



FEBRUARY 2018 Harrisonburg & Rockingham County Real Estate Market Report



*An analysis of real estate activity through January 31, 2018
provided courtesy of Scott P. Rogers, Funkhouser Real Estate Group*



New Construction -- Five Bedroom Home in Lakewood Estates 1644CumberlandDrive.com

HOME SALES REPORT

Harrisonburg & Rockingham County

February 13, 2018

# Home Sales	2015	2016	2017	2018	% Change ('17 - '18)
January	49	67	69	61	-11.59%
Year-To-Date (Jan)	49	67	69	61	-11.59%
Last 12 Months (Feb - Jan)	1,074	1,144	1,315	1,252	-4.79%

Median Sales Price	2015	2016	2017	2018	% Change ('17 - '18)
January	\$195,000	\$194,000	\$182,500	\$220,000	20.55%
Year-To-Date (Jan)	\$195,000	\$194,000	\$182,500	\$220,000	20.55%
Last 12 Months (Feb - Jan)	\$179,900	\$185,000	\$192,000	\$199,882	4.11%

Median Days on Market	2015	2016	2017	2018	% Change ('17 - '18)
January	81	77	69	56	-18.84%
Year-To-Date (Jan)	81	77	69	56	-18.84%
Last 12 Months (Feb - Jan)	66	55	49	33	-32.65%

And - we're off to the races in January 2018 - waiting to see how the market will fare this year as compared to the past few years. Thus far, with only January behind us, home sales have been slower than in the past two years -- with 61 closings in January as compared to 69 and 67 the past two years. When looking at the past 12

months and comparing it to the previous 12 months we find a 4.79% decline in the annual pace of home sales, a 4.11% increase in the median sales price and a 32.65% decline in the median days on market. So -- fewer homes are selling, but they are selling more quickly, and at higher prices -- not all bad news.

HOME SALES REPORT :: BY AREA

# Home Sales	City of Harrisonburg			Rockingham County		
	2017	2018	% Change	2017	2018	% Change
January	29	18	-37.93%	40	43	7.50%
Last 12 Months (Feb - Jan)	443	408	-7.90%	872	844	-3.21%

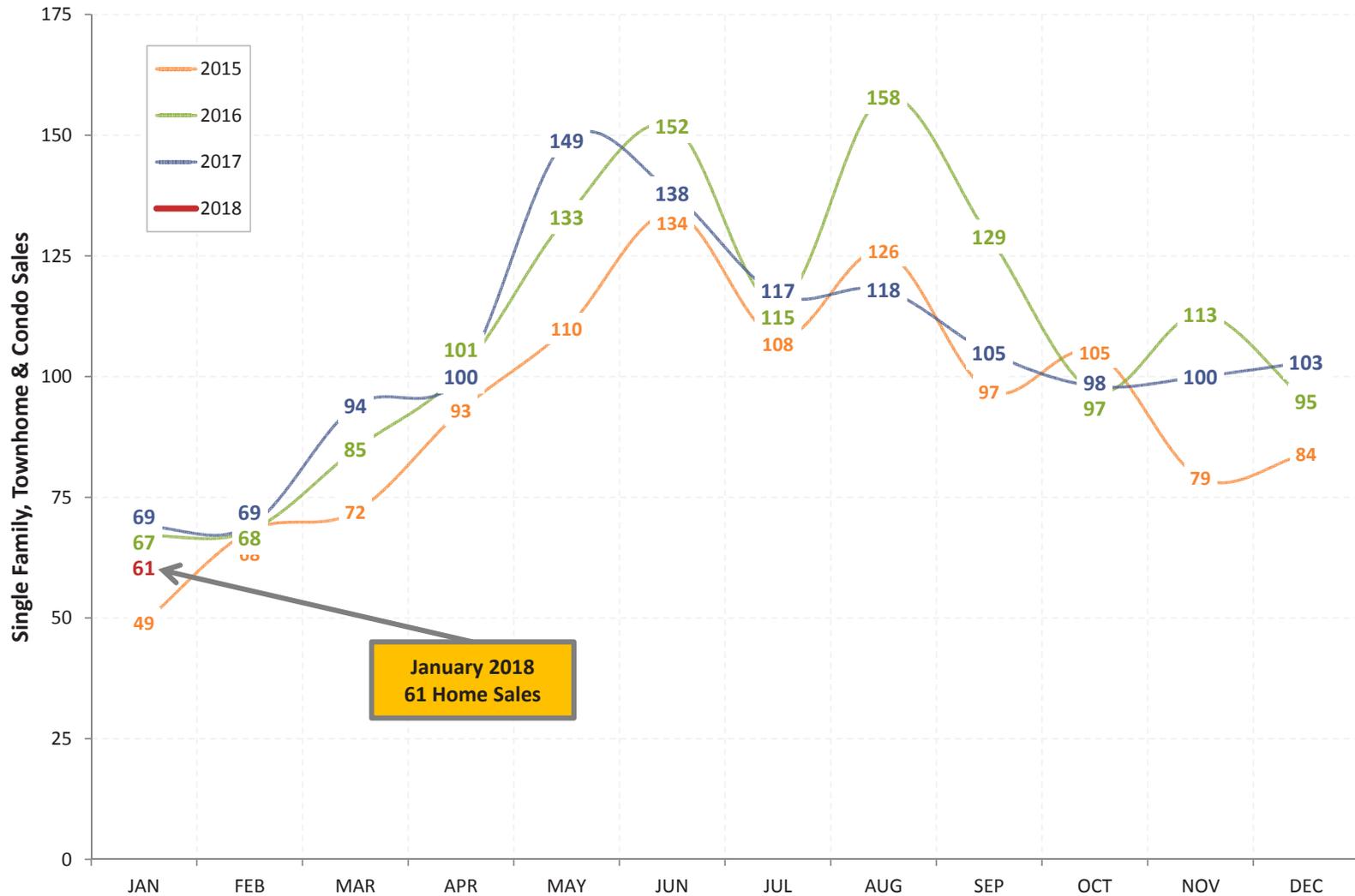
Median Sales Price	City of Harrisonburg			Rockingham County		
	2017	2018	% Change	2017	2018	% Change
January	\$182,500	\$165,250	-9.45%	\$186,000	\$225,000	20.97%
Last 12 Months (Feb - Jan)	\$167,000	\$175,000	4.79%	\$200,000	\$210,625	5.31%

Median Days on Market	City of Harrisonburg			Rockingham County		
	2017	2018	% Change	2017	2018	% Change
January	50	18	-64.00%	49	80	63.27%
Last 12 Months (Feb - Jan)	34	20	-41.18%	59	41	-30.51%

Each year, twice as many (+/-) homes sell in the County as compared to the City, and looking at the past 12 months (and comparing it to the previous 12 months) we see that pattern yet again with 408 City home sales compared to 844 County home sales. Over the past year, the pace of sales has declined 7.9% in the City and 3.21%

in the County, but the median sales price increased in both areas. Despite similar year-over-year percentage increases in the median sales price (4.79%, 5.31%) the median sale sprice continues to be quite a bit lower in the City (\$175,000) than in the County (\$210,625).

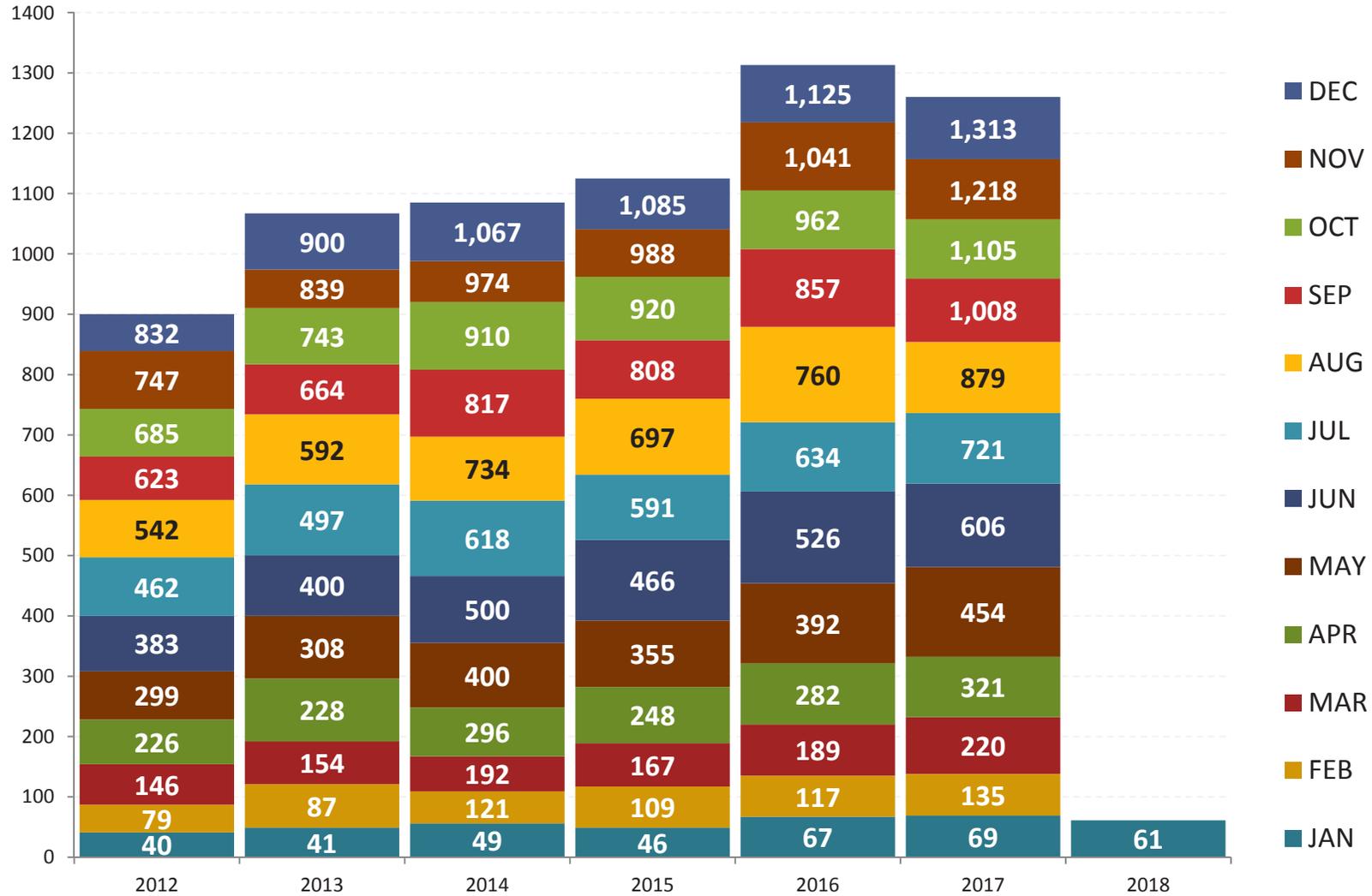
Harrisonburg & Rockingham County
Month-By-Month Home Sales History



Looking at a month-by-month analysis of home sales over the past three years, it is evident that both 2016 and 2017 were strong years of sales as compared to 2015 -- but at different times of year. Each of the past two years had unique high points as compared to previous years -- which reinforces that one single month of home sales

