



JANUARY 2019

Harrisonburg & Rockingham County Real Estate Market Report



Guiding you through every move

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



Spacious Four Bedroom Home with Views on Private Cul-De-Sac Street 3931DixieRidgeRunRoad.com

HOME SALES REPORT

Harrisonburg & Rockingham County

January 2019

All Residential Sales	2015	2016	2017	2018	% Change ('17 - '18)
December	84	95	103	100	-2.91%
Year-To-Date (Jan - Dec)	1,126	1,313	1,262	1,302	3.17%
Last 12 Months (Jan - Dec)	1,126	1,313	1,262	1,302	3.17%

Median Sales Price	2015	2016	2017	2018	% Change ('17 - '18)
December	\$178,000	\$199,900	\$210,000	\$198,000	-5.71%
Year-To-Date (Jan - Dec)	\$185,000	\$192,900	\$198,250	\$211,750	6.81%
Last 12 Months (Jan - Dec)	\$185,000	\$192,900	\$198,250	\$211,750	6.81%

Median Days on Market	2015	2016	2017	2018	% Change ('17 - '18)
Year-To-Date (Jan - Dec)	54	52	33	25	-24.24%
Last 12 Months (Jan - Dec)	54	52	33	25	-24.24%

Home sales slowed only slightly in December 2018 -- to 100 home sales, as compared to 103 last year during December. This allowed our year to finish out with a pace of home sales 3.17% higher than last year. The 1,302 home sales seen in 2018 was the second highest year of home sales over the past ten years. The median sales price

for 2018 also increased, by 6.81%, to \$211,750. On the following page you'll note that home values may not have actually increased by that much. Homes sold 24% faster in 2018 than in 2017 -- with a median days on market of only 25 days! This means that half of the homes that sold did so in less than a month.

HOME SALES REPORT

Harrisonburg & Rockingham County

January 2019

Detached Homes	2015	2016	2017	2018	% Change ('17 - '18)
Year-To-Date (Jan - Dec)	819	980	891	941	5.61%
Last 12 Months (Jan - Dec)	819	980	891	941	5.61%

Median Sales Price	2015	2016	2017	2018	% Change ('17 - '18)
Year-To-Date (Jan - Dec)	\$200,000	\$214,000	\$224,300	\$228,000	1.65%
Last 12 Months (Jan - Dec)	\$200,000	\$214,000	\$224,300	\$228,000	1.65%

Attached Homes	2015	2016	2017	2018	% Change ('17 - '18)
Year-To-Date (Jan - Dec)	307	333	371	361	-2.70%
Last 12 Months (Jan - Dec)	307	333	371	361	-2.70%

Median Sales Price	2015	2016	2017	2018	% Change ('17 - '18)
Year-To-Date (Jan - Dec)	\$150,000	\$150,000	\$159,900	\$167,800	4.94%
Last 12 Months (Jan - Dec)	\$150,000	\$150,000	\$159,900	\$167,800	4.94%

The green charts above shows trends in detached home sales -- as compared to the orange charts which are duplexes, townhouses and condominiums. While the pace of sales of detached homes did increase by 5.61% last year, the median price of those homes only increased by 1.65%. I believe this 1.65% increase is the best

indication of the change in market value of homes in Harrisonburg and Rockingham County over the past year -- as a change in the mix of attached vs. detached homes selling affects the overall residential sales trend. In 2017, 70.6% of residential sales were detached homes, and in 2018 that rose to 72.3%.

HOME SALES REPORT :: BY AREA

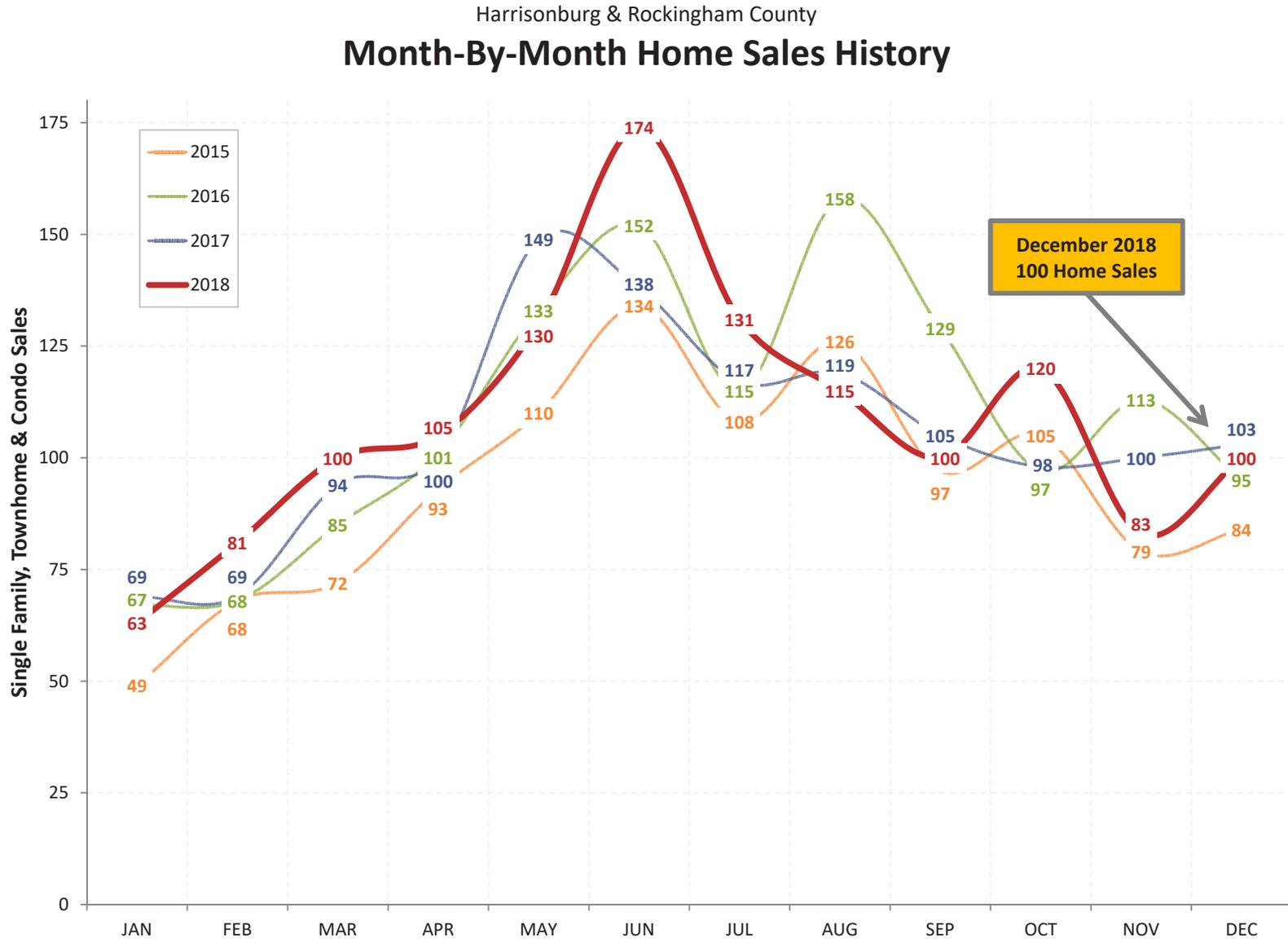
# Home Sales	City of Harrisonburg			Rockingham County		
	2017	2018	% Change	2017	2018	% Change
December	36	35	-2.78%	67	65	-2.99%
Last 12 Months (Jan - Dec)	420	459	9.29%	842	843	0.12%

Median Sales Price	City of Harrisonburg			Rockingham County		
	2017	2018	% Change	2017	2018	% Change
December	\$216,875	\$214,000	-1.33%	\$205,000	\$197,000	-3.90%
Last 12 Months (Jan - Dec)	\$177,750	\$190,000	6.89%	\$209,950	\$220,000	4.79%

Median Days on Market	City of Harrisonburg			Rockingham County		
	2017	2018	% Change	2017	2018	% Change
December	25	30	20.00%	34	33	-2.94%
Last 12 Months (Jan - Dec)	23	13	-43.48%	40	33	-17.50%

It continues to hold true that each year almost twice as many homes sell in Rockingham County as compared to the City of Harrisonburg. In 2018, that trend continued - though with a greater year-over-year surge of sales in the City (+9.29%) as compared to the County (+0.12%). The median sales price increased in each region

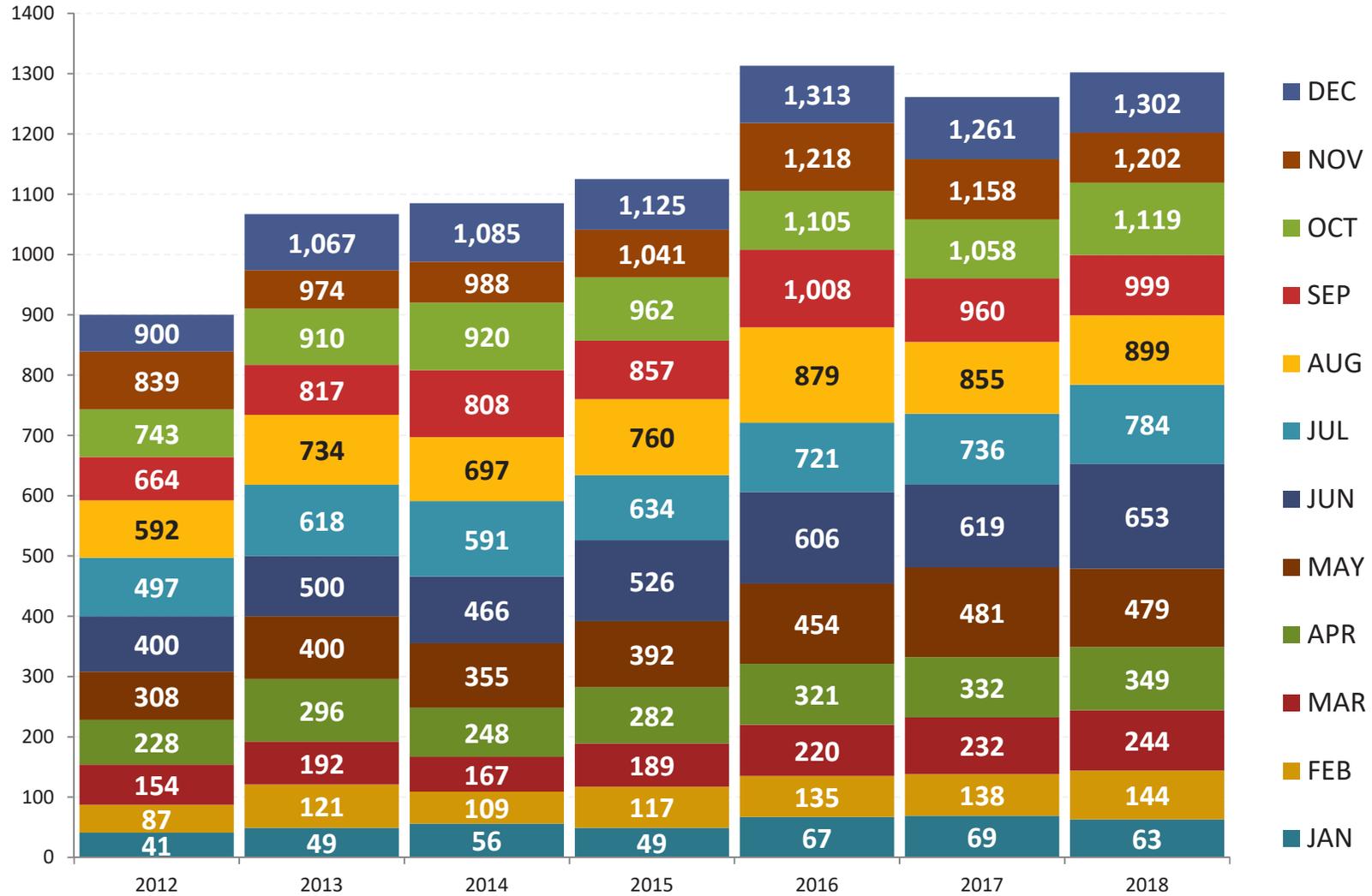
of these two regions of our local market -- though the median sales price continues to be a good bit higher in the County (\$220,000) than in the City (\$190,000). The lower City median sales price is likely a result of the majority of townhouses (at lower prices) being located in the City.



