



DECEMBER 2013

# Harrisonburg & Rockingham County Real Estate Market Report



*An analysis of real estate activity through November 30, 2013  
provided courtesy of Scott P. Rogers, Funkhouser Real Estate Group*



Four Bedroom Colonial in Barrington with Finished, Walkout Basement . . . \$375,000 . . . [1787BroadridgeDrive.com](http://1787BroadridgeDrive.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: November

59 homes sold in November 2013, marking a 38% decline compared to November 2012 when 95 homes sold -- though 22 of those 95 were a single transaction.

### Home Values: November

Median sales prices increased 23% and average sales prices increased 36% when comparing November 2013 to November 2012.

### Days on Market: November

The median time it took for a home to sell was 128 days in November 2013, a 13% decline from 113 days in November 2012 and a 2% increase from 126 days in November 2011.

### Foreclosures

203 trustee deeds were recorded thus far in 2013 compared to 924 total home sales reported through the HRAR MLS during the same timeframe.

### Inventory

Inventory levels declined during November 2013 to 584 residential properties currently for sale, down 51 homes from one month ago, and down 35 homes from one year ago.

### Pace of Home Sales: Year To Date

924 homes sold in the first eleven months of 2013. This marks an impressive 14% increase from the first eleven months of 2012 when only 809 homes had sold.

### Home Values: Year To Date

Median sales prices increased 1.63% and average sales prices increased 3.6% 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 eleven months of 2013 was 122 days, a 15% decline as compared to the first eleven months of 2012.

### Supply

The under \$200k price range is balanced (six months of supply) but all other price ranges still show an excess of housing supply, with 7, 11 and 17 months of supply available.

### 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

91 buyers committed to buy in November 2013, compared to 58 in November 2012 -- marking a rather significant 57% increase in buyer activity over the past year.

### Single Family Home Sales

705 single family homes sold thus far in 2013, compared to a total of 641 in 2012. The median sales price has declined slightly to \$194,500.

### Townhouse Sales

219 townhouses sold thus far in 2013, compared to a 2012 total of 223 townhomes. The median townhome sales price has increased to \$138,500 from \$134,995 in 2012.

### Lot Sales

There have been 76 lot sales of less than an acre in 2013, compared to 61 in all of 2012. Median sales prices have declined to \$53,500 thus far in 2013 as compared to \$56,875 in 2012.

### Land Sales

64 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 declined to \$12,848 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 &amp; Rockingham County

December 9, 2013

# Home Sales	2010	2011	2012	2013	% Change ('12 - '13)
November	58	58	95	59	-37.89%
<b>Year-To-Date (Jan-Nov)</b>	<b>694</b>	<b>715</b>	<b>809</b>	<b>924</b>	<b>14.22%</b>

Median Sales Price	2010	2011	2012	2013	% Change ('12 - '13)
November	\$187,250	\$174,950	\$152,500	\$187,600	23.02%
<b>Year-To-Date (Jan-Nov)</b>	<b>\$181,750</b>	<b>\$174,900</b>	<b>\$174,900</b>	<b>\$177,750</b>	<b>1.63%</b>

Average Sales Price	2010	2011	2012	2013	% Change ('12 - '13)
November	\$217,626	\$193,334	\$153,407	\$208,464	35.89%
<b>Year-To-Date (Jan-Nov)</b>	<b>\$209,831</b>	<b>\$195,915</b>	<b>\$193,543</b>	<b>\$200,503</b>	<b>3.60%</b>

Median Days on Market	2010	2011	2012	2013	% Change ('12 - '13)
November	174	126	113	128	13.27%
<b>Year-To-Date (Jan-Nov)</b>	<b>139</b>	<b>148</b>	<b>143</b>	<b>122</b>	<b>-14.69%</b>

**Year-To-Date Home Sales Strong Despite Slow November.** The pace of home sales (59) declined dramatically in November compared to last November (95) but there are several reasons why that took place. First, last November's 95 home sales was a bit atypical because it included the sale of 22 condominiums from one seller to one

buyer --- these were represented as 22 transactions in the MLS (contributing towards last November's 95 sales) instead of as 1 transaction (which would have resulted in 76 sales). Also, the October 2013 government shutdown caused contracts to decline in October and closings to decline in November.

# HOME SALES REPORT :: BY AREA

	City of Harrisonburg			Rockingham County		
# Home Sales	2012	2013	% Change	2012	2013	% Change
November	51	16	-68.63%	44	43	-2.27%
Year-To-Date	306	339	10.78%	503	585	16.30%

	City of Harrisonburg			Rockingham County		
Median Sales Price	2012	2013	% Change	2012	2013	% Change
November	\$42,500	\$186,050	337.76%	\$188,500	\$195,500	3.71%
Year-To-Date	\$157,250	\$165,000	4.93%	\$191,565	\$190,000	-0.82%

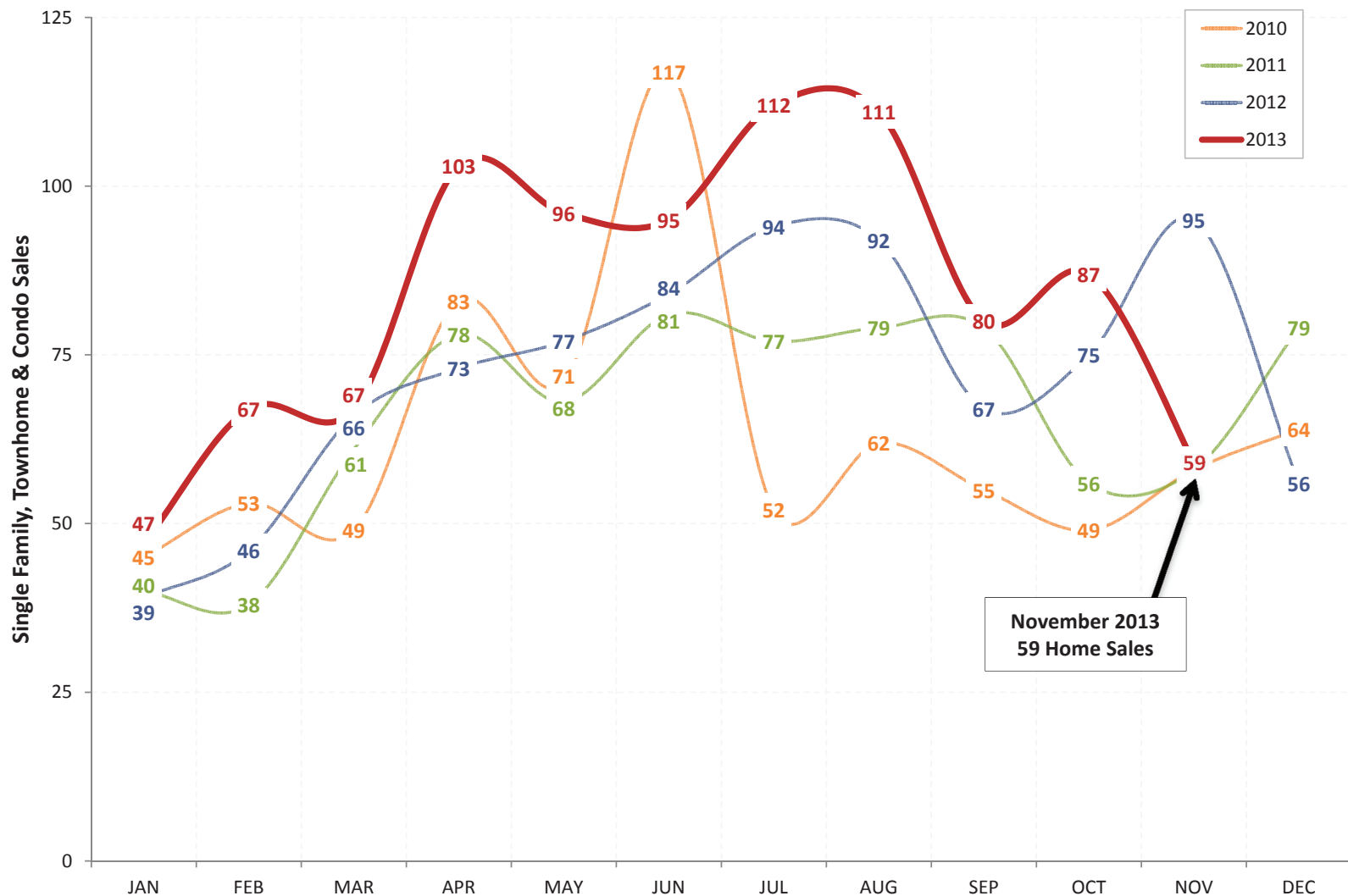
  

	City of Harrisonburg			Rockingham County		
Median Days on Market	2012	2013	% Change	2012	2013	% Change
November	60	132	120.00%	156	128	-17.95%
Year-To-Date	131	114	-12.98%	148	124	-16.22%

