



SEPTEMBER 2013 Harrisonburg & Rockingham County Real Estate Market Report



*An analysis of real estate activity through August 31, 2013
provided courtesy of Scott P. Rogers, Funkhouser Real Estate Group*



Upscale, Four-Story, Custom-Built Highland Park Home 4121TravelerRoad.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: August

110 homes sold in August 2013, showing a 20% increase over August 2012 when 92 homes sold -- and a 39% increase over August 2011 when only 79 homes sold.

Home Values: August

Median sales prices declined 15% and average sales prices increased 1% when comparing August 2013 to August 2012.

Days on Market: August

The median time it took for a home to sell was 102 days in August 2013, an 18% decline from 124 days in August 2012 and an 18% decline from 124 days in August 2011.

Foreclosures

141 trustee deeds were recorded thus far in 2013 compared to 696 total home sales reported through the HRAR MLS during the same timeframe.

Inventory

Inventory levels increased during August 2013 to 685 residential properties currently for sale, up 9 homes from one month ago, and down 21 homes from one year ago.

Pace of Home Sales: Year To Date

696 homes sold in the first eight months of 2013. This marks a 22% increase from the first eight months of 2012 when only 572 homes had sold.

Home Values: Year To Date

Median sales prices increased 1.57% and average sales prices increased 2.44% for 2013 year-to-date as compared to 2012 year-to-date.

Days on Market: Year To Date

The median length of time on the market for homes selling during the first eight months of 2013 was 124 days, a 16% decline as compared to the first eight months of 2012.

Supply

All price ranges still show an excess of housing supply, with 7 months under \$200k, 8 months between \$200k and \$300k, 12 months between 300k and \$400k, and 24 months above \$400k.

Price Per Square Foot

Median price per square foot of single family homes has increased to \$105/sf in 2013, as compared to \$104/sf in 2012 and \$103/sf in 2011.

Buyer Activity

103 buyers committed to buy in August 2013, compared to 100 in August 2012 -- which marks a 3% improvement over the past year.

Single Family Home Sales

538 single family homes sold thus far in 2013, compared to a total of 641 in 2012. The median sales price has declined to \$193,250.

Townhouse Sales

158 townhouses sold thus far in 2013, compared to a 2012 total of 223 townhomes. The median townhome sales price has increased to \$142,100 from \$134,995 in 2012.

Lot Sales

There have been 53 lot sales of less than an acre in 2013, compared to 61 in all of 2012. Median sales prices have declined to \$53,000 thus far in 2013 as compared to \$56,875 in 2012.

Land Sales

45 parcels of land greater than an acre sold thus far in 2013 compared to 47 land sales during all of 2012. The median price per acre has increased to \$15,000 in 2013.

Editorial Note: In November 2012, a single buyer purchased 22 University Place condominiums for \$33K/condo from a single seller. These 22 sales were entered into the HRAR MLS as 22 separate transactions instead of as one multi-family or commercial transaction. While entering this single transaction as 22 separate sales is misleading, and skews our understanding of trends in the Harrisonburg and Rockingham County residential real estate market, these 22 sales are included in the analysis in this housing market report as of this issue.

HOME SALES REPORT

Harrisonburg & Rockingham County

September 9, 2013

# Home Sales	2010	2011	2012	2013	% Change ('12 - '13)
August	62	79	92	110	19.57%
Year-To-Date (Jan-Aug)	532	522	572	696	21.68%

Median Sales Price	2010	2011	2012	2013	% Change ('12 - '13)
August	\$174,450	\$200,000	\$200,000	\$170,000	-15.00%
Year-To-Date (Jan-Aug)	\$181,750	\$173,500	\$175,000	\$177,750	1.57%

Average Sales Price	2010	2011	2012	2013	% Change ('12 - '13)
August	\$217,941	\$201,725	\$201,725	\$204,116	1.19%
Year-To-Date (Jan-Aug)	\$212,279	\$200,586	\$197,822	\$202,658	2.44%

Median Days on Market	2010	2011	2012	2013	% Change ('12 - '13)
August	137	124	124	102	-17.74%
Year-To-Date (Jan-Aug)	133	146	147	124	-15.65%

Home Sales Strong, Prices Slowly Increasing. August 2013 was yet another month of strong home sales in Harrisonburg and Rockingham County -- with 110 home sales -- well more than any of the previous three Augusts (62, 79, 92). This August increase (+20%) has helped the year-to-date figures stay strong as well, which is

showing an overall 22% improvement in the pace of sales in our local market. While prices during the month of August seemed to decline 15% that is likely based on the small data set (one month of sales) as the year-to-date median sales price and average sales price have both increased (+1.57%, +2.44%).

HOME SALES REPORT :: BY AREA

# Home Sales	City of Harrisonburg			Rockingham County		
	2012	2013	% Change	2012	2013	% Change
August	28	36	28.57%	64	74	15.63%
Year-To-Date	203	256	26.11%	369	440	19.24%

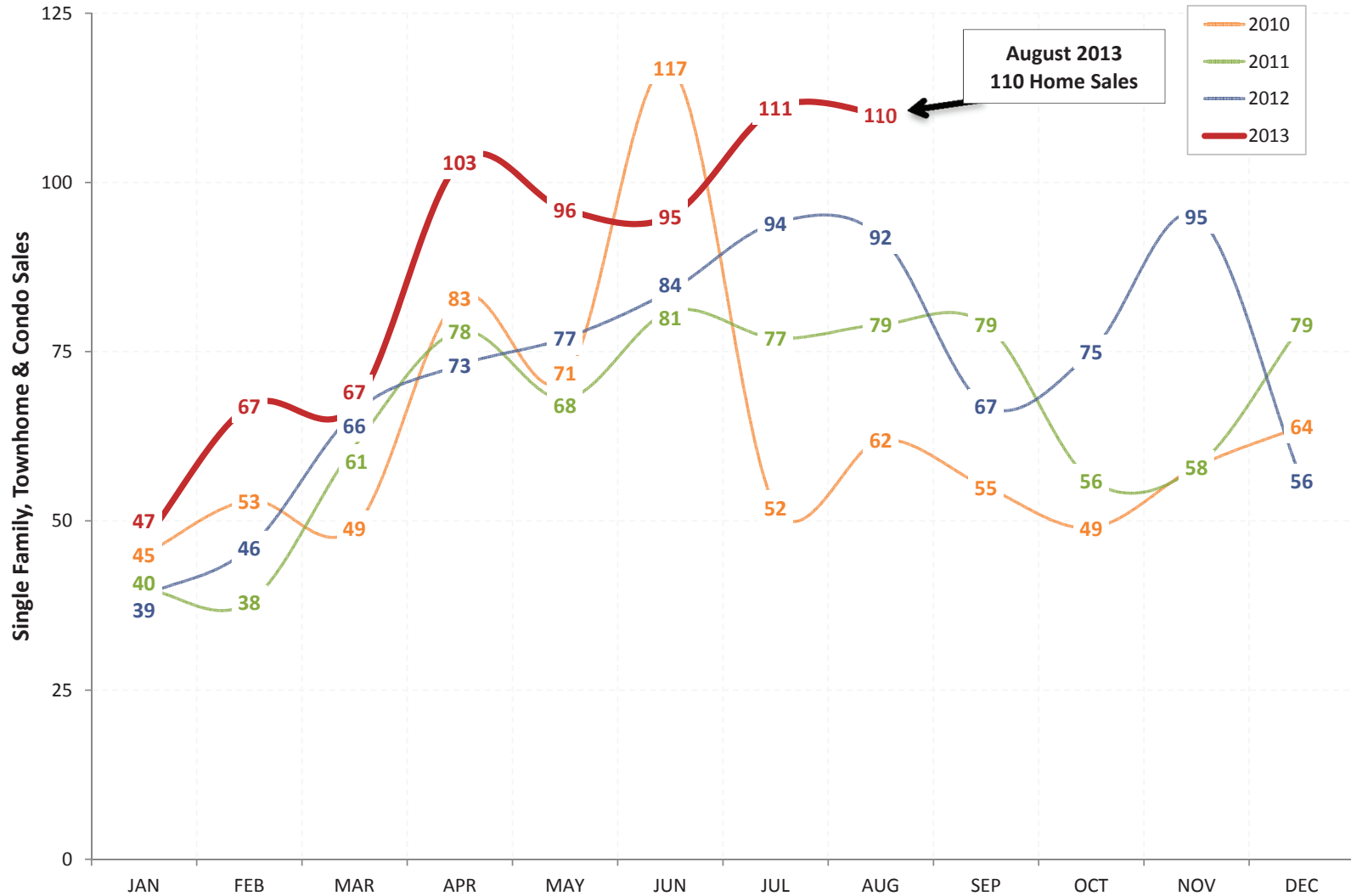
Median Sales Price	City of Harrisonburg			Rockingham County		
	2012	2013	% Change	2012	2013	% Change
August	\$155,700	\$170,750	9.67%	\$202,375	\$170,000	-16.00%
Year-To-Date	\$159,900	\$165,000	3.19%	\$190,000	\$190,000	0.00%

Median Days on Market	City of Harrisonburg			Rockingham County		
	2012	2013	% Change	2012	2013	% Change
August	128	98	-23.44%	157	112	-28.66%
Year-To-Date	145	115	-20.69%	148	126	-14.86%

Sales and prices stronger in the City. The data tables above explores overall sales trends of properties in the City of Harrisonburg as compared to Rockingham County. Don't mind the drastic swings when only comparing one month of data, as the sample size is quite small -- pay more attention to the Year-To-Date indicators noted

above. You will note that the City has seen a 26% increase in YTD sales as compared to only a 19% increase in the County. Furthermore, prices have increased 3% year-to-date in the City, as compared to no change in prices in the County. Homes in the City of Harrisonburg (115 DOM) are also selling faster those than in the County (126).

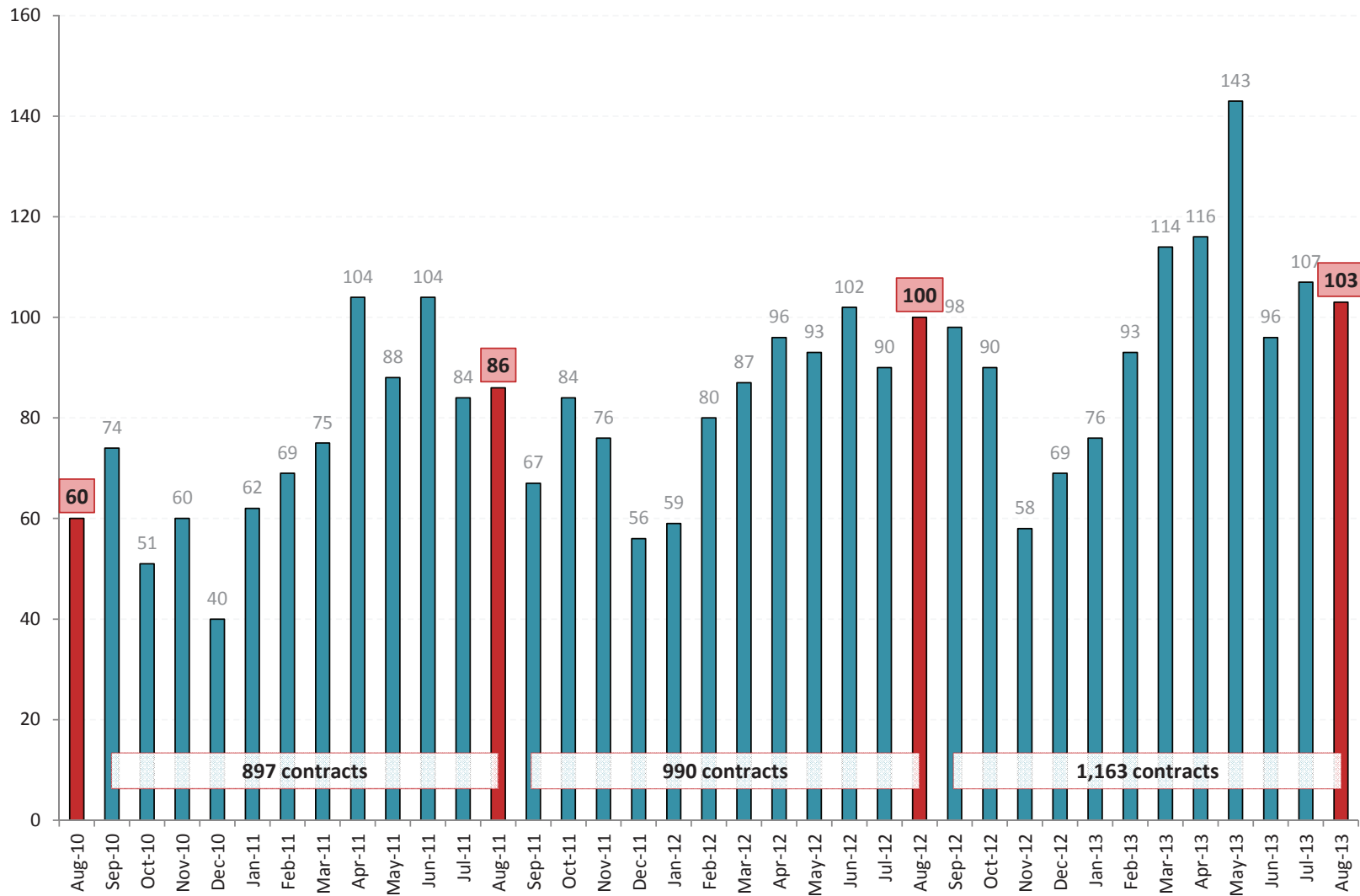
Harrisonburg & Rockingham County Month-By-Month Home Sales History



August 2013 is 5th Month of Stellar Sales. The record 117 home sales seen in June 2010 were a result of the expiration of the federal home buyer tax credit. If we ignore that spike in home sales then the past two months (August 2013, July 2013) showed the highest number of home sales (110, 111) seen anytime in the previous three

years. Looking a bit further back, we can see that this entire Spring and Summer market (April, May, June, July, August) have shown a dramatic improvement over home sales last year. It will be interesting to see whether there are many home sales in September, as there was a significant drop in September 2012.