What a whirlwind of a year it has been for monthly home sales in Harrisonburg and Rockingham County during 2018. We saw a new all-time high of 174 home sales in June -- and several other new highs in February, March, July and September. After few slower months in the second half of the year (August, September, November) it

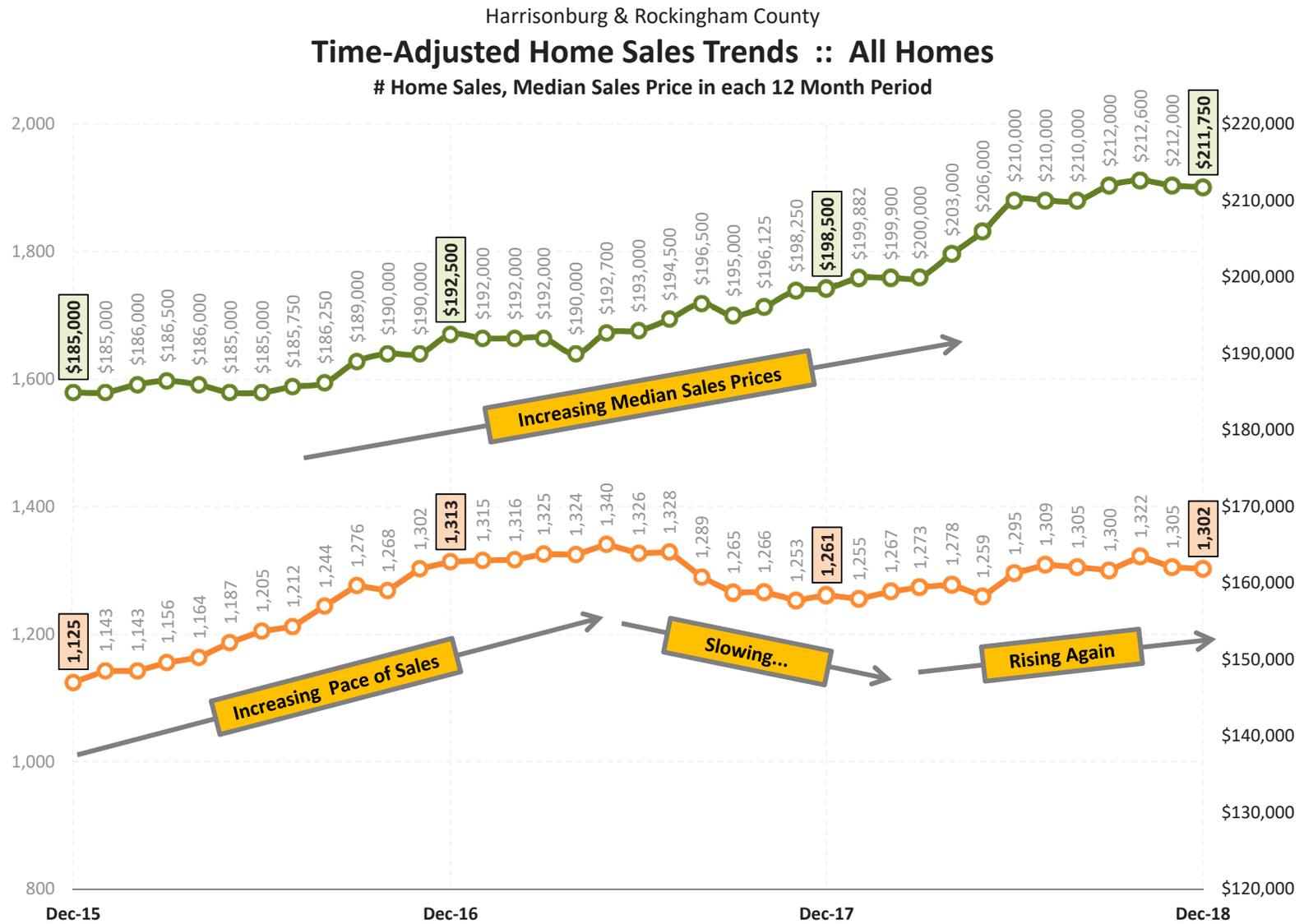
was encouraging to see a strong uptick in December -- to 100 home sales. We are likely to see fewer than 100 home sales per month over the next two months while we wait for a return to the busier Spring-time sales season.

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

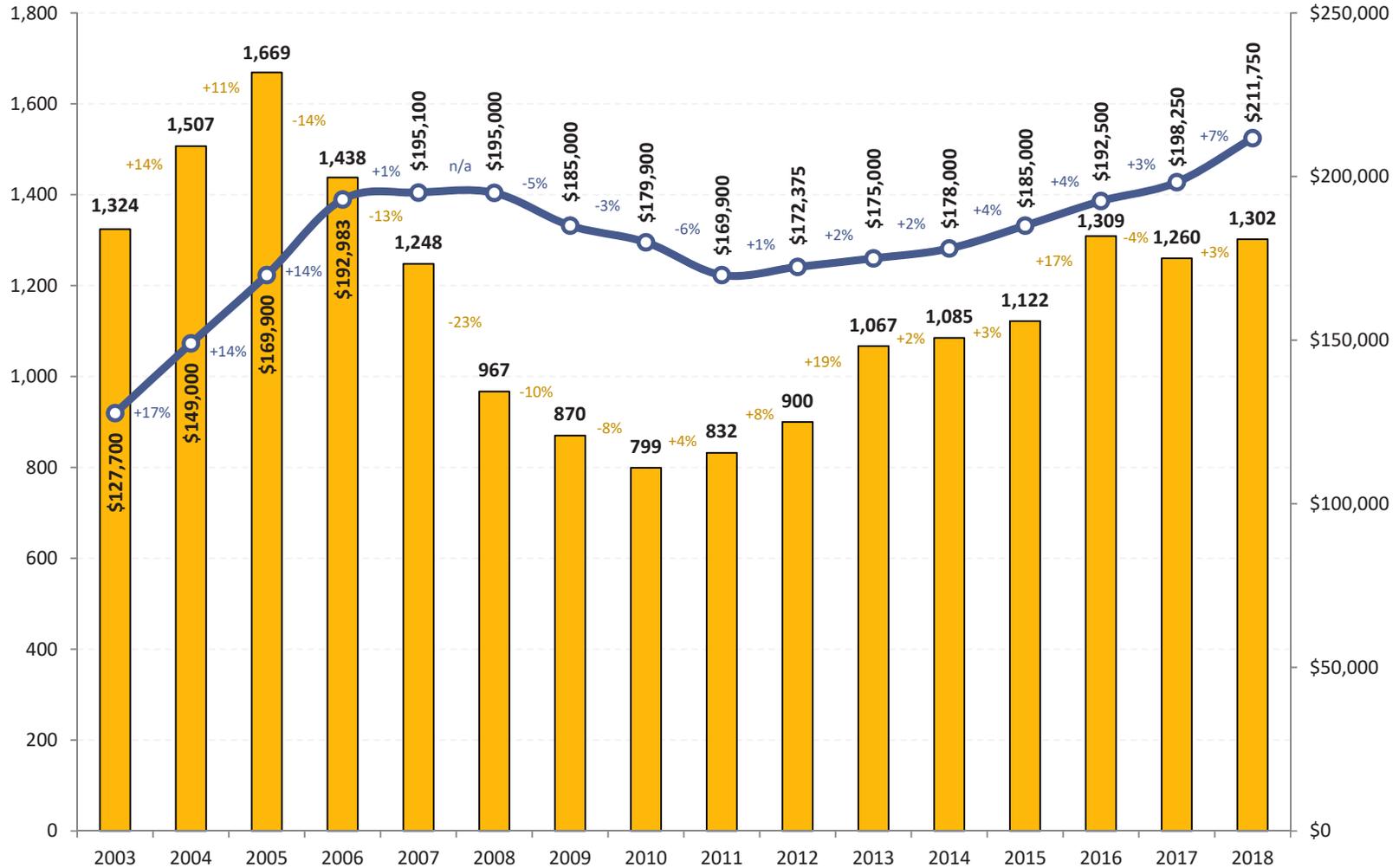
modest decline between 2016 and 2017. That trend reversed itself in 2018 -- with an increase as compared to 2017, up to 1,302 home sales in 2018. We didn't quite match the strong sales seen in 2016 -- but we came very close -- and broke the 1,300 mark again, for only the second time in the past 10 years.



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. The pace of home sales rose between 2015 and mid-2017 before slowing for about a year -- but now seems to be SLOWLY on the rise again in 2018. The median sales price, however, has been on a relatively steady rise for over two years now -- increasing above \$200K in 2018 and now eclipsing \$210K.

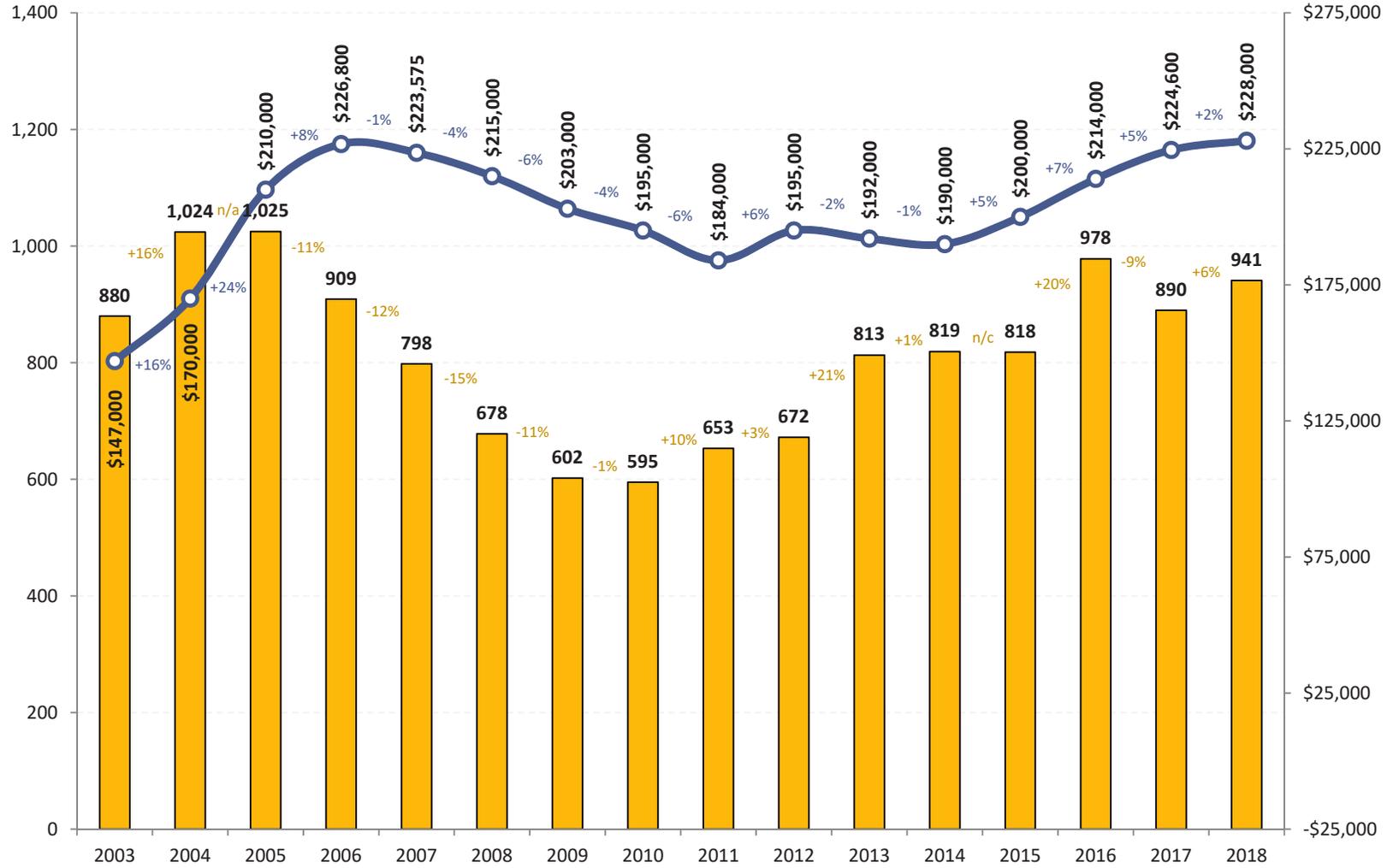
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Single Family Homes & Townhomes



This graph provides an overall indicator of the state of our housing market, showing both the number of homes being sold each year since 2003 (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 trend reversed itself in 2018 with a 3% increase in the pace of sales. We have now also completed our seventh year in a row of seeing an increase in the median sales price in our area. The median sales price of all residential sales was \$211,750 in 2018 -- up 7% from last year.

