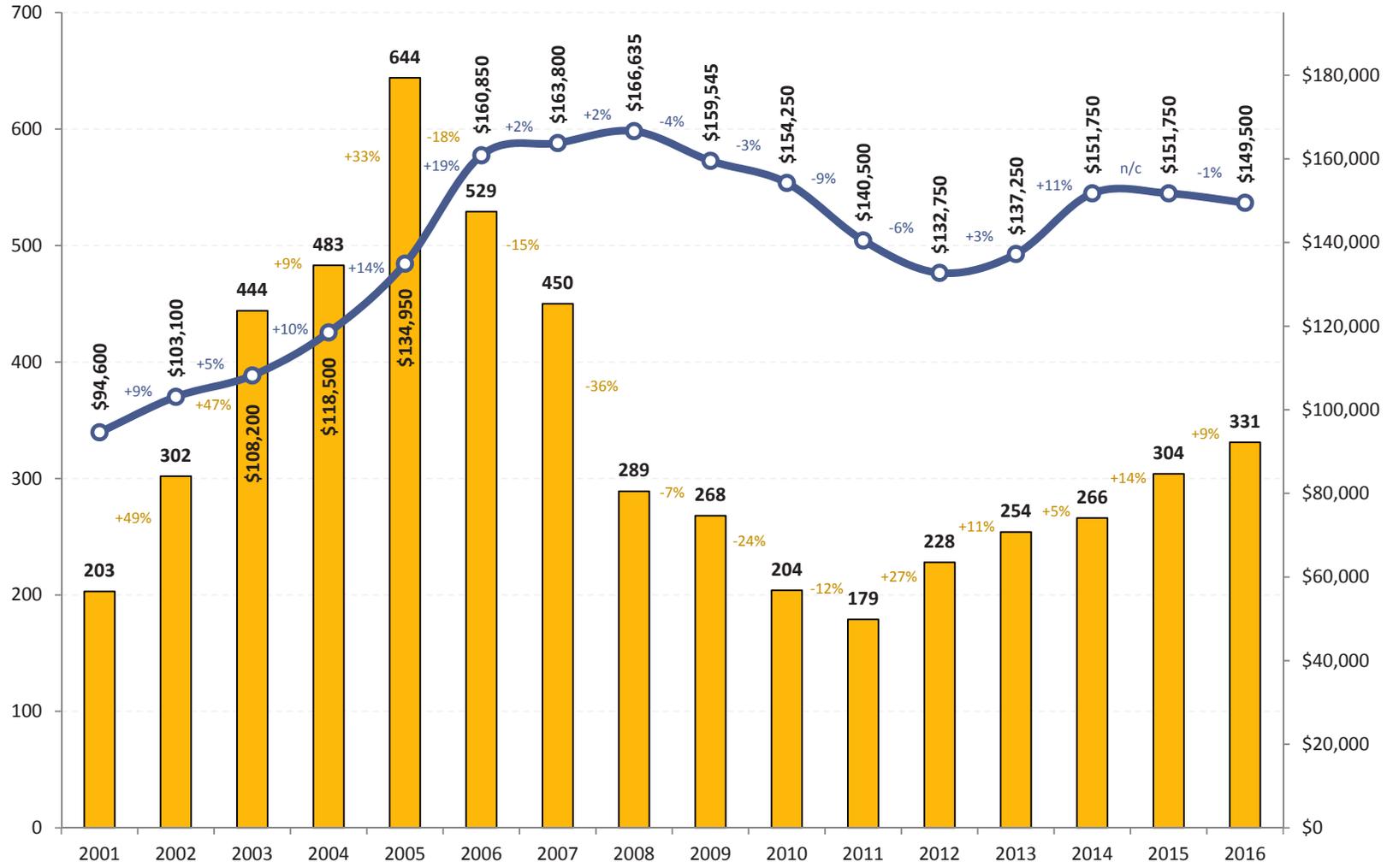
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Single Family Homes



The single family home market in Harrisonburg and Rockingham County improved significantly between 2015 and 2016. After three years of relatively little change in the number of single family home sales (813, 819, 818) we saw a sudden and dramatic increase to 978 home sales. Looking back, there have only been two

years (2004, 2005) when more single family homes were sold in Harrisonburg and Rockingham County. This 20% increase in the pace of single family home sales was accompanied by a 7% increase in the median sales price.

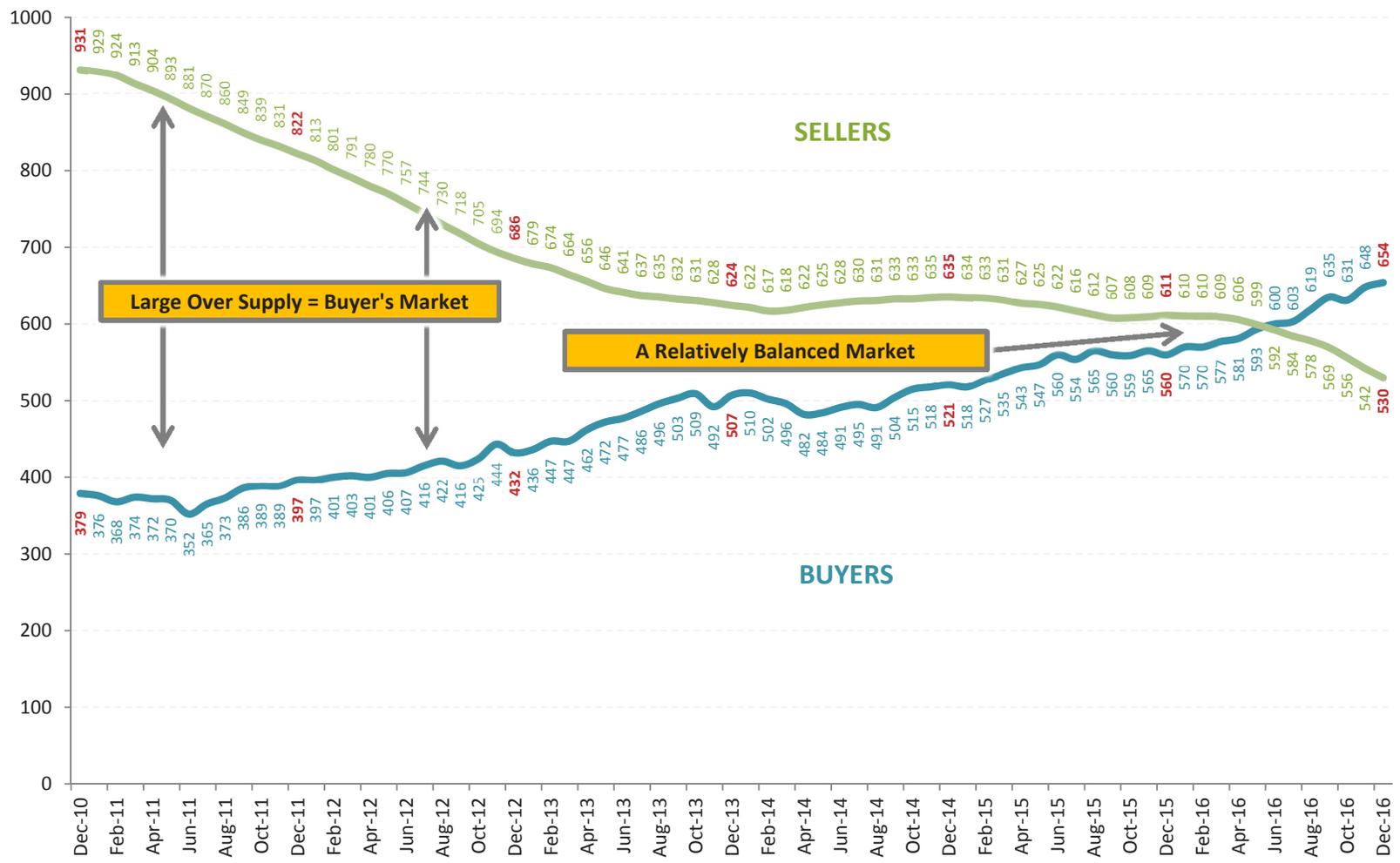
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Duplexes, Townhomes & Condos



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 331 sales seen in 2016 marked the highest level of sales seen anytime between 2008 and 2016. 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, and in fact, the median sales price of these properties dropped slightly to \$149,500 -- down 1% from the median sales price of \$151,750 in both 2014 and 2015.

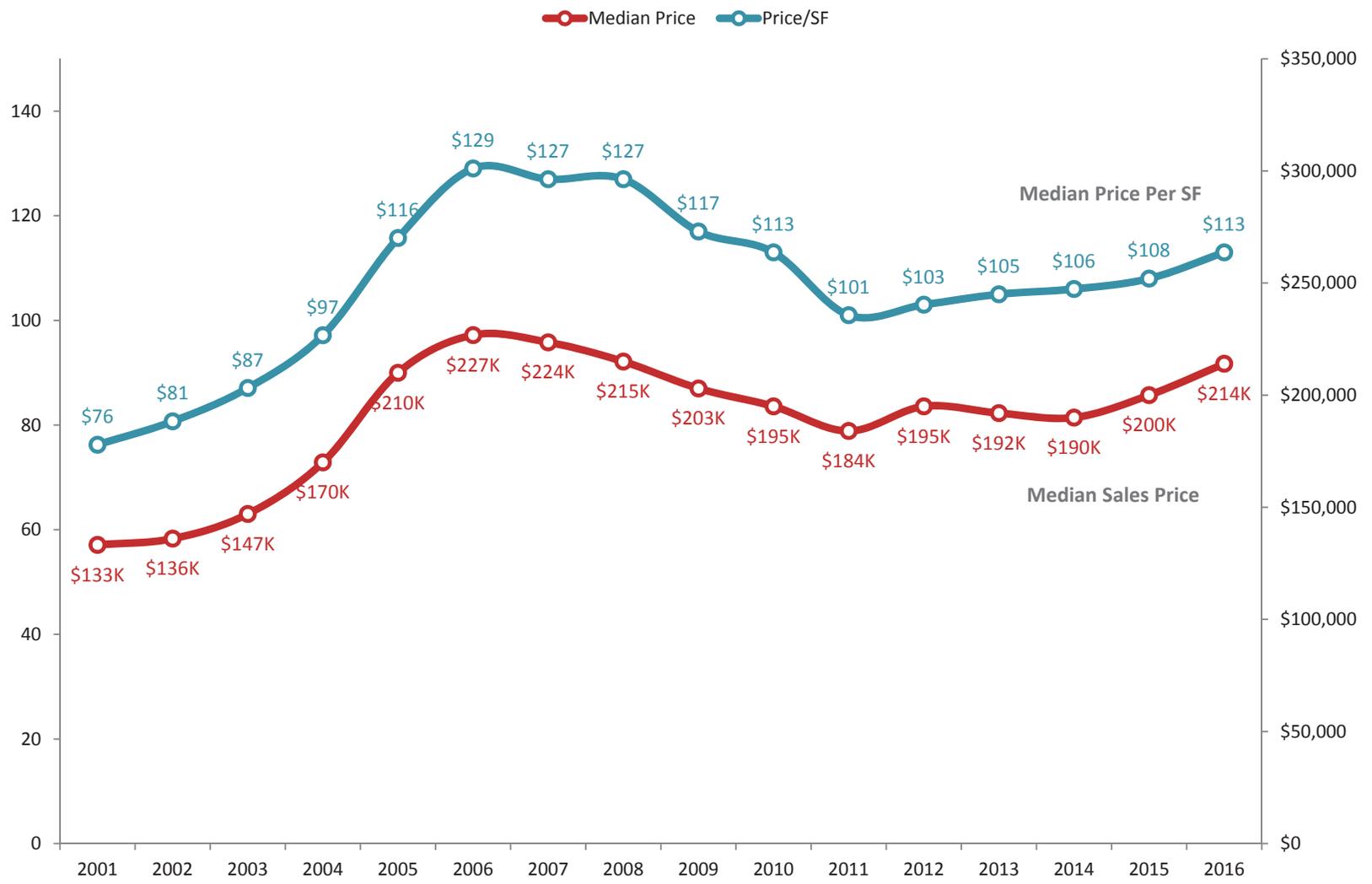
Harrisonburg & Rockingham County
Market Balance between Buyers and Sellers
 Assuming Six Months of Housing Supply is a Balanced Market