**Sales pace stronger in County, but 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 County has seen a 16% increase in YTD sales as compared to only an 11% increase in the City. Median sales prices have increased 10.78% in the City, as compared to a 0.82% decline in the County. Homes in the City (114 DOM) are also selling faster those than in the County (124).

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

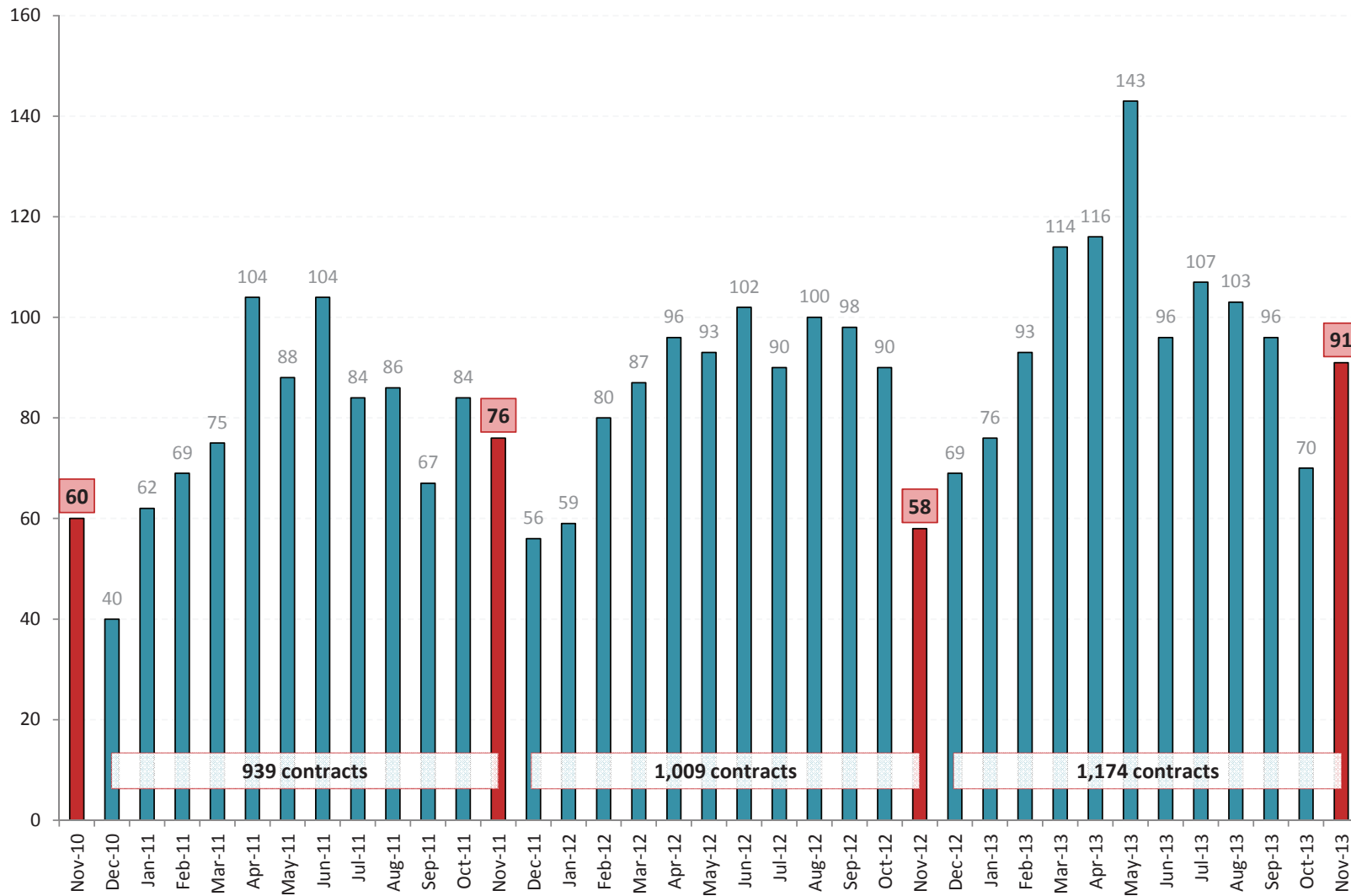


**November 2013  
59 Home Sales**

**Nose-Dive November.** For each of the first ten months of 2013, we saw a record number of home sales in our local housing market. No longer. There were only 59 home sales in November 2013, as reported through the Harrisonburg-Rockingham MLS --- this is a decline to the same general pace seen in November of 2010 and

2011. One significant contributor to this decline was the temporary government shutdown in October --- this reduced the number of contracts written in October, which then resulted in significantly fewer closings in November.

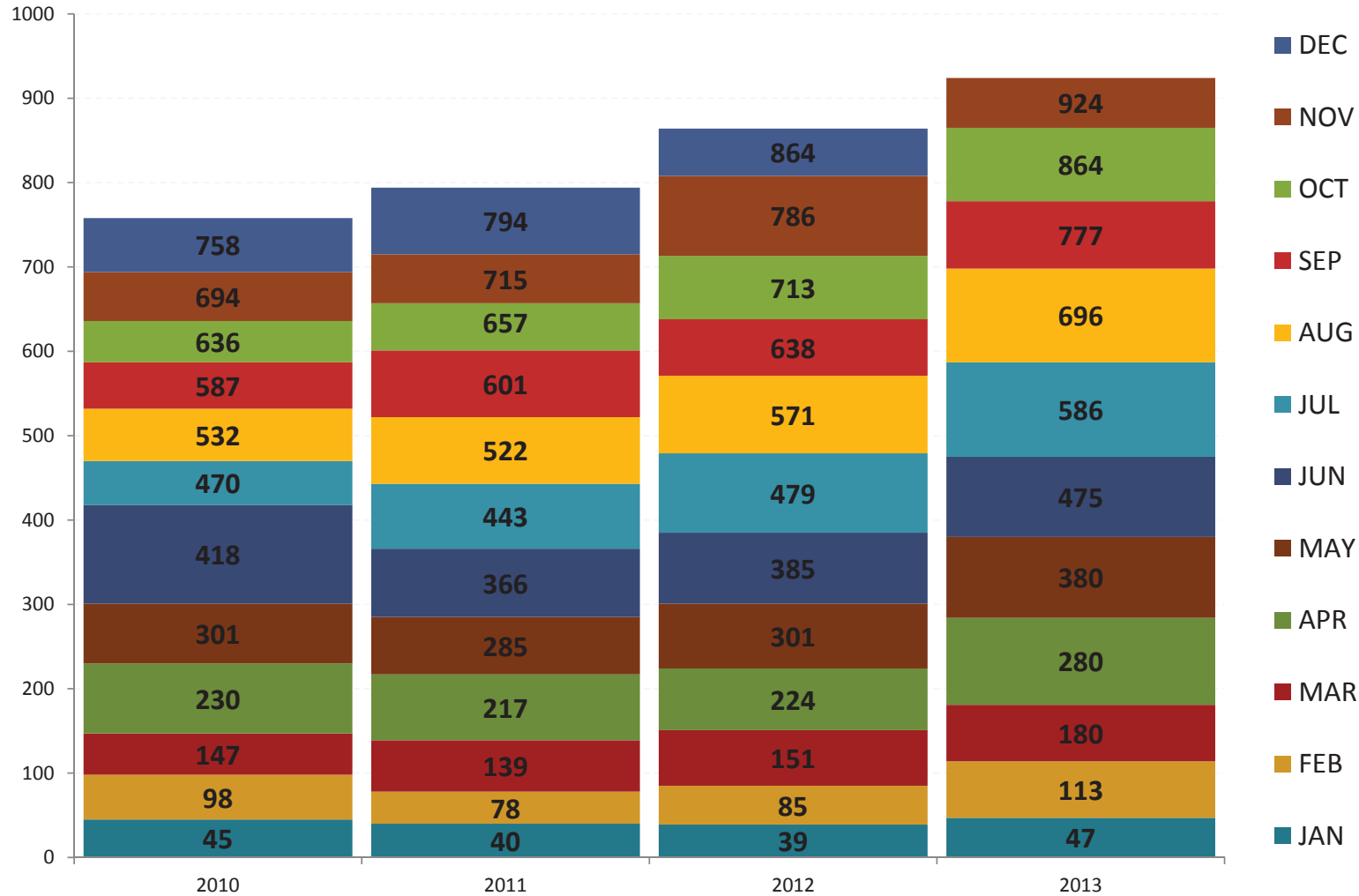
Harrisonburg & Rockingham County  
**Buyers Per Month Committing to Buy Properties**