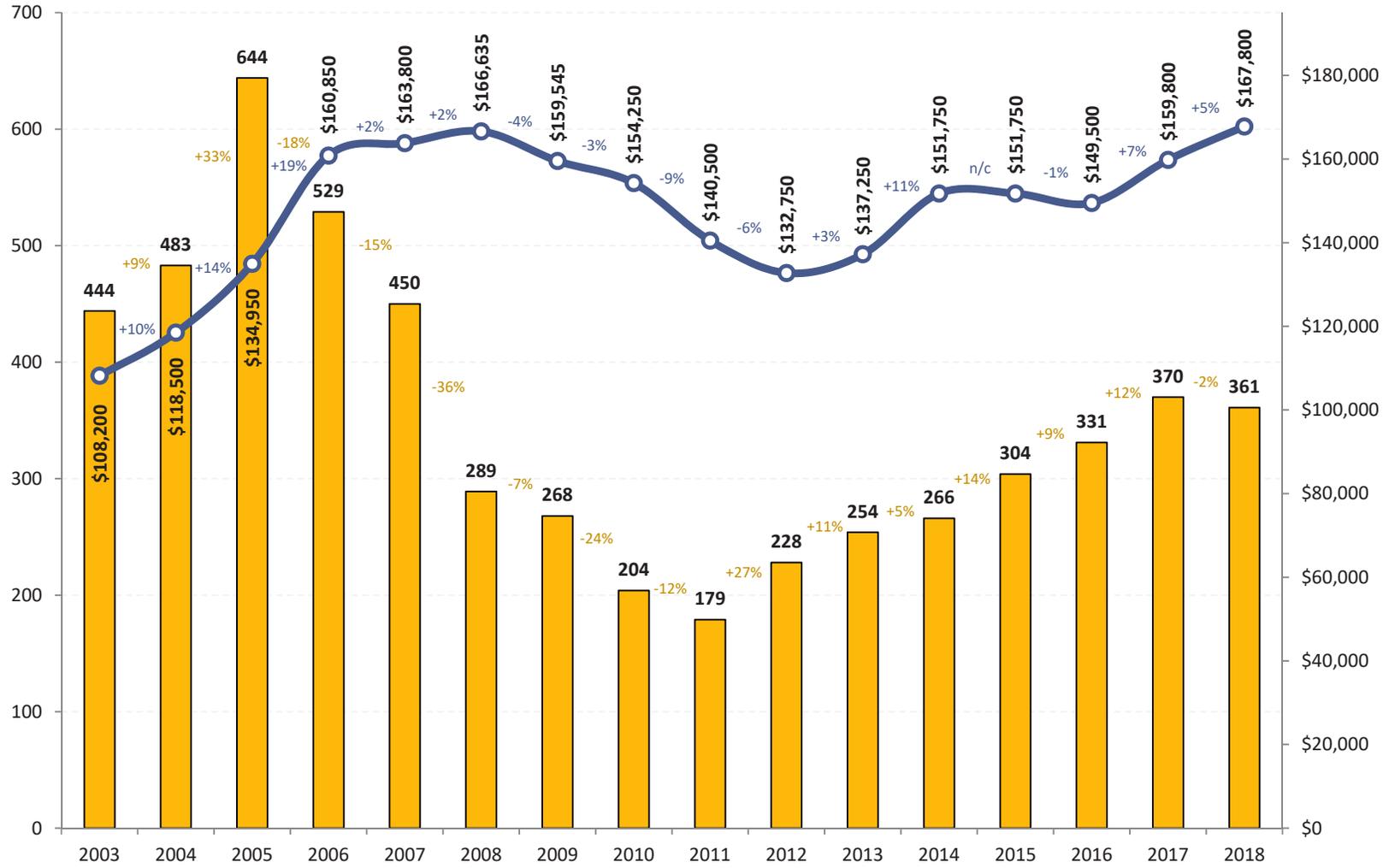
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Single Family Homes



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 but then took a step backwards in 2017 with a 9% decline. In 2018, sales started charging forward again with a 6% increase in the pace of sales. Median sales

prices of single family homes has increased for each of the past four years -- though the pace of those increases slowed in 2018 to only 2%. The median sales price of single family homes last year was \$228,000 -- the highest median sales price on record for Harrisonburg and Rockingham County.

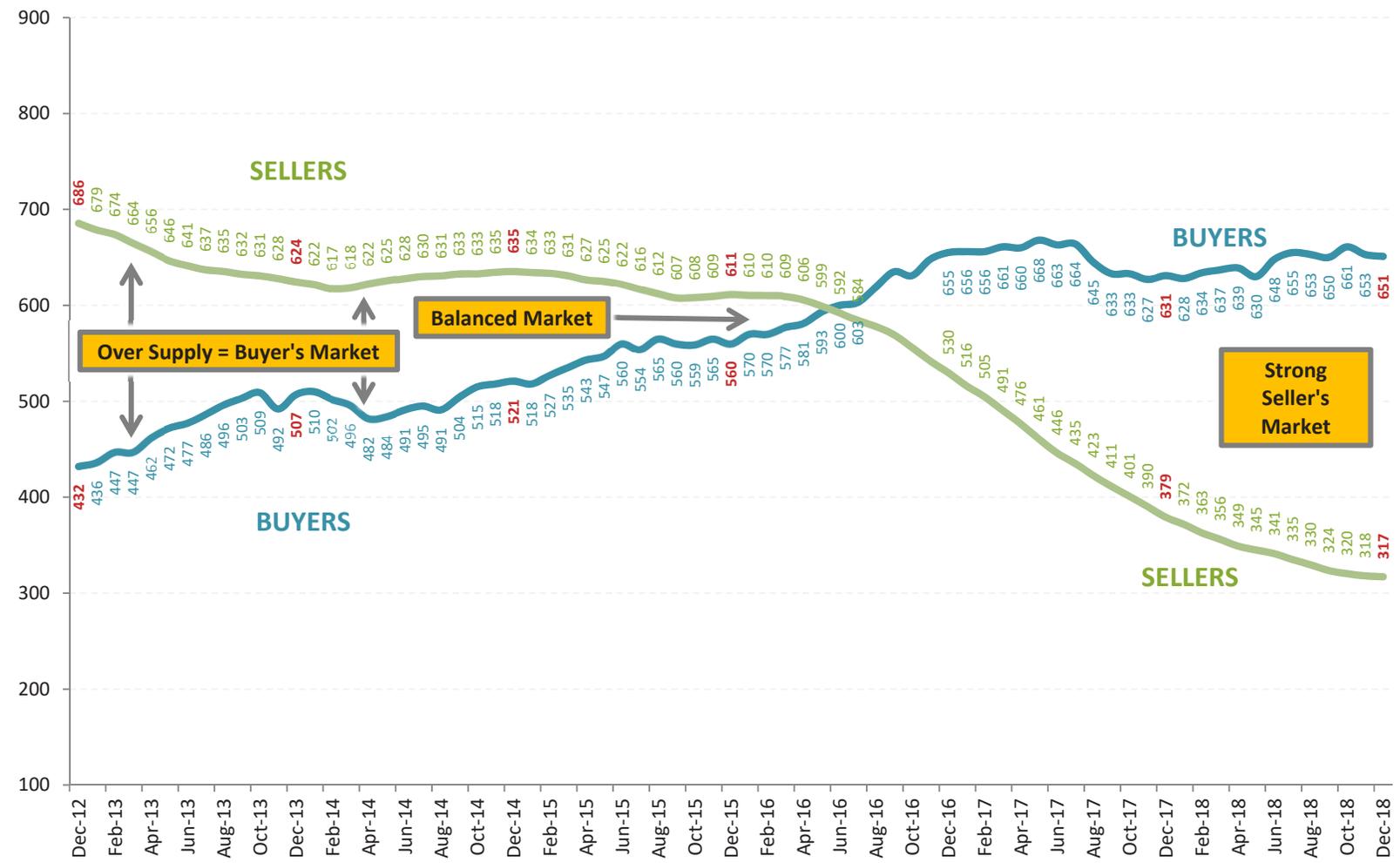
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Duplexes, Townhomes & Condos



Townhouse (and duplexes and condo) sales took a small step backwards last year after six years of steady increases in the pace of sales. At year-end, 2% fewer attached dwellings (361) had sold in 2018 as compared to in 2017 when 370 sold. Despite a slight slow down in the pace of sales -- possibly caused by very low inventory absent

much new construction -- the median sales price continues to climb, now up to \$167,800. Here is yet another record broken -- the median sales price of \$167,800 is the highest we have ever seen in Harrisonburg and Rockingham County.

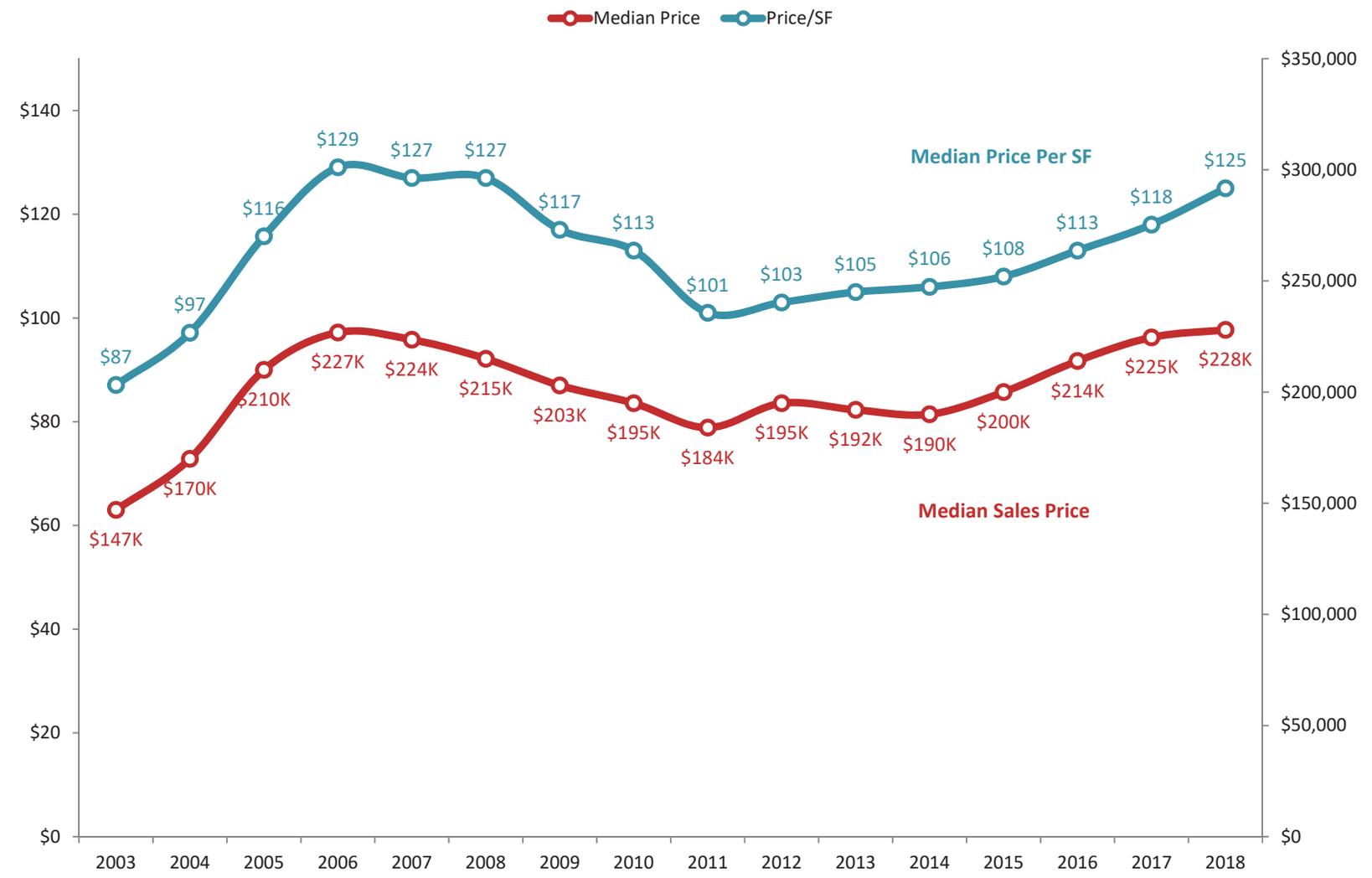
Harrisonburg & Rockingham County
Market Balance between Buyers and Sellers
 Assuming Six Months of Housing Supply is a Balanced Market



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 buying pace has leveled off.