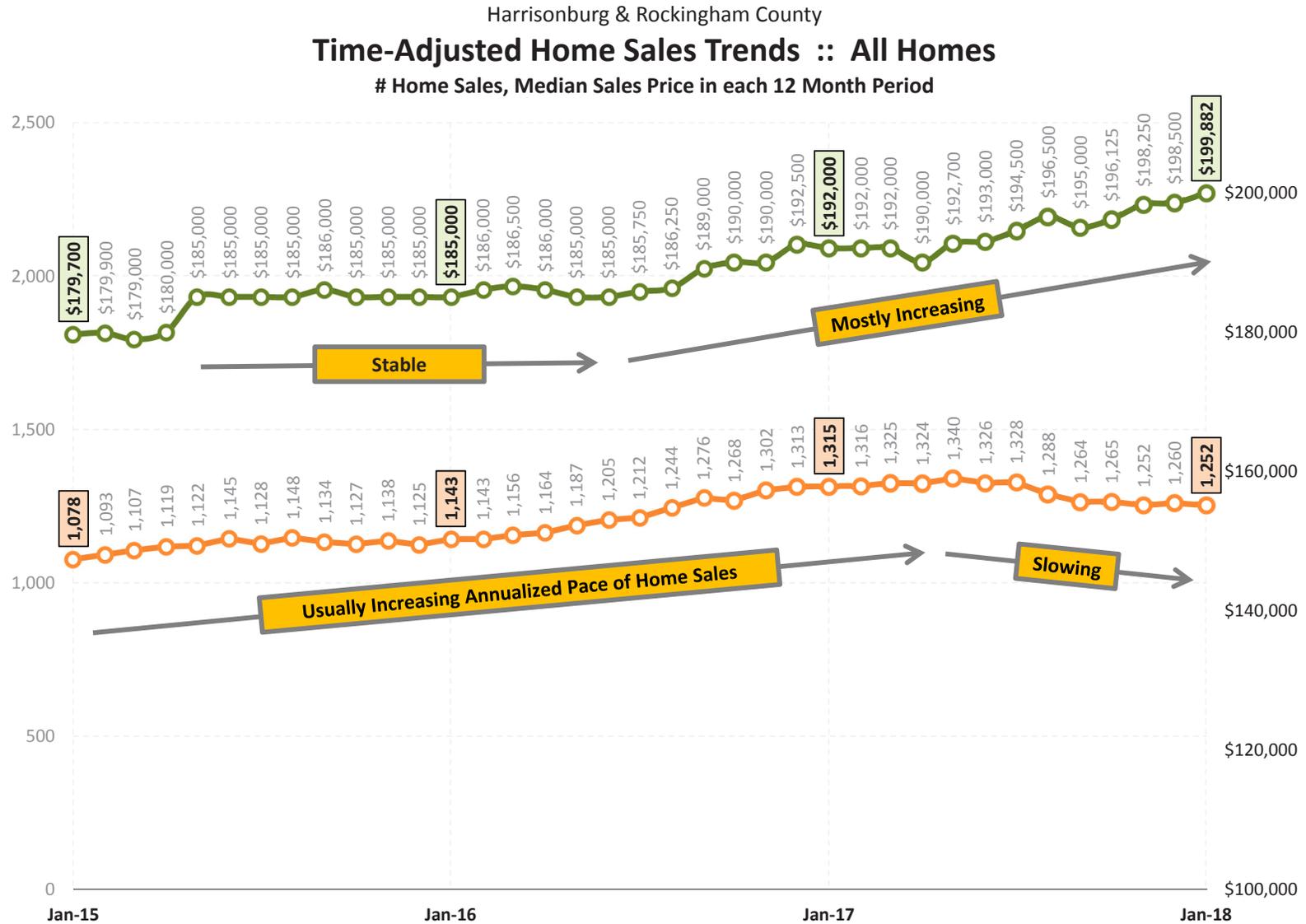
is not a true indicator of the overall health of the current housing market. All that said, I will point out that the 61 home sales seen in January 2018 puts it below the past two months of January -- so I'll hope for someone of an increase in February!

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 shown above, our local housing market experienced small incremental growth between 2013 and 2015 before seeing a sharp uptick in home sales in 2016, and then a

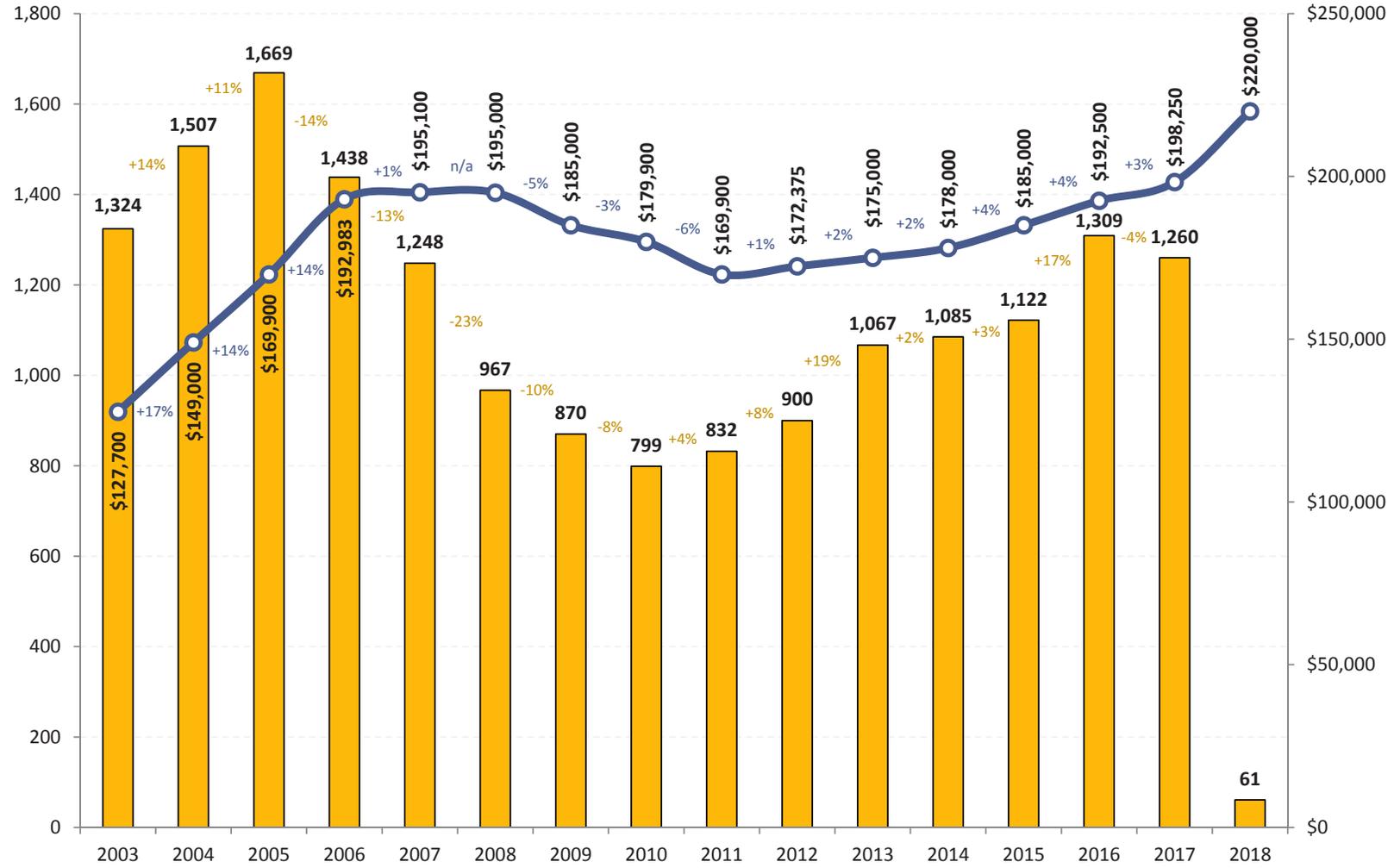
modest decline between 2016 and 2017. This graph also shows us a longer month-by-month history, so we can see that the 61 home sales in January 2018 is a stronger showing for January than seen any time in recent history other than 2016 and 2017.



This graph shows a rolling 12 month trend line of the number of homes sold 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 three years we saw relatively consistent increases in the annual pace of home sales up until August 2017, when the pace of sales started slowing down. The median sales price has been steadily increasing for a year and a half and is now oh so close to jumping over \$200,000.

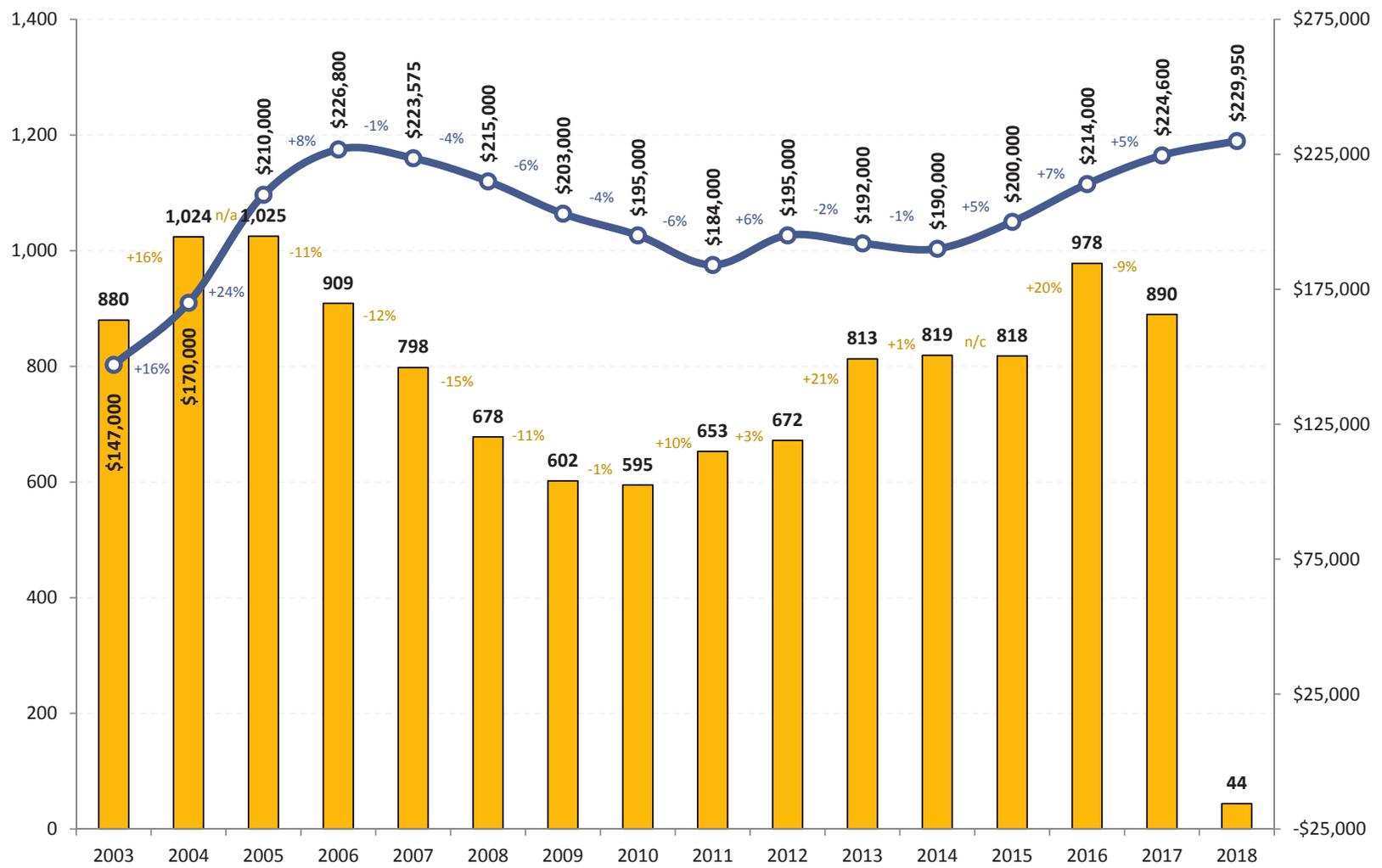
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Single Family Homes & Townhomes



This graph provides an overall indicator of the state of our housing market, showing both the number of homes being sold each year since 2002 (yellow bars) as well as changes in the median sales price during the same time period (blue line). After six years in a row (2011-2016) of an increasing pace of home sales, we then saw a 4%

decline in the pace of home sales in 2017. This was accompanied, however, by a 3% increase in the median sales prices, which continues the now six year (2012-2017) trend of increasing median sales prices, and we have now reached the highest annual median sales price ever seen in Harrisonburg and Rockingham County.

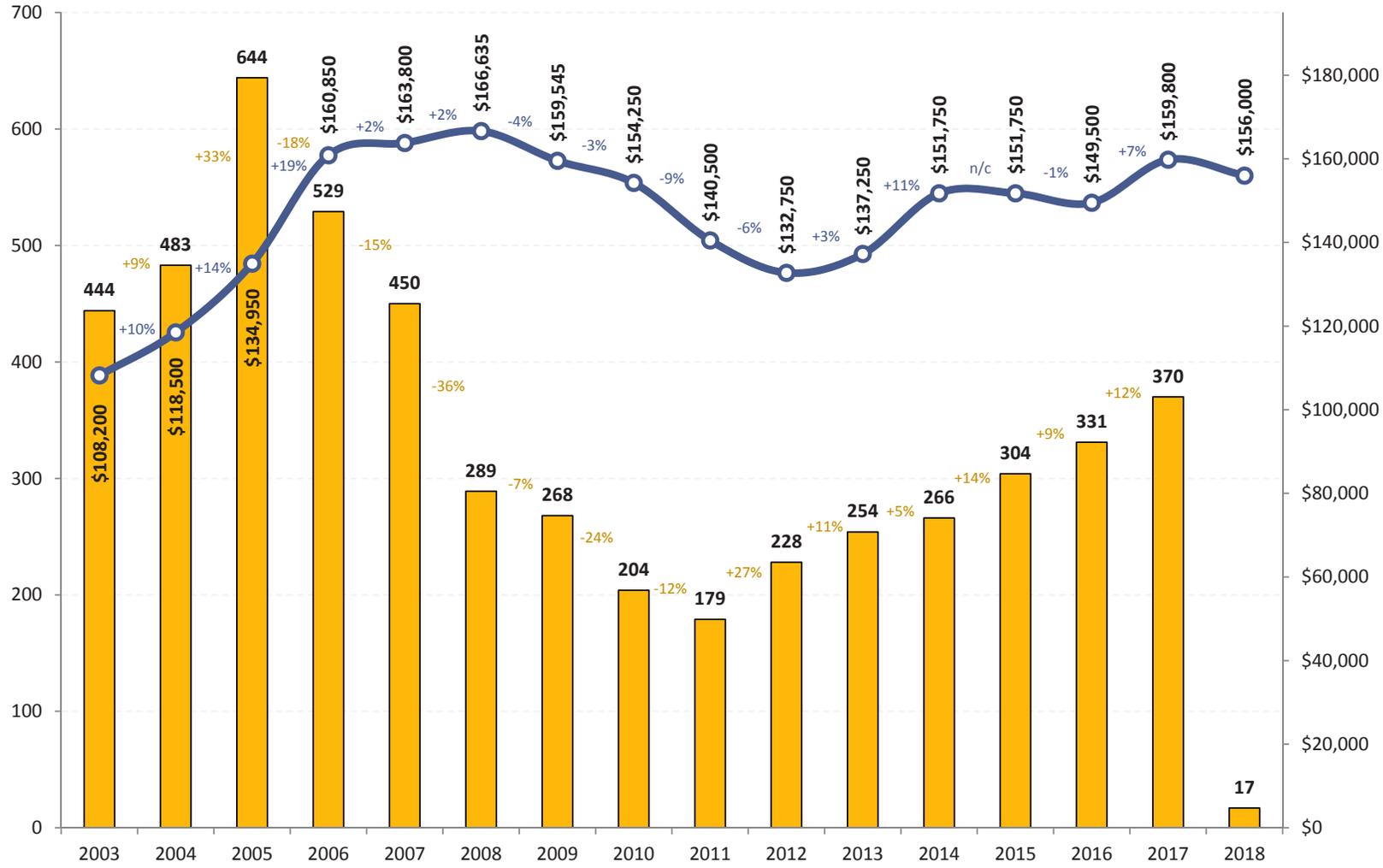
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Single Family Homes