It happened! It really happened! Most housing market analysts consider six months of inventory (active listings) to be an indicator of a balanced market (between buyers and sellers). The "BUYERS" trend line above is illustrating how many buyers are buying in a six month period. The "SELLERS" trend line above is illustrating how

many sellers are in the market (active listings) at any given time. Over the past four years we have seen a steady increase in buyers and a declining number of sellers. And finally, in June 2016, these two trajectories crossed! There are more buyers buying in a six month period than there are homes for sale!

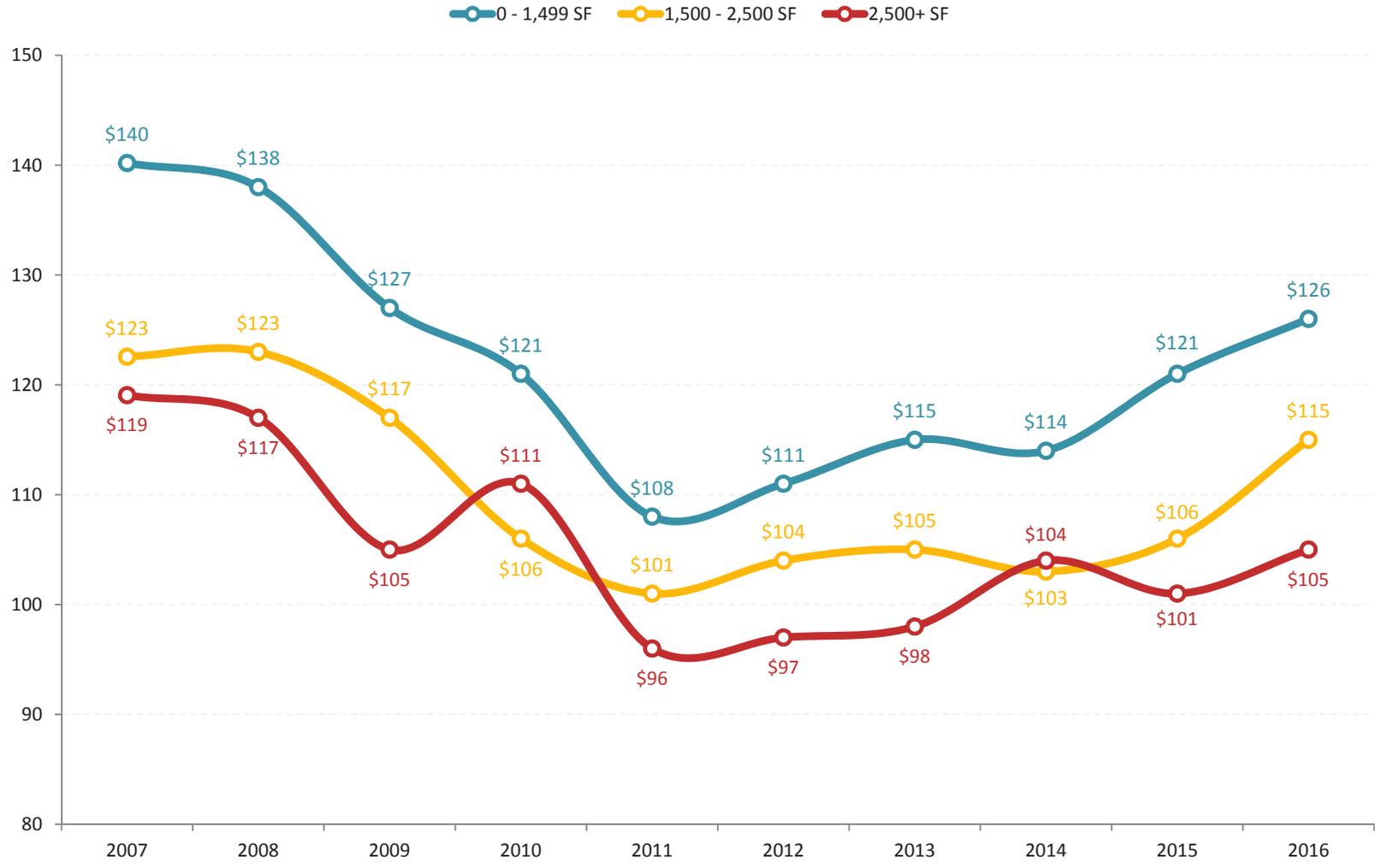
Harrisonburg & Rockingham County
Median Price vs. Price Per SF (Single Family Homes)



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 (2015 to 2016) we have seen increases in both the median sales price as well as the median price per square foot of single family homes.

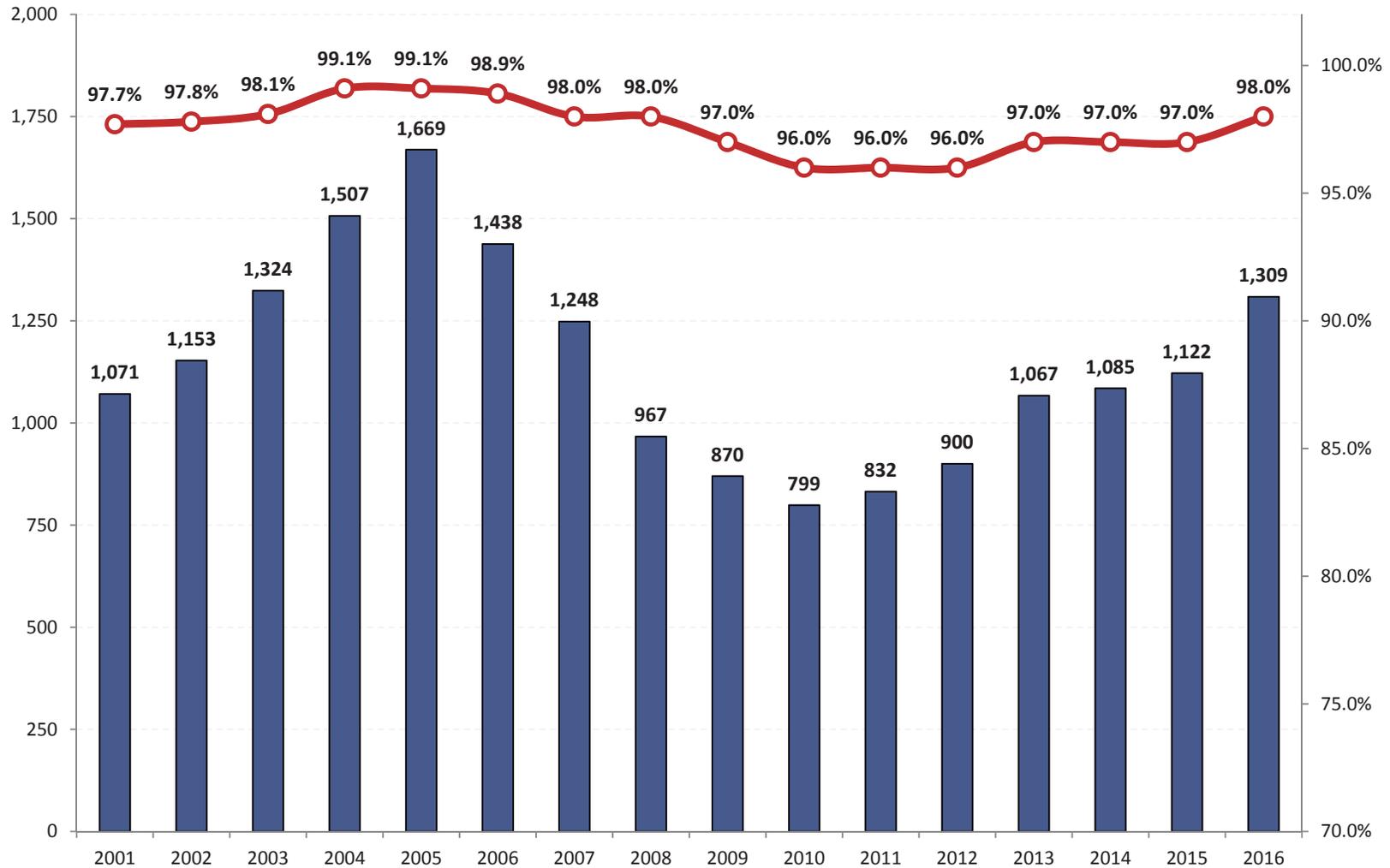
Harrisonburg & Rockingham County
Median Price Per Square Foot by Home Size
Single Family Homes



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 2016 figures, this graph illustrates that the median price per square foot of larger homes

(2500+ SF) is a good bit lower (\$105/SF) than that of homes with less than 1500 SF (\$126/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.