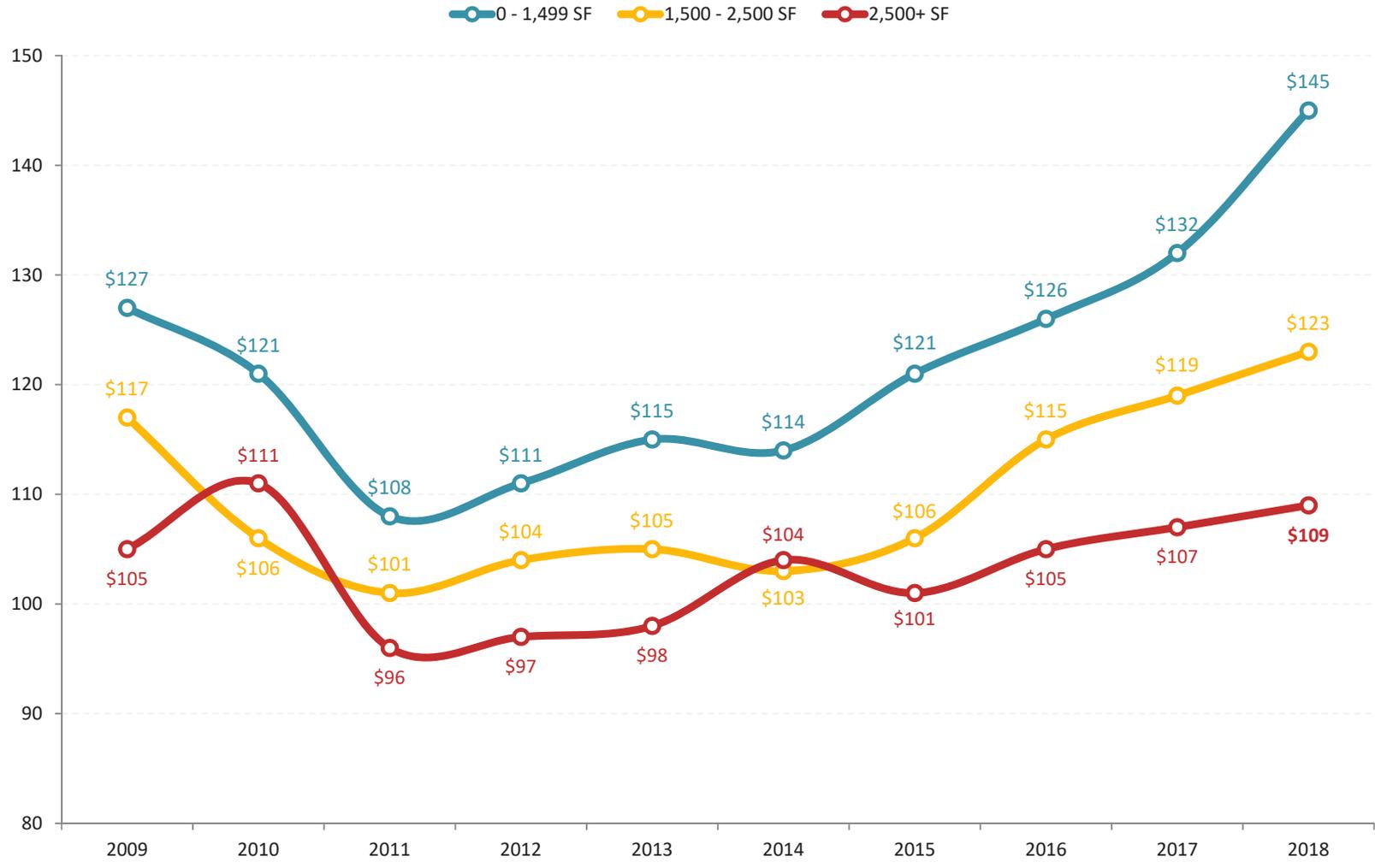
Harrisonburg & Rockingham County
Median Price vs. Price Per SF (Single Family Homes)



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 through 2018) we have seen increases in the median sales price as well as the median price per square foot of single family homes.

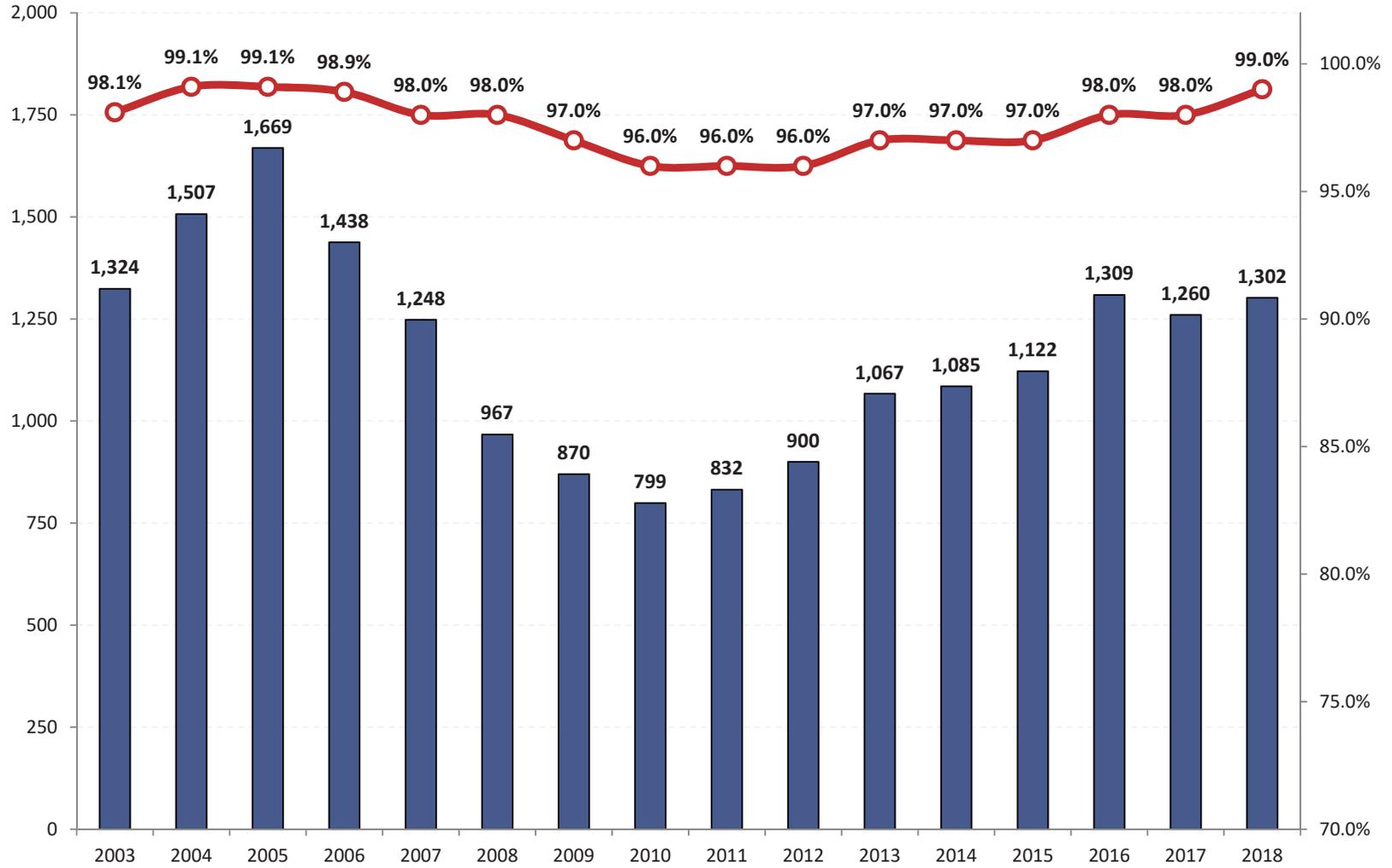
Harrisonburg & Rockingham County
Median Price Per Square Foot by Home Size
Single Family Homes



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 2018 figures, this graph illustrates that the median price per square foot of larger homes

(2500+ SF) is a good bit lower (\$109/SF) than that of homes with less than 1500 SF (\$145/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.

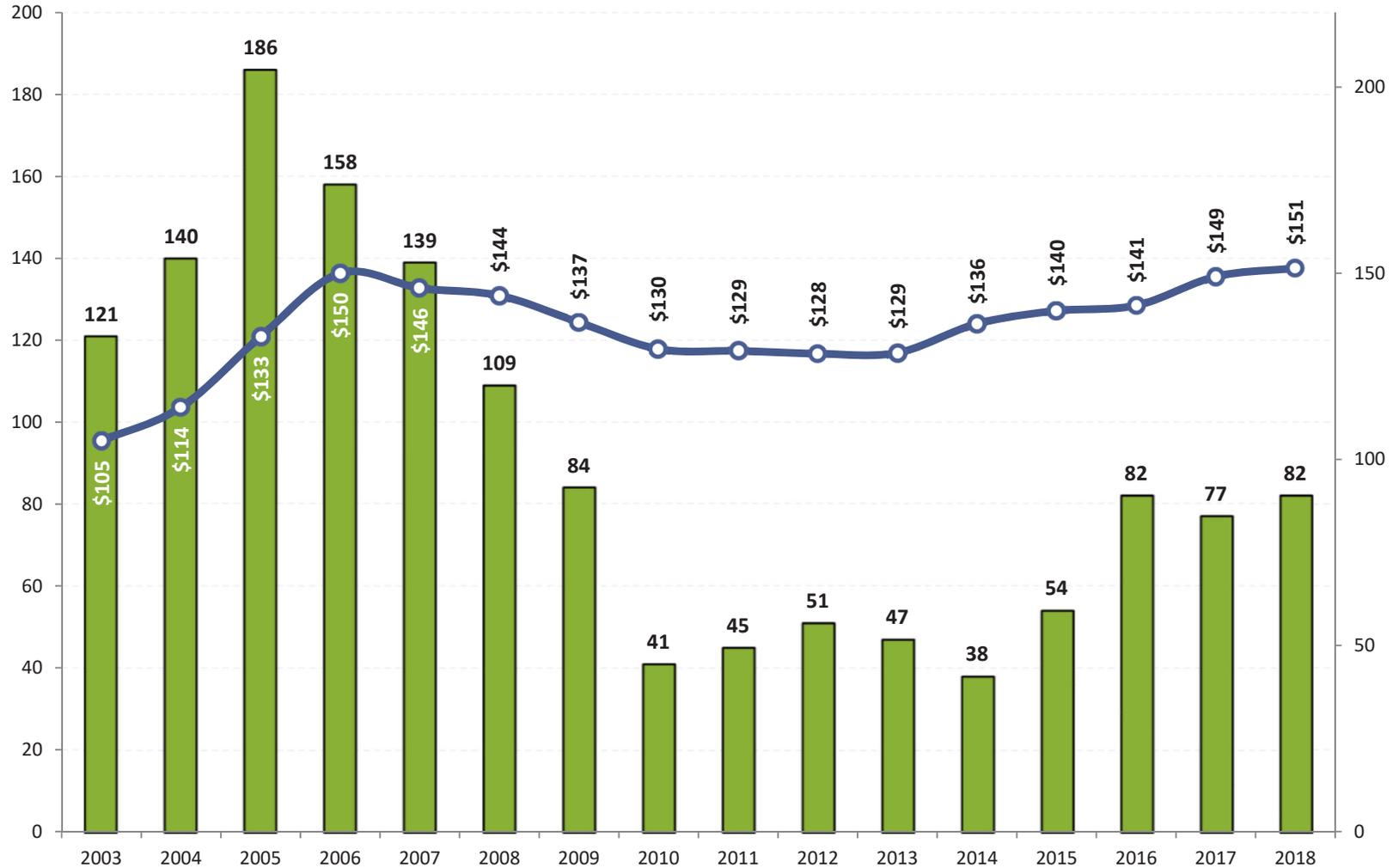
Harrisonburg & Rockingham County
Median List Price to Sales Price Ratio
 within the context of Home Sales Pace



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 returned to 99% in 2018.