The single family home market in Harrisonburg and Rockingham County improved significantly between 2015 and 2016 with a 20% increase in the number of homes sold and an accompanying 7% increase in the median price of those homes. Last year proved to be a bit of a different year -- with a 9% decline to only 890 homes

selling in the year -- though the median sales price continued to rise, from \$214,000 up 5% to \$224,600. This brings us very close to the highest annual median sales price for single family homes -- which is currently the median of \$226,800 seen in 2006. It only took eleven years to (almost) get back to that level.

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

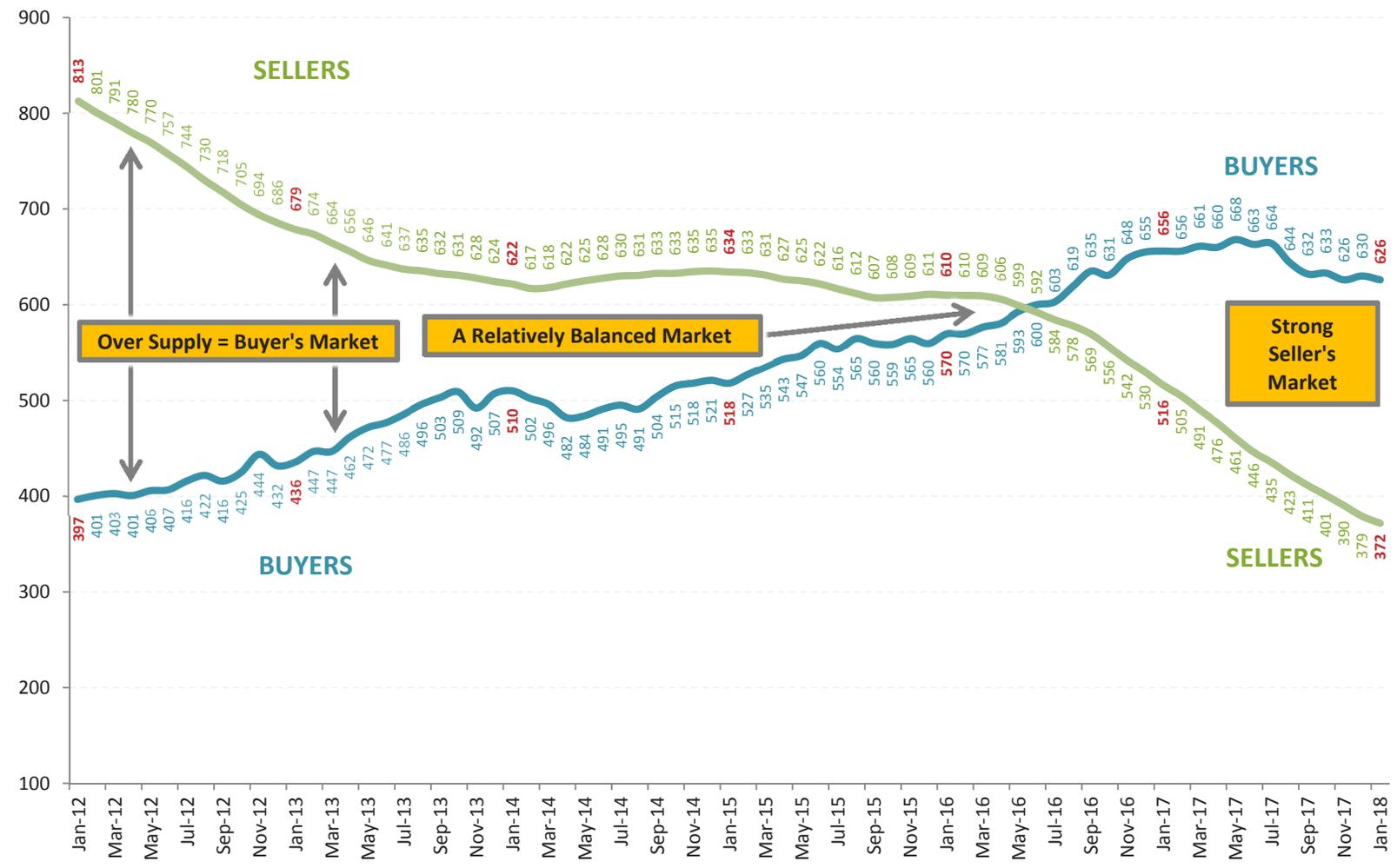


Townhouse (and duplexes and condo) sales are on a roll! Last year marked the sixth year in a row that we have seen an increase in the number of these sales in Harrisonburg and Rockingham County, with 370 sales -- up 12% from the prior year. In even better news, the median sales price of these townhouses, duplexes and

condominiums has risen 7% over the past year from \$149,500 up to \$159,800. We still have not returned to the peak median sales price seen in this property category between 2006 and 2008, and we are likely never (or not for a long while) to see a return to over 600 of these sales per year, as was seen in 2005.

Published on February 13, 2018 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 - 1/31/2018.

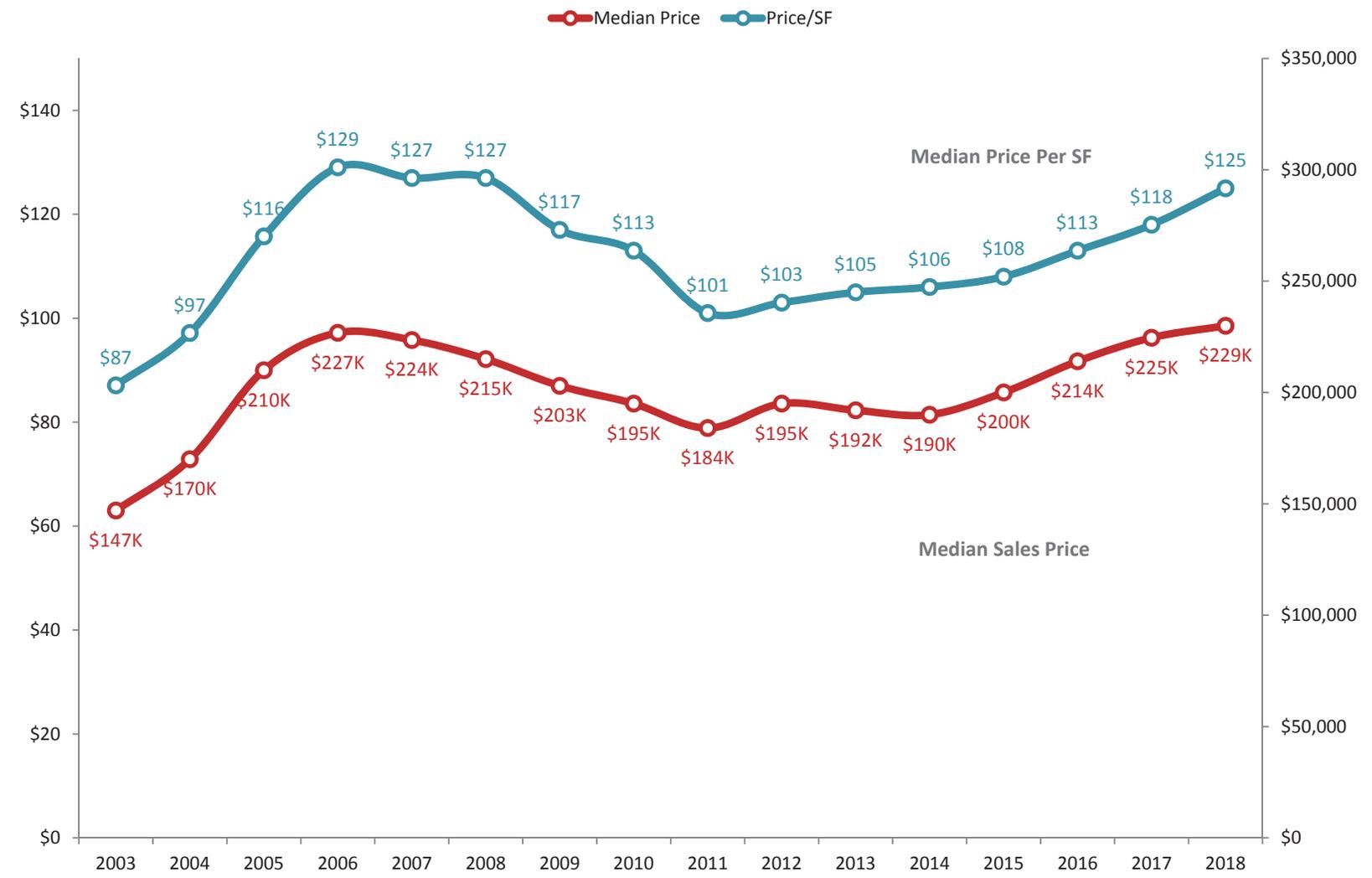
Harrisonburg & Rockingham County
Market Balance between Buyers and Sellers
 Assuming Six Months of Housing Supply is a Balanced Market



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. Over the past four years we have seen a steady increase in buyers and a declining number of sellers. In June 2016, these two trajectories crossed, and there are now many more buyers buying in a six month period than there are homes for sale -- though the pace of buying activity is slowing.

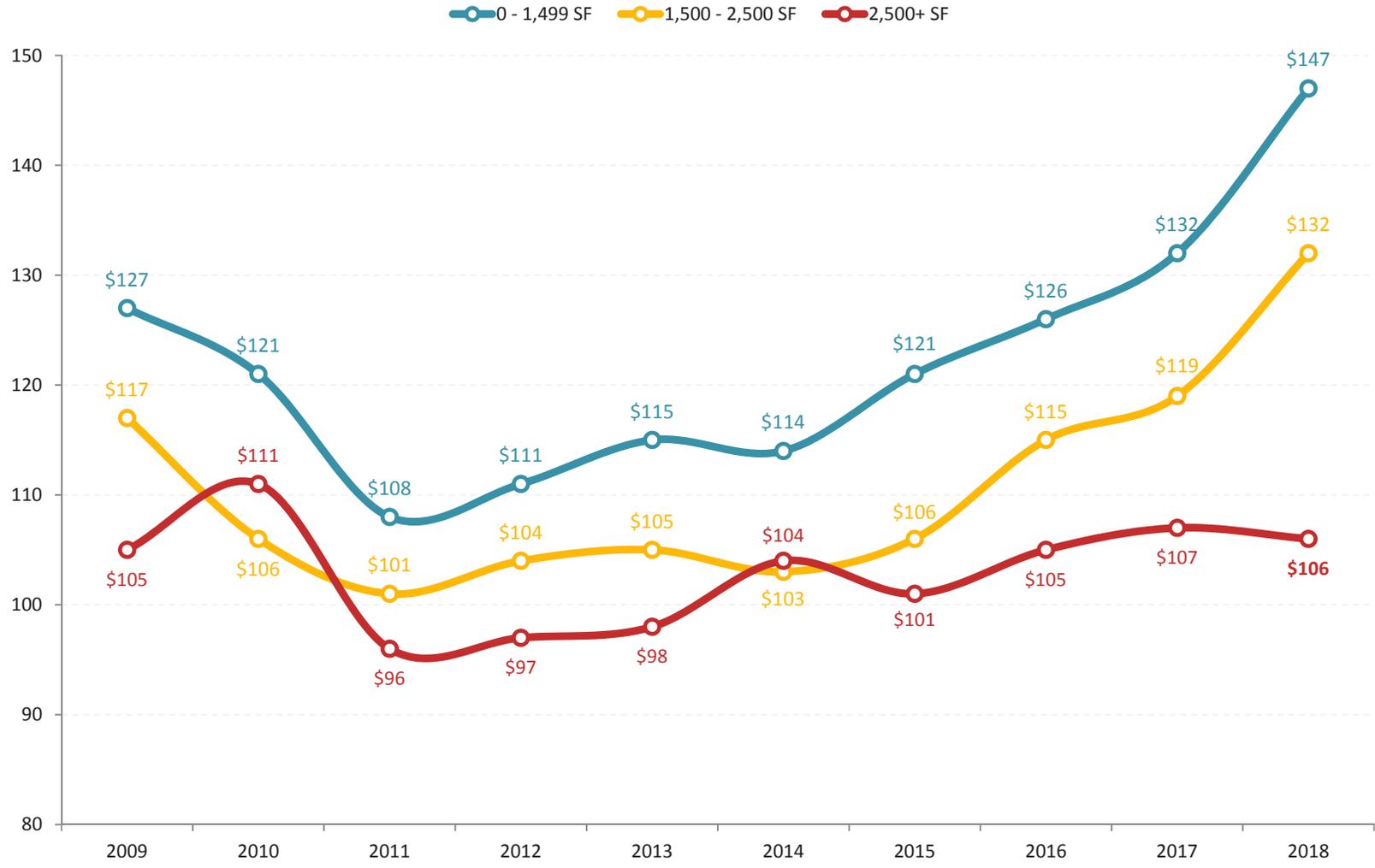
Harrisonburg & Rockingham County
Median Price vs. Price Per SF (Single Family Homes)



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 several years (2015 to 2016 to 2017) we have seen increases in the median sales price as well as the median price per square foot of single family homes.