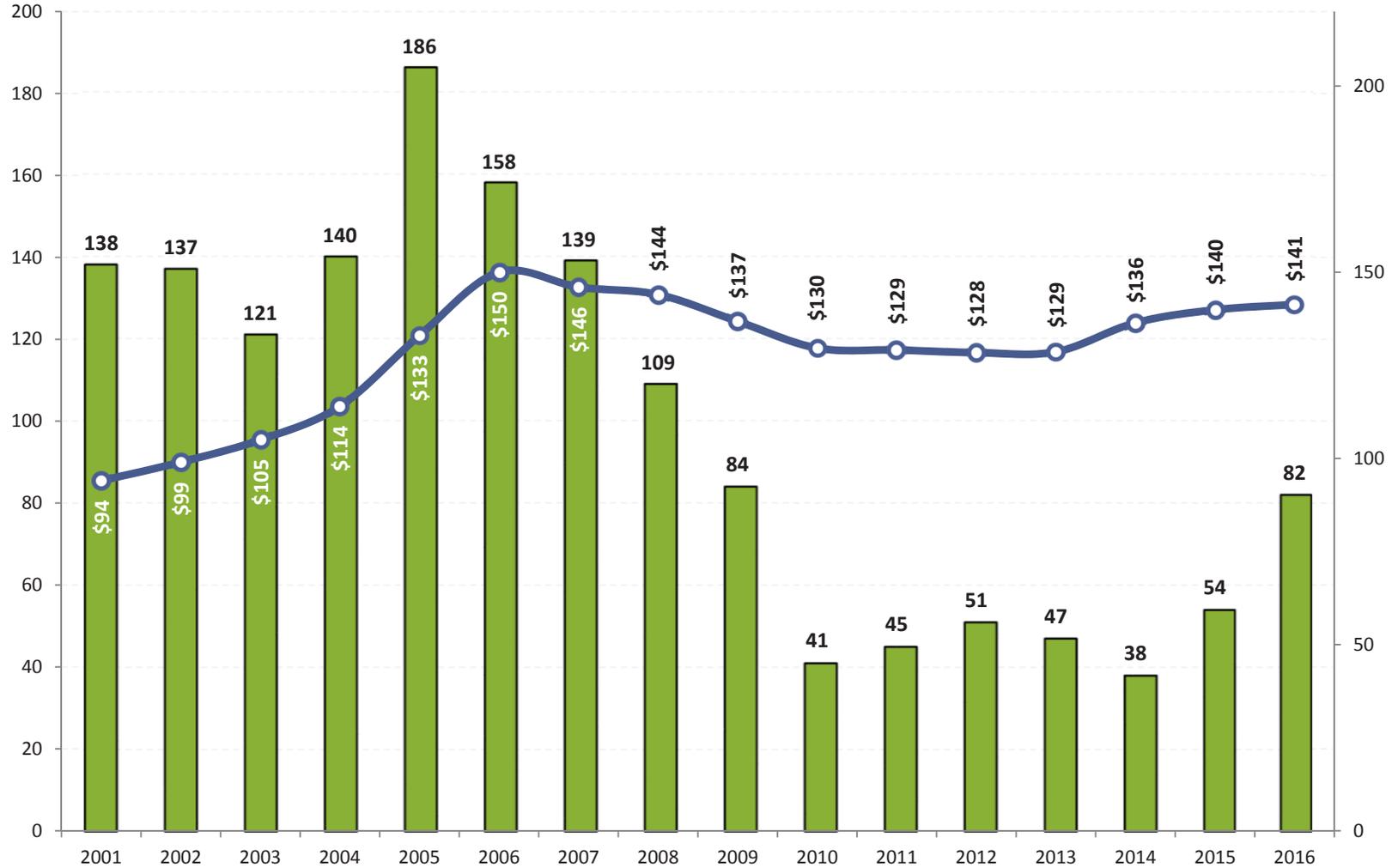
Harrisonburg & Rockingham County
Median List Price to Sales Price Ratio
 within the context of Home Sales Pace



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. Then, when the pace of home sales slowed (through 2010) we saw a decline in this metric to 96%, where we stayed for three years (2010, 2011, 2012). Sellers started selling for slightly more in 2013-2015 when they could obtain 97% of their list price, and this has now increased to 98% in 2016.

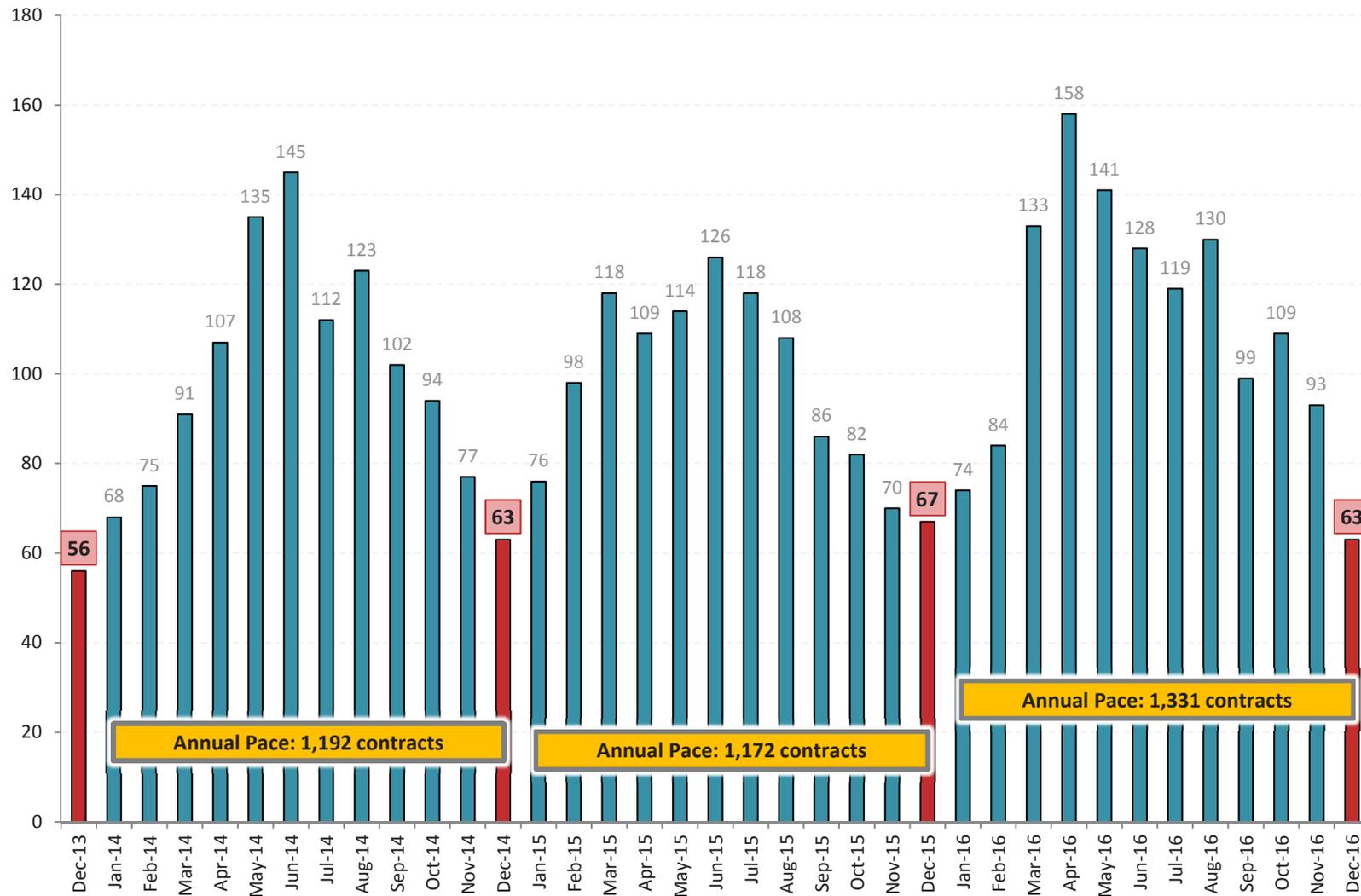
Harrisonburg & Rockingham County
New Construction Single Family Home Sales Trends
 Number of Sales, Median Price Per Square Foot



New home builders experienced a steady decline in new home sales between 2006 and 2010 -- dropping 78% from a peak of 186 to 41 sales in a year. Even if we use a starting point of 2001 (before the housing boom) we still see a 70% drop between 2001 and 2010. The number of new home sales per year has not crept up much

since that time -- staying between 38 and 54 new home sales per year. This past year, however, was QUITE different. There were a total of 82 new home sales last year, exceeding the full year of sale seen for each of the past six years -- a welcome sign for new home builders!

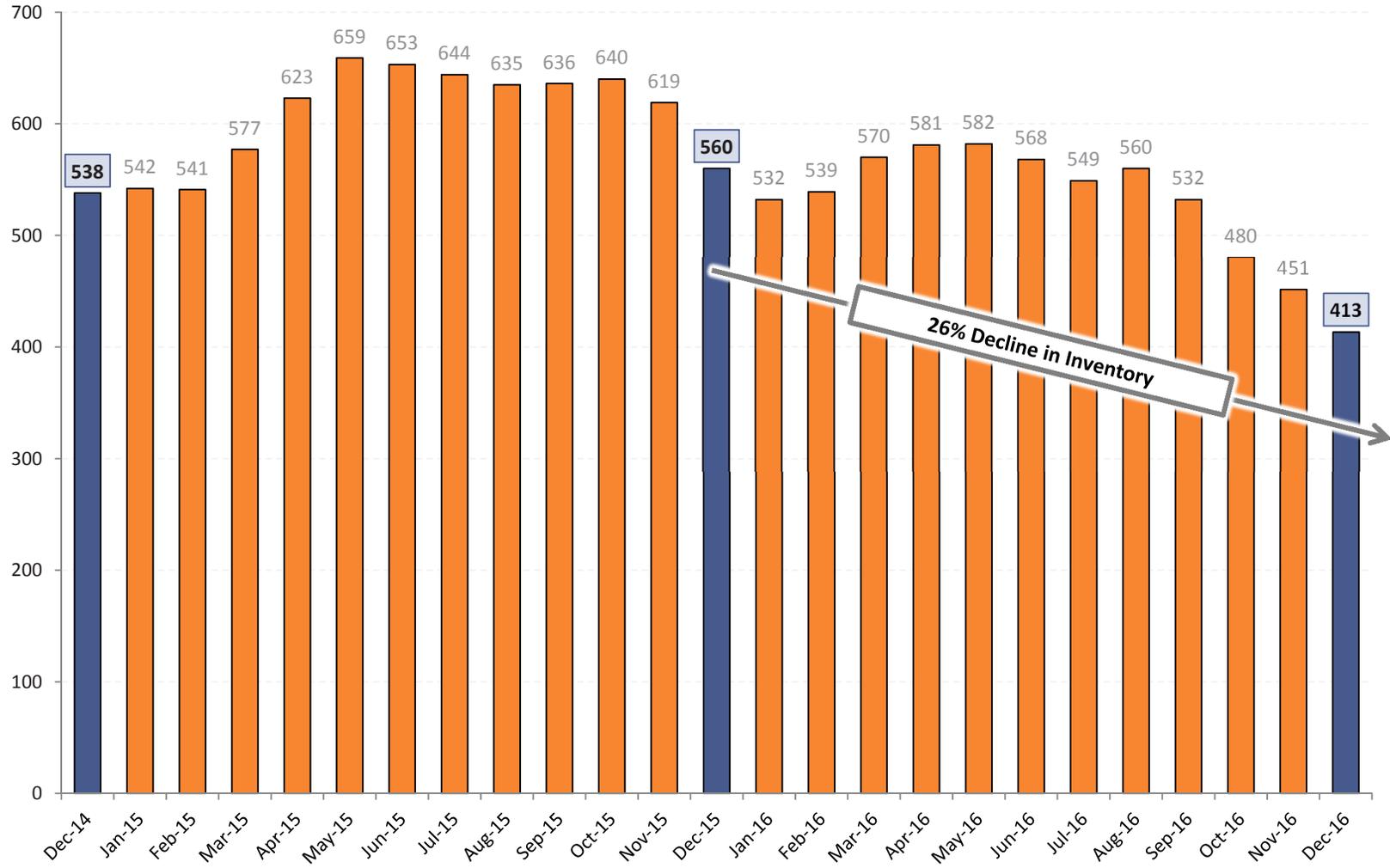
Harrisonburg & Rockingham County
Buyers Per Month Committing to Buy Properties