**Buyer activity picks back up again in November.** We could have, for a month there, thought that October 2013 was signalling the end of a robust 2013 sales streak. Looking back now, the decline in October contracts was likely a result of uncertainty in the market during the temporary shutdown of the federal government. It is,

therefore, encouraging to see the amount of buyer activity bouncing back in November 2013 --- with 91 contracts being ratified last month. This is a significant increase over each of the past three Novembers.

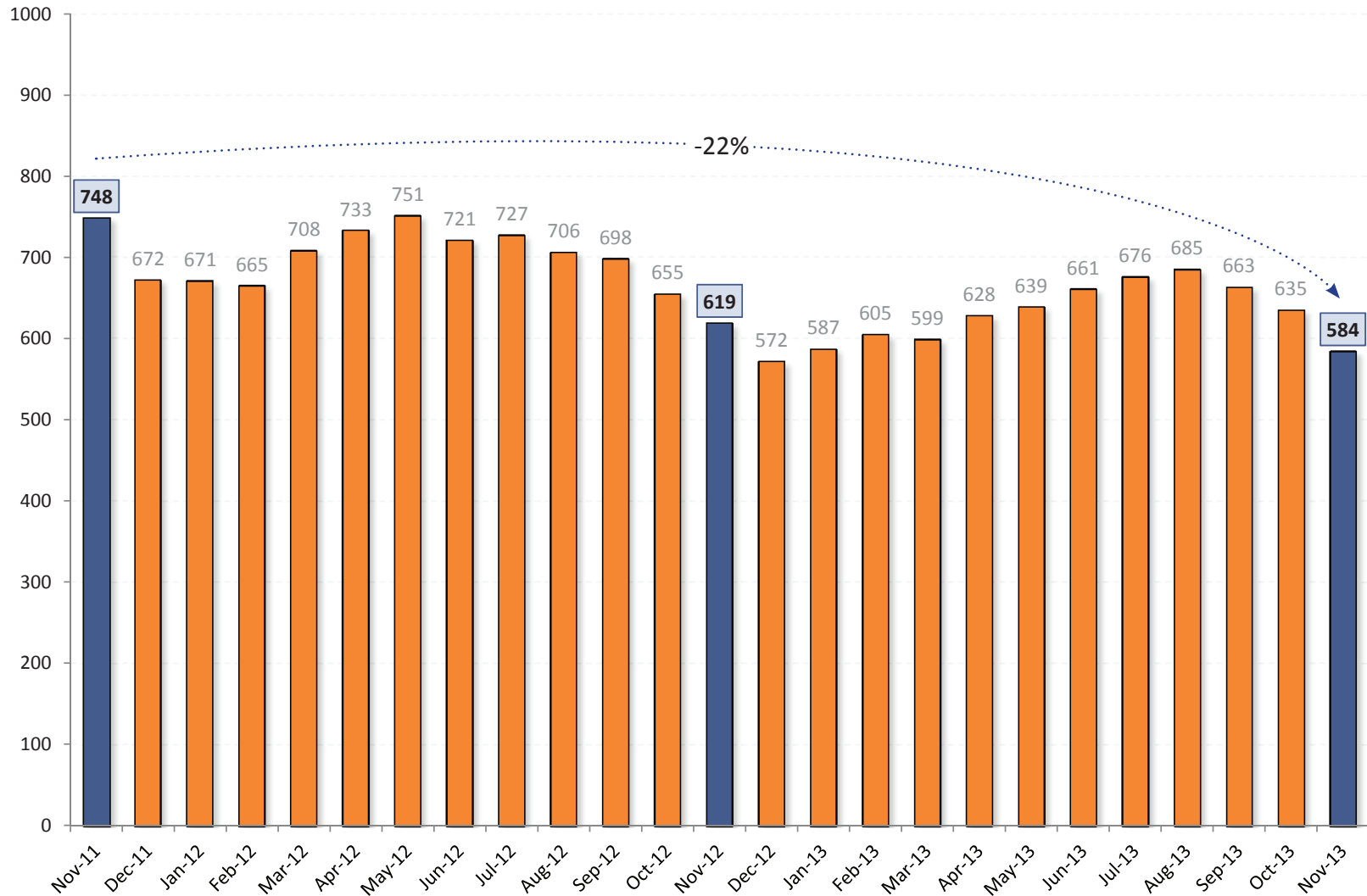
### Harrisonburg & Rockingham County Monthly Cumulative Residential Sales



**An encouraging multi-year growth pattern.** 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 November are performing tremendously well (924) as compared to

previous January through November sales -- having already exceeded last year's total home sales. At the current pace we should easily surge past 950 home sales this year, possibly up to 1,000 home sales.