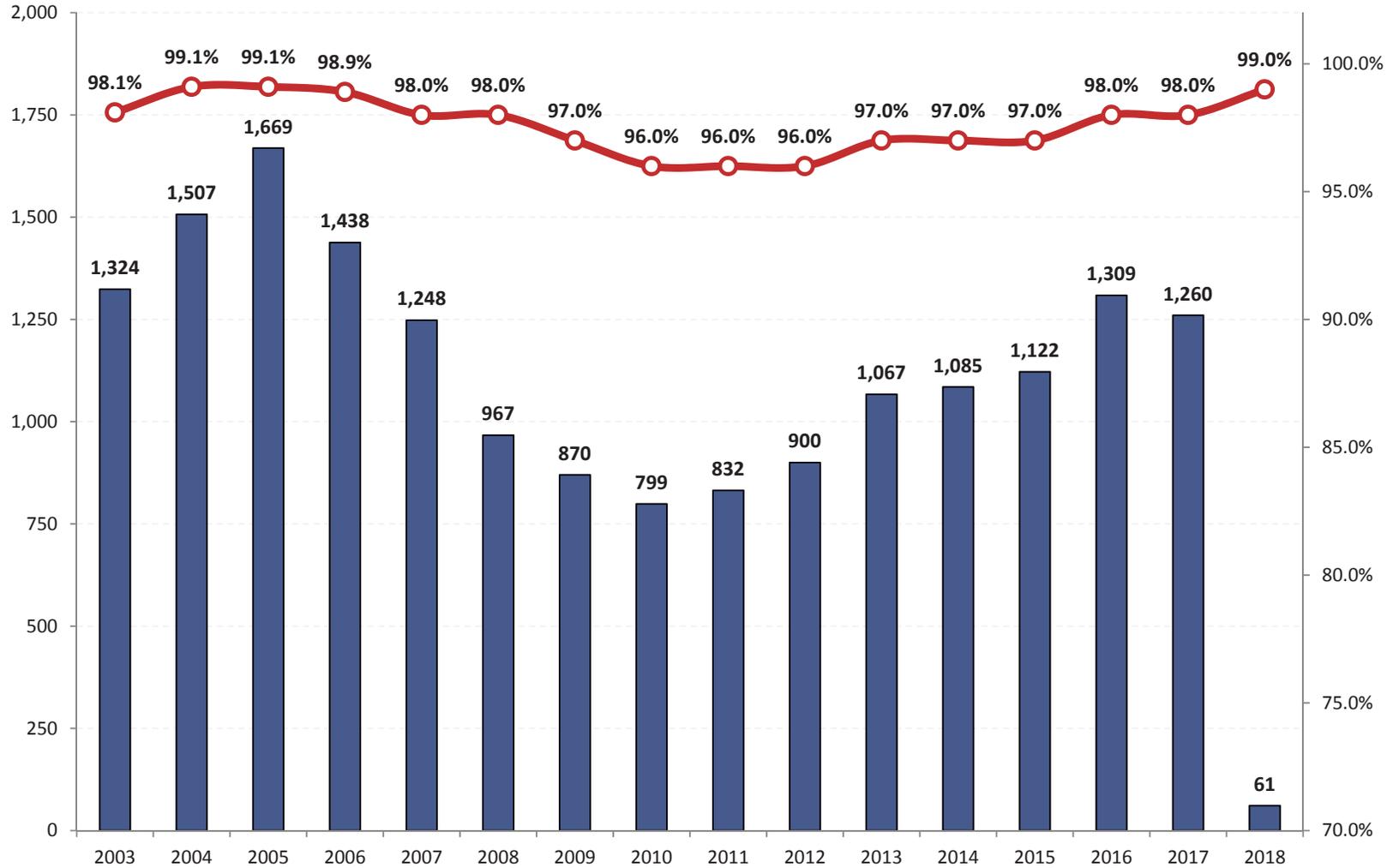
Harrisonburg & Rockingham County
Median Price Per Square Foot by Home Size
Single Family Homes



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 similar sizes. Looking at 2017 figures, this graph illustrates that the median price per square foot of larger homes

(2500+ SF) is a good bit lower (\$107/SF) than that of homes with less than 1500 SF (\$132/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.

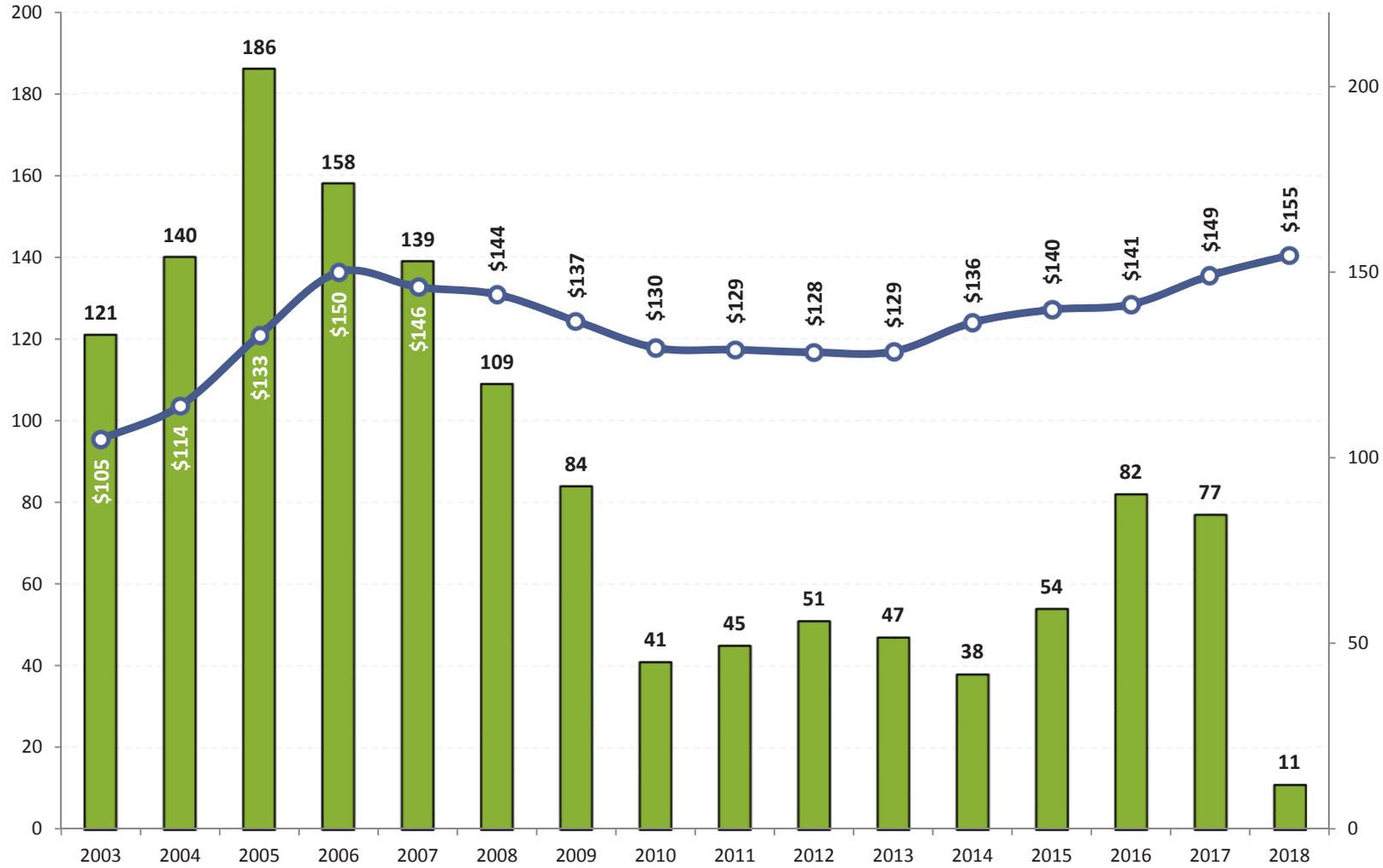
Harrisonburg & Rockingham County
Median List Price to Sales Price Ratio
 within the context of Home Sales Pace



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) this metric dropped to 96%, where it stayed for three years. Sellers started selling for slightly more in 2013-2015 when they could obtain 97% of their list price. This increased to 98% in 2016, held steady in 2017, and is flirting with 99% in 2018.

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 2005 and 2010 -- dropping 78% from a peak of 186 to 41 sales in a year. Even if we use a starting point of 2001 (not shown above; before the housing boom) we still find 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. The past two years, however, were QUITE different. There were a total of 82 new home sales in 2016 and 77 more in 2017 -- a welcome sign for new home builders as we look ahead to 2018.

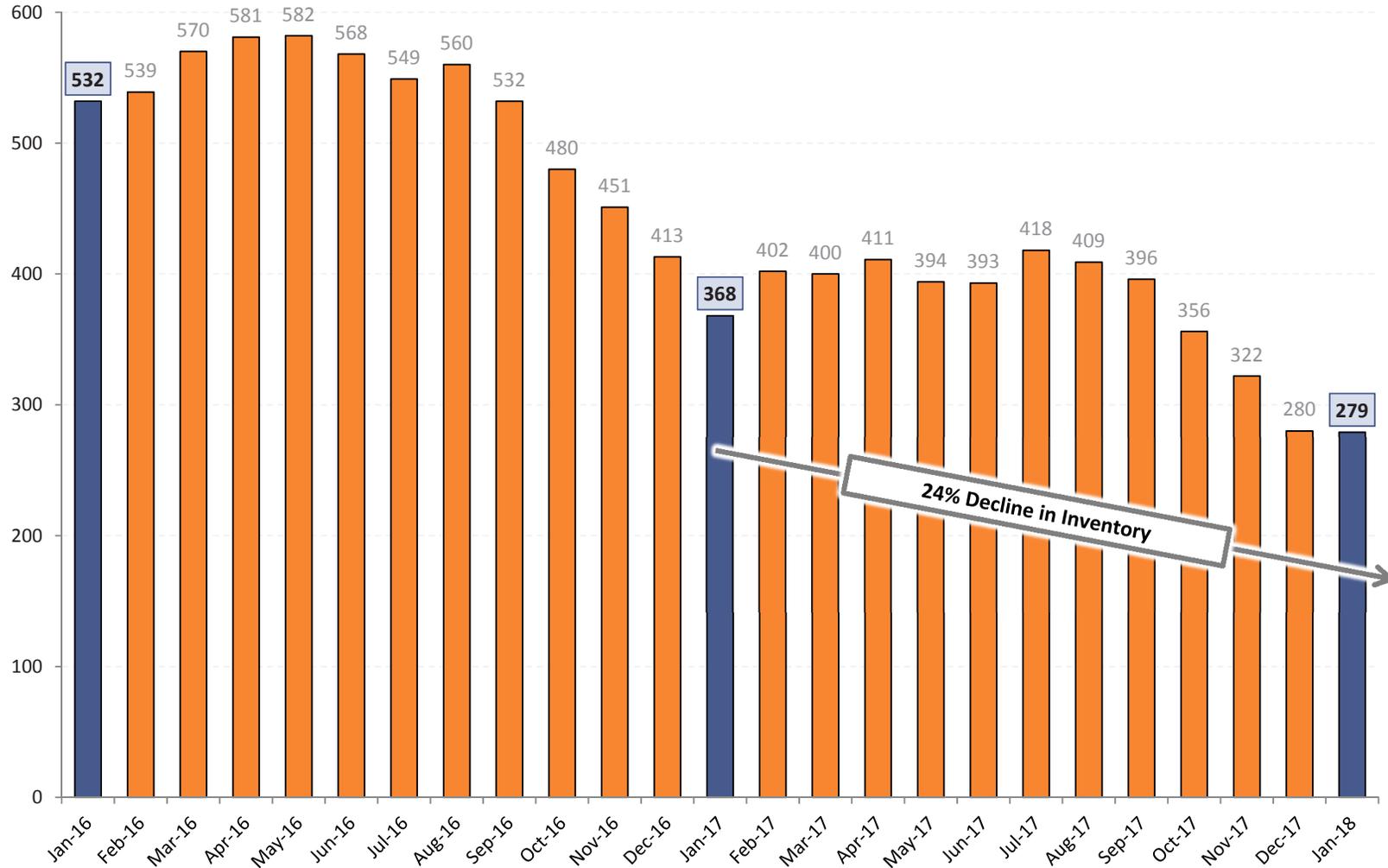
Harrisonburg & Rockingham County
Buyers Per Month Committing to Buy Properties