This graph clearly illustrates what a busy buying season it has been over the past year. We have seen an average of 111 contracts per month over the past year -- as compared to an average of only 98 contracts per month during the same timeframe in 2015. These strong contract numbers, clearly, are leading to the busy season of

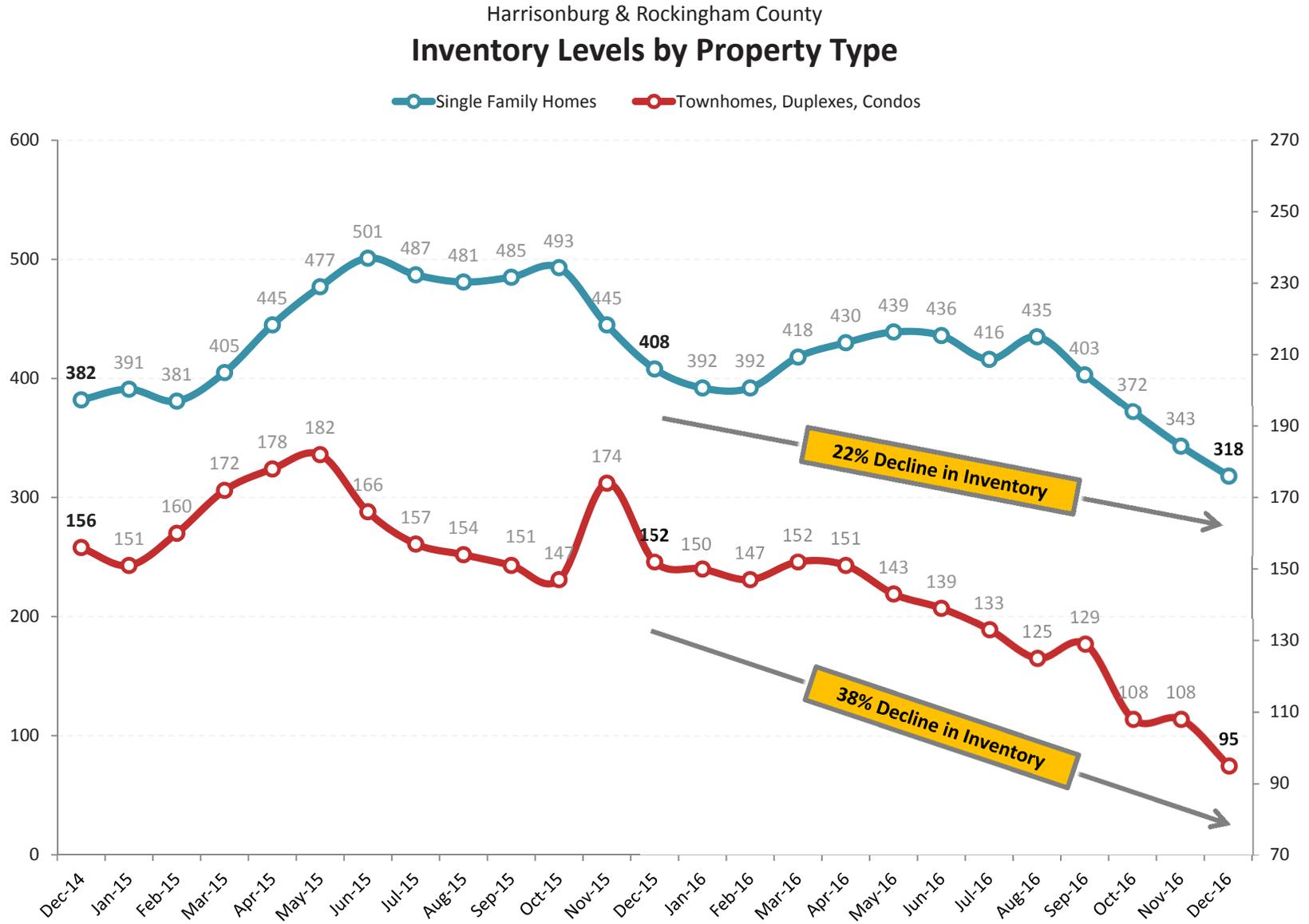
closings -- and we are likely to see a relatively decent month of closings in January based on the November and December contract figures shown above. Contracts will likely start to slowly rise during January and February before really starting to jump in March 2017.

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,

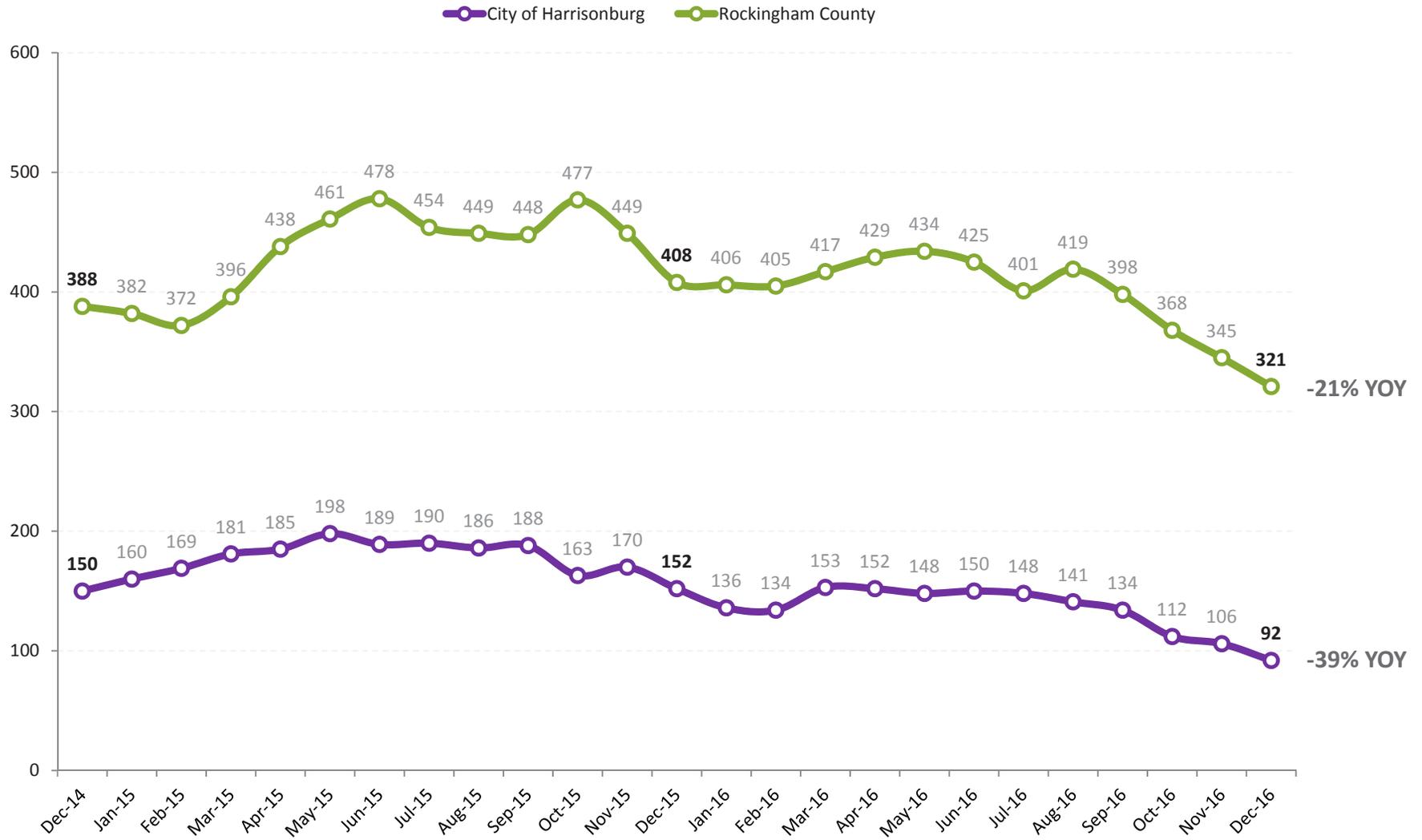
weighty decision, but it is not always so. Some homes that are on the market have been listed for sale by sellers who are "testing the market" and as a result, inventory levels can shift more quickly than home sales trends. Inventory levels have been declining over the past year, to a current level that is 26% down from a year ago.



This graph examines the differences in inventory levels over time when examining only single family homes as compared to attached dwellings (townhomes, duplexes, condos). The number of single family homes for sale has decreased by 22% over the past year, while the number of townhomes, duplexes and condos for sale has

decreased by 38% over the past year. As is evident, inventory levels are much lower in the Winter market, and we may see further declines in inventory levels over the next few months as we continue through the winter real estate market.