Harrisonburg & Rockingham County  
**Inventory Levels**

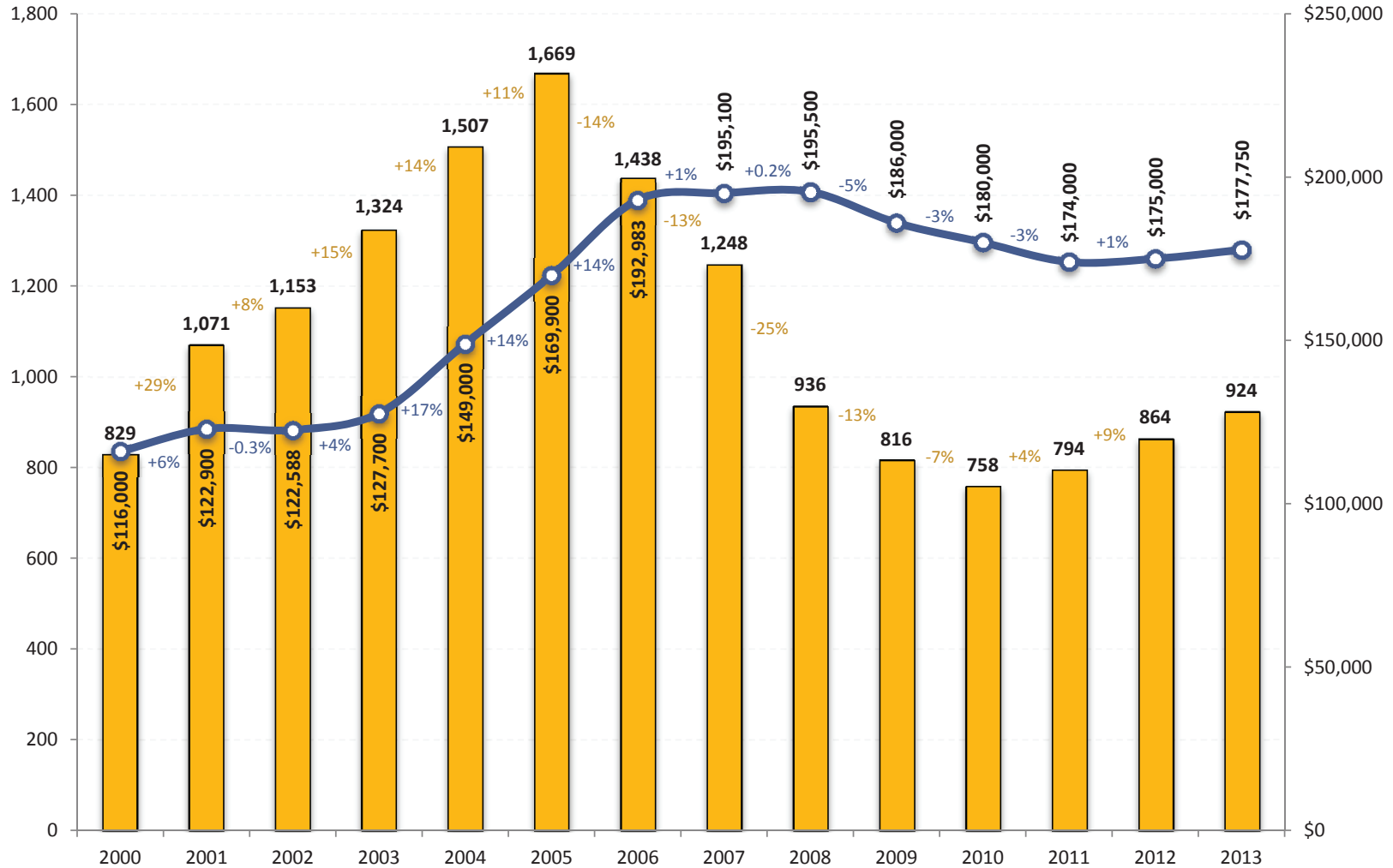


**Inventory continues to steadily decline.** As is typical, we are seeing inventory levels rapidly decline as we head into the winter months. In fact, there are now 100 fewer homes on the market than just three months ago --- which is a 15% reduction in listing inventory. Current inventory levels are also lower than we have seen for

the past several years, with a 22% decline between November 2011 and November 2013. Slowly but surely, these lower inventory levels combined with the increasing numbers of home sales will balance the market between buyers and sellers.