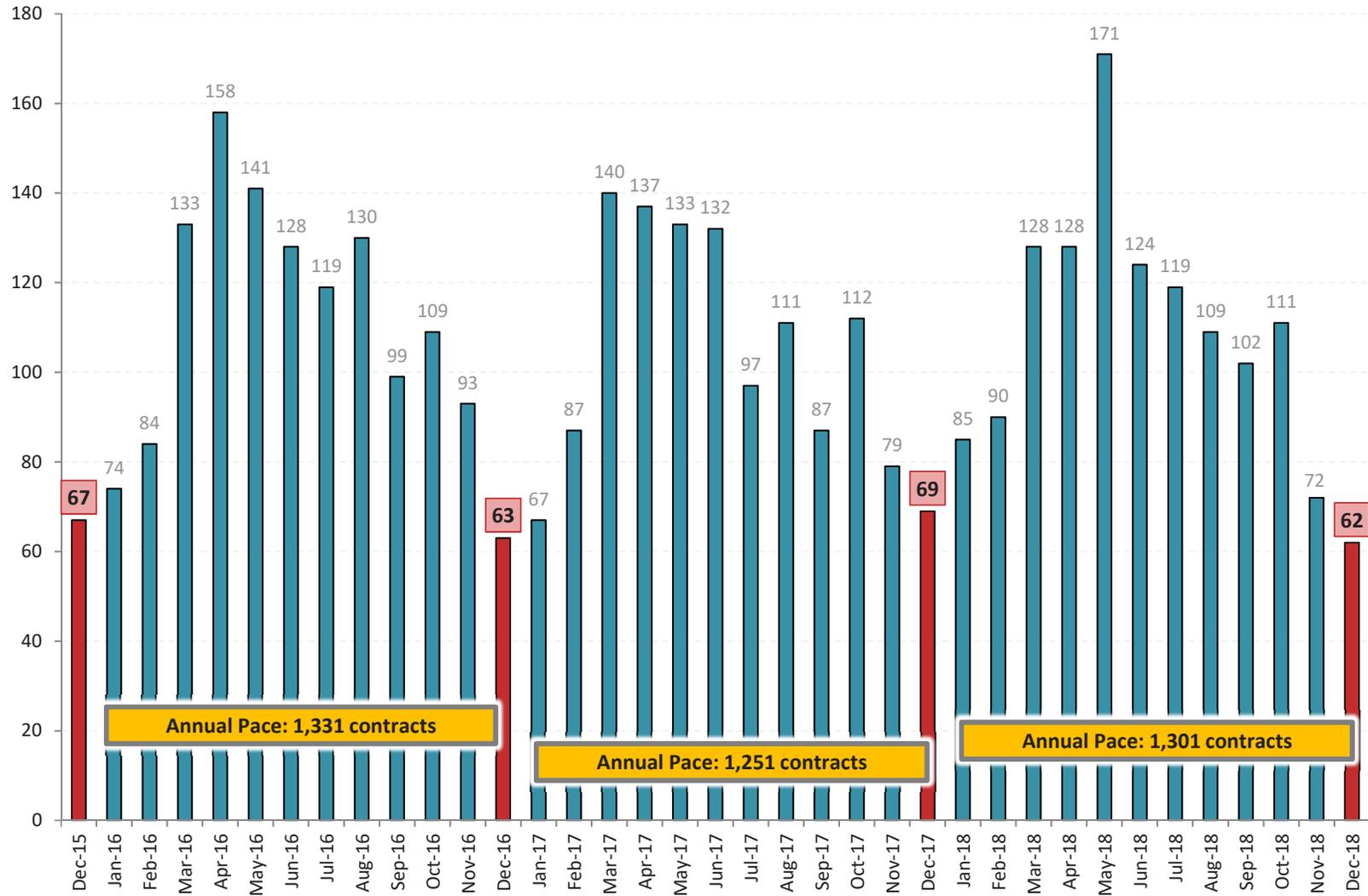
Harrisonburg & Rockingham County
New Construction Single Family Detached Home Sales Trends
 Number of Sales, Median Price Per Square Foot



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 three years, however, were QUITE different. There were a total of 82 new home sales in 2016, then 77 in 2017, and 82 again in 2018. This is a welcome sign for new home builders -- and buyers!

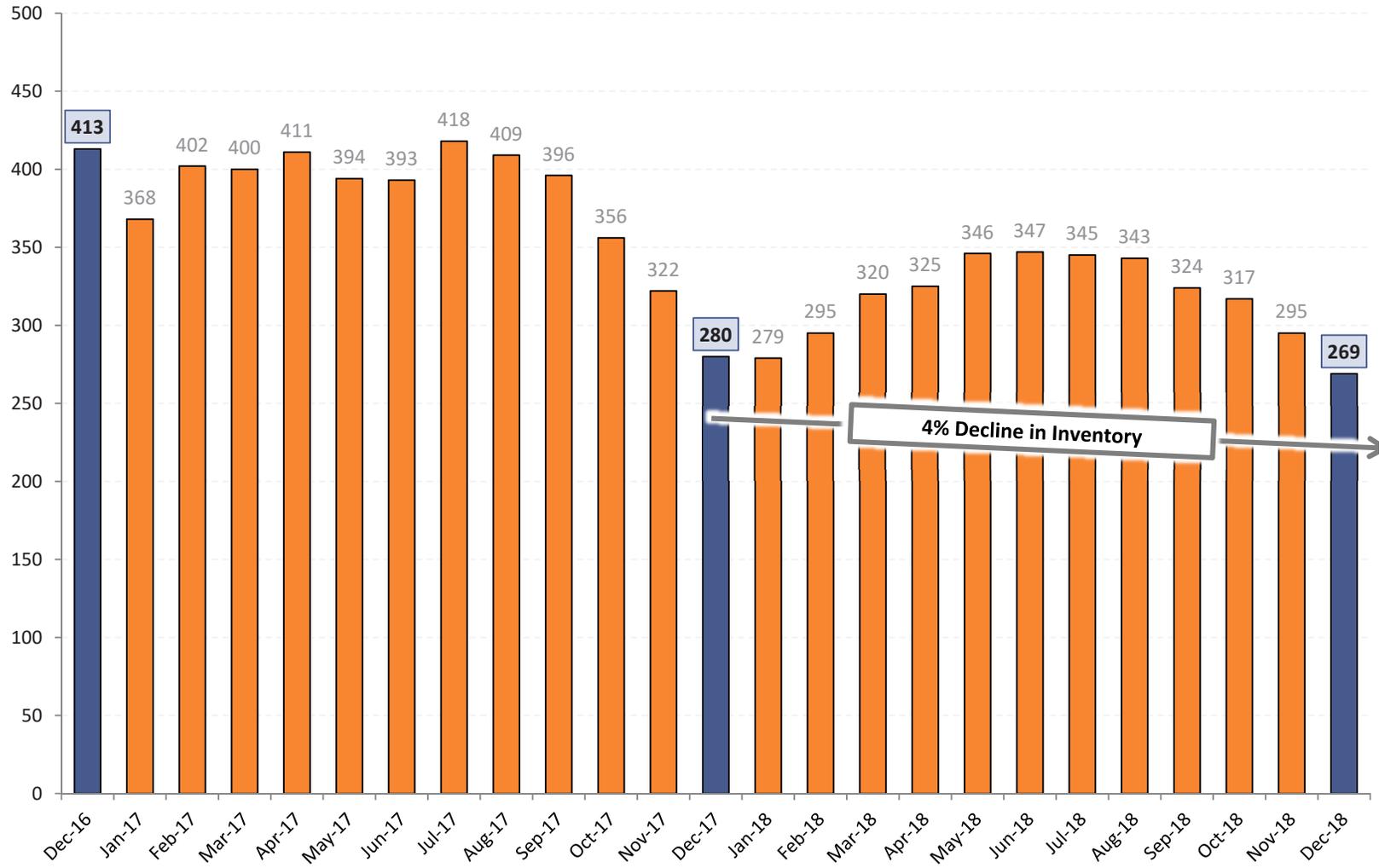
Harrisonburg & Rockingham County
Buyers Per Month Committing to Buy Properties



Strong contract activity is typically an indicator of strong months of sales to come. As shown above, and as you would expect, buyer activity peaks in the Spring. This past May we saw the highest number of buyers signing contracts EVER in our local market. It is so drastically different than every other month that it almost seems

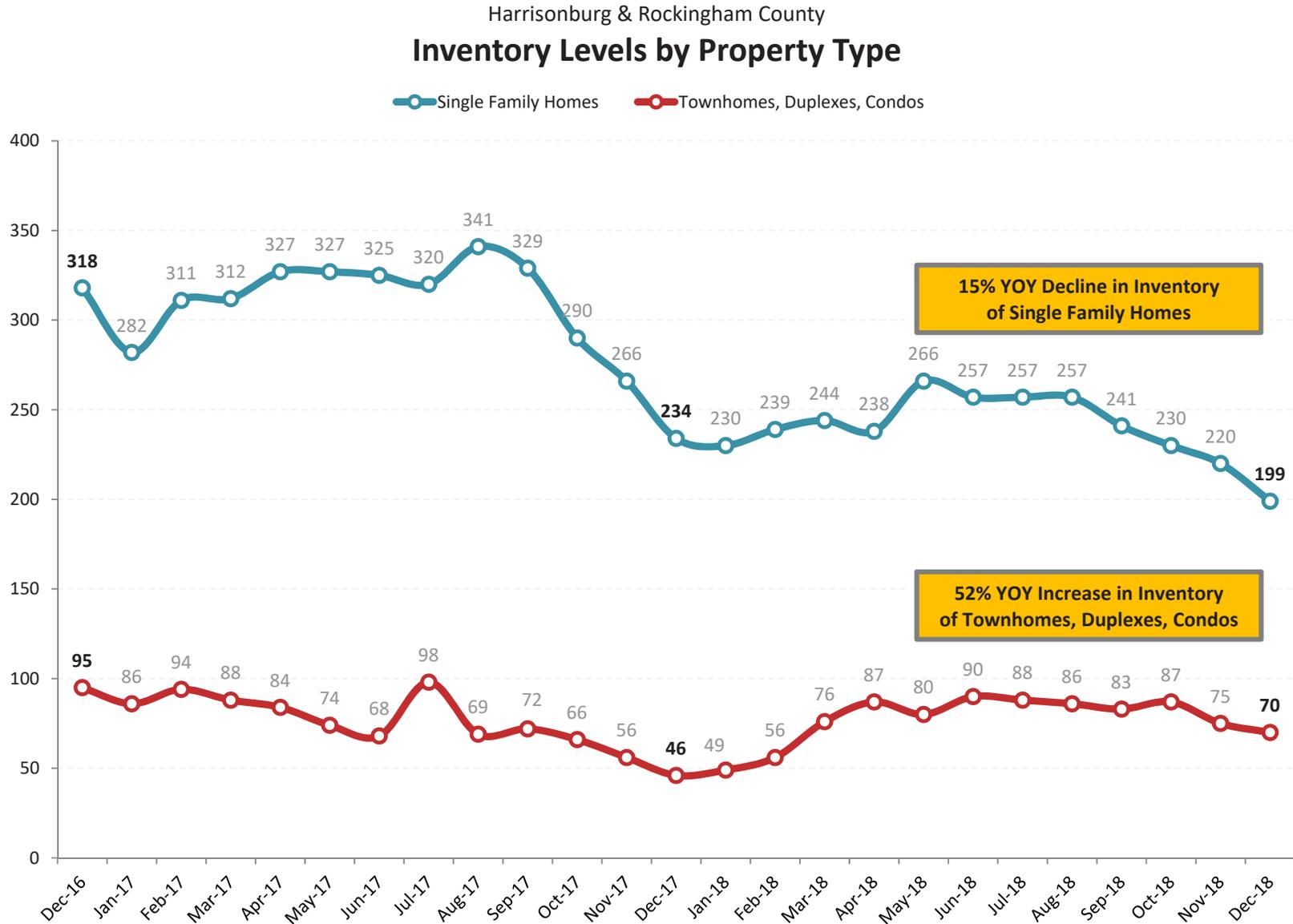
like an error - it's not. After a predictably slow month of contracts in December, we should see a slight increase in January and February before things really start to take off in March and April.