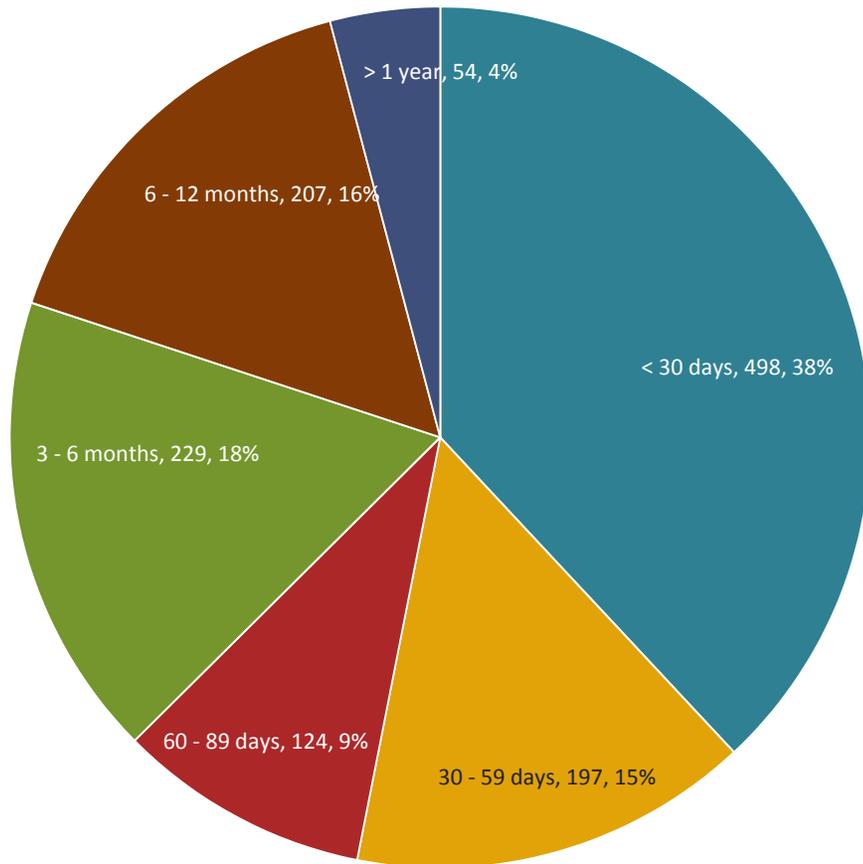
Harrisonburg & Rockingham County
Inventory Levels by Property Location



Trends in inventory level currently seem to, in many ways, transcend the City / County divide, but when looking only at inventory levels in the City, we see that there has been a relatively sizable decline (-39%) over the last year in the number of properties for sale, while in the County, there has been a slightly smaller

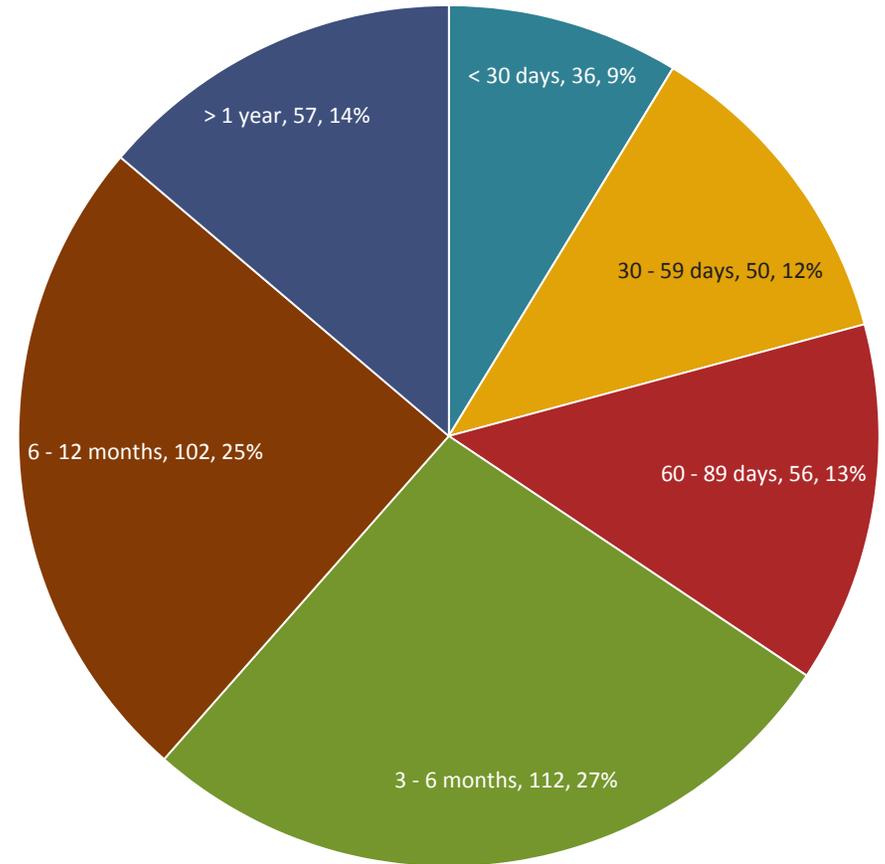
decline in the number of homes for sale. Despite relatively modest changes in inventory levels in the City of Harrisonburg and Rockingham County over the past year, inventory levels in the County seem much more turbulent than in the City.

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



Median Days On Market: 52

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

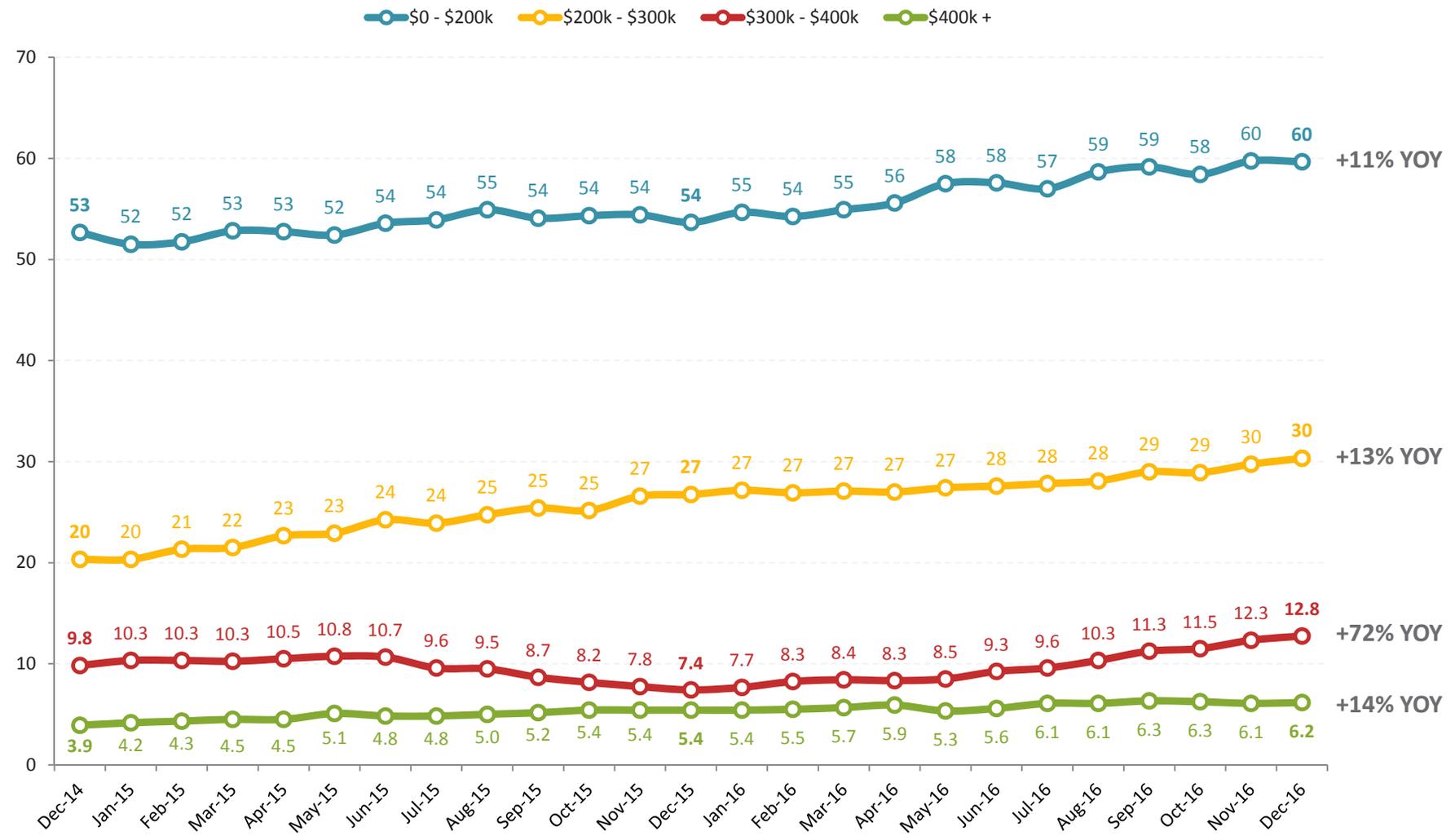


Median Days On Market: 139

Declining inventory levels are contributing to an overall decline in the time it takes to sell a home in Harrisonburg and Rockingham County. The current median “Days on Market” is 52 days for homes that have sold in the past year. Remarkably, 38% of homes that have sold in the past year have gone under contract within 30 days

of having hit the market. Combine that with those that went under contract during the second month on the market, and you’ll find that 53% of homes that sell go under contract within 60 days. The graph to the right, above, shows the length of time that each active listing has been on the market for sale.