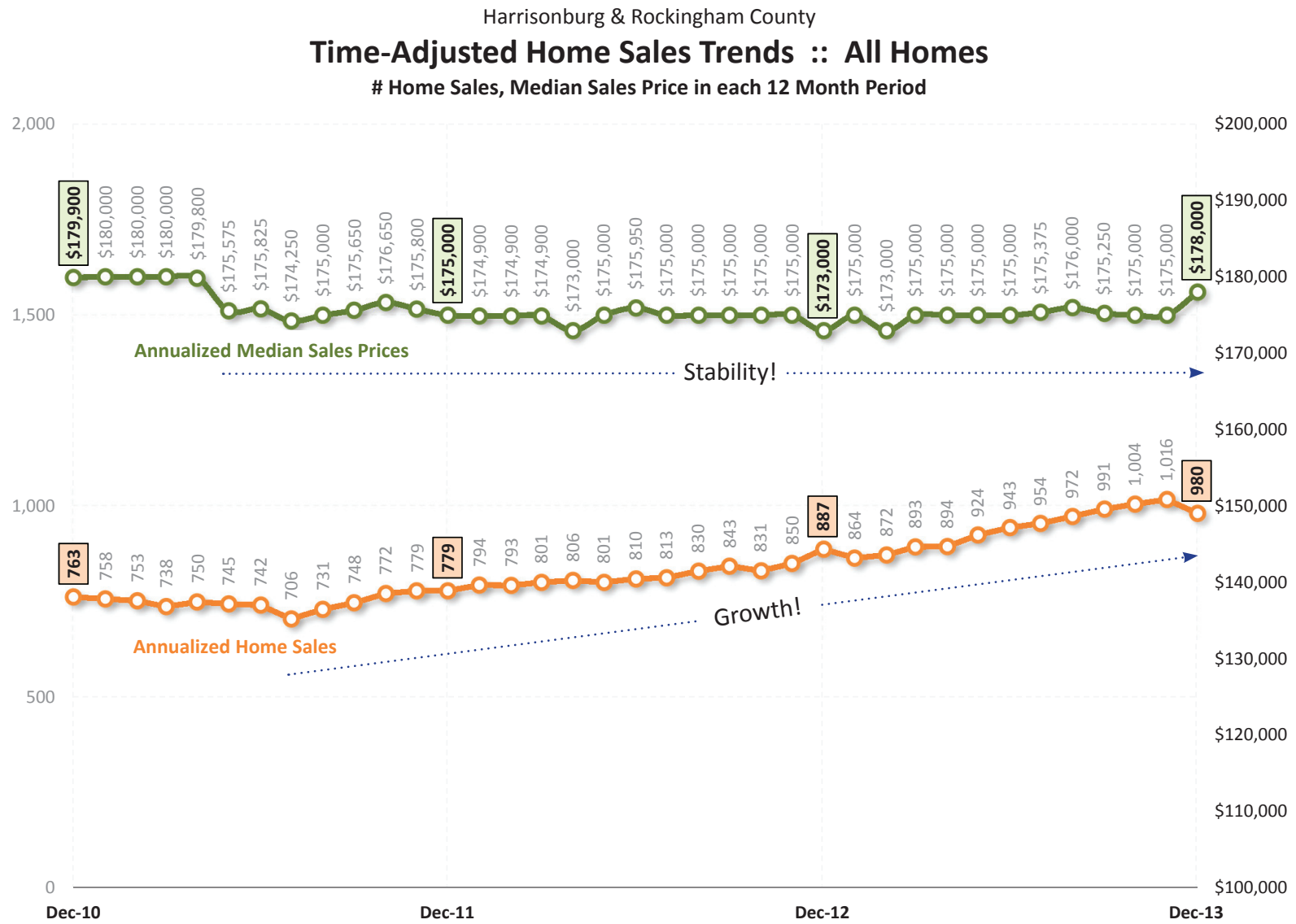


### Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes & Townhomes



**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

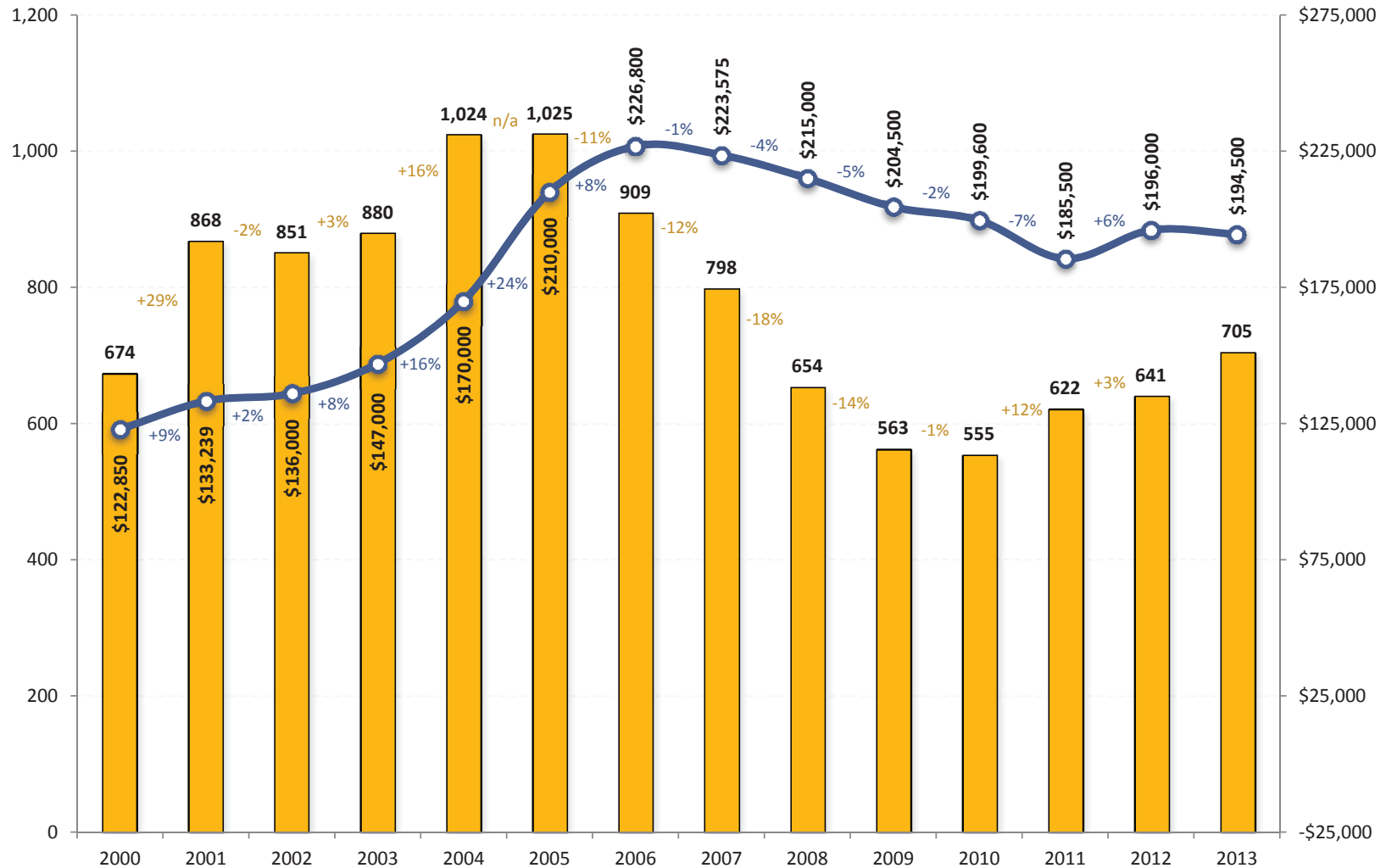
declines in home sales (2005-2010) the pace finally picked up in 2011 (+4%) and 2012 (+9%). Home values (as measured by median price) increased (slightly) last year to \$175,000, up from the 2011 median price of \$174,000. Year-to-date median prices have risen even further thus far in 2013 to \$177,750.



**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 remain strong, at 980 sales in the past 12 months -- dropping slightly this month as 22 condo sales that took place last November finally fell out of the mix. Median sales prices also continue to stay steadily around \$175,000.

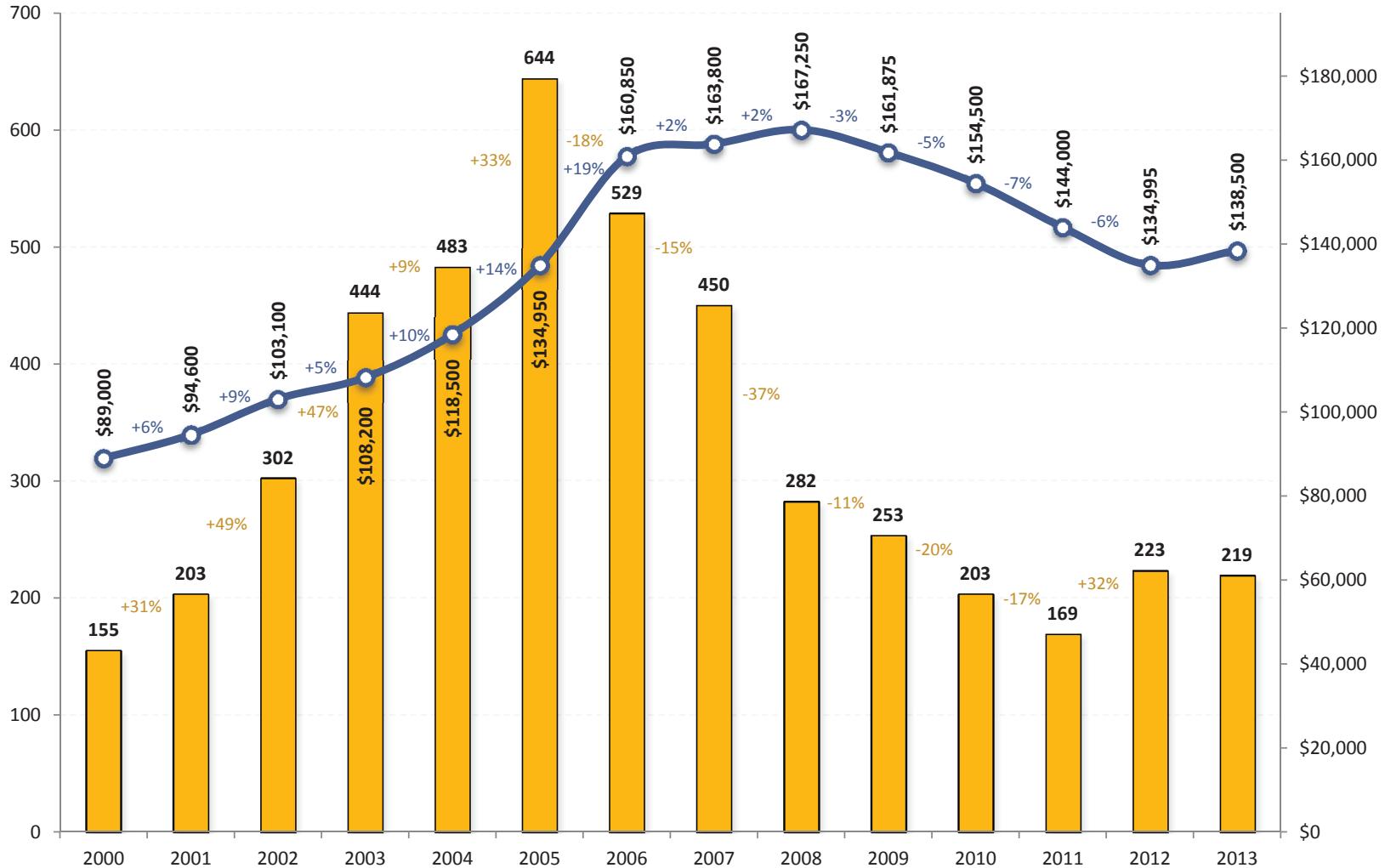
### Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes



**Single family home sales surge past 2012 levels.** The single family home market in Harrisonburg and the Rockingham County is recovering quite nicely (in most ways) compared to the overall market. With only eleven months of data to work with, there have already been more single family home sales this year than in the full 12

months of any of the previous five years. Median sales prices appeared to have bounced back for good last year with a 6% increase between 2011 and 2012, but that median price has declined slightly in 2013.