Harrisonburg & Rockingham County
Inventory Levels
 (end of month)



Over the past several years, inventory levels have dipped lower and lower and lower. This has not, though, been accompanied by a decline in the pace of home sales. So -- if just as many (or more) buyers are buying, how are they doing it if inventory levels are so low? They're doing it with speed. The pace of home sales

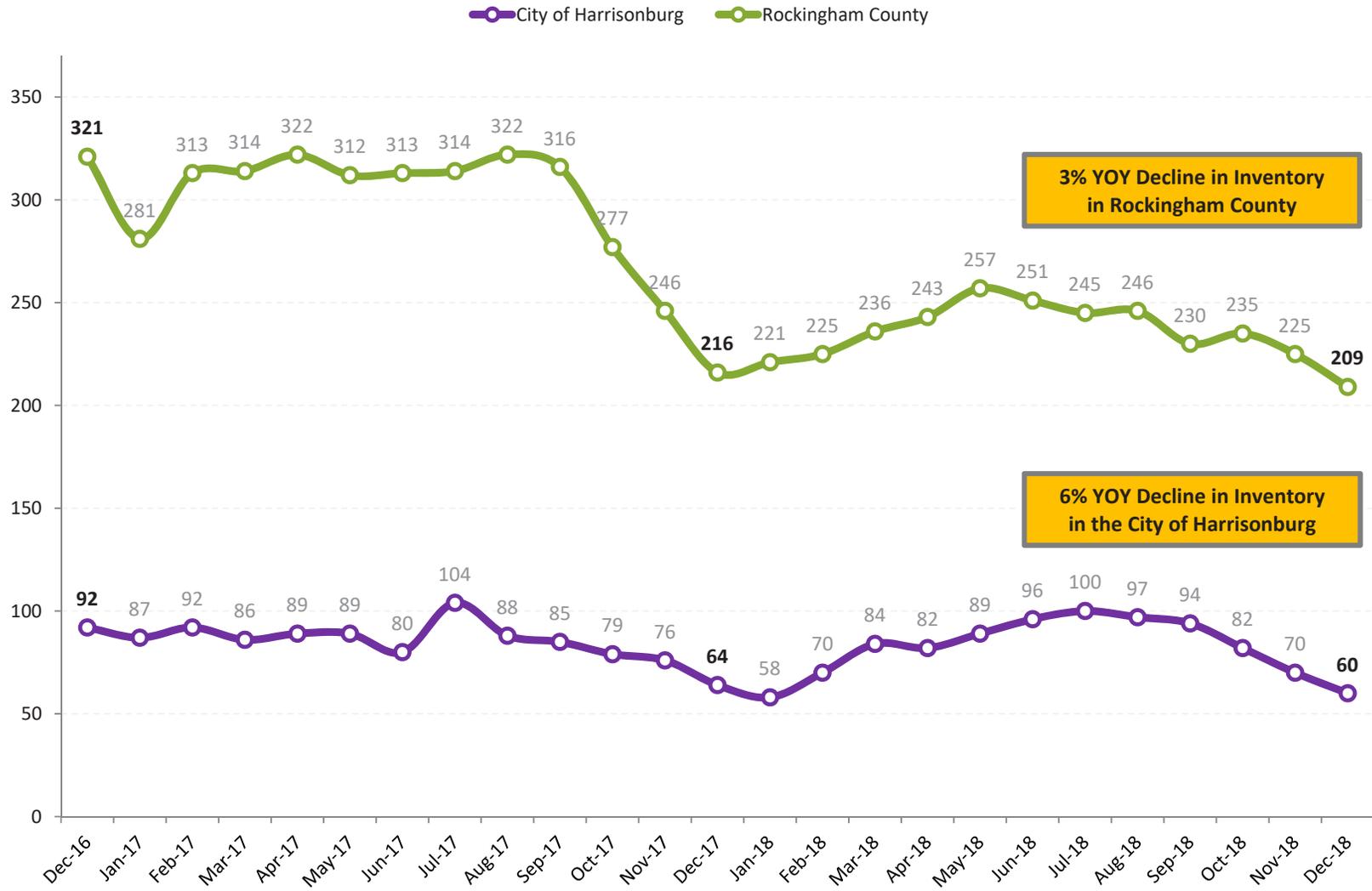
can increase, with inventory levels declining if the median "days on market" is also declining, which is definitely the case in our local market. So, plenty (maybe, maybe not) homes are being listed for sale, they are going under contract quickly, which keeps inventory levels low but the pace of home sales high.



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 15% over the past year, while the number of townhouses, duplexes and condos for sale has

actually increased by 52% over the past year. We saw inventory levels increase a bit through the Spring and Summer, which did provide buyers with more options -- but we are likely to see these inventory levels decline further as we continue through the Winter season.

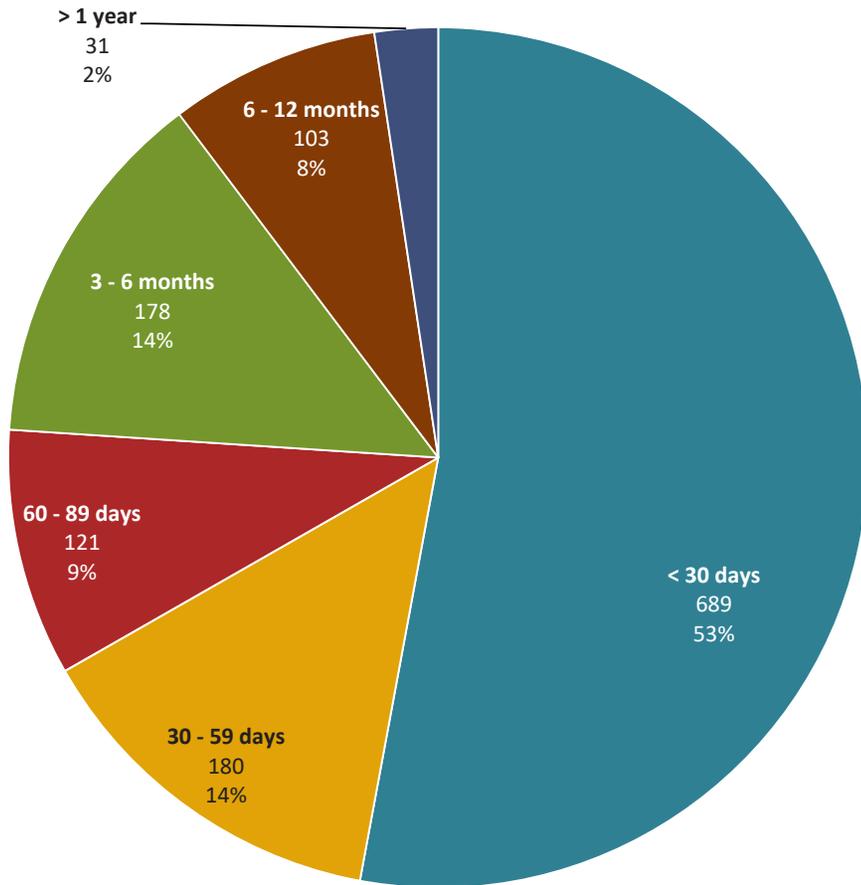
Harrisonburg & Rockingham County
Inventory Levels by Property Location



Inventory levels have fallen 3% in Rockingham County over the past year but have actually increased by 6% in the City of Harrisonburg during the same timeframe. 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

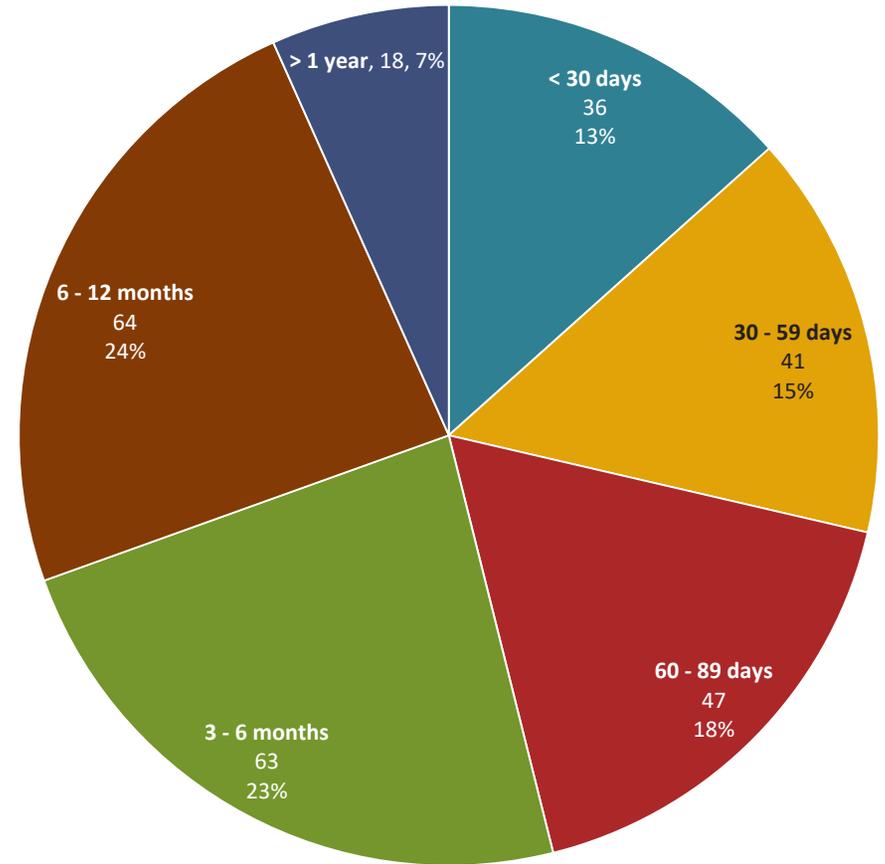
County than in the City. As such, the low inventory levels are much more of an issue in the City right now if we look at both sellers (supply) and buyers (demand). This is likely leading to the faster increases in median sales price in the City, and the lower median days on market in the City.

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



Median Days On Market: 25

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

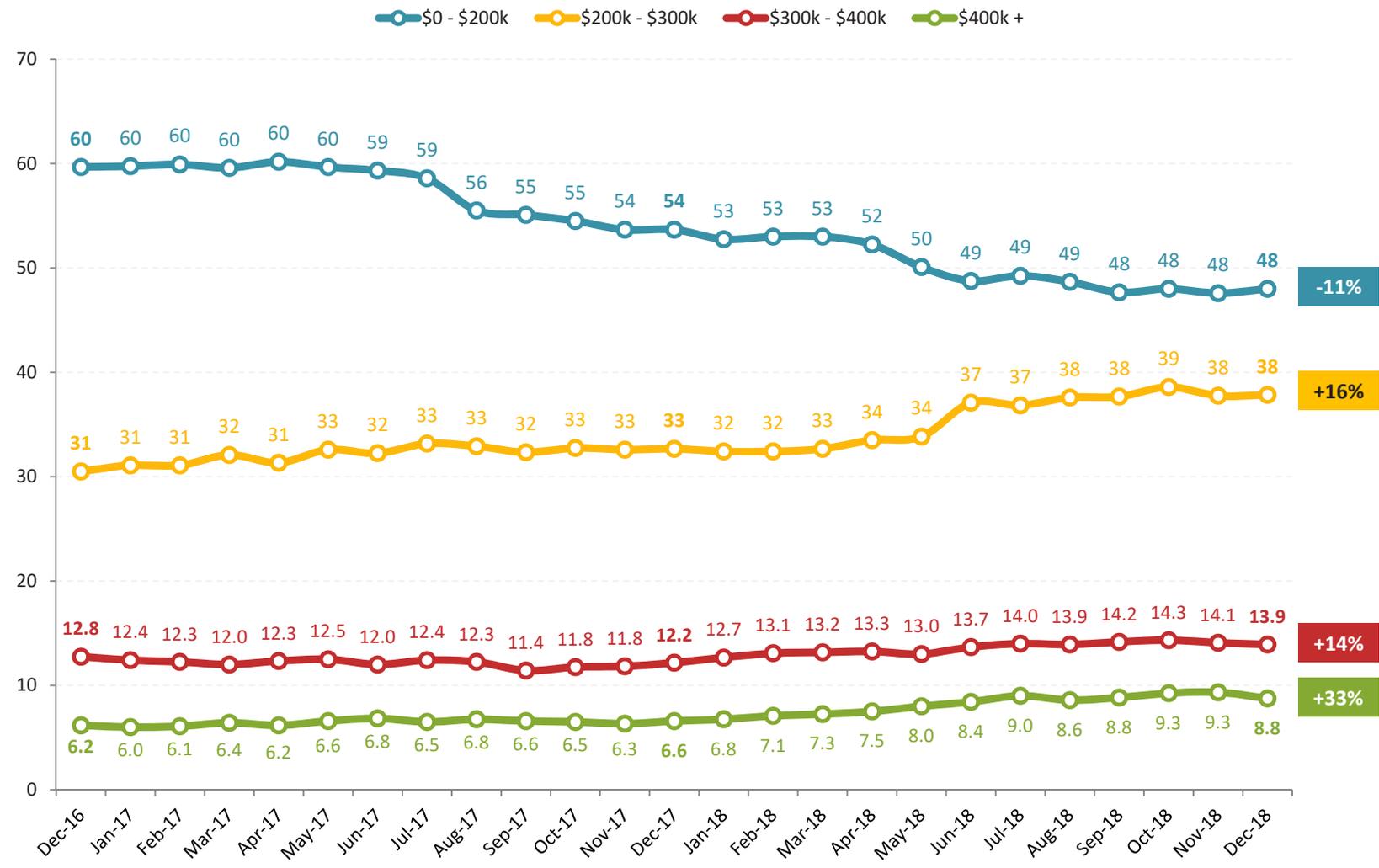


Median Days On Market: 101

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 25 days for homes that have sold in the past year. Remarkably, 53% 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 67% 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.