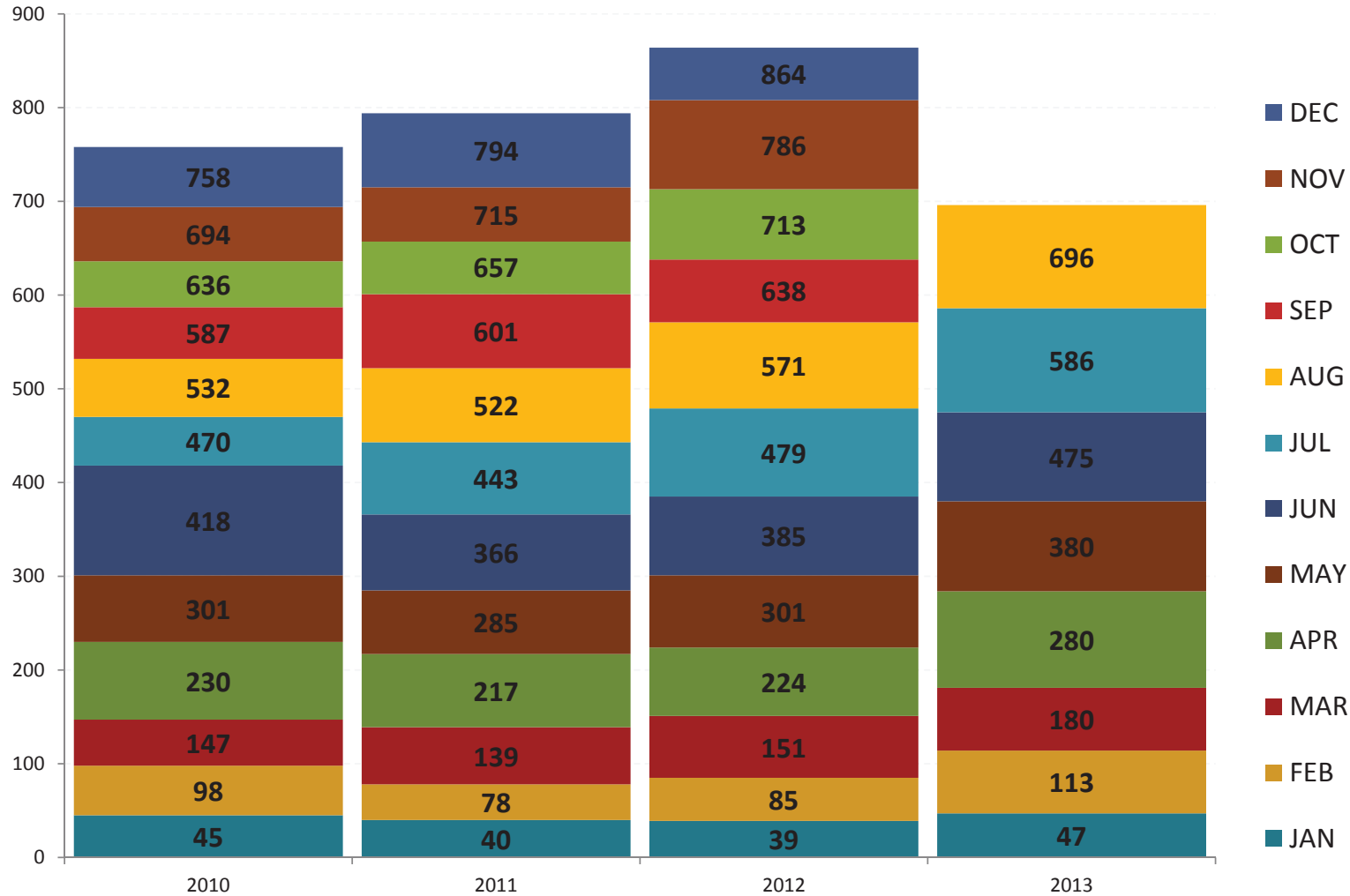
Harrisonburg & Rockingham County
Buyers Per Month Committing to Buy Properties



Strong Buyer Activity in August 2013. Buyers showed up in high numbers again in August 2013, signing 103 contracts to purchase property in Harrisonburg or Rockingham County. This adds to the recent months of strong contract figures to show a 17% improvement in the annual rate of contracts between the current

level (1,163 contracts in the past 12 months) and where we were a year ago (990 contracts in the previous 12 months). These strong contract figures bode well for closings in September and October.

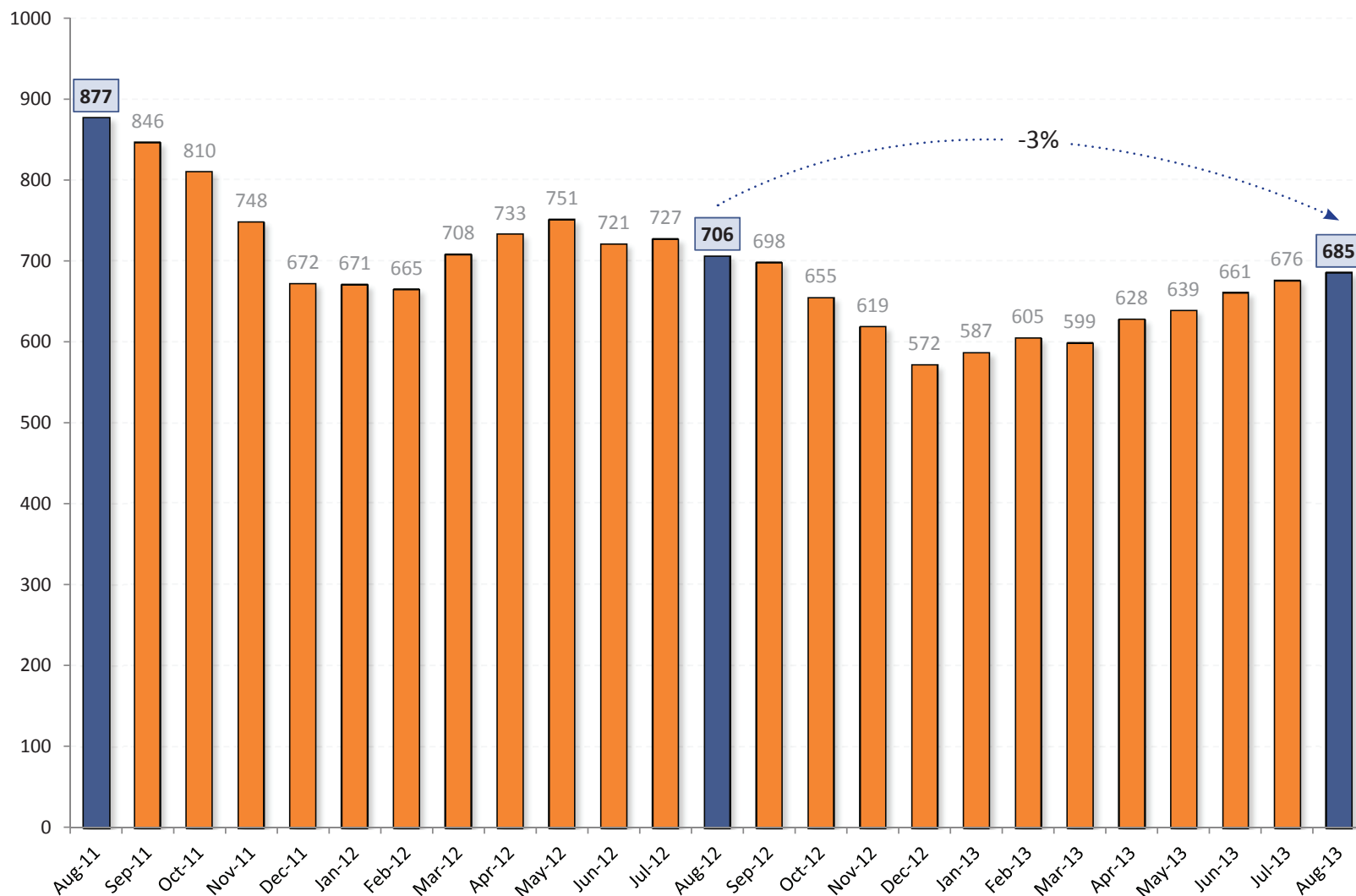
Harrisonburg & Rockingham County Monthly Cumulative Residential Sales



2013 will easily break previous home sales highs. This graph shows the month by month cumulative count of residential sales in Harrisonburg and Rockingham County. Last year's home sales (864) exceeded 2011 home sales (794), and this year, January through August are performing quite well (696 sales) as compared to

previous January through August sales. At the current pace we should easily surge past 900 home sales this year, possibly up to 950 sales, as we have already surged past the first nine months of sales in 2012 with only the first eight months of sales in 2013.

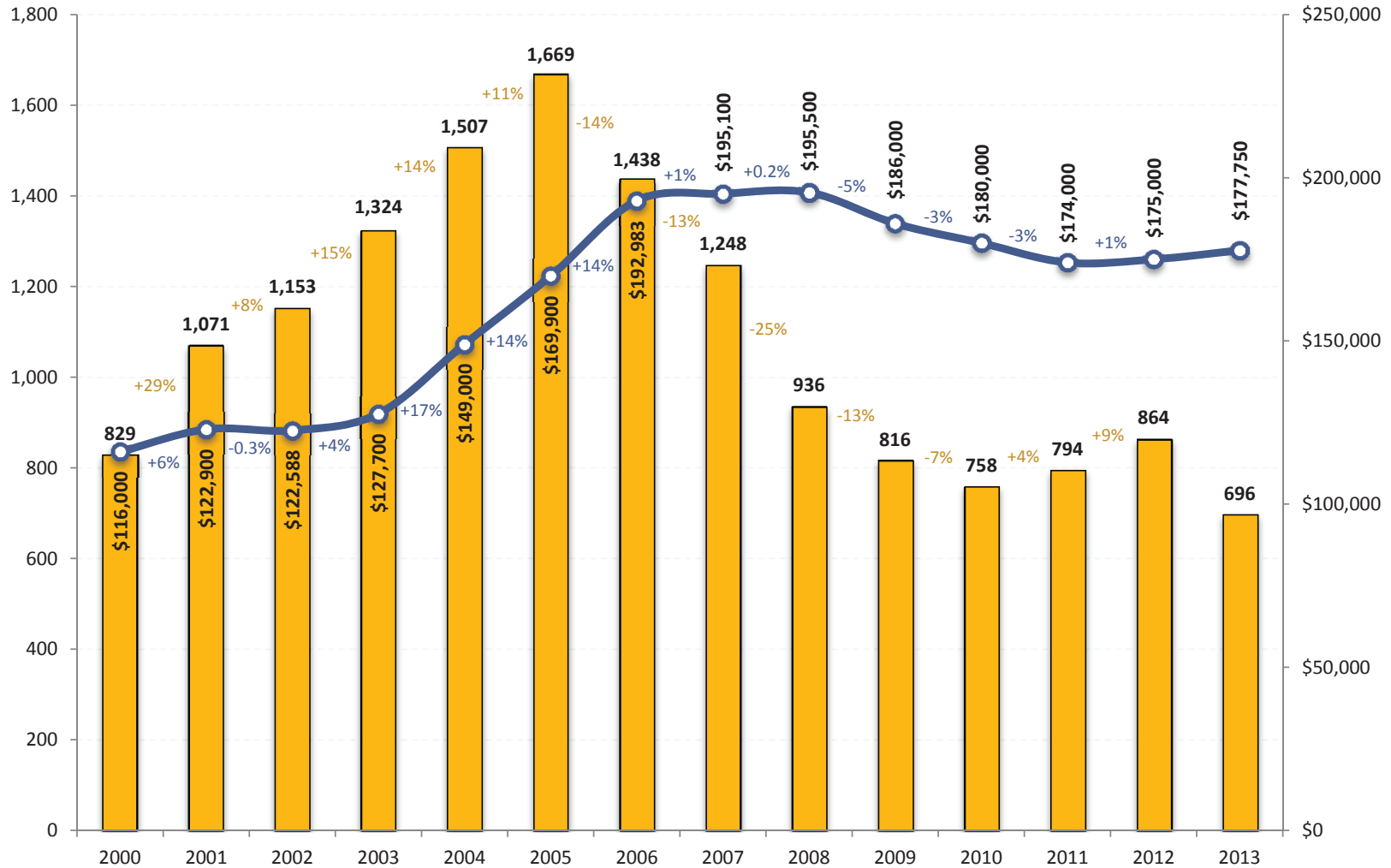
Harrisonburg & Rockingham County
Inventory Levels



Inventory trends defy historical norms. Typically, inventory levels decline from July through December as homes are selling and fewer sellers are putting their homes on the market. That is not happening (yet) this year -- we are still seeing an increase in inventory levels over the past several months. This is likely a sign of

growing (returning) enthusiasm amongst sellers that our local housing market may be starting to (at last!) improve, making it more viable for them to list their property for sale again. Of note, the year-over-year inventory figures still show an overall 3% decline in the number of homes for sale.