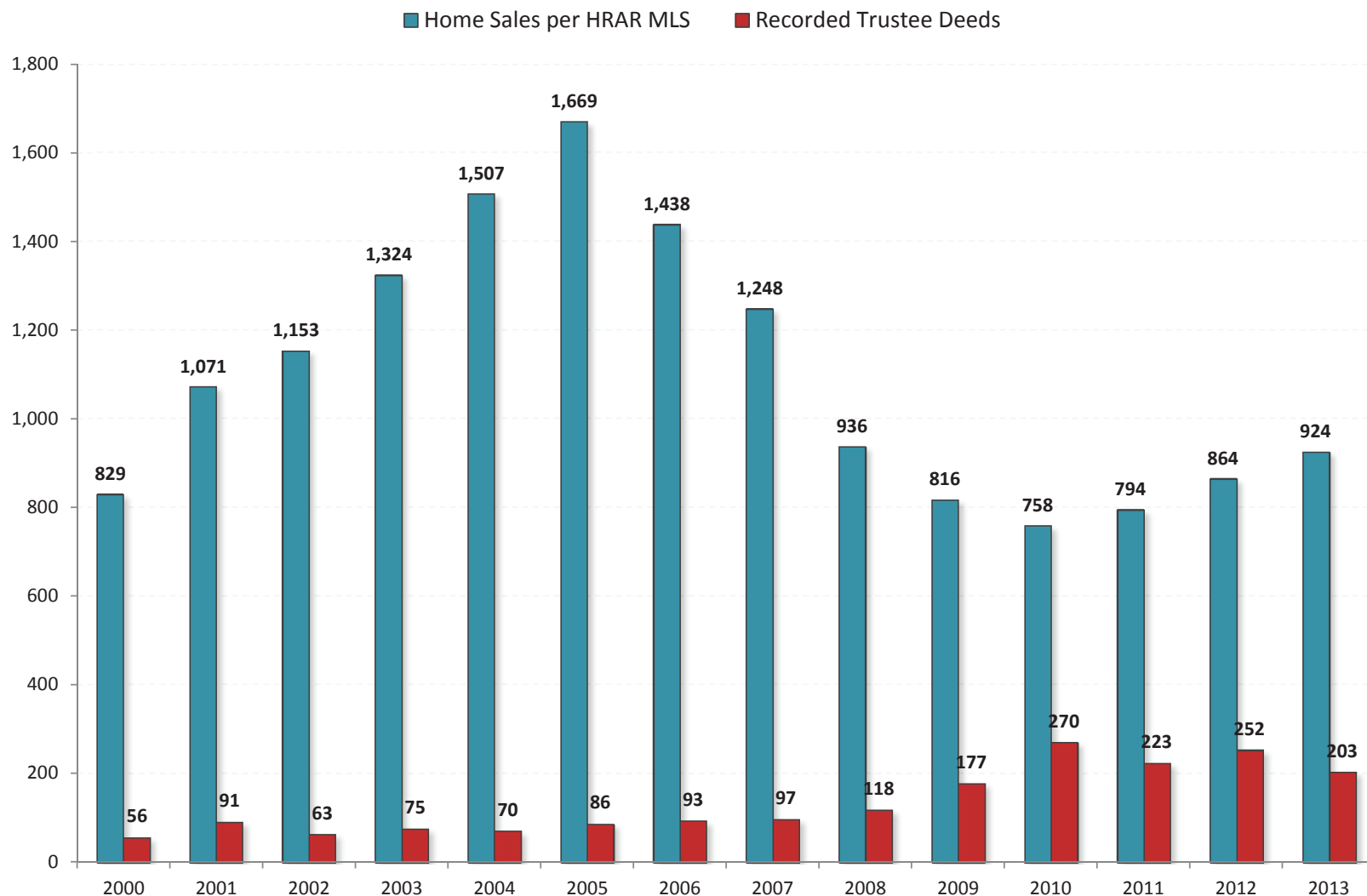
### Harrisonburg & Rockingham County Home Sales & Price Trends Duplexes, Townhomes & Condos



**Townhouse sales picking up pace.** 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 eleven months of data on the books.

### Harrisonburg & Rockingham County Home Sales vs. Trustee Sales

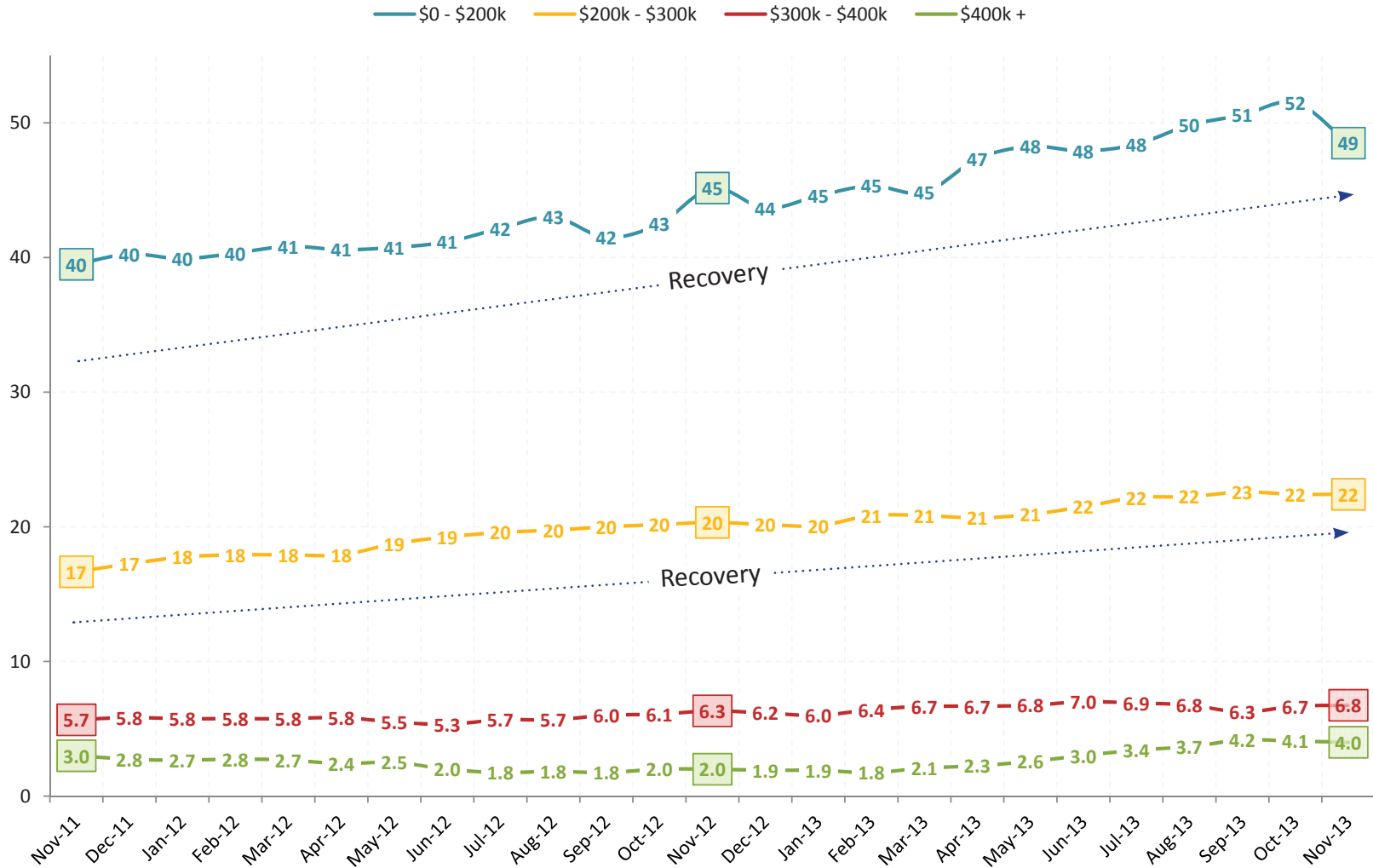


**Foreclosures decline in 2013.** The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales (without a Realtor), nor new home sales directly from a builder. 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 4.6 times as many home sales as foreclosures in 2013.