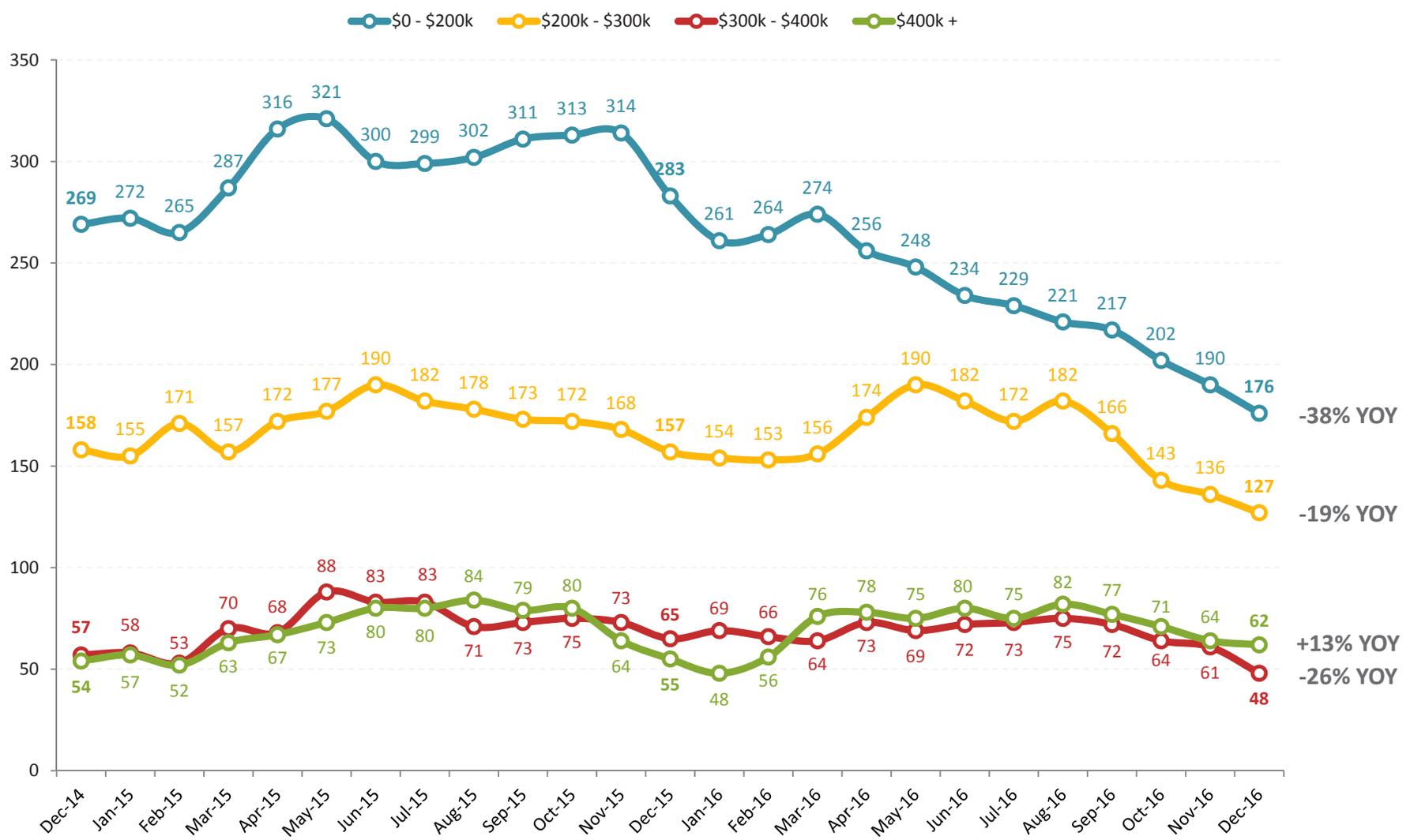
Harrisonburg & Rockingham County
Home Sales by Price Range
 (Average of Past 12 Months)



The pace of home sales in Harrisonburg and Rockingham County varies significantly based on price range. The graph above shows the average number of home sales per month (given a 12-month average) as we have passed through the past two years. Home sales have increased in all price ranges over the past year, with the

most significant (drastic!) increase being in the \$300K - \$400K price range (+72% year-over-year) with the other three price ranges (under \$200K, \$200K - \$300K, \$400K+) each seeing between a 11% and 14% year-over-year increase.

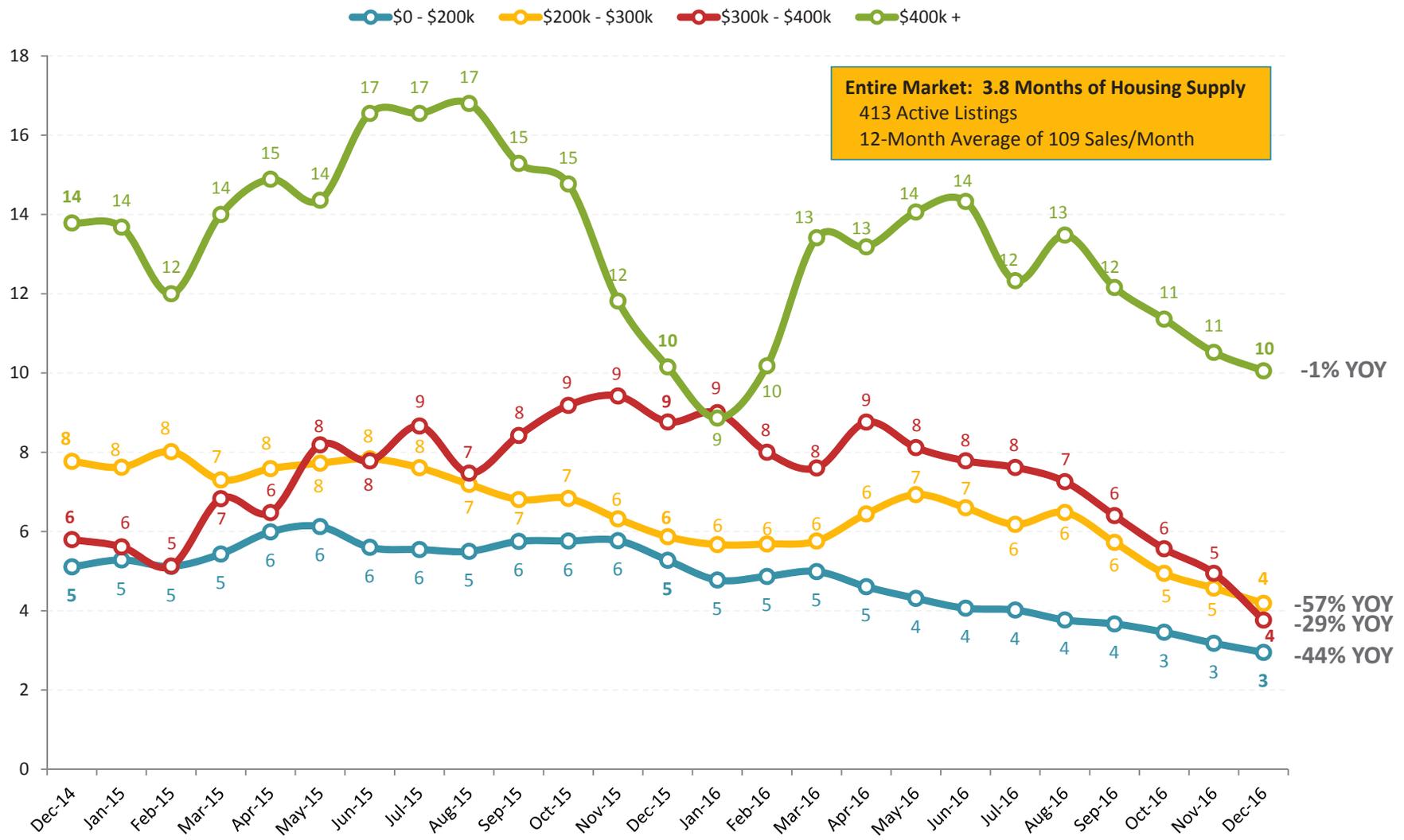
Harrisonburg & Rockingham County
Inventory Levels by Price Range



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 lowest price range (under \$200K) has seen the largest decline (-38%) in inventory levels over the past year -- with buyers in that price range now only having 176

options as compared to 283 one year ago. The \$200K - \$300K price range has seen a 19% decline in inventory, which is relatively similar to the 26% decline seen in the \$300K-\$400K price range. The only price range where inventory levels has increased is the \$400K+ price range where inventory levels have climbed 13% YOY.

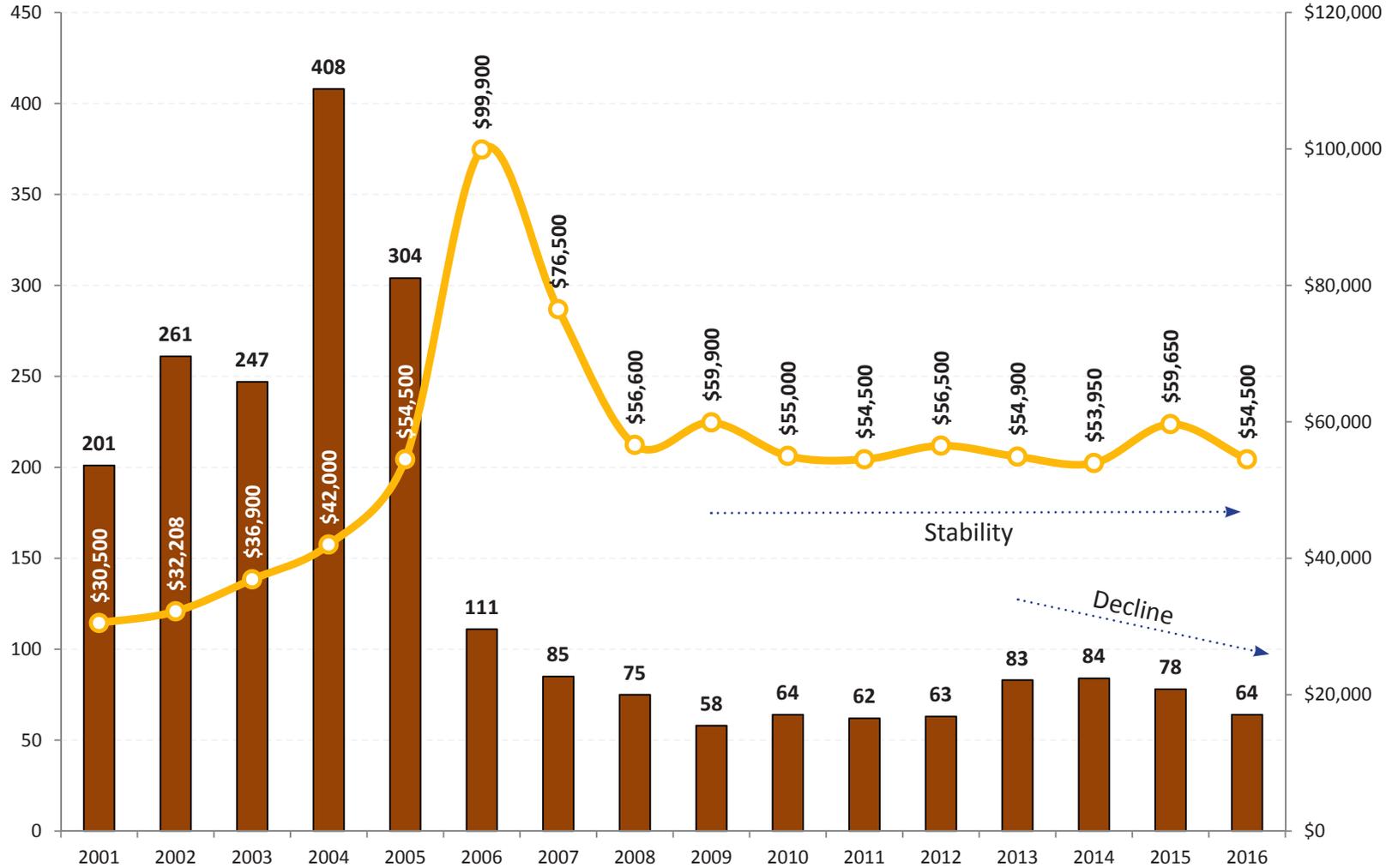
Harrisonburg & Rockingham County
Months of Housing Supply by Price Range



With so many home sales (lots of buyers) and so few homes on the market (not so many sellers), there are low levels of supply in some price ranges our local real estate market. The graph above illustrates that while it would take 10 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 -- it would only take three months (!) to burn through the under \$200K inventory. Many consider a six month supply to be a balance between buyers and sellers, and we are now seeing that (or less) in three of the four price ranges illustrated above.