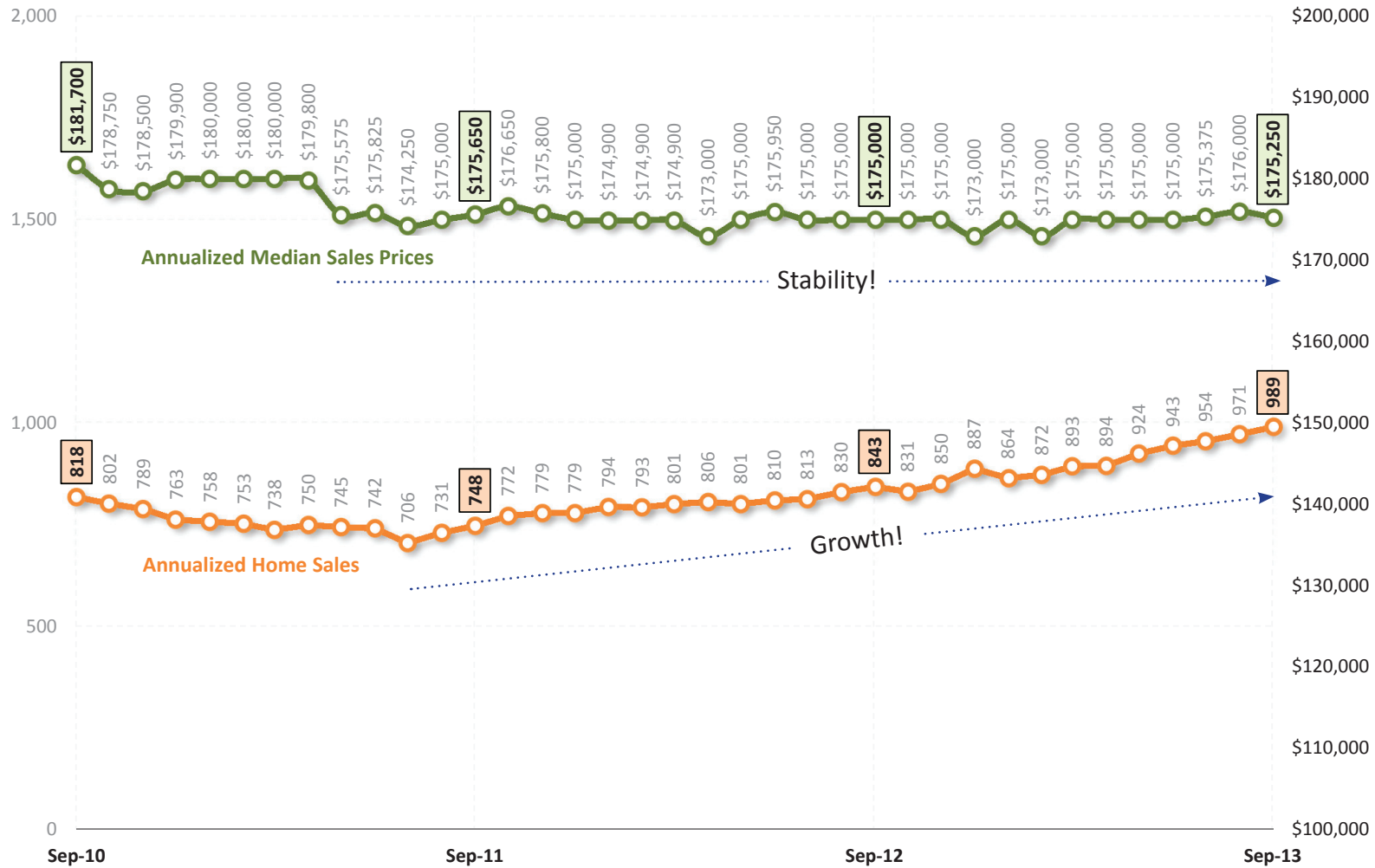
Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes & Townhomes



Buyer activity increasing; home prices slowly improving. 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). After five years of

declines in home sales (2005-2010) the pace finally picked up in 2011 (+4%) and 2012 (+9%). Home values (as measured by median price) increased (slightly) last year to \$175,000, up from the 2011 median price of \$174,000. Year-to-date median prices have risen even further thus far in 2013 to \$177,750.

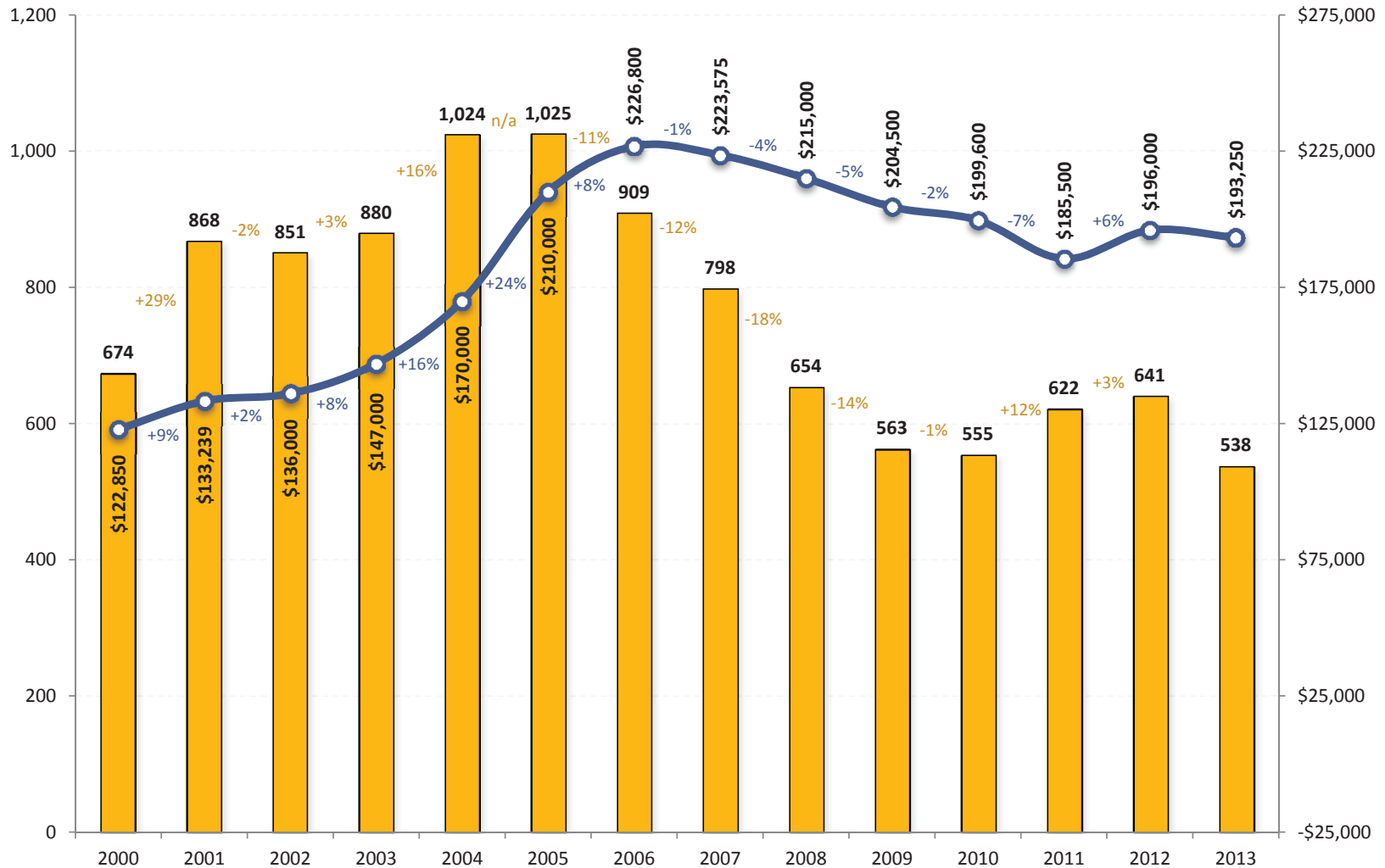
Harrisonburg & Rockingham County Time-Adjusted Home Sales Trends :: All Homes # Home Sales, Median Sales Price in each 12 Month Period



Increasing sales pace; stable sales prices. 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. The annualized pace of home sales continues to climb (up to 989 now from 706 just 26 months ago) to its highest point in the past three years and median sales prices continue to stay steadily around \$175,000 --- where they have been for more than two years now.

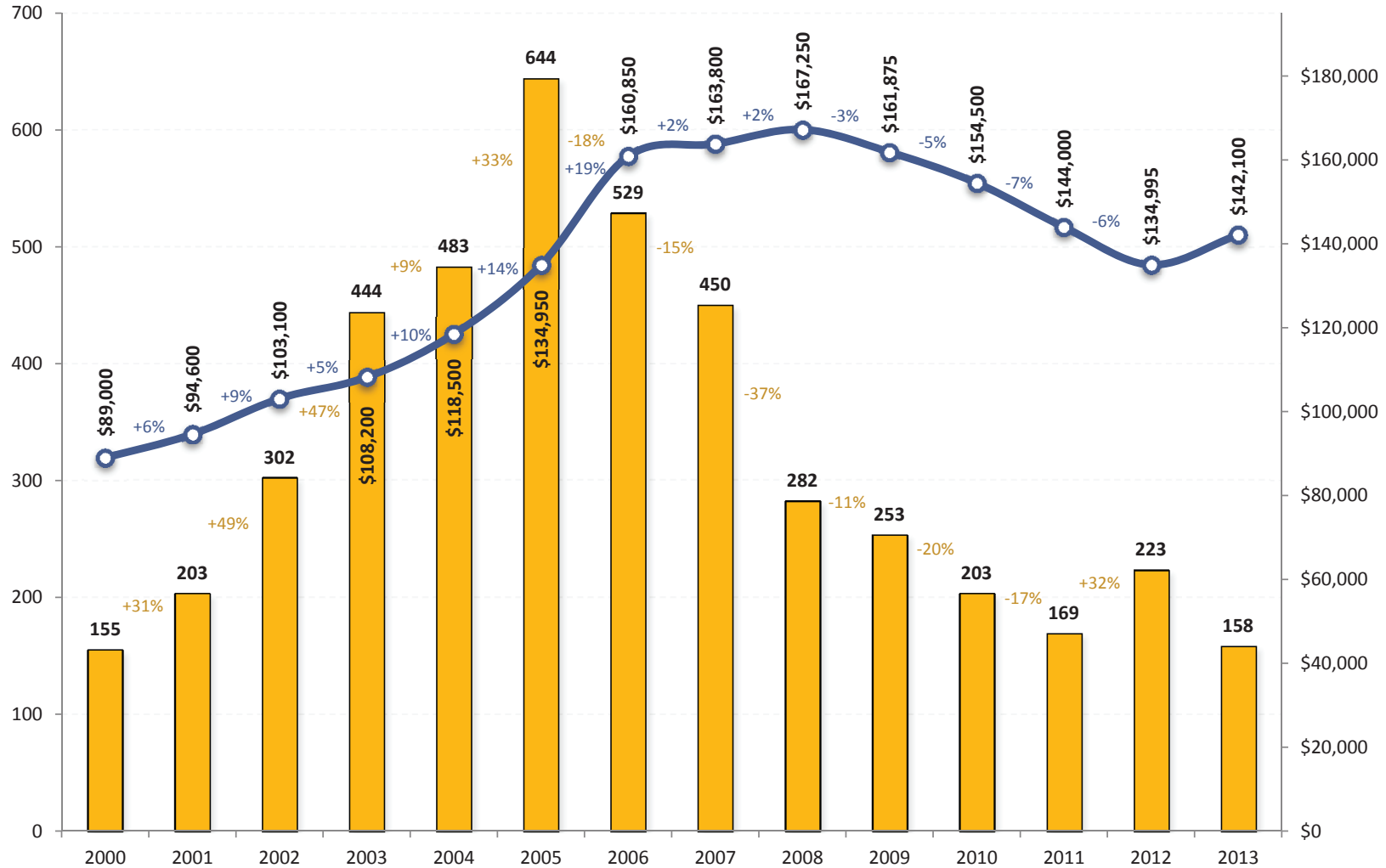
Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes



Single family home sales stay strong. The single family home market in Harrisonburg and the Rockingham County seems to be recovering quite nicely (in most ways) compared to the overall market. In 2011, the pace of home sales in the single family home market increased by 12% -- nearing 2008 sales levels with 622 sales --

and with 641 single family home sales last year (2012), we have seen an additional 3% increase in buyer activity. Median prices of single family homes also increased in 2012, up 6% to \$196,000. The median price has declined thus far during 2013, but the remaining four months of sales data may bring it back up.