### Harrisonburg & Rockingham County Home Sales by Price Range

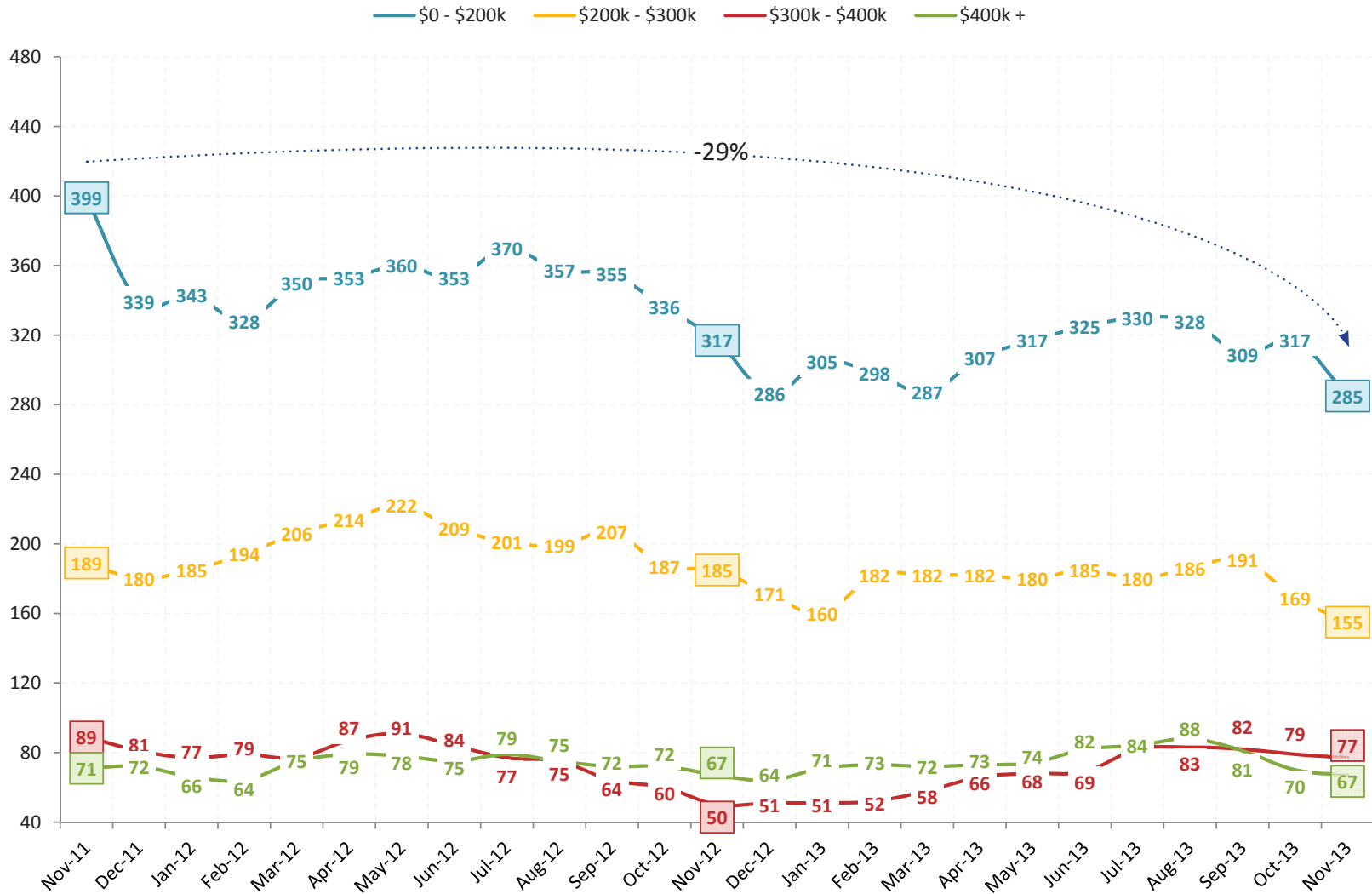
(Average of Past 12 Months)



**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 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 has stayed remarkably level, and sales over \$400,000 have increased over the past one year, but not as much over two years.

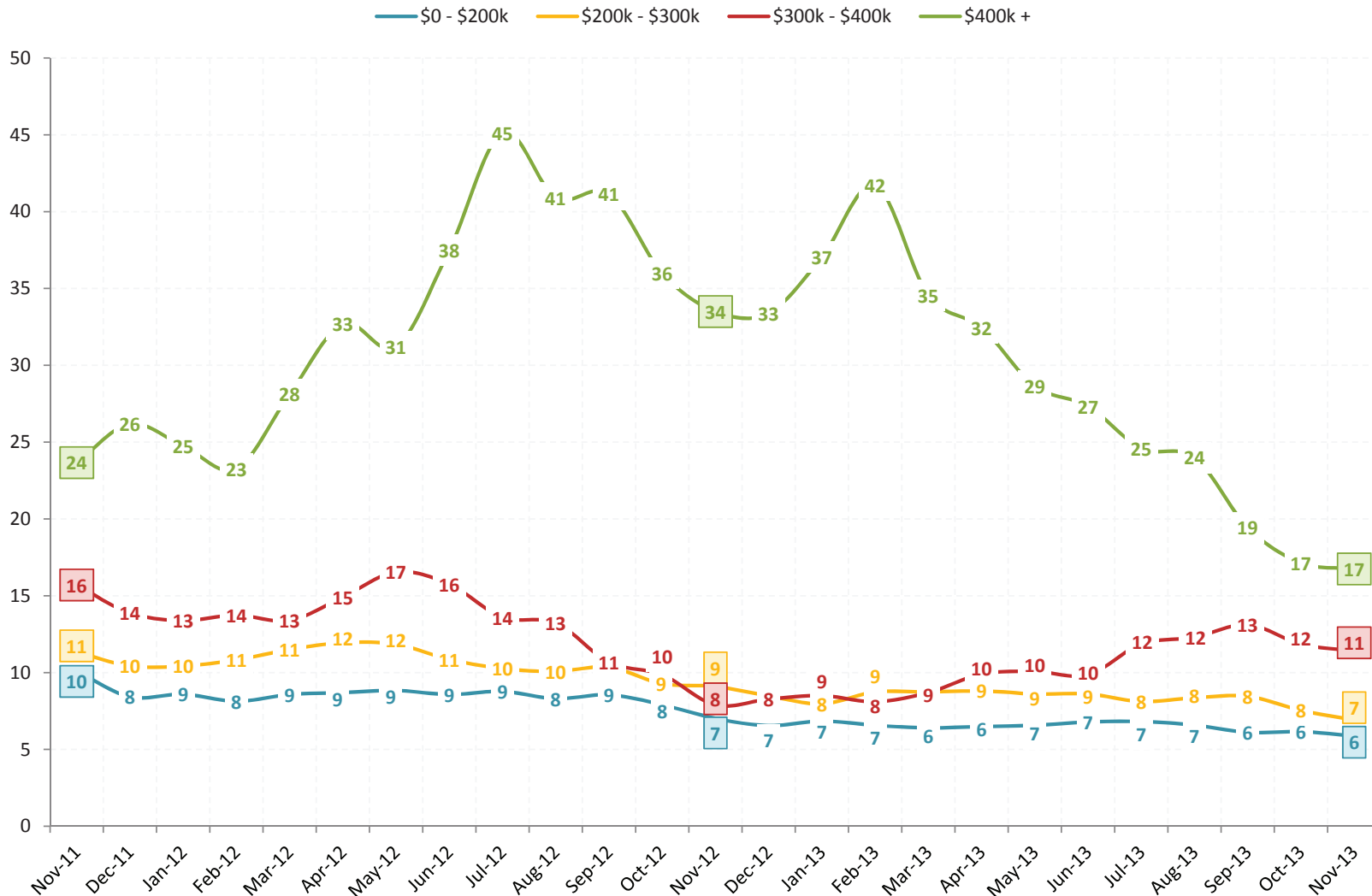
### Harrisonburg & Rockingham County Inventory Levels by Price Range



**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 29% in the under \$200K price range and 18% in the \$200K-\$300K price range over the past two years.

The \$300K - \$400K price range has seen a decline in inventory levels over the past two years, but an increase over the past 12 months, and the \$400K and up price range has shown relatively steady inventory levels over the past two years.