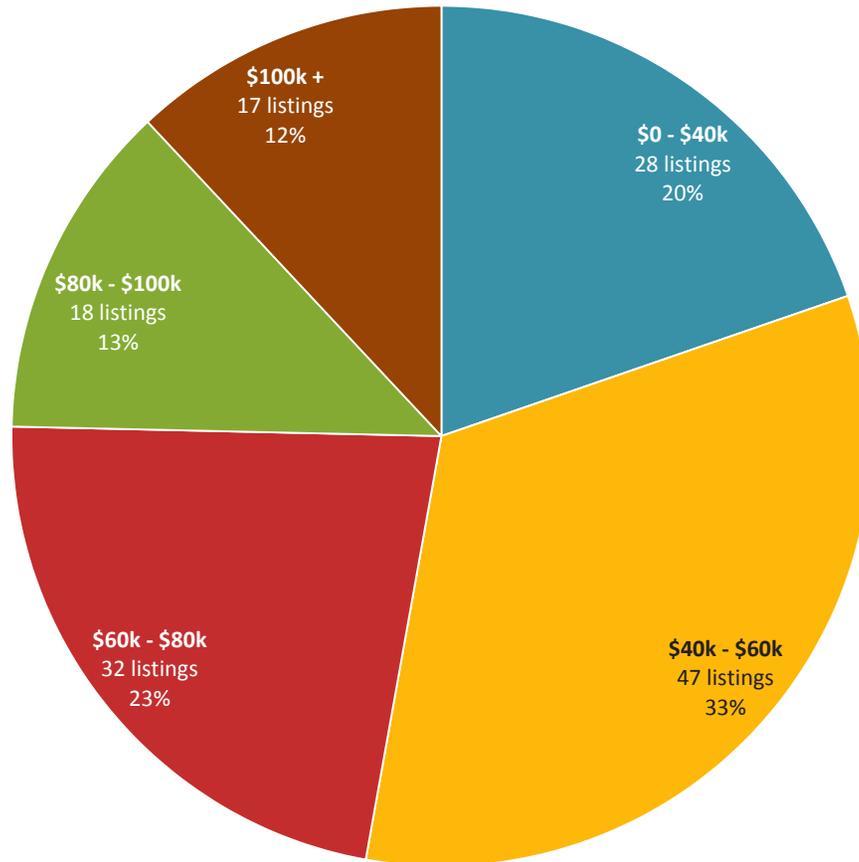
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



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 2016 (64) as compared to 2015 (78) and 2014 (84). That slowing pace of lot sales did not stop sellers in 2015 from being able to obtain higher prices for their building lots with a median sales price

of \$59,650 -- but that median price then declined during 2016 to only \$54,500. Despite the lack of increase in lot sales, we are seeing quite a bit of stability in the median sales price, which has bounced around between \$54,000 and \$60,000 since 2008 and continuing through 2016.

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

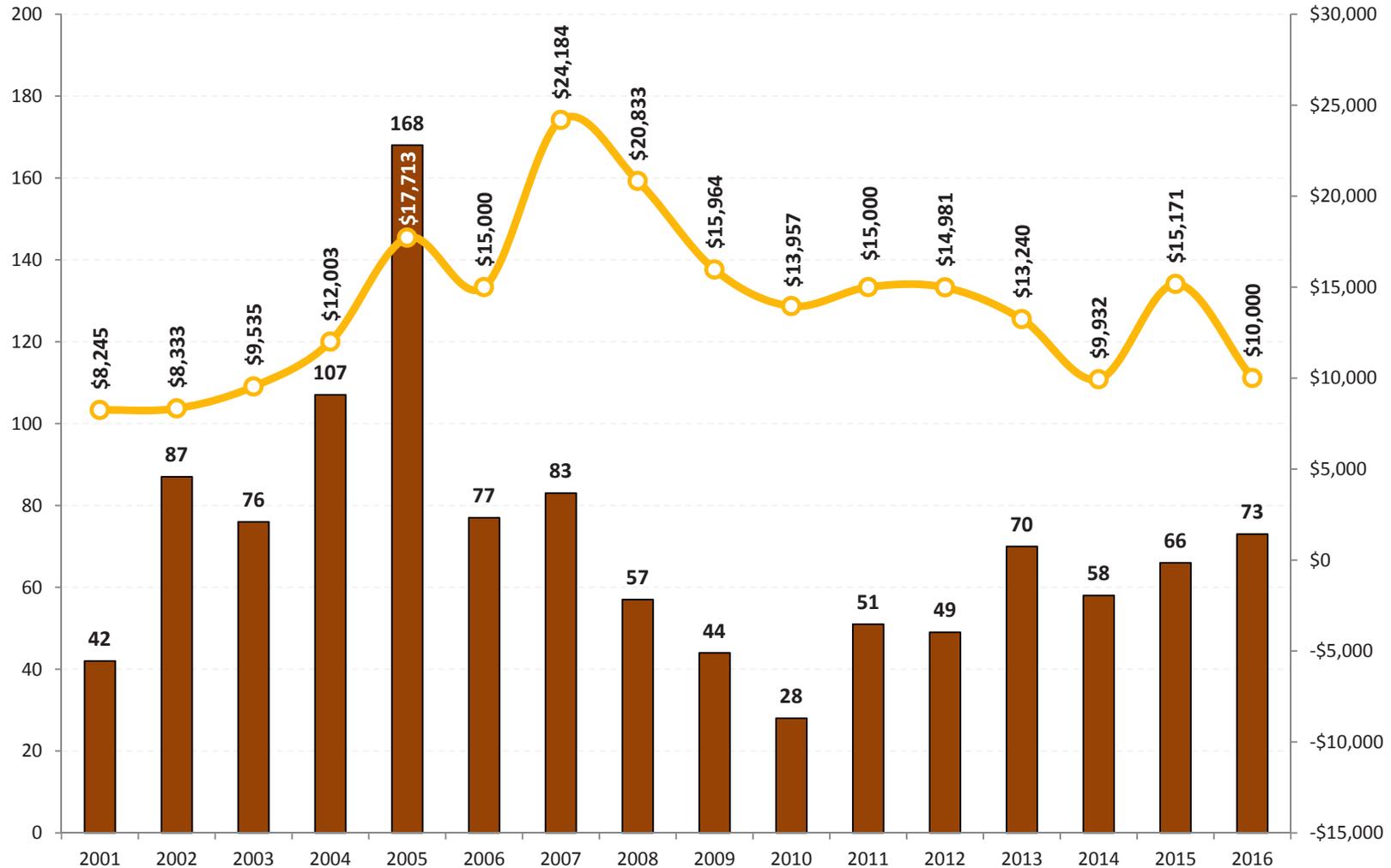


142 Active Lot Listings; Median List Price: \$58,500

Despite the fact that only 64 lots (of less than an acre) sold in all of 2015, there are a remarkable 142 lots currently for sale. Some sanity exists in this listing market, however, as the median list price of lots for sale (\$58,500) is not too much higher than the 2016 median sales price of \$54,500. Given last year's 64 lot sales, if no

other lots were listed for sale, it would take 2.2 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 (2011-2016) median sales prices.

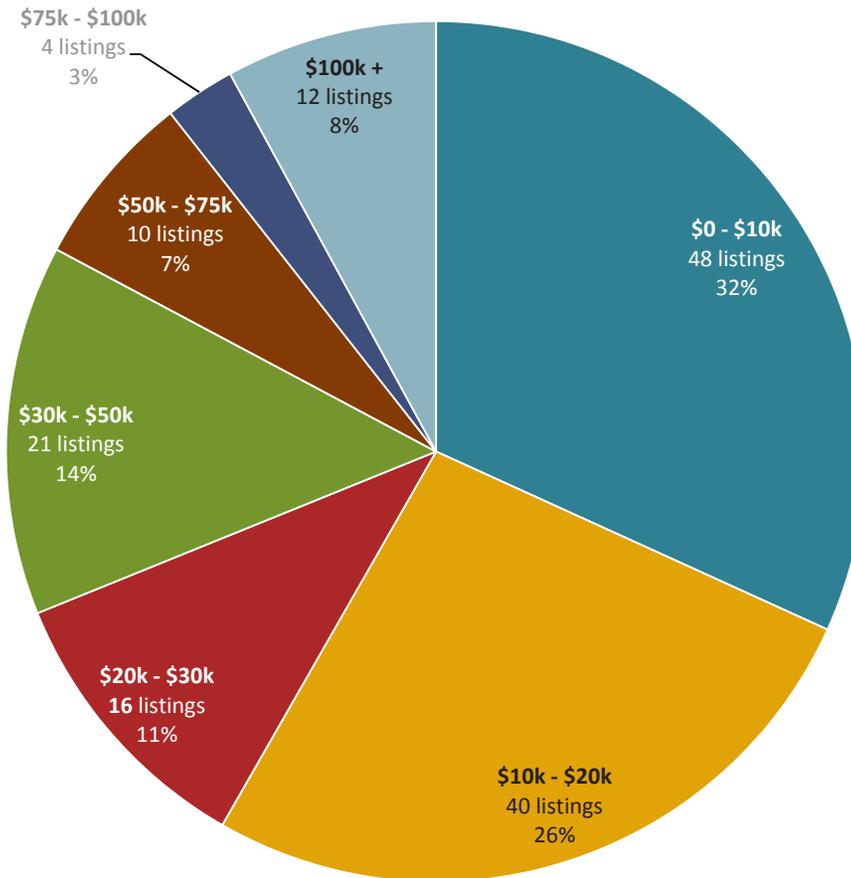
Harrisonburg & Rockingham County
Land Sales & Median Price Per Acre
 1 acre or more



Parcels of land larger than one acre in Harrisonburg or Rockingham County increased in pace during 2016 to 73 land sales -- marking the highest year of sales since 2007. That said, during that same timeframe, the median price per acre has fallen from \$24,184 (in 2007) down to \$10,000 (in 2016). Some aspects of this "median price

per acre" calculation are affected by which parcels actually sell in a given year, but it is clear that land prices have been trending slowly down over the past five or so years. We will likely need to see more buyer activity (demand) before we will see any meaningful increases in the median price per acre.