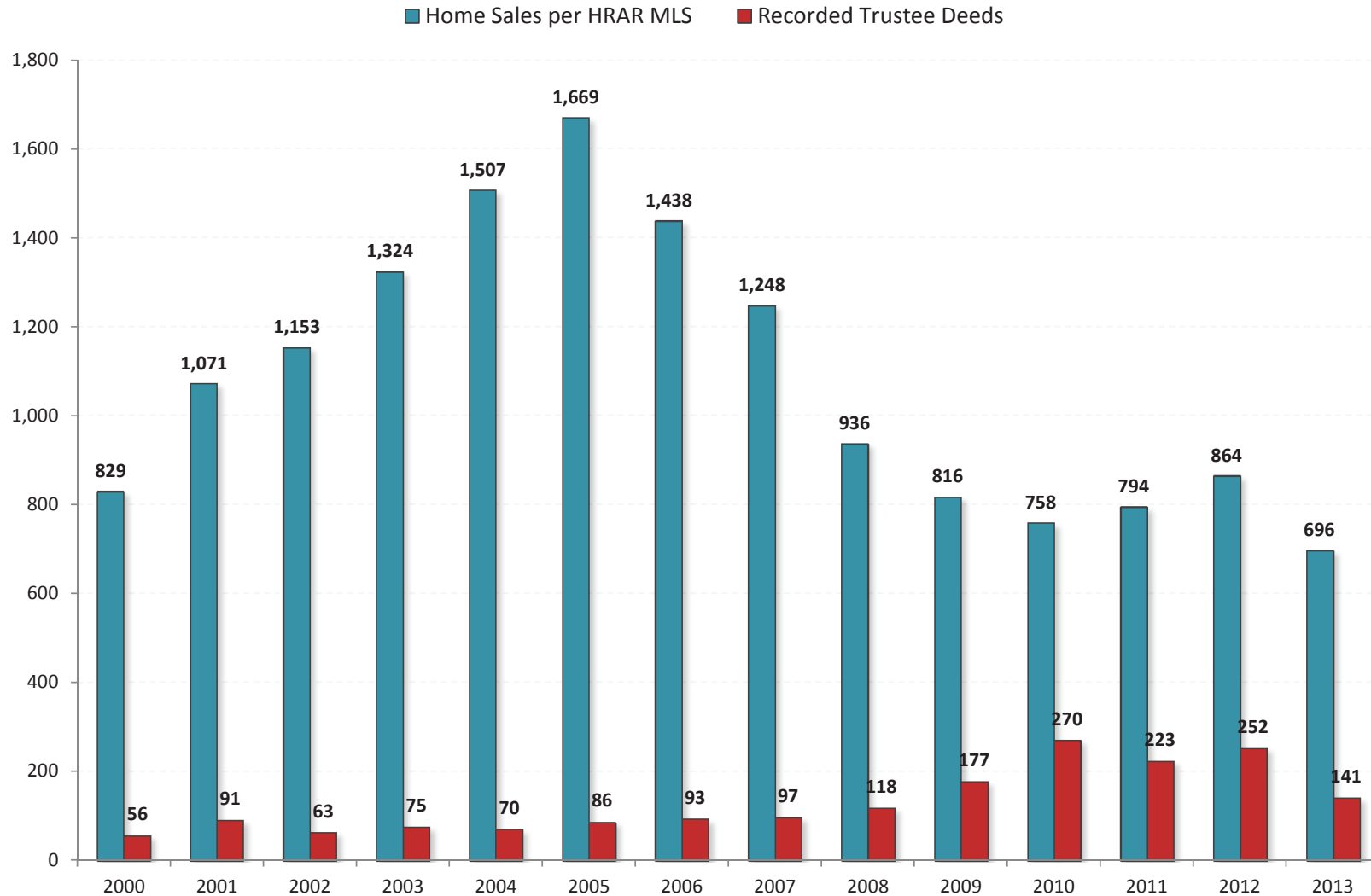
Harrisonburg & Rockingham County Home Sales & Price Trends Duplexes, Townhomes & Condos



Townhouse sales picking up pace (but will it last?). 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. There was a sharp increase (+32%) in townhouse sales in 2012, which also includes duplexes and condos. This was, of course, with

a significant trade off on prices, which continued to decline in 2012 --- down 6% to \$134,995. Hopefully with more buyers in the market (some of whom are investors) we will see townhouse prices starting to stabilize this year -- this seems to be the trend thus far in 2013 with eight months of data on the books.

Harrisonburg & Rockingham County Home Sales vs. Trustee Sales

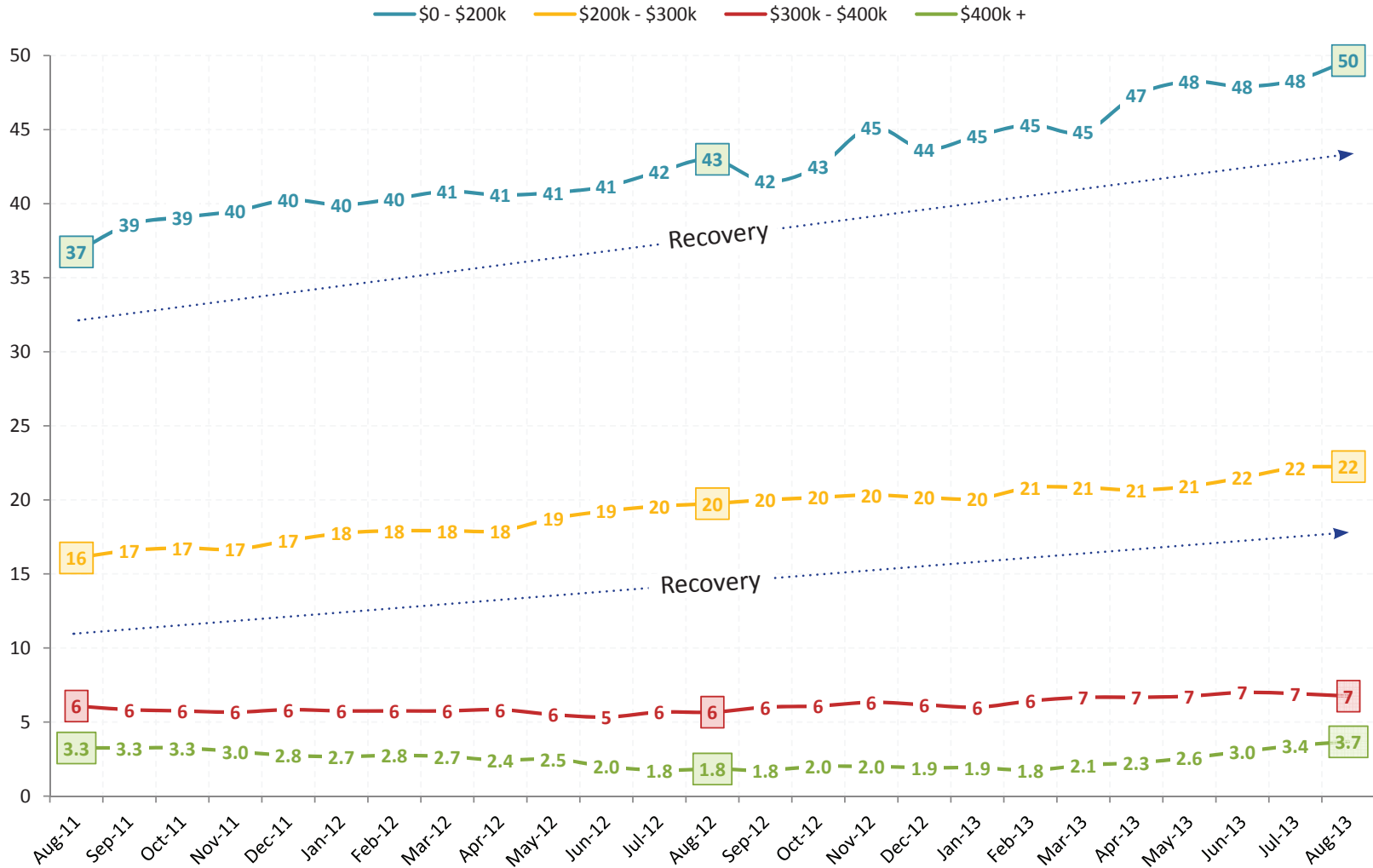


Foreclosures down in 2013. The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales (without a Realtor), nor new home sales directly from a builder. 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 4.9 times as many home sales as foreclosures in 2013.

Harrisonburg & Rockingham County Home Sales by Price Range

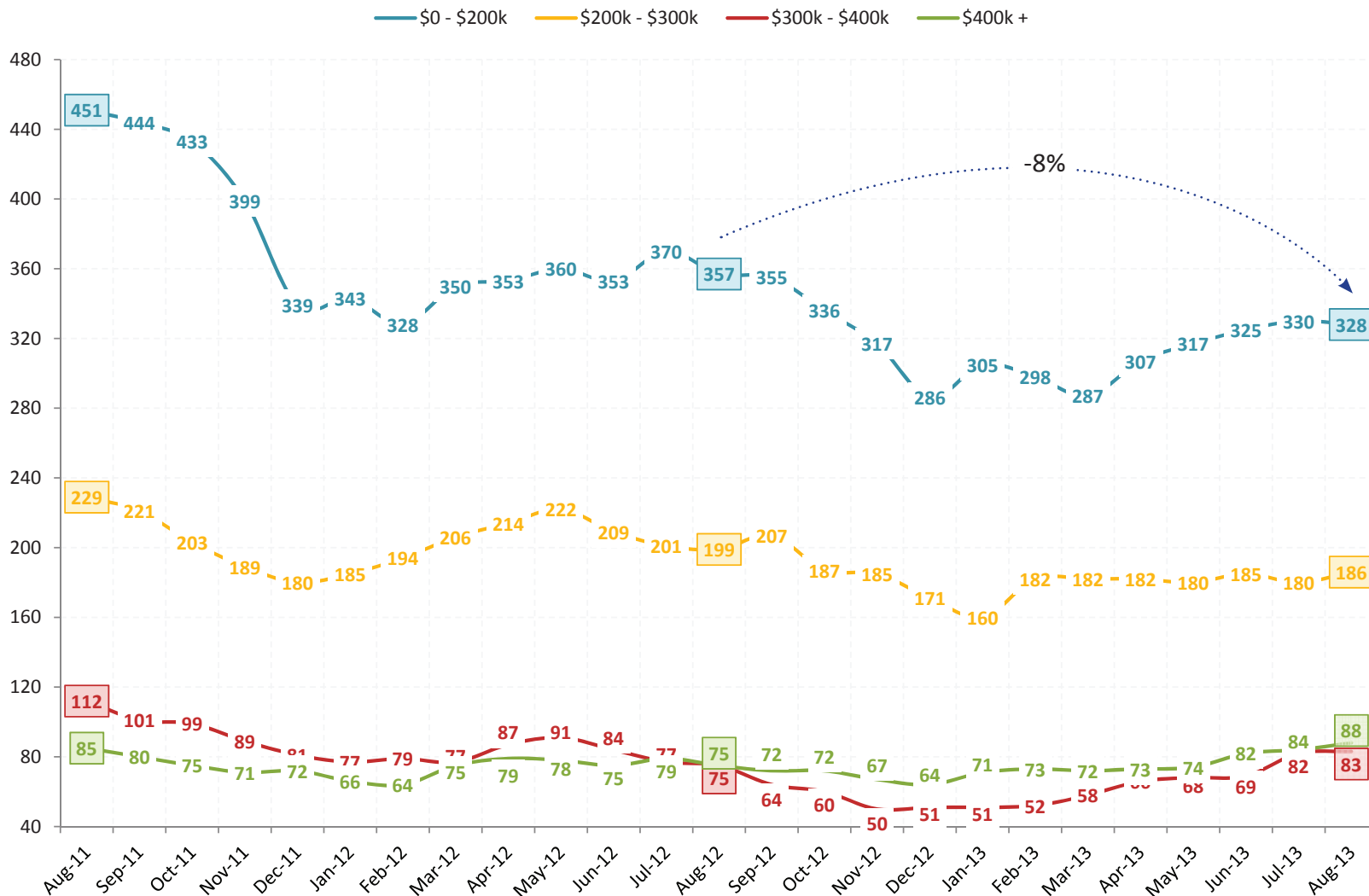
(Average of Past 12 Months)



Recovery more evident in lower price ranges. 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 under \$200,000 have increased for the past year (almost two years now), as have sales between \$200,000 and \$300,000. The pace of home sales for homes between \$300,000 and \$400,000 and \$400,000 and up has increased slightly over the last one to two years.