Strong contract activity is typically an indicator of strong months of sales to come. Thus, even though January home sales were a bit slower than expected, we are likely to see that turn around in February and/or March -- given the number of contracts signed in January 2018. As shown above, 85 contracts were signed in January -- well

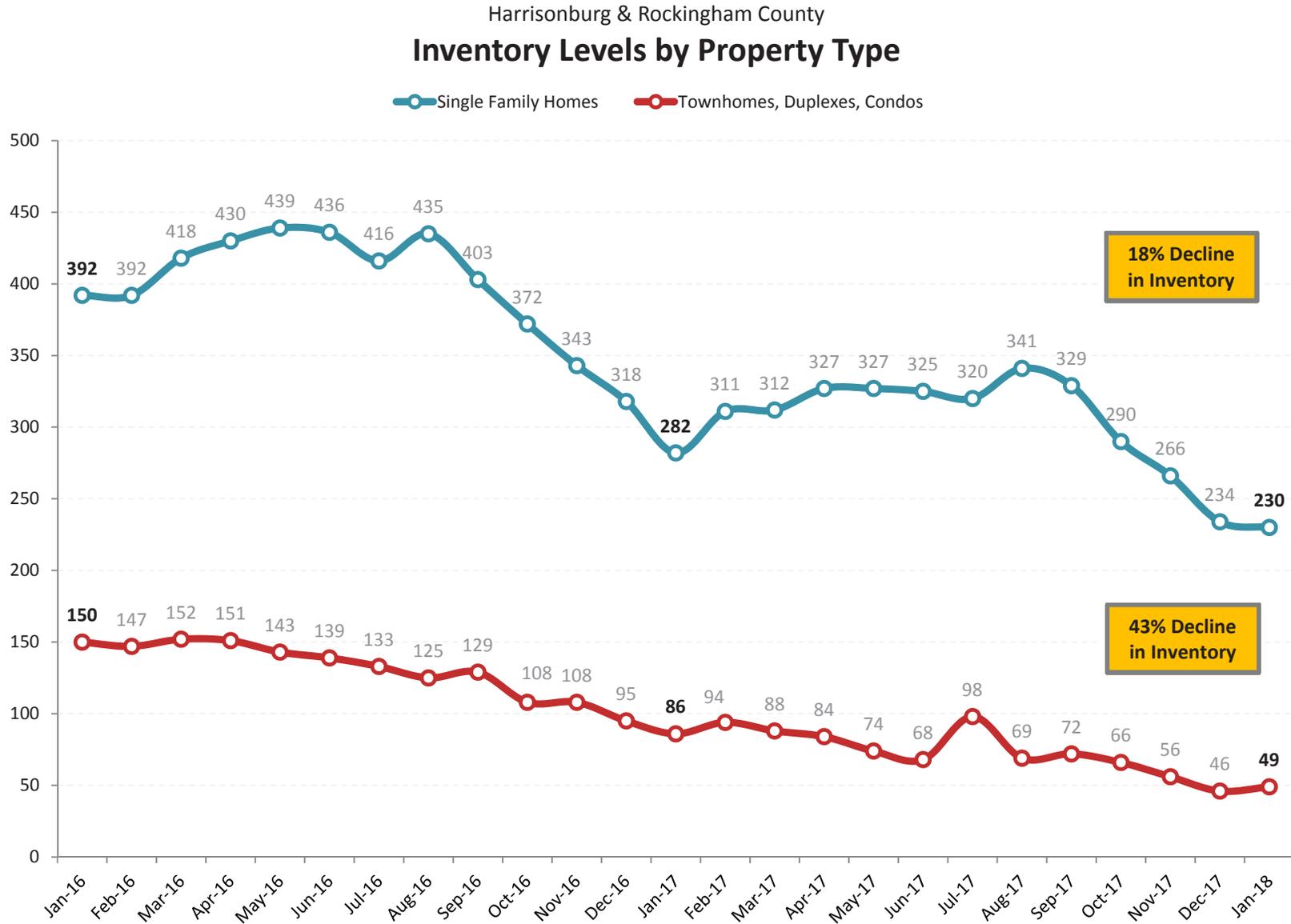
above the 76, 74 and 67 seen in the past three months of January. If the past two years are any indication, we'll likely see fewer than 100 contracts signed in February 2018 -- before the market starts to heat up quite a bit in March 2018.

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 effect of many homeowners deciding to list their home for sale -- which may be a significant decision, but it is not

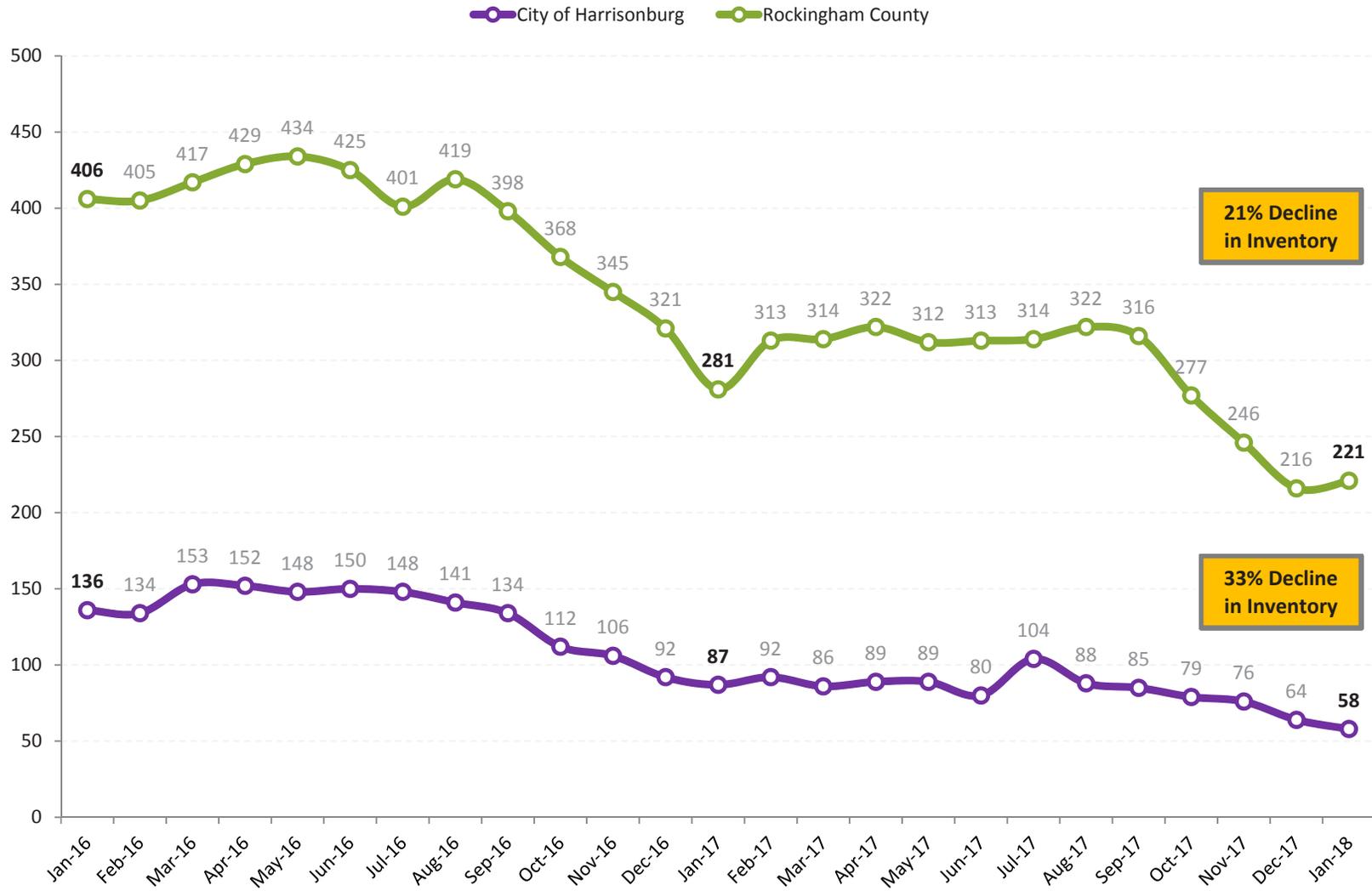
always so. Some homes that are on the market have been listed for sale by sellers who are "testing the market" and as a result, inventory levels can shift more quickly than home sales trends. Inventory levels have been declining significantly over the past year -- and are now 24% lower than they were one year ago.



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 by 18% over the past year, while the number of townhouses, duplexes and condos for sale has

decreased by a startling 43% over the past year! All we can hope is that these inventory levels will start to climb again (??) at some point -- maybe in the Spring!?! There are many buyers in our local market who are anxious to buy, but not finding many properties that they would like to purchase.

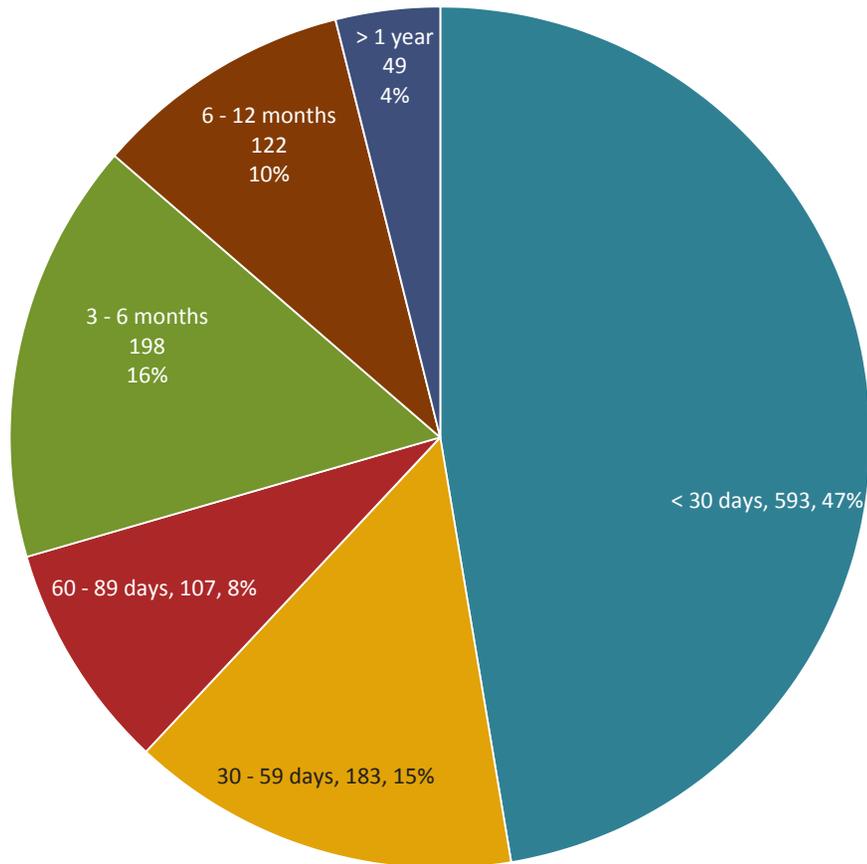
Harrisonburg & Rockingham County
Inventory Levels by Property Location



Inventory levels have been falling in both the City and County over the past two years, with a 33% and 21% decline in each region, respectively. Of note -- while there are approximately twice as many home sales in the County than in the City -- there are more than three times as many homes for sale in the

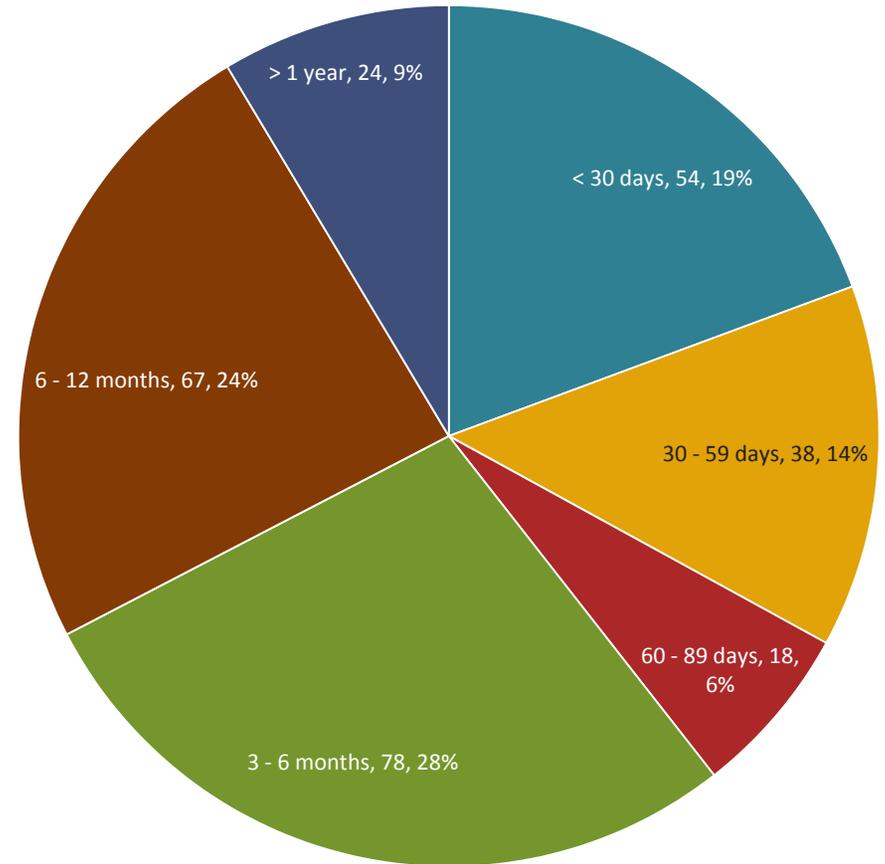
County than in the City. As such, the low inventory is much more of an issue in the City right now if we look at both sellers (supply) and buyers (demand). I would like to say that we should see inventory levels start to increase again next Spring, but that does not seem to be a certainty given trends over the past year.