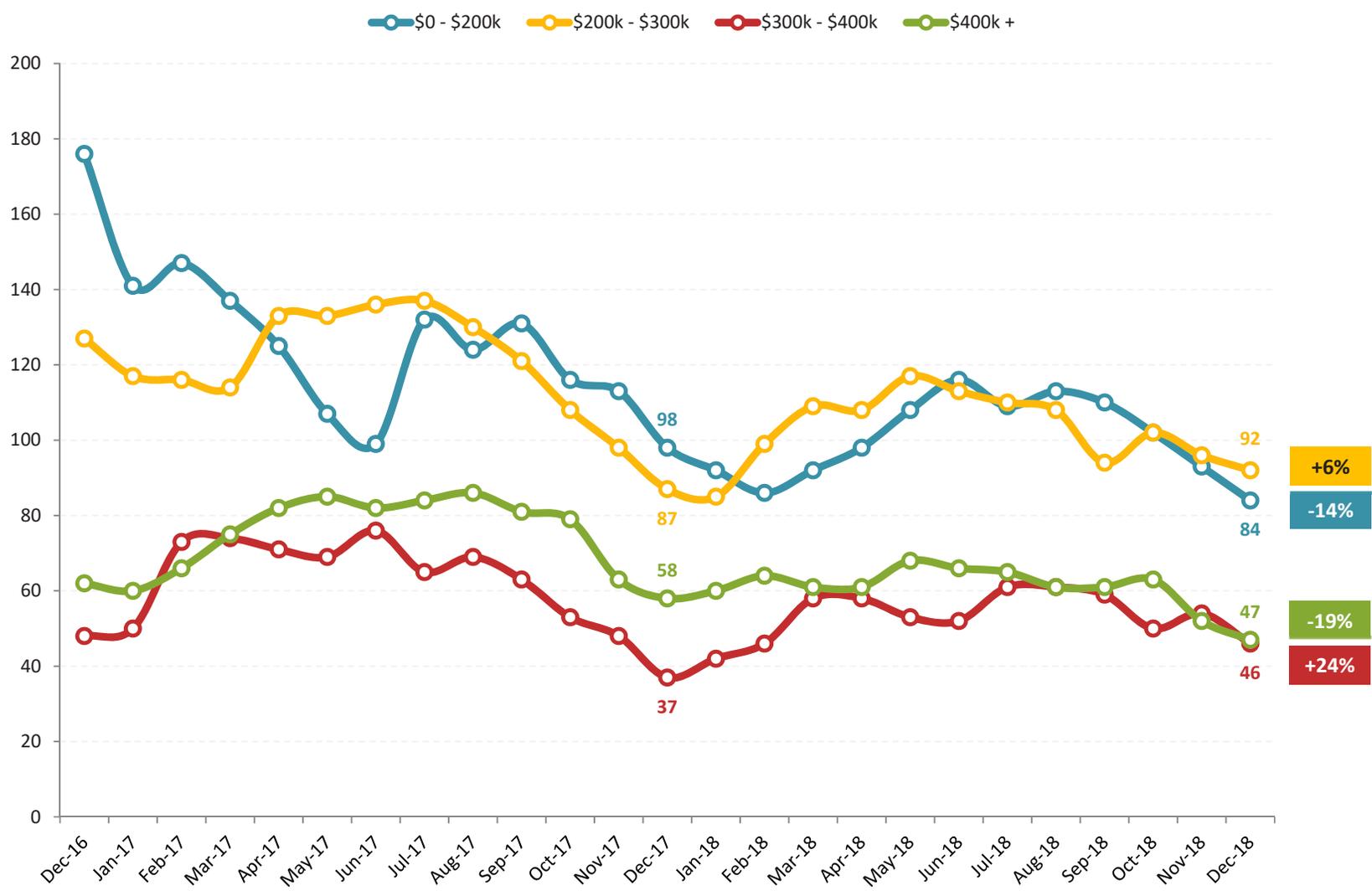
Harrisonburg & Rockingham County
Home Sales by Price Range
 (Average of Past 12 Months)



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. We have seen year-over-year increases in all other price ranges -- with the most significant comparative increase in the pace of home sales being in those properties over \$400K in value.

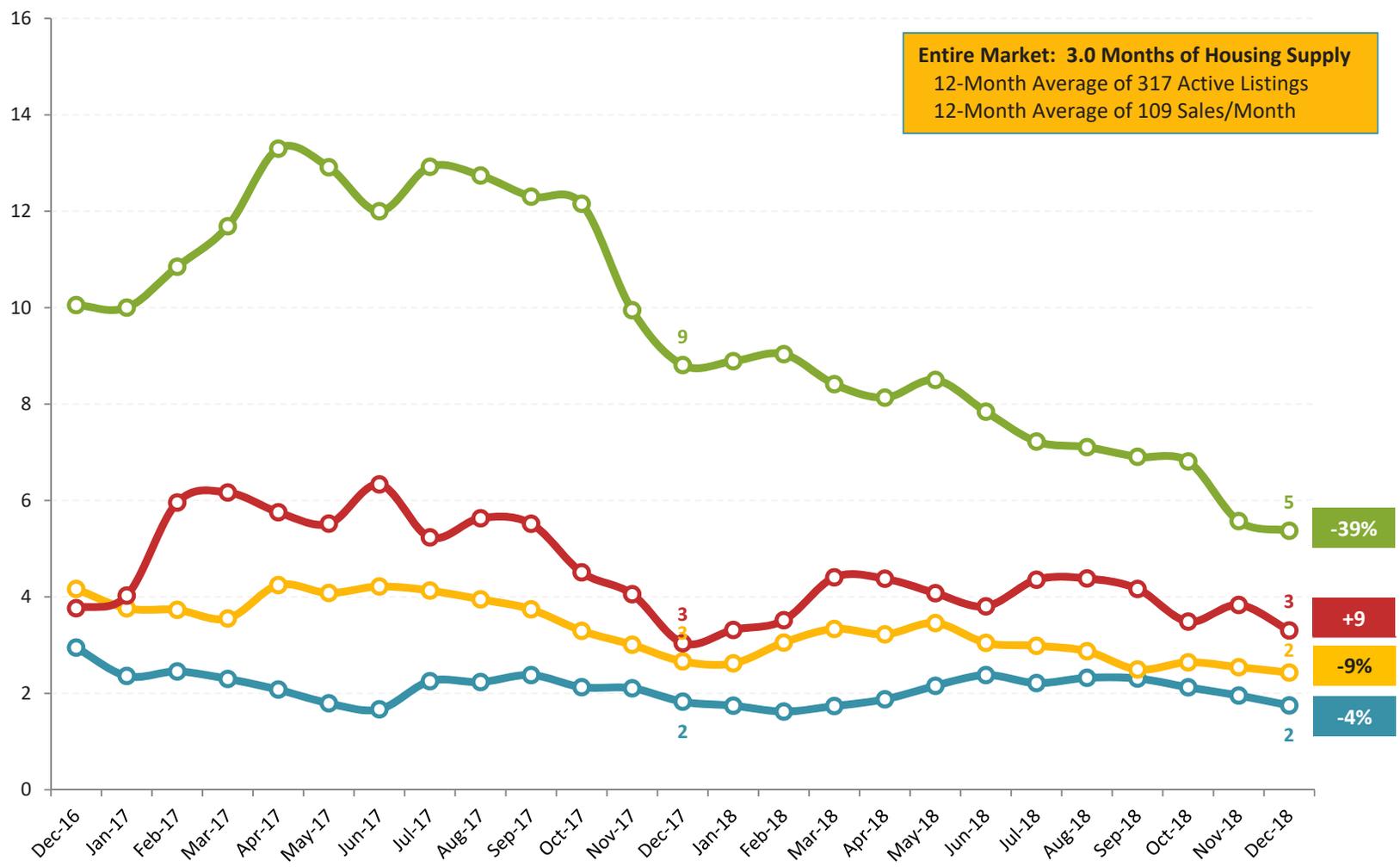
Harrisonburg & Rockingham County
Inventory Levels by Price Range



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. Inventory levels of homes under \$200K have fallen dramatically over the past two years, with a 14% drop over the past year. Some of those homes have appreciated

into the \$200K-\$300K price segment, where we have seen inventory levels actually increase slightly (+6%) over the past year. We have also seen an increase (+24%) in the availability of homes between \$300K and \$400K, though the highest price range (\$400K+) has seen a decline (-19%) in homes for sale.

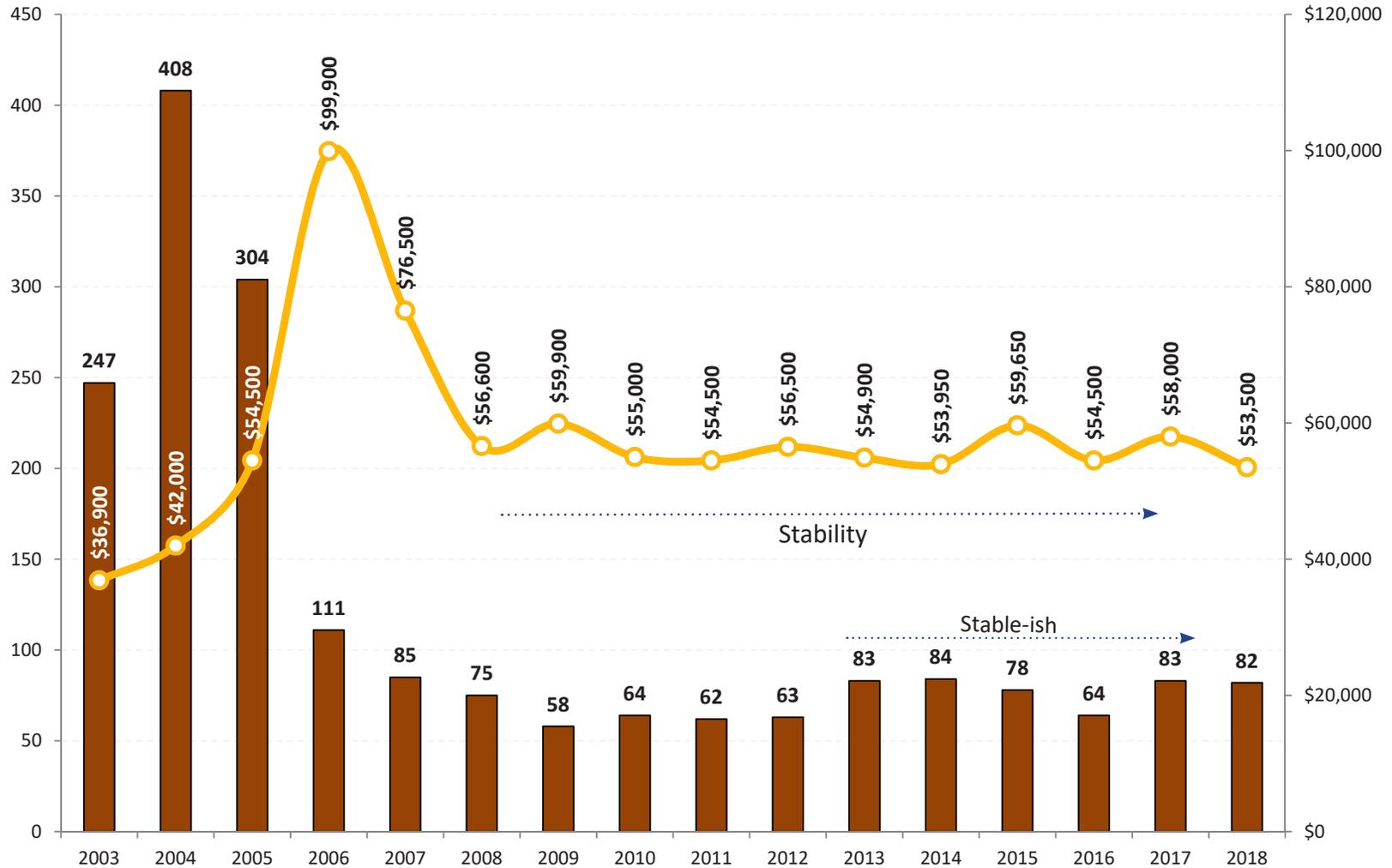
Harrisonburg & Rockingham County
Months of Housing Supply by Price Range
 ● \$0 - \$200k ● \$200k - \$300k ● \$300k - \$400k ● \$400k +



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 5 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 and if no new listings came on the market -- but it would only take two months (!) to burn through the under \$200K (and under \$300K) inventory. Many consider a six month supply to be a balance between buyers and sellers.