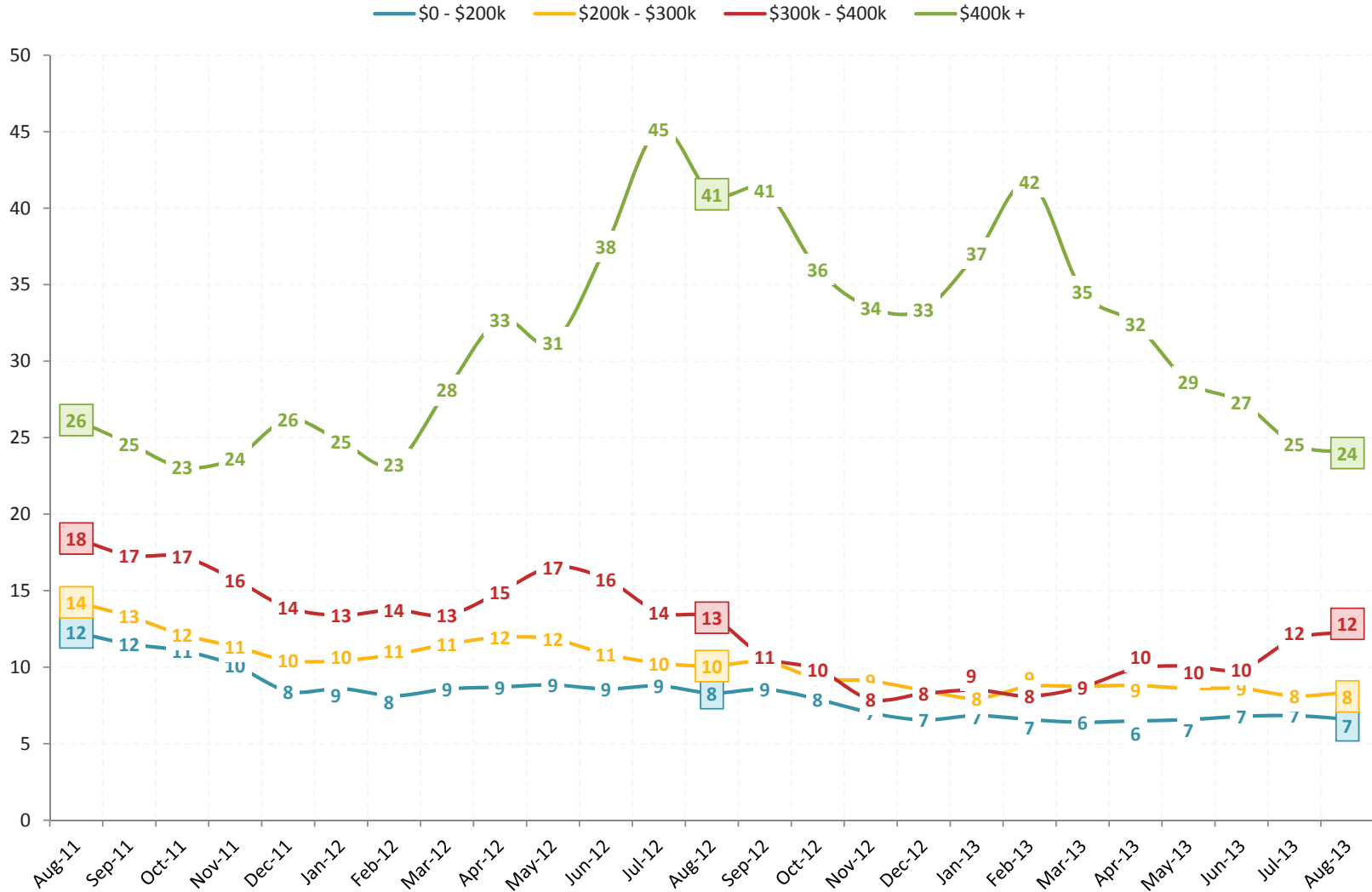
Harrisonburg & Rockingham County Inventory Levels by Price Range



Inventory levels drop in most price segments. Inventory levels have declined in almost all price segments over the past two years, but the changes have been quite different based on list prices. Inventory levels have declined 8% in the under \$200K

price range and 6% in the \$200K-\$300K price range. Both the \$300K - \$400K and the \$400K and up price ranges have seen an increase in inventory levels over the past 12 months.

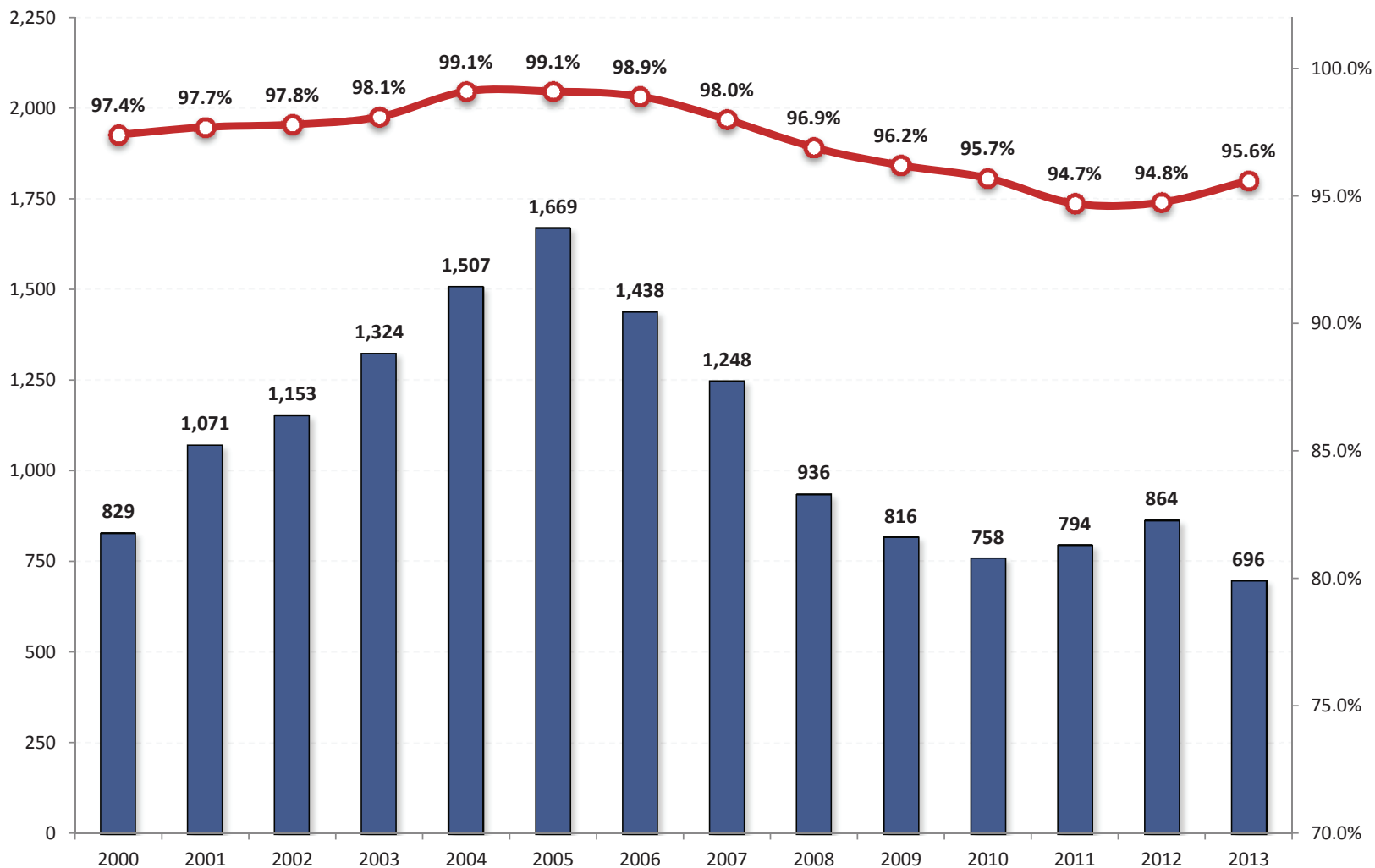
Harrisonburg & Rockingham County Months of Housing Supply by Price Range



Housing supply spikes in high price ranges. 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 our local real estate market. The graph above illustrates that it would take 24 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 months supply of housing to be a balance between buyers and sellers, and we are close to reaching that balance in the under \$200K price range.

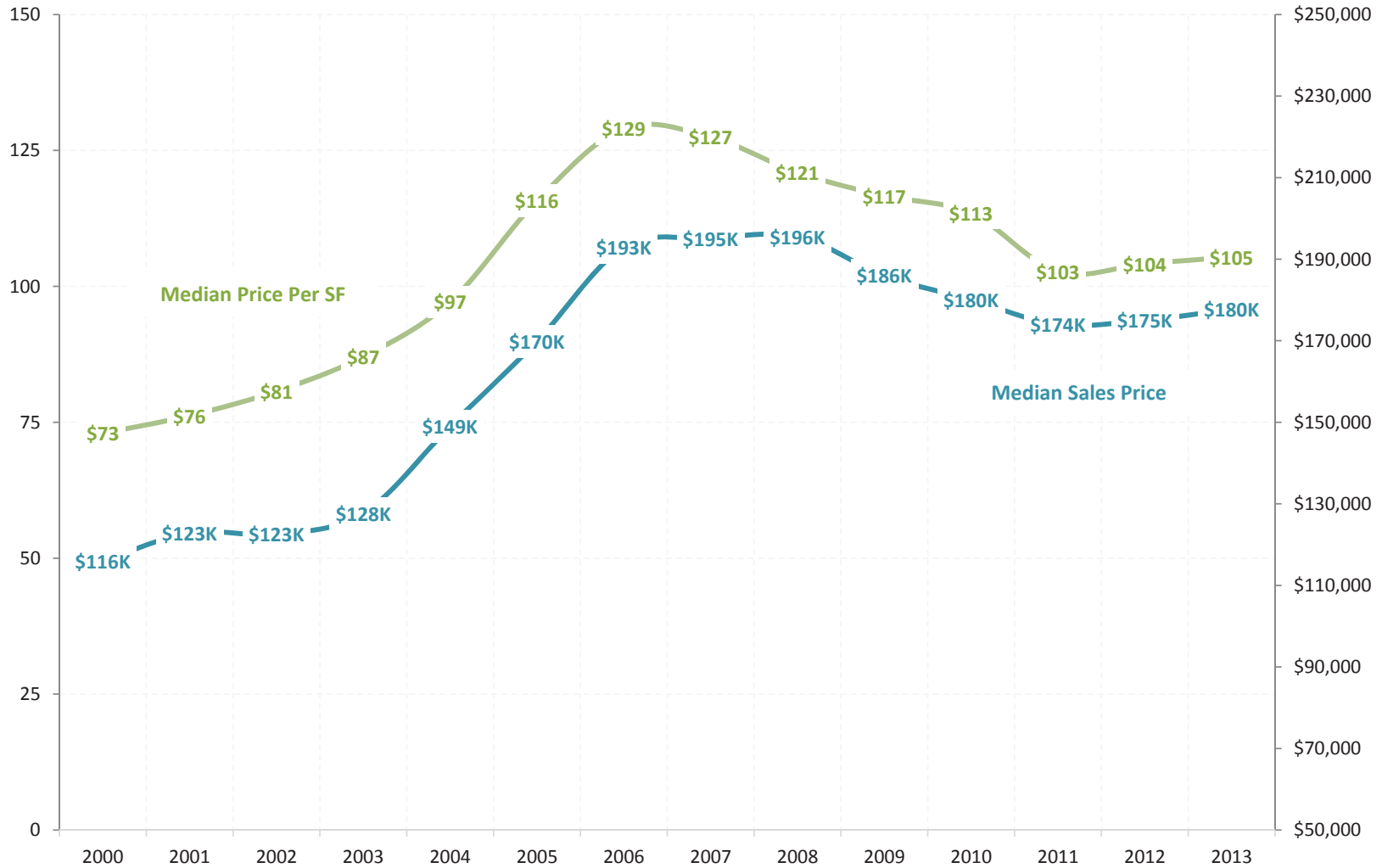
Harrisonburg & Rockingham County
List Price to Sales Price Ratio
 within the context of Home Sales Pace



Buyers still negotiating more than in most of the past 13 years. 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 4.4% - 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 has so far in 2013.