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



Median Days On Market: 33

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

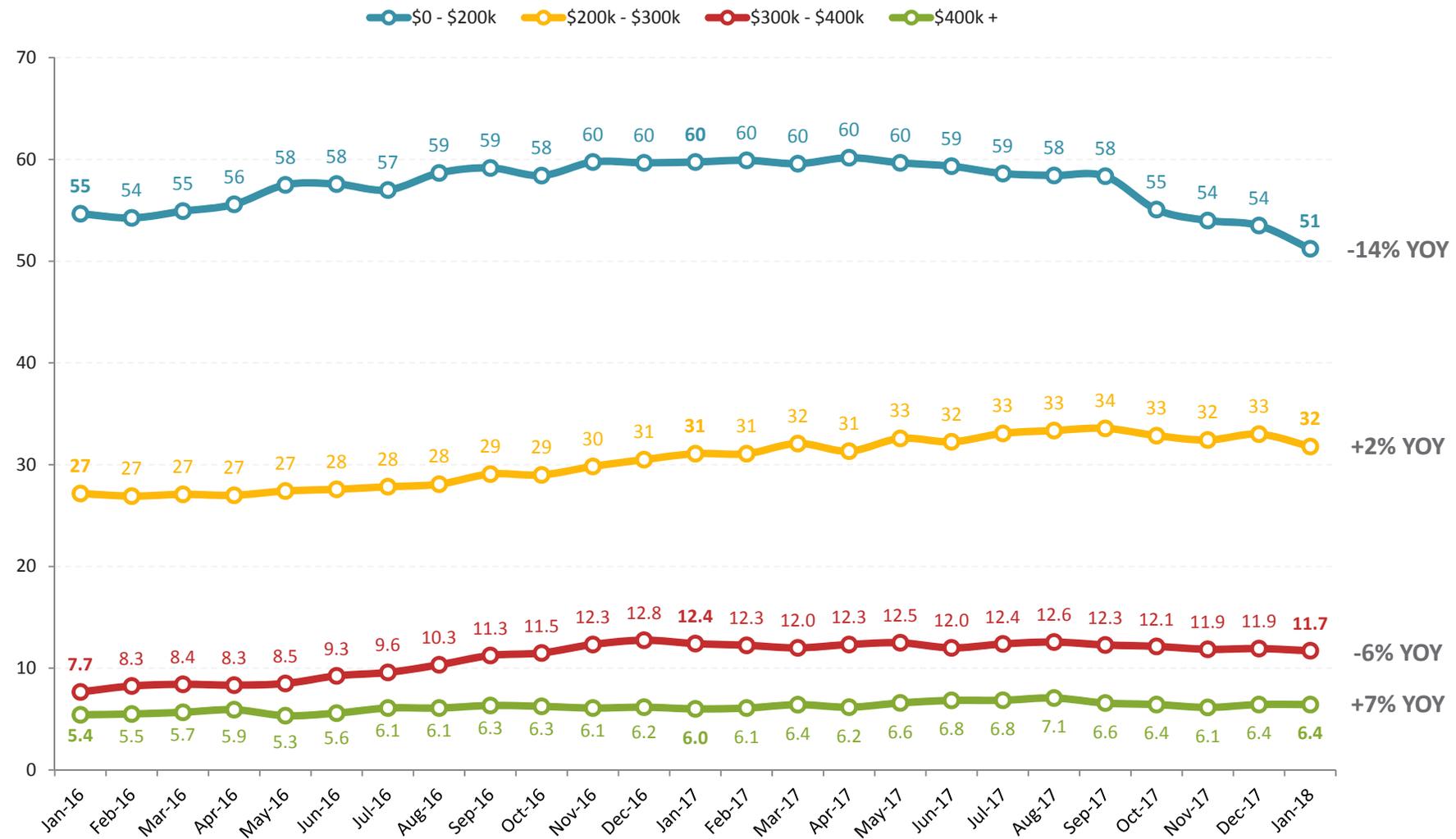


Median Days On Market: 122

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 33 days for homes that have sold in the past year. Remarkably, 47% 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 62% 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.

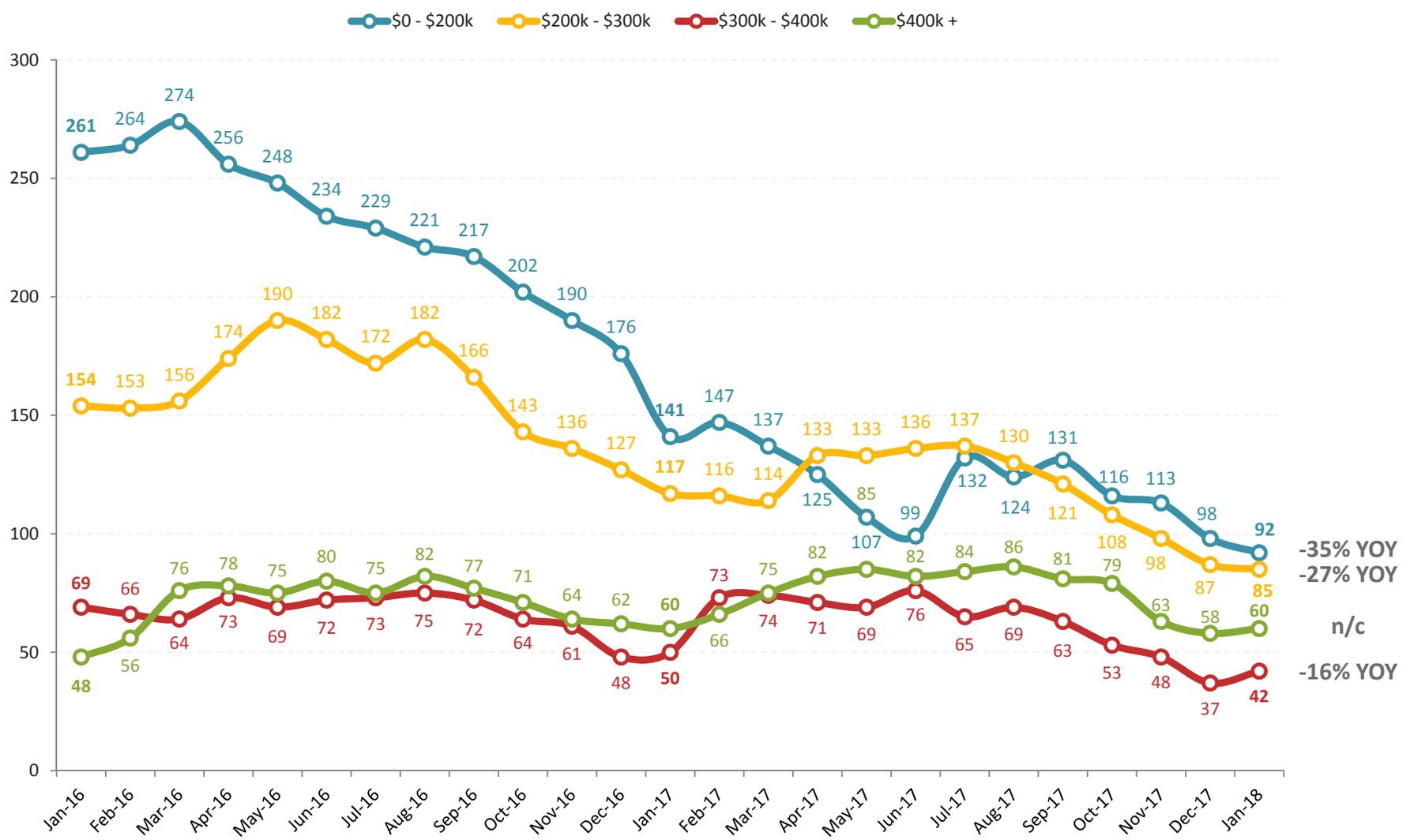
Harrisonburg & Rockingham County
Home Sales by Price Range
 (Average of Past 12 Months)



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 been declining over the past year in the “under \$200K”

category -- though likely because of limited inventory, and fewer properties existing in this range based on increasing home values. The largest increase in pace of home sales has been in the \$400K+ price range (+7%) though there has also been a slight (+2%) increase in home sales in the \$200K - \$300K price range.

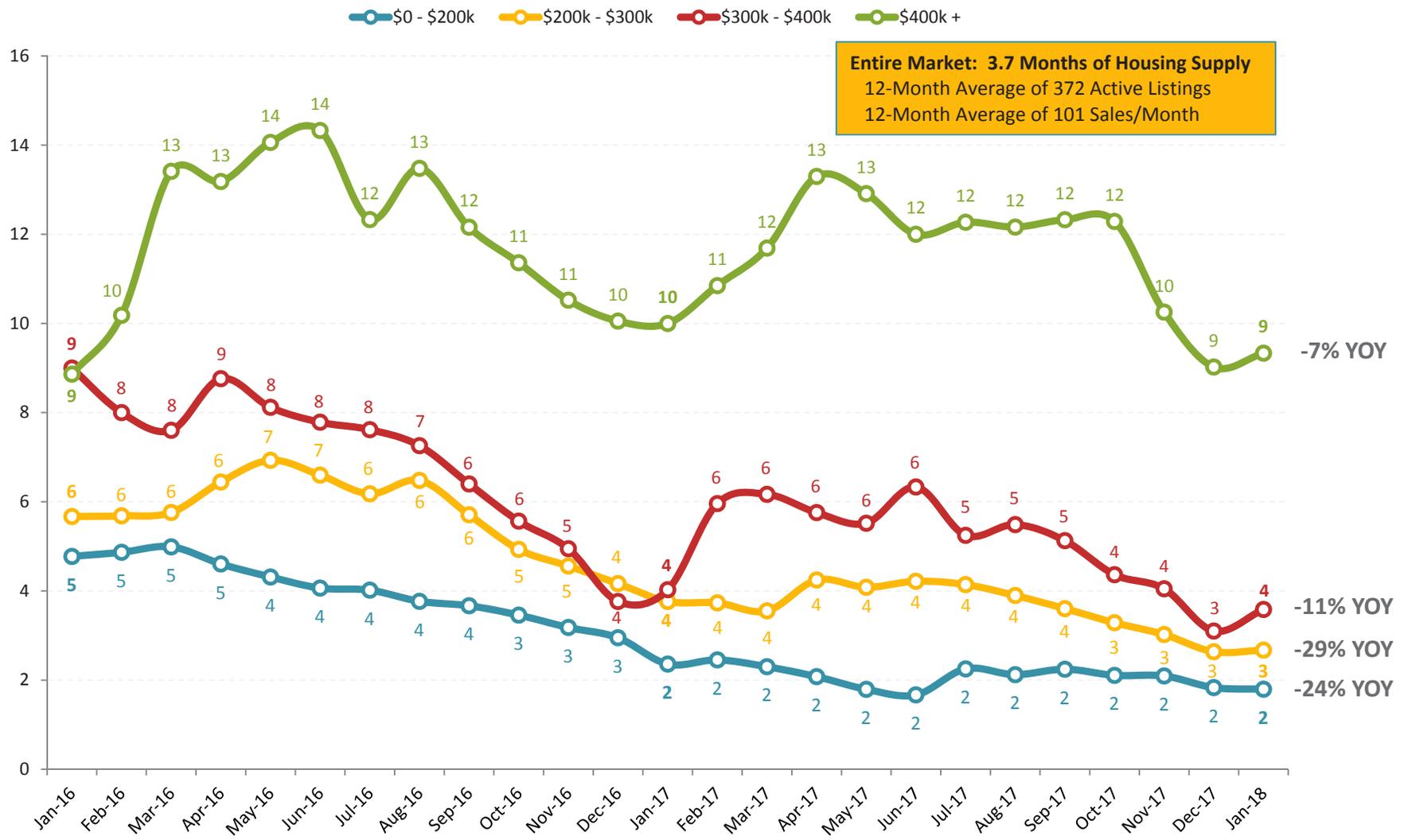
Harrisonburg & Rockingham County
Inventory Levels by Price Range



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 an astonishing 35% decline in inventory levels over the past year -- which is followed closely by a 27% decline in the \$200K

- \$300K price range. The only price range where inventory levels have almost held steady is the \$400K+ price range, where there has been no change in the number of homes on the market today as compared to one year ago. The \$300K - \$400K price range has seen a 16% year over year decline in inventory levels.