### Harrisonburg & Rockingham County Months of Housing Supply by Price Range

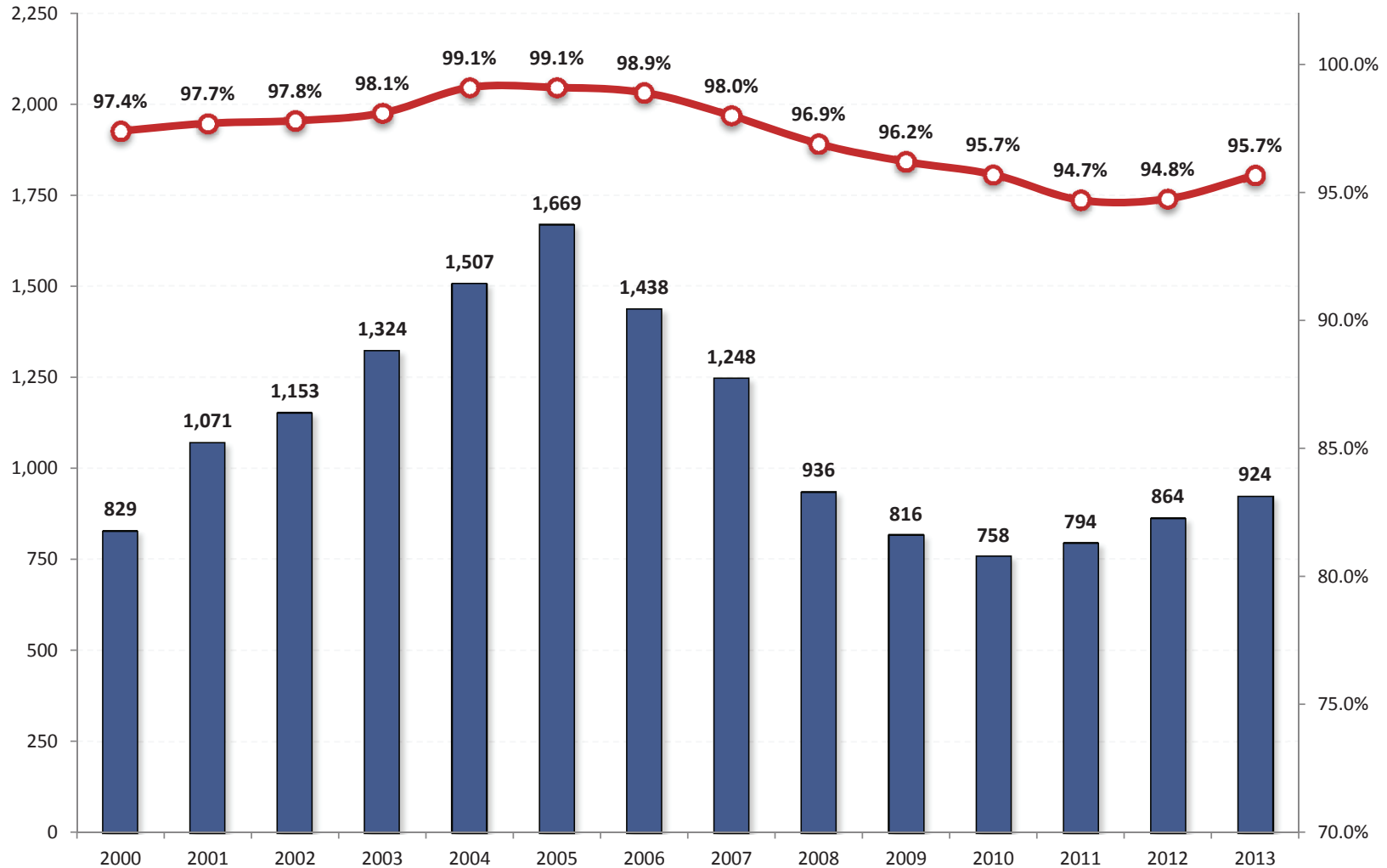


**Housing supply more stable in lower price ranges.** With so many homes on the market (lots of sellers) and so few home sales (not so many buyers), there are very high levels of supply in most price ranges our local real estate market. The graph above illustrates that it would take 17 months to sell 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 have finally reached that balance (at least for now) in the under \$200K price range.



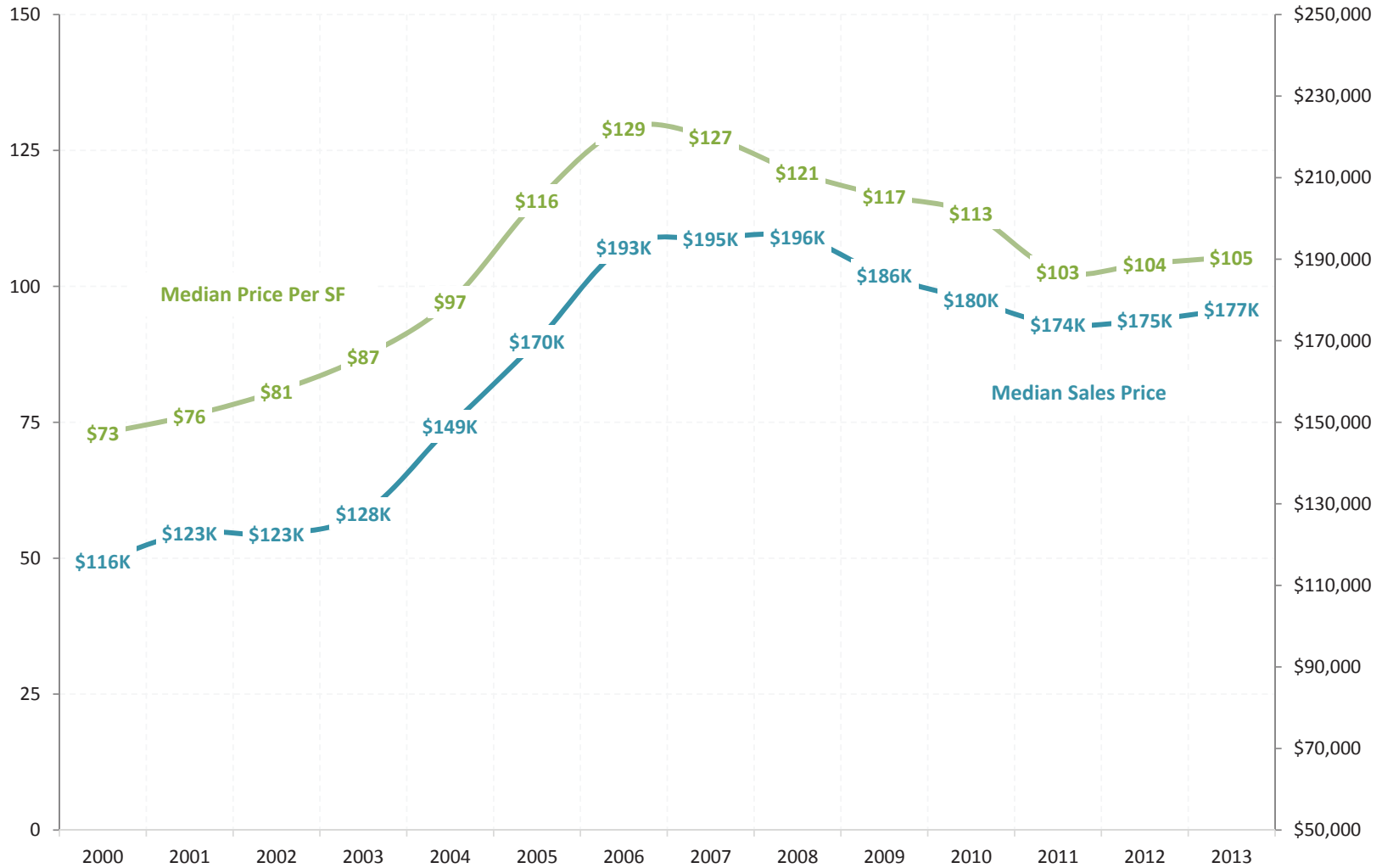
Harrisonburg & Rockingham County  
**List Price to Sales Price Ratio**  
 within the context of Home Sales Pace



**Buyers seeing slightly less negotiating room.** 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 4.3% - 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.