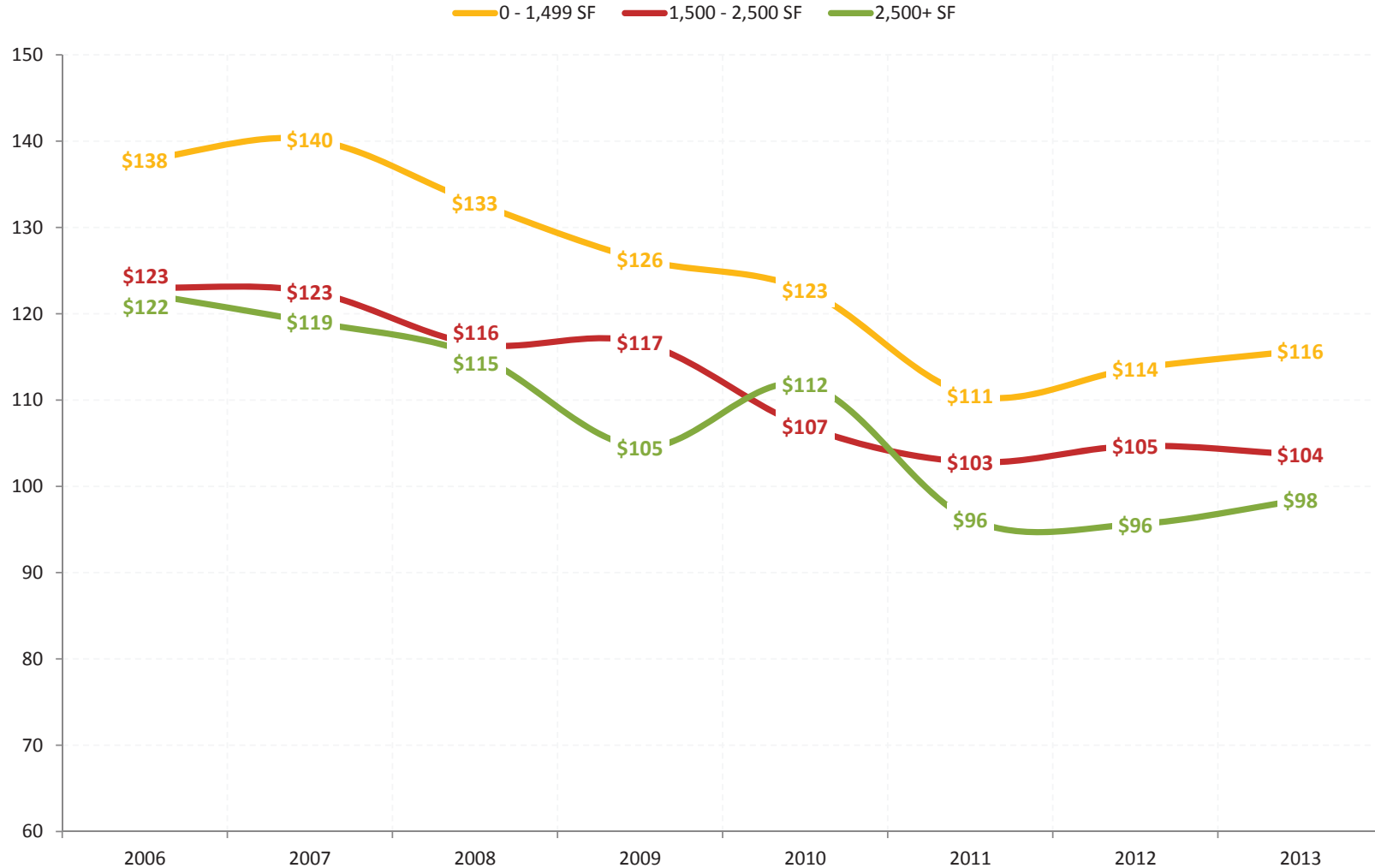
Harrisonburg & Rockingham County Median Price Per Square Foot Trends Single Family Homes



Price per square foot showing possible signs of stability. 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.

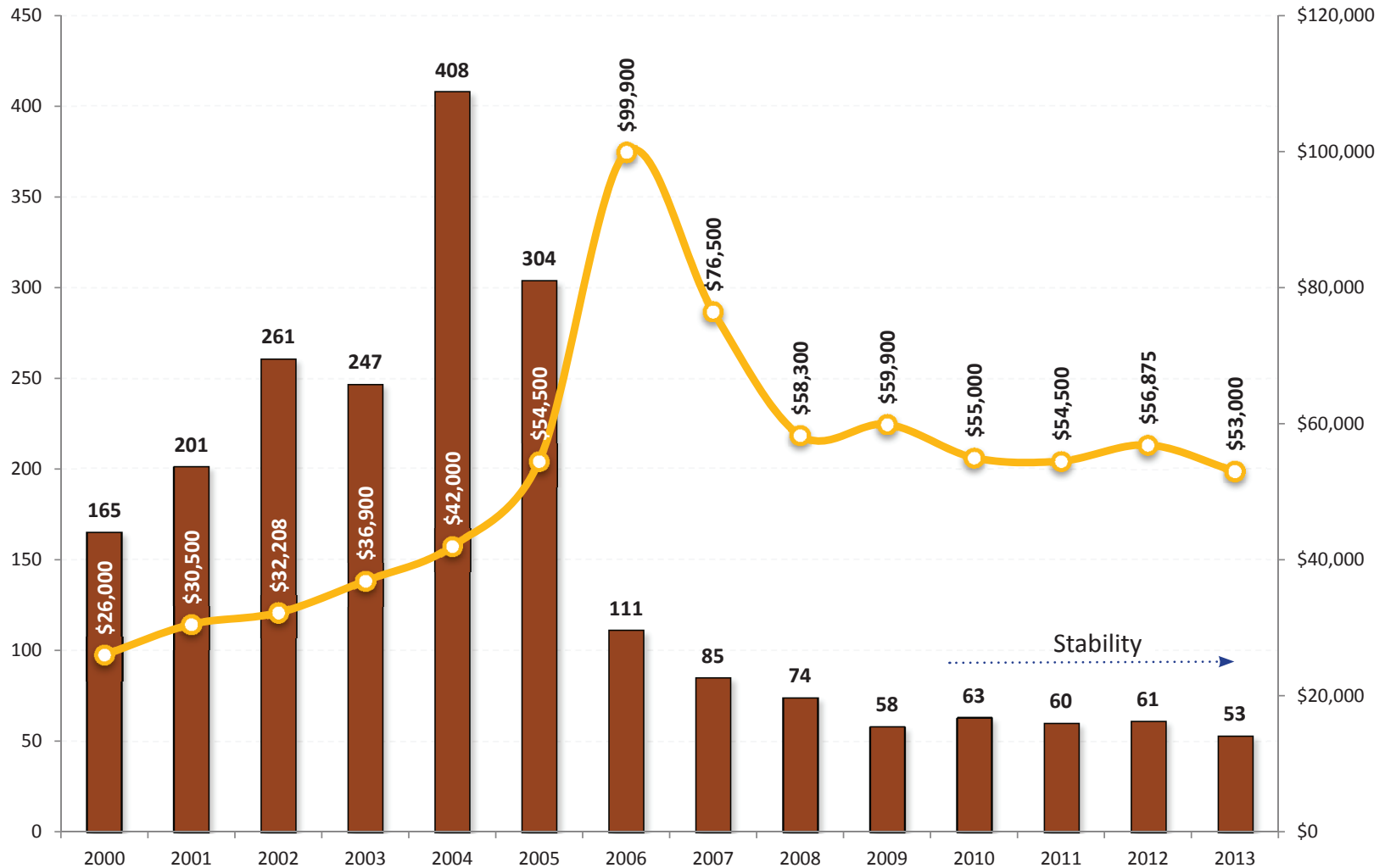
Harrisonburg & Rockingham County
Median Price Per Square Foot by Home Size
 Single Family Homes



Prices decline slightly in most price ranges. 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 (\$98/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.

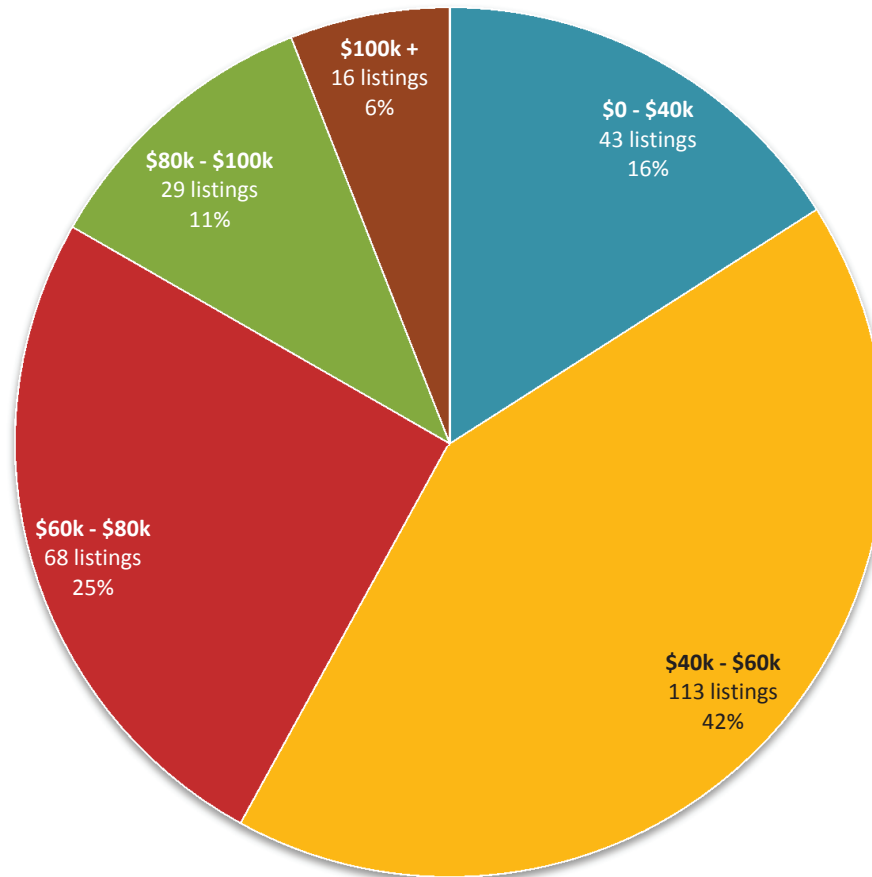
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



Lot sales (< 1 acre) stabilizing. 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 63 lot sales

(of less than an acre) for each of the past four years (2009-2012). The median sales price of these lots under one acre also appears to be stabilizing between \$55,000 and \$60,000, aside from the \$53,000 YTD median sales price.