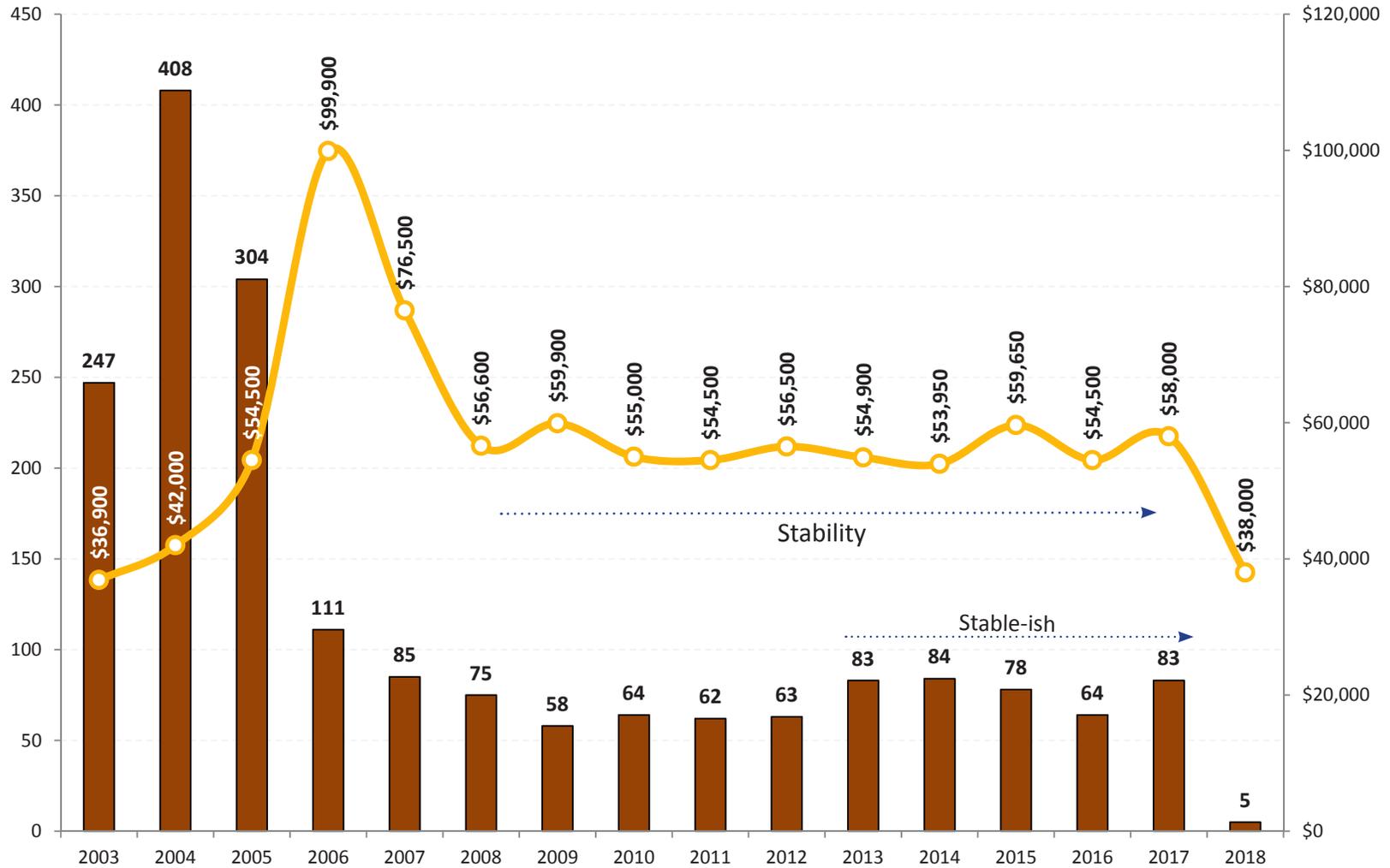
Harrisonburg & Rockingham County
Months of Housing Supply by Price Range



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 in our local real estate market. The graph above illustrates that while it would take 9 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 two months (!) to burn through the under \$200K inventory. Many consider a six month supply to be a balance between buyers and sellers, and we aren't anywhere close to that in any price range under \$400K.

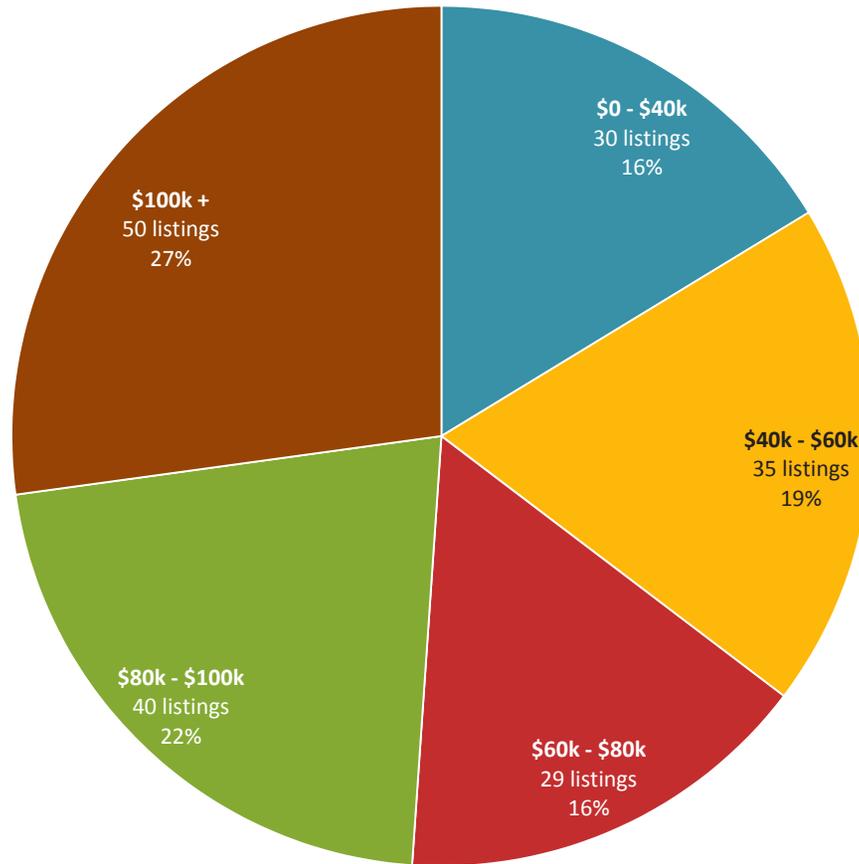
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



With the exception of 2016, we have seen between 78 and 84 lot sales of less than an acre for each of the past five years. This is a sharp decline from the 260 - 400 lot sales seen in 2002-2005, but it is an improvement over where things were (58-63 sales) between 2009 and 2012. From a value perspective, the sales prices of these

“less than an acre” lots have also been rather stable -- fluctuating no further than between \$54K and \$60K over the past ten years. That is, of course, after a meteoric rise and then fall to/from \$100K. Given the trajectory of lot sales over the last few years, I expect we’ll see something similar in 2018.

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

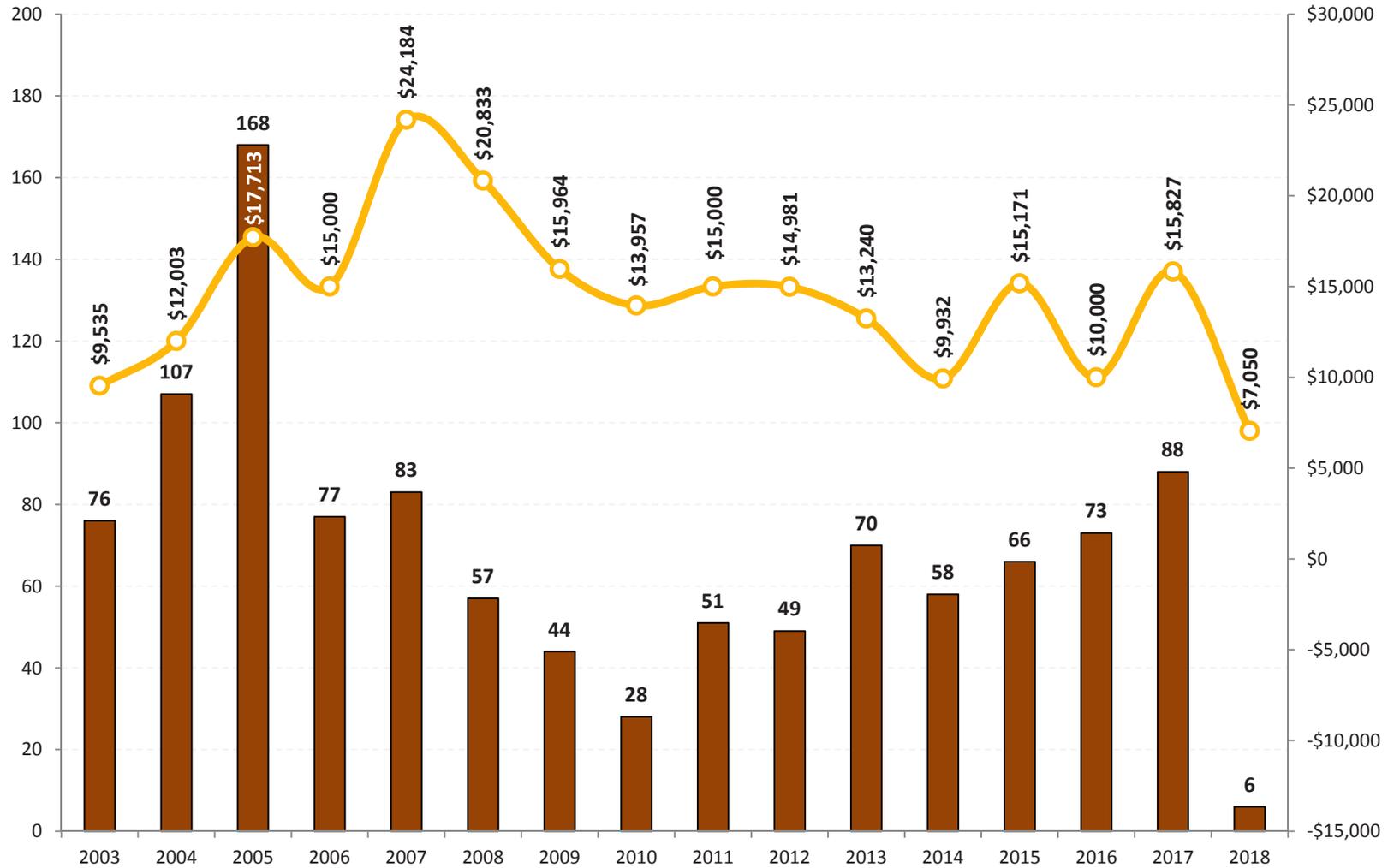


184 Active Lot Listings; Median List Price: \$79,900

Despite the fact that only 83 lots (of less than an acre) sold in all of 2017, there are a remarkable 184 lots currently for sale. Furthermore, the median list price of lots for sale (\$79,900) is considerably much higher than the 2017 median sales price of \$58,000. Given last year's 83 lot sales, if no other lots were listed for sale, it would

take just over two 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 (2011-2017) median sales prices.