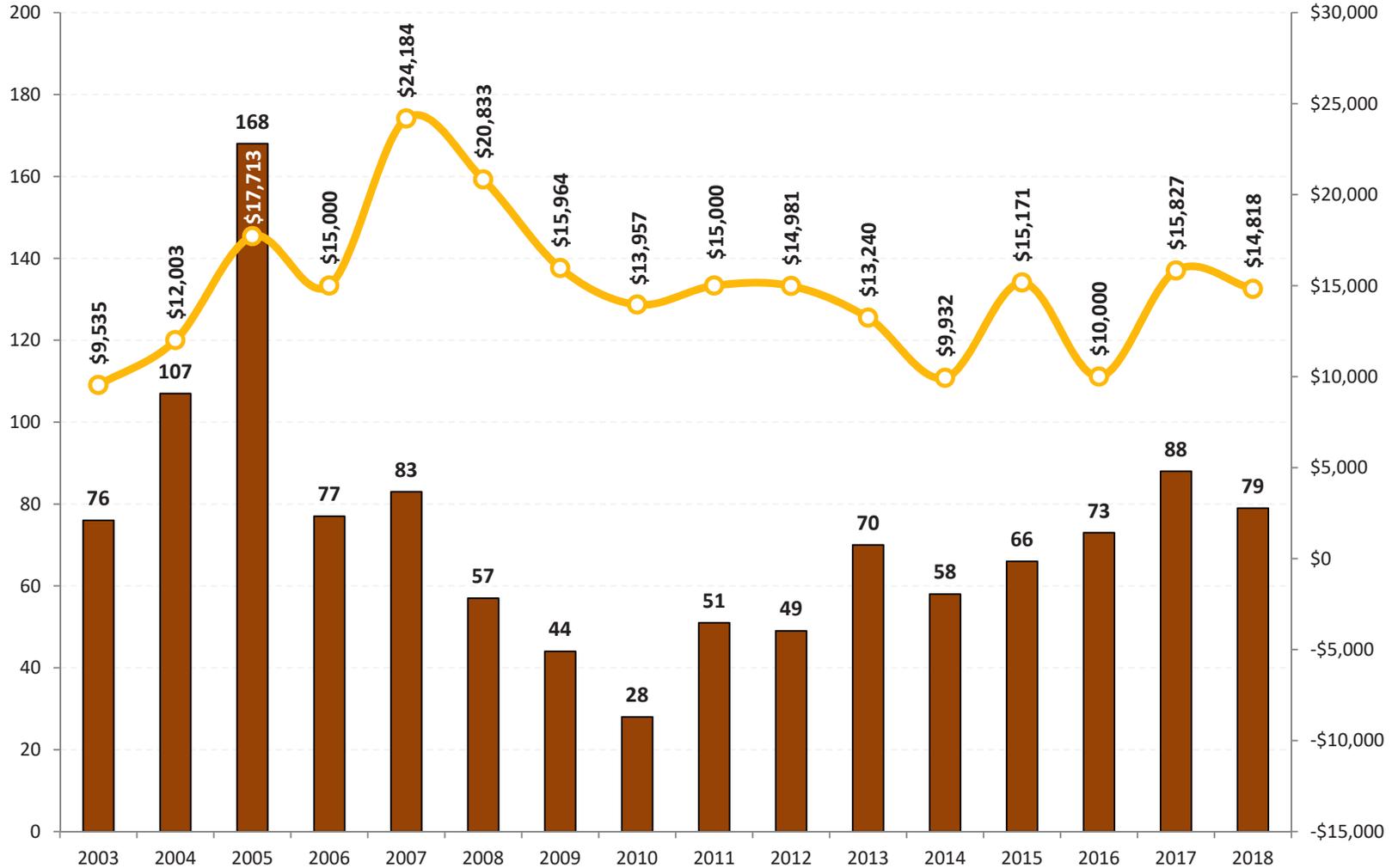
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



With the exception of 2016, we have seen between 78 and 84 lot sales of less than an acre for each of the past six 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 \$53K 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 2019.

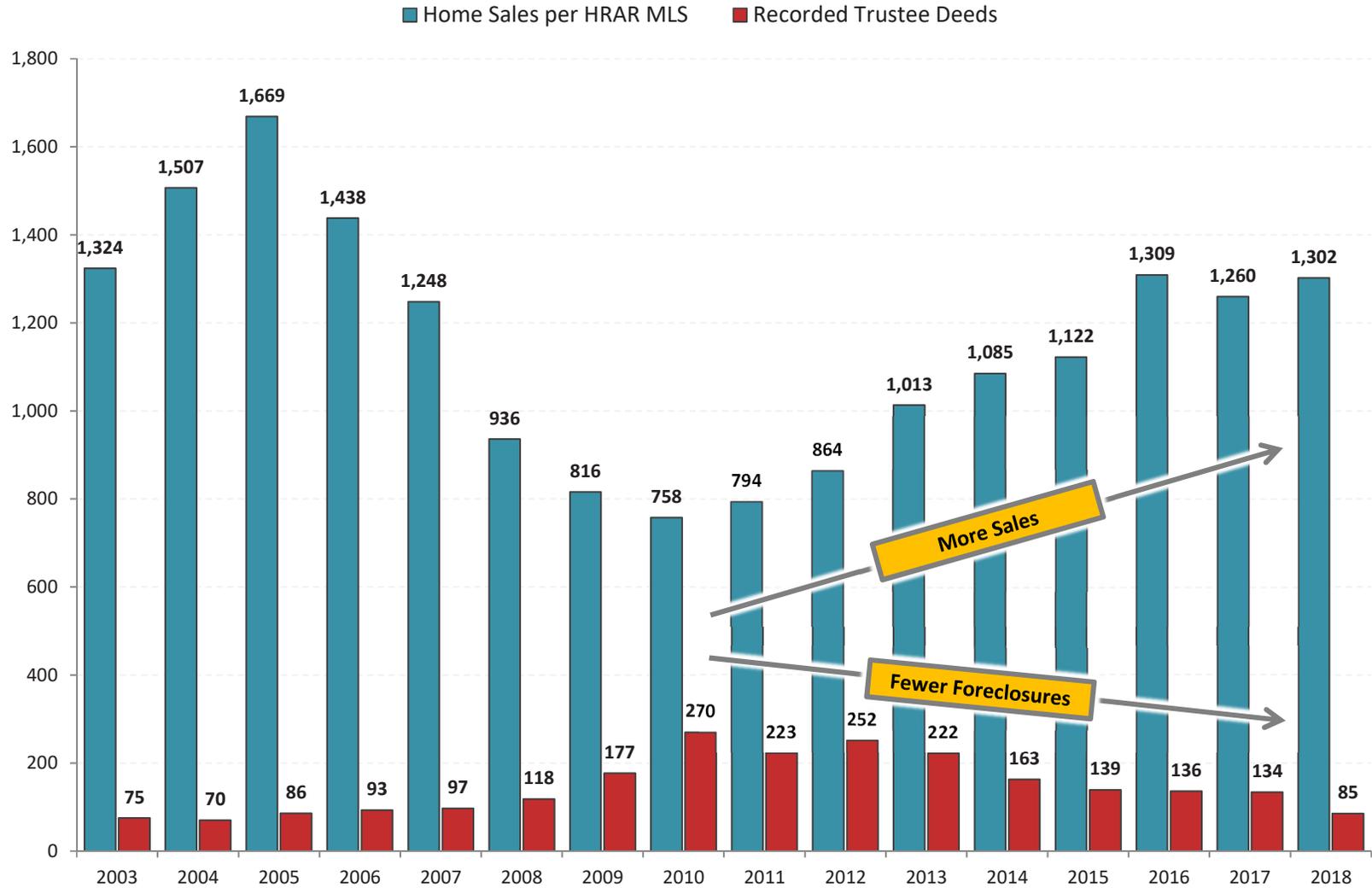
Harrisonburg & Rockingham County
Land Sales & Median Price Per Acre
 1 acre or more



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 -- but then declined again in 2018 to 79 lot sales. The median price per acre also declined in 2018 to \$14,818. 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, and then a decline in demand in 2018 accompanied by a decline in prices.

Harrisonburg & Rockingham County
Home Sales vs. Trustee Sales

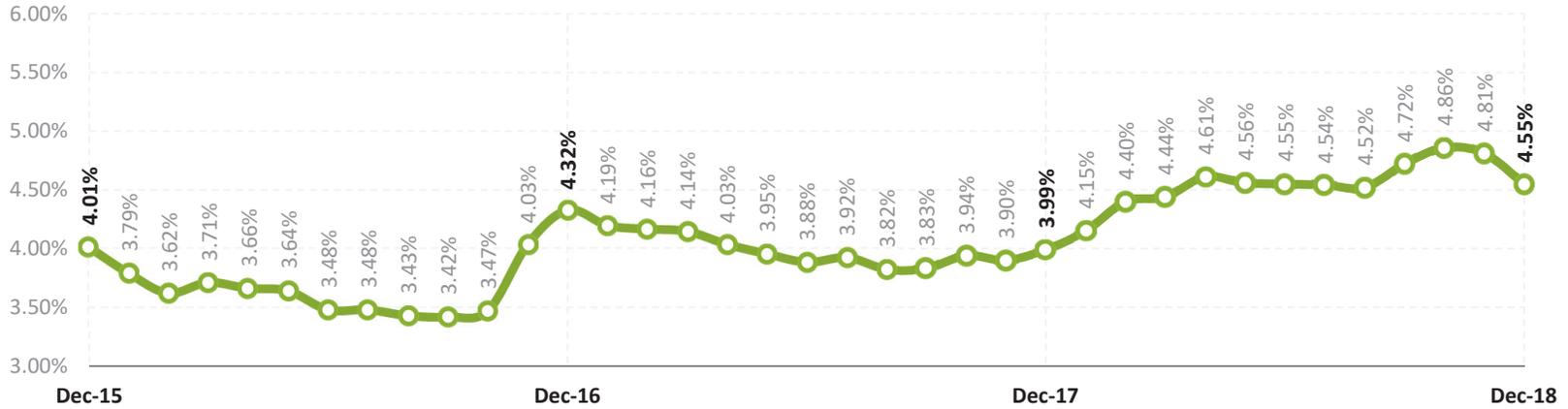


The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales that did not involve a Realtor, nor new home sales directly from a builder. The red bars show 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 -- sharply in 2018 -- 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% except in late 2016 and during the past eight months. Somewhat encouragingly, the average mortgage interest rate has started to decline again over the past two months. 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 level of 2.7%. A low local unemployment rate and relatively low mortgage interest rates help our local housing market remain stable.

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 as a Trustee for Asbury United Methodist Church, is the co-founder of TakeThemAMeal.com and PerfectPotluck.com 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....

SCOTT P. ROGERS, Associate Broker
540-578-0102 (mobile)
scott@HarrisonburgHousingToday.com



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