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

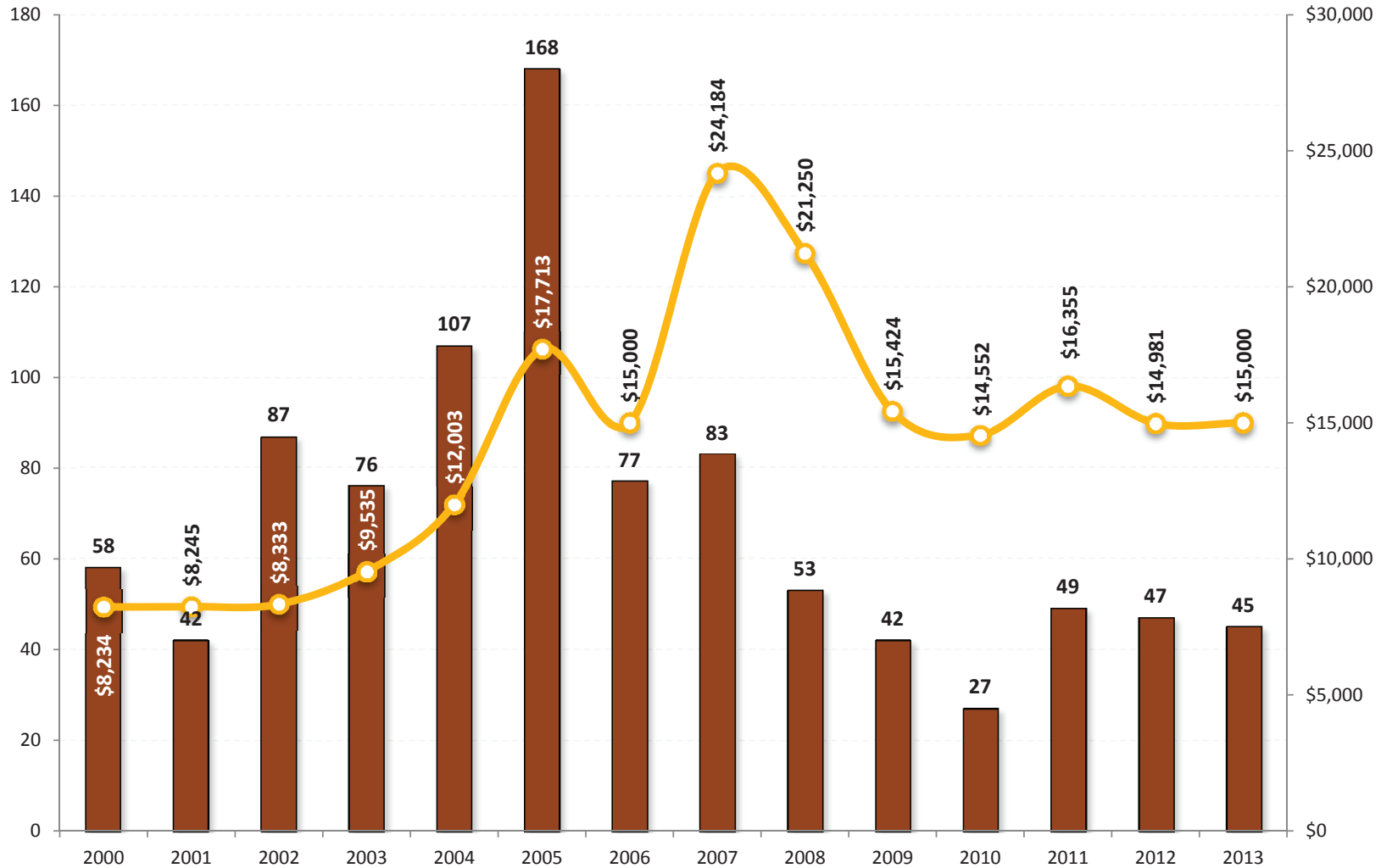


269 Active Lot Listings; Median List Price: \$55,000

Many (many) building lots for sale. Despite the fact that only 61 lots (of less than an acre) sold in all of 2012, there are a remarkable 269 lots currently for sale. Some sanity exists in this listing market, however, as the median list price of lots for sale \$55,000 is actually a bit lower than the 2012 median sales price of \$56,875. Given

last year's 61 lot sales, if no other lots were listed for sale, it would take 4.4 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) median sales prices.

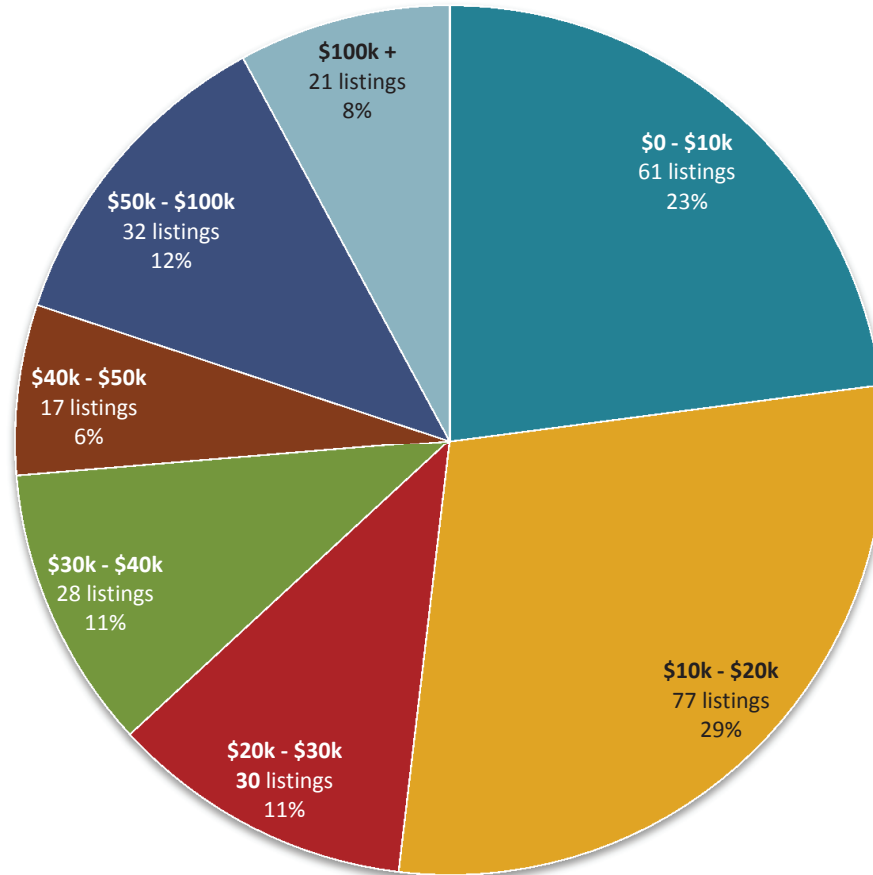
Harrisonburg & Rockingham County
Land Sales & Median Price Per Acre
 1 acre or more



Larger lot sales mostly stable between 2008 and 2012. Parcels of land larger than one acre in Harrisonburg or Rockingham County sold quite quickly in 2011 as compared to both 2010, but perhaps this was just continuing the trend of 42-53

lot sales per year seen between 2008 and 2012 (with the exception of 2010). The median price per acre of lots over 1 acre in size fell slightly over the past year to \$14,981 in 2012, though it has increased slightly thus far in 2013 to \$15,000.

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

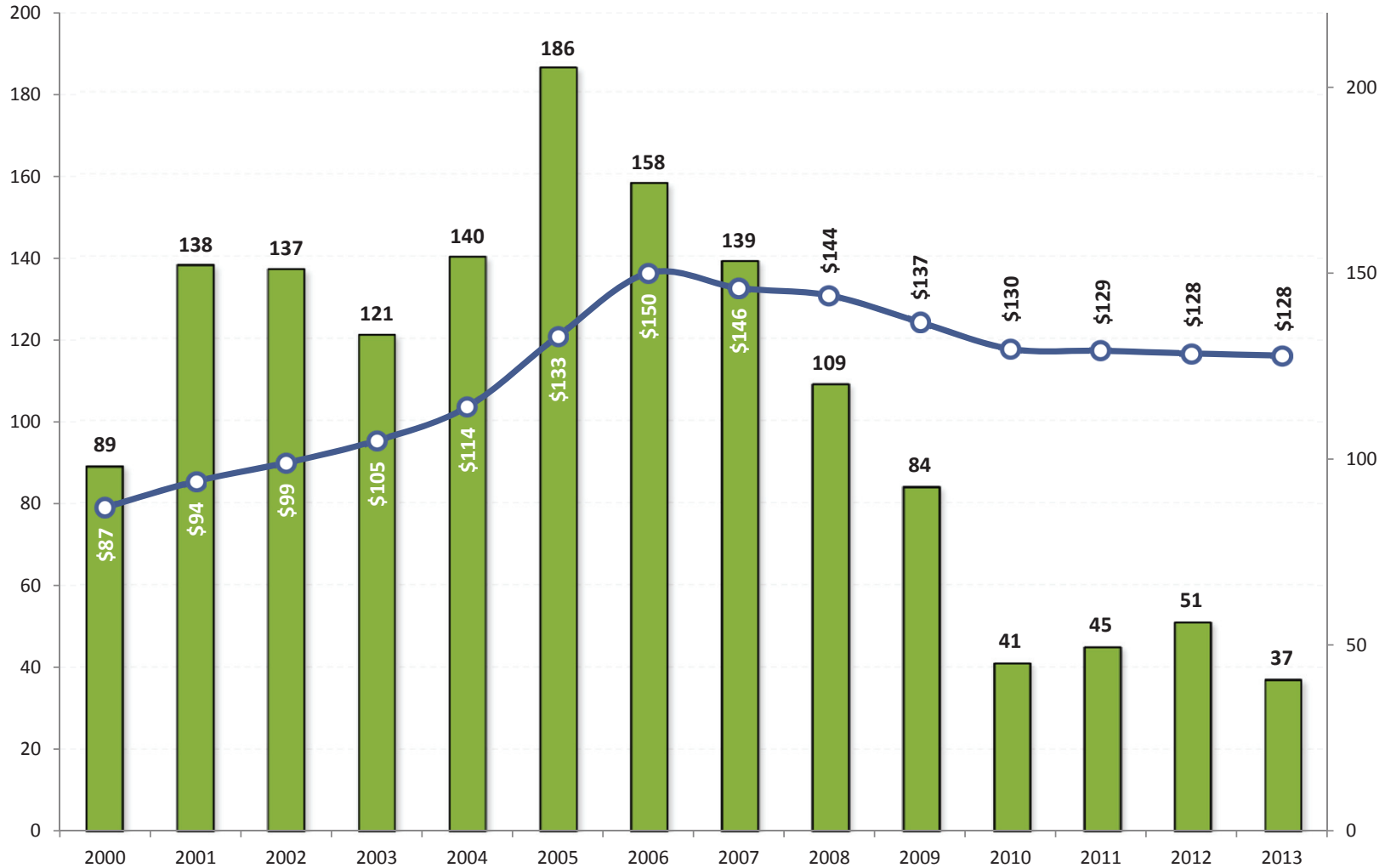


266 Active Land Listing; Median List Price: \$19,679 / Acre

High (really high) levels of lot inventory. Despite the fact that only 47 parcels of land (of one acre or more) sold in all of 2012, there are a remarkable 266 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 255 parcels

for sale is currently \$19,679 per acre. Given last year's 47 land sales, if no other land is listed for sale, it would take 5.7 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.

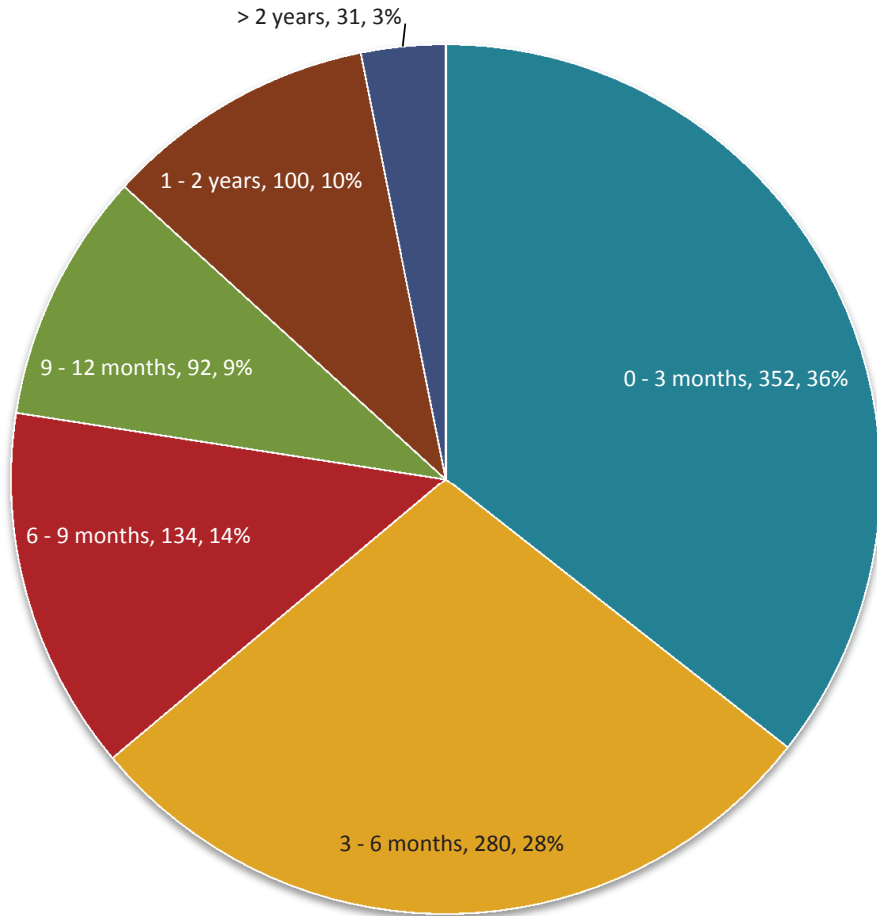
Harrisonburg & Rockingham County
New Construction Single Family Home Sales Trends
 Number of Sales, Median Price Per Square Foot