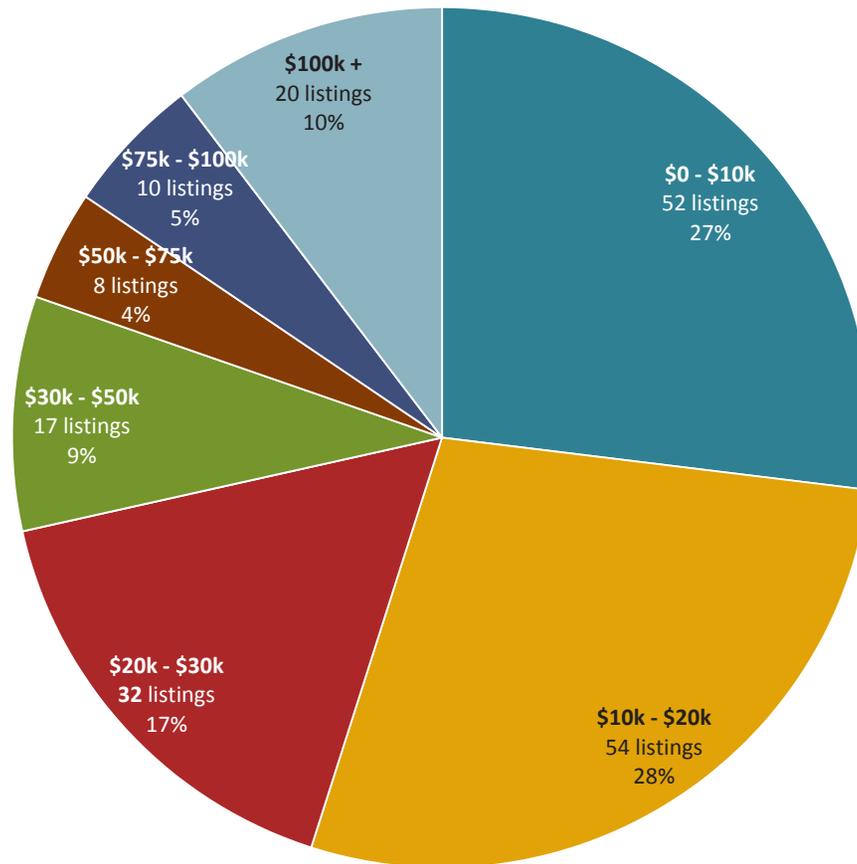
Harrisonburg & Rockingham County
Land Sales & Median Price Per Acre
 1 acre or more



Parcels of land larger than one acre in Harrisonburg or Rockingham County increased in pace during 2017 to 88 land sales -- marking the highest year of sales since 2005. The median price per acre has also risen over the past year, from \$10,000 to \$15,827. That said, it was \$15,171 two years ago -- so this is effectively not a net

increase in price per acre over the past two years. Of note -- some aspects of this "median price per acre" calculation are affected by which parcels actually sell in a given year. We saw an increase in buyer demand in 2017, which seems to have led to a further increase in the median price per acre.

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

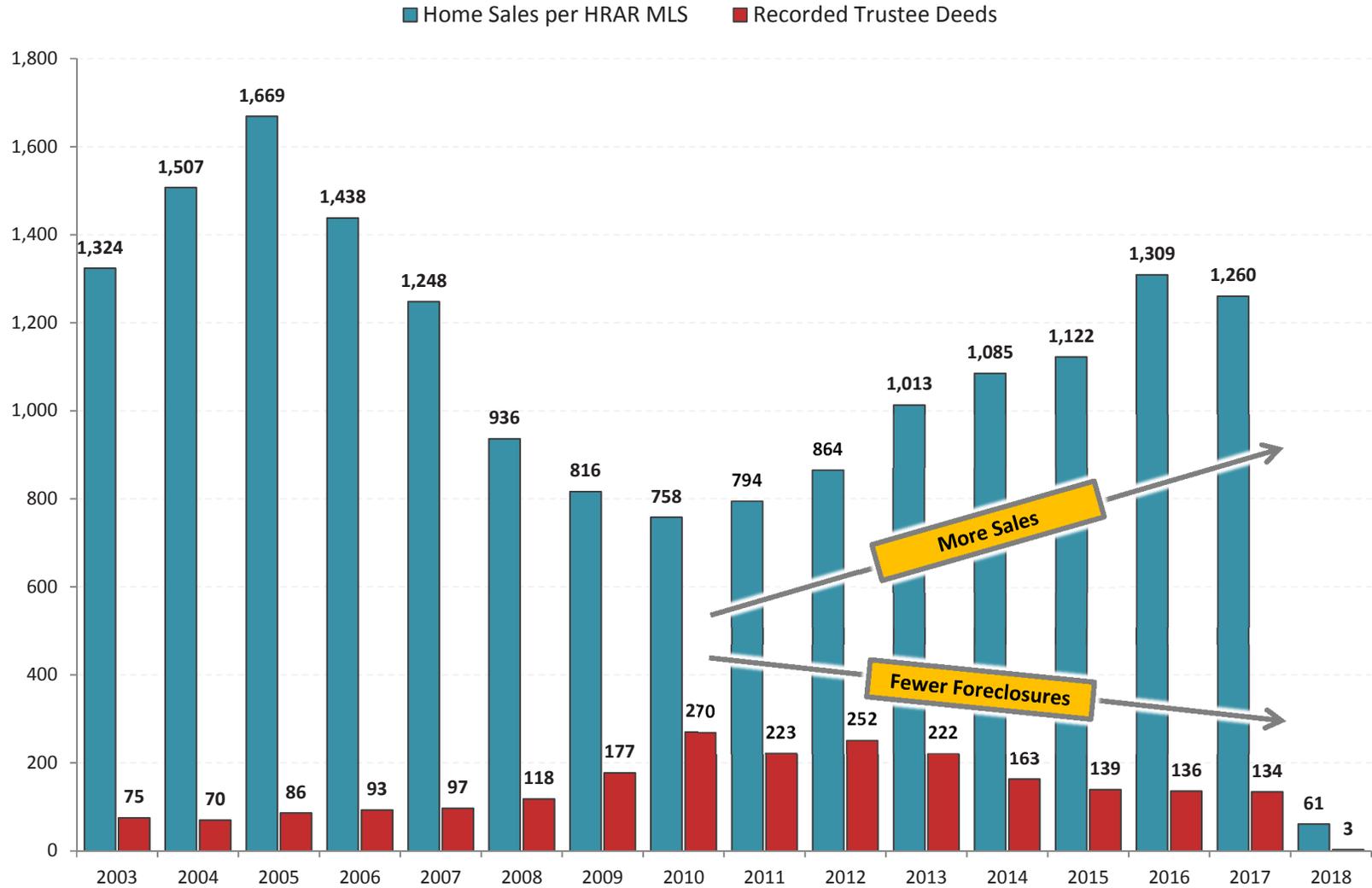


193 Active Land Listing; Median List Price: \$18,077 / Acre

Despite the fact that only 88 parcels of land (of one acre or more) sold in all of 2017, there are 193 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 193 parcels for sale is currently \$18,077 per acre. Given last year's 88

land sales, if no other land is listed for sale, it would take just over two 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

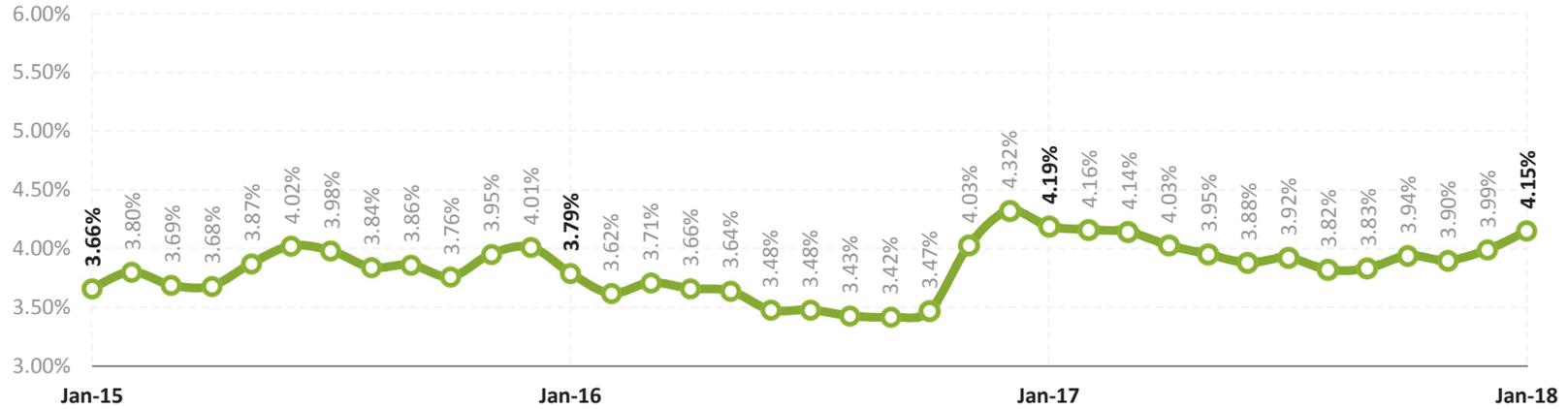


The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales that did not involve a Realtor, nor new home sales directly from a builder. The red bars show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

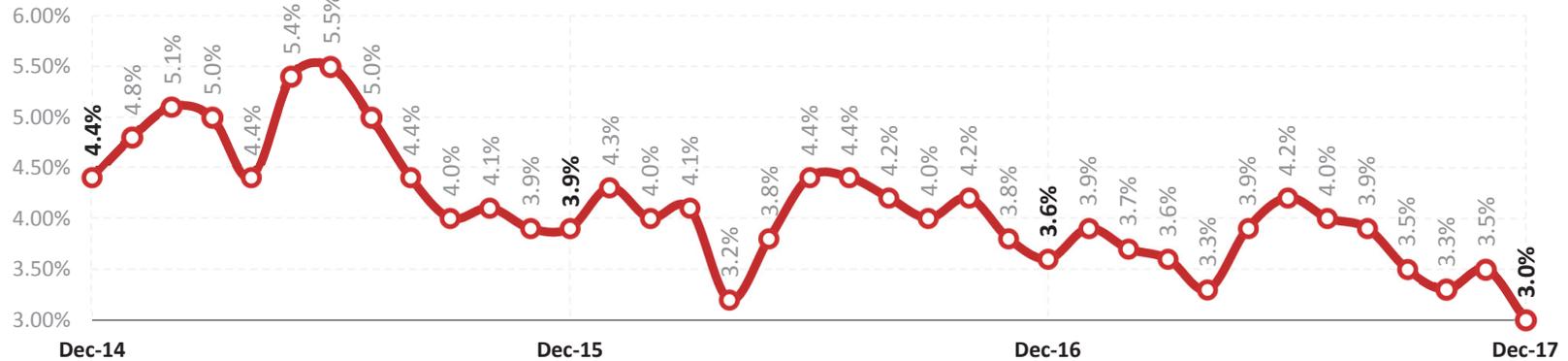
Trustee Deeds. Some foreclosed properties then show up again as REO properties. The foreclosure rate in our local market area is trending downward, though very slowly, and the pace of home sales is increasing much more quickly, despite having slowed slightly in 2017.

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 three years, home buyers have seen tremendously low interest rates -- almost always under 4%. After jumping up above 4% in early 2017, interest rates then fell back below 4% for the following eight months -- but are now creeping back above 4%. The second graph above illustrates

trends in the local unemployment rate -- which has shown a general downward trend over the past several years to a current three-year low of 3%. 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, a professional, responsive, knowledgeable, friendly 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. 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.

A native of Montgomery County, Maryland, 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, a quadcopter (drone), property websites for each of his listings, 3D Walk Through technology and Virtual Reality. 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, HarrisonburgAssessments.com, HarrisonburgPropertyTransfers.com, HarrisonburgTownhouses.com, BuyingAHomelnHarrisonburg.com, SellingAHomelnHarrisonburg.com and HarrisonburgRealEstateResources.com.

Scott is a member of the Shenandoah Valley Builders Association, serves on the Board of Directors for the Shenandoah Valley Children's Choir, is the co-founder of TakeThemAMeal.com and PerfectPotluck.com, serves as a Trustee for Asbury United Methodist Church and coaches middle school volleyball. 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, playing volleyball and attending JMU sporting events.

Questions? Contact Scott anytime....

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Local Online Real Estate Resources

How To Navigate The Home Purchasing Process
BuyingAHomelnHarrisonburg.com

The Best Marketing Strategies For Selling Your Home
SellingAHomelnHarrisonburg.com

Harrisonburg & Rockingham County Property Search
ScottPRogers.com

Analysis and Commentary on our Local Real Estate Market
HarrisonburgHousingMarket.com

Daily Housing Market Analysis & Commentary
HarrisonburgHousingToday.com

Fast Access to All New Listings of Homes For Sale
NewListingsInHarrisonburg.com

Historical Record of Area Home Sales
JustSoldInHarrisonburg.com

Property Transfers in Harrisonburg & Rockingham County
HarrisonburgPropertyTransfers.com

Comprehensive Data on Single Family Home Neighborhoods
HarrisonburgNeighborhoods.com

Comprehensive Data on Area Townhouse Communities
HarrisonburgTownhouses.com

Analysis of Real Estate Investment Options in Harrisonburg
HarrisonburgInvestmentProperties.com

The Most Realistic, Immersive Way to Experience a Home
WalkThroughThisHome.com

Analysis of Property Assessments
HarrisonburgAssessments.com

Listings With Low List Prices Compared to Assessed Values
BestDealsInHarrisonburg.com

Trustee Sales in Harrisonburg & Rockingham County
HarrisonburgForeclosures.com