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

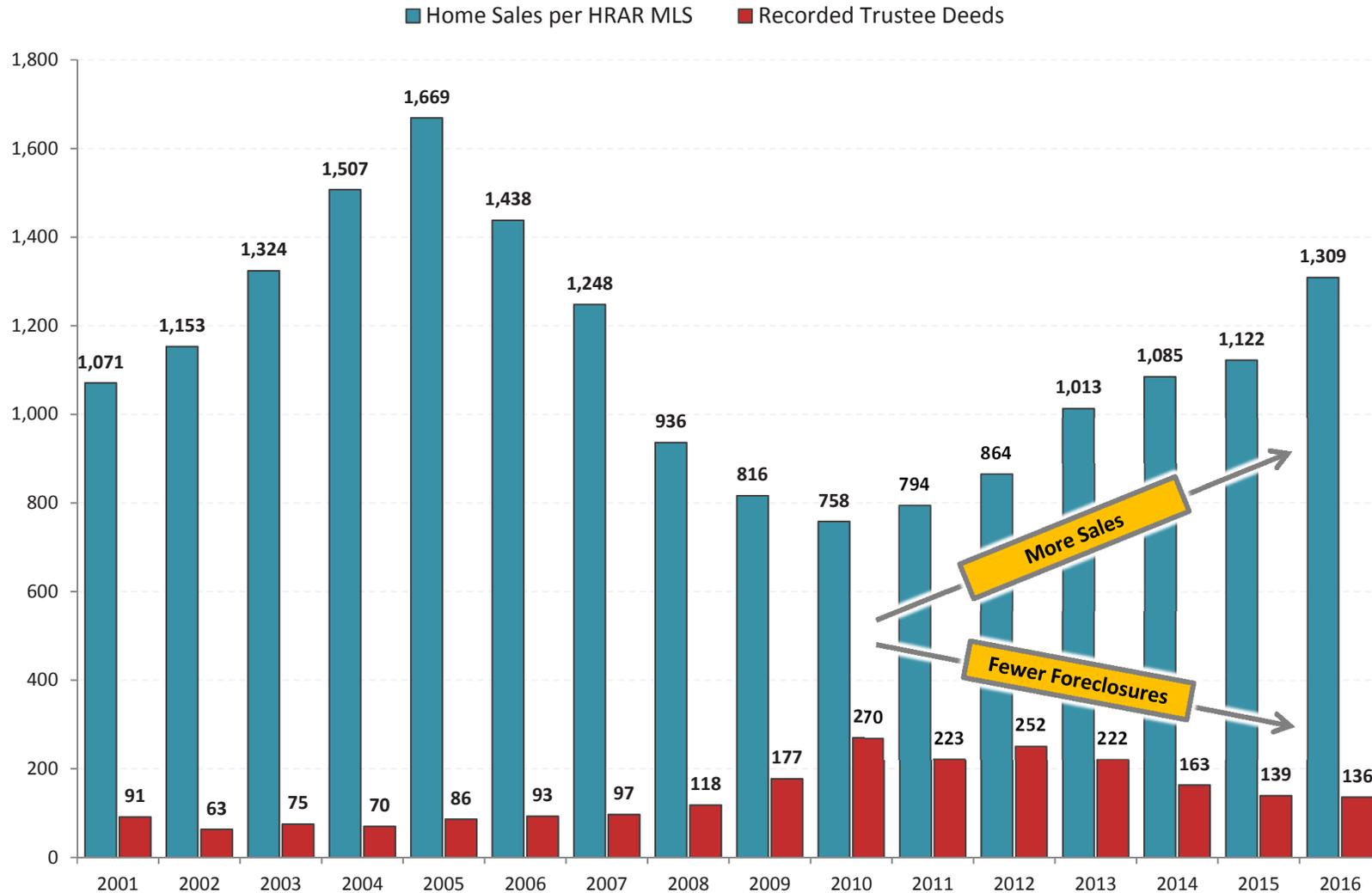


151 Active Land Listing; Median List Price: \$17,220 / Acre

Despite the fact that only 73 parcels of land (of one acre or more) sold in all of 2016, there are a remarkable 151 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 151 parcels for sale is currently \$17,220 per acre. Given

last year's 73 land sales, if no other land is listed for sale, it would take 2.1 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

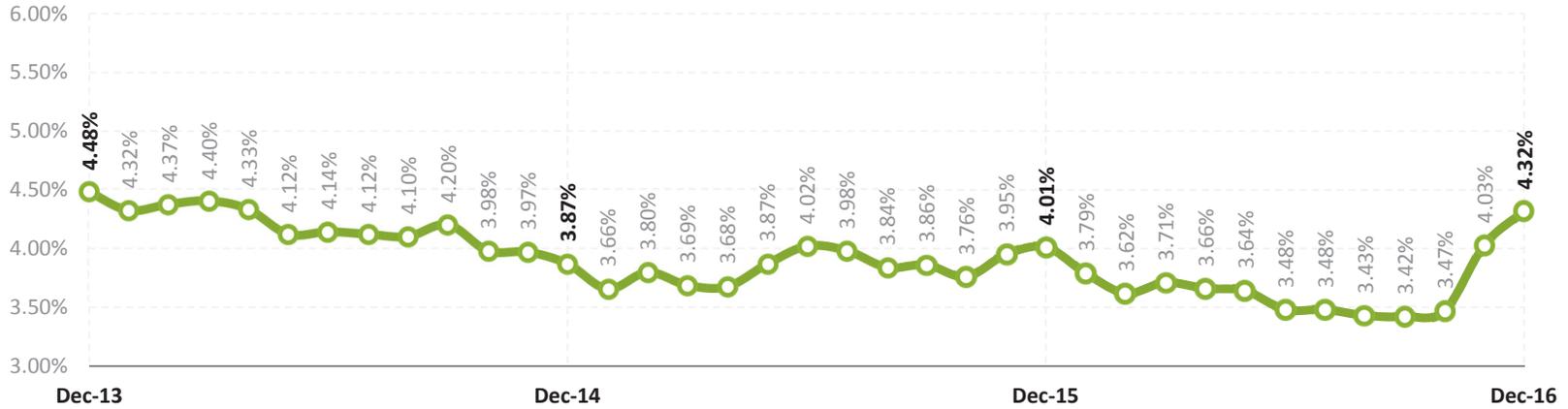


The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales that did not involve a Realtor, nor new home sales directly from a builder. The red bars show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

Trustee Deeds. Some foreclosed properties then show up again as REO properties. The foreclosure rate in our local market area is definitely trending downward, as there were 6.7 times as many home sales as foreclosures in 2014, 8.1 times as many home sales as foreclosures in 2015 and 9.6 times as many in 2016.

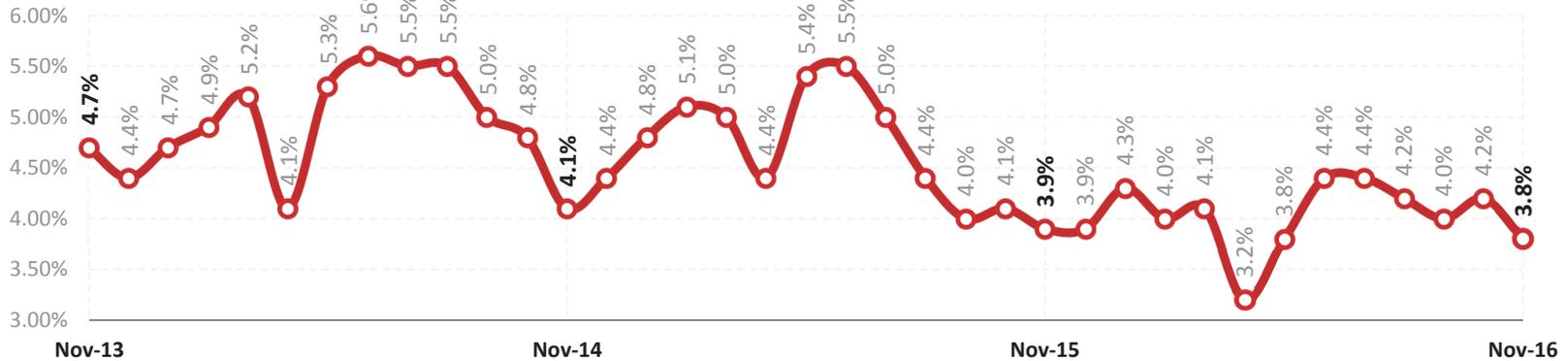
Average 30-Year Fixed Mortgage Interest Rate

Source: Freddie Mac



Harrisonburg-Rockingham MSA Unemployment Rate

Not Seasonally Adjusted



As shown in the top graph above, for most of the past two years, home buyers have seen tremendously low interest rates -- almost always under 4%. With average mortgage rates now starting to increase, it seems unlikely that we will see rates in the 3.X% range again anytime soon. The second graph above illustrates trends in

the local unemployment rate -- which has shown a general downward trend over the past several years. A low local unemployment rate and relatively low mortgage interest rates continue to help our local housing market remain stable and start to grow in recent years.

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
[BuyingAHomeInHarrisonburg.com](#)

Marketing Strategies for Successing Selling Your Home
[SellingAHomeInHarrisonburg.com](#)

Central Shenandoah Valley Property Search
[ScottPRogers.com](#)

Mobile Real Estate Apps
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Monthly Real Estate Market Reports
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Analysis of Real Estate Investment Options in Harrisonburg
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Comprehensive Data on Harrisonburg Townhouse Communities
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The Most Realistic, Immersive Way to Experience a Home Online
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Listings With Low List Prices Compared to Assessed Values
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