New home sales somewhat stable, prices still edging downward? New home builders experienced an 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 median price per

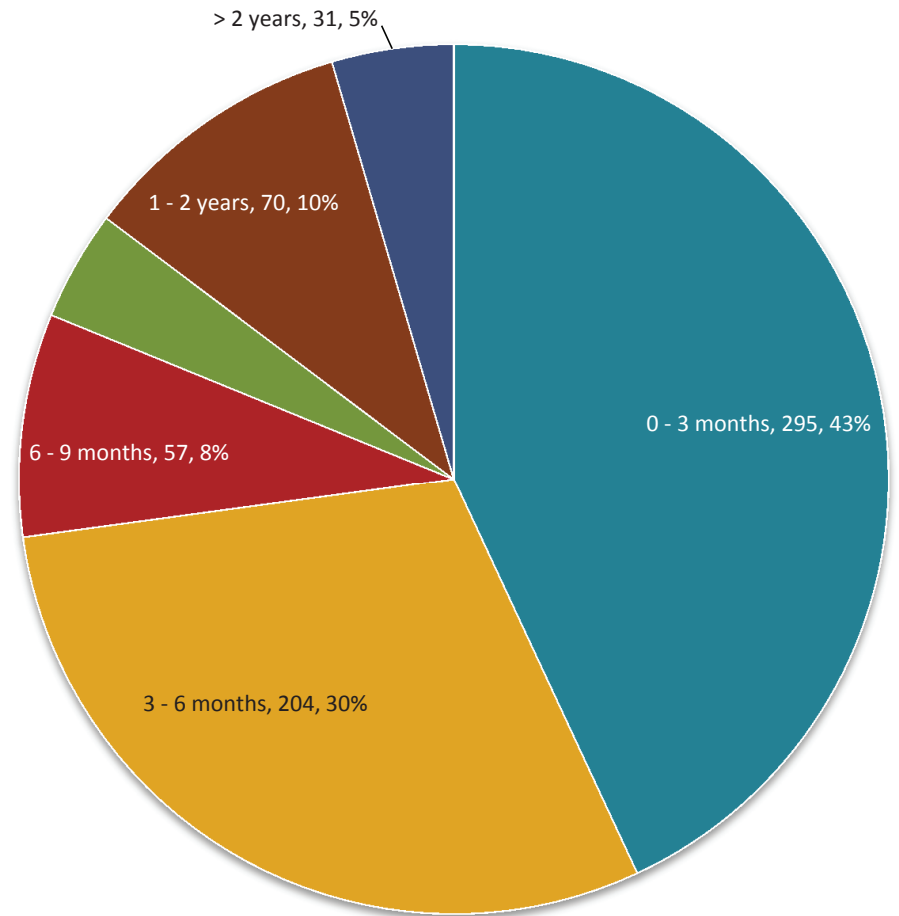
square foot also stabilized around \$128/SF last year, down only slightly over the previous two years. As the inventory of re-sale homes slims down, the sales of new homes should continue to increase.

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



Median Days On Market: 127

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

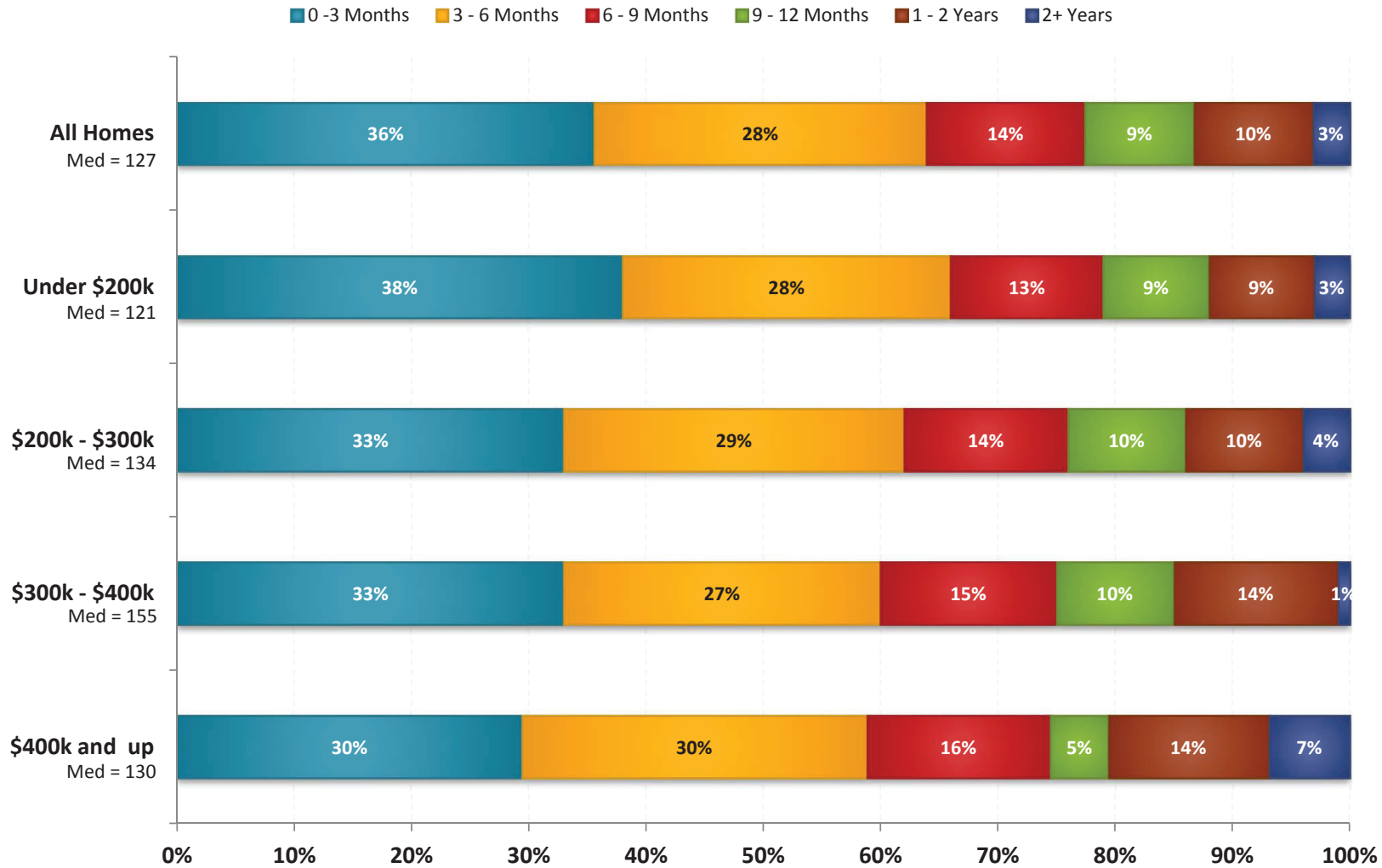


Median Days On Market: 103

Days on market relatively low amongst many homes that actually slow. 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 (36%) that sells closes less than 90 days after being listed for sale. Include with that those

that close in the next 90 days and we find that an amazing 64% 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

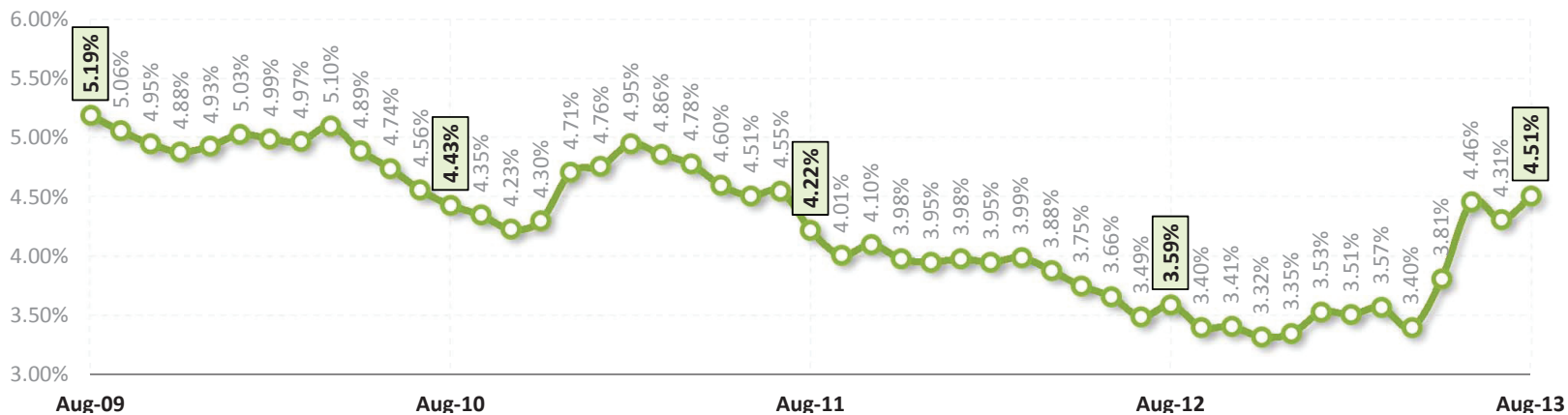


Sales pace varies by price range. The time that it takes to sell a home in today's market varies based on the price range of the home in question. For example, 66% of homes that sold under \$200K sold in the first six months of being on the

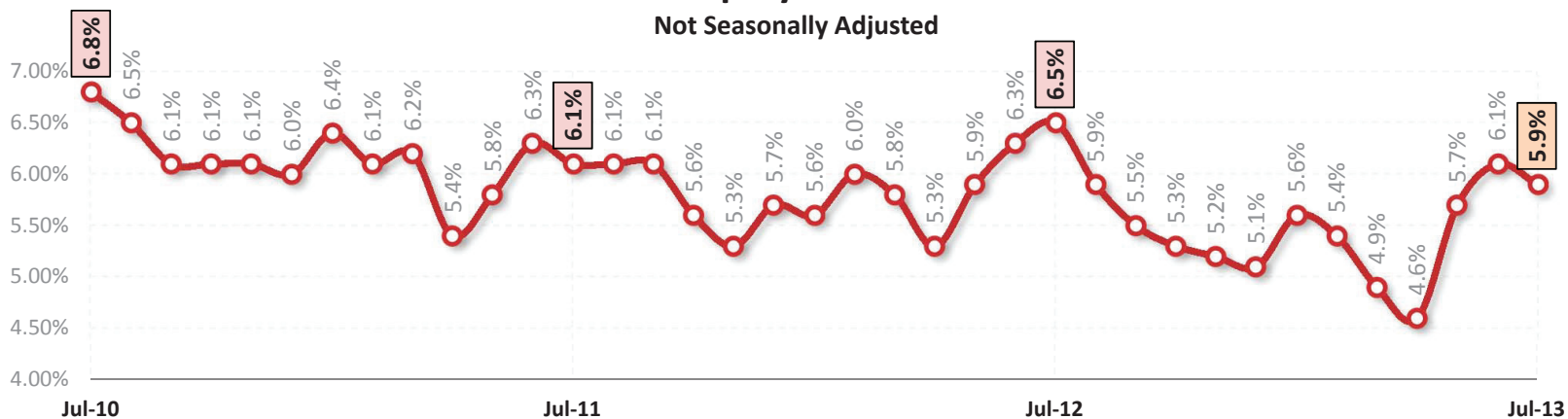
market, while only 60% of homes over \$400,000 were able to sell in that same time period. The difference in median values between price ranges is also indicative of market challenges for higher priced listings.

Average 30-Year Fixed Mortgage Interest Rate

Source: Freddie Mac



Harrisonburg-Rockingham MSA Unemployment Rate Not Seasonally Adjusted



Mortgage interest rates still drifting up, unemployment rate down. As shown in the top graph above, home buyers have seen increases in interest rates on 30-year fixed rate mortgages over the past few months -- from a low of 3.4% in April 2013 to last month's average of 4.5% in August 2013. The second graph above illustrates

trends in the local unemployment rate -- which declined in July to 5.9%, which marks a 9% year-over-year decline. 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, and 2012 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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Guiding you through every move

Local Online Real Estate Resources

Central Shenandoah Valley Property Search
<http://www.ScottPRogers.com>

Monthly Real Estate Market Reports
<http://www.HarrisonburgHousingMarket.com>

Ongoing Housing Market Analysis & Commentary
<http://www.HarrisonburgHousingToday.com>

Comprehensive Data on Harrisonburg Townhouse Communities
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New Construction Homes For Sale
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Half Million (plus) Homes in Harrisonburg, Rockingham County
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Most Recent Listings in Harrisonburg, Rockingham County
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Trustee Sales in Harrisonburg & Rockingham County
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Bank Owned Properties in Harrisonburg & Rockingham
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Owner Financed Properties in Harrisonburg & Rockingham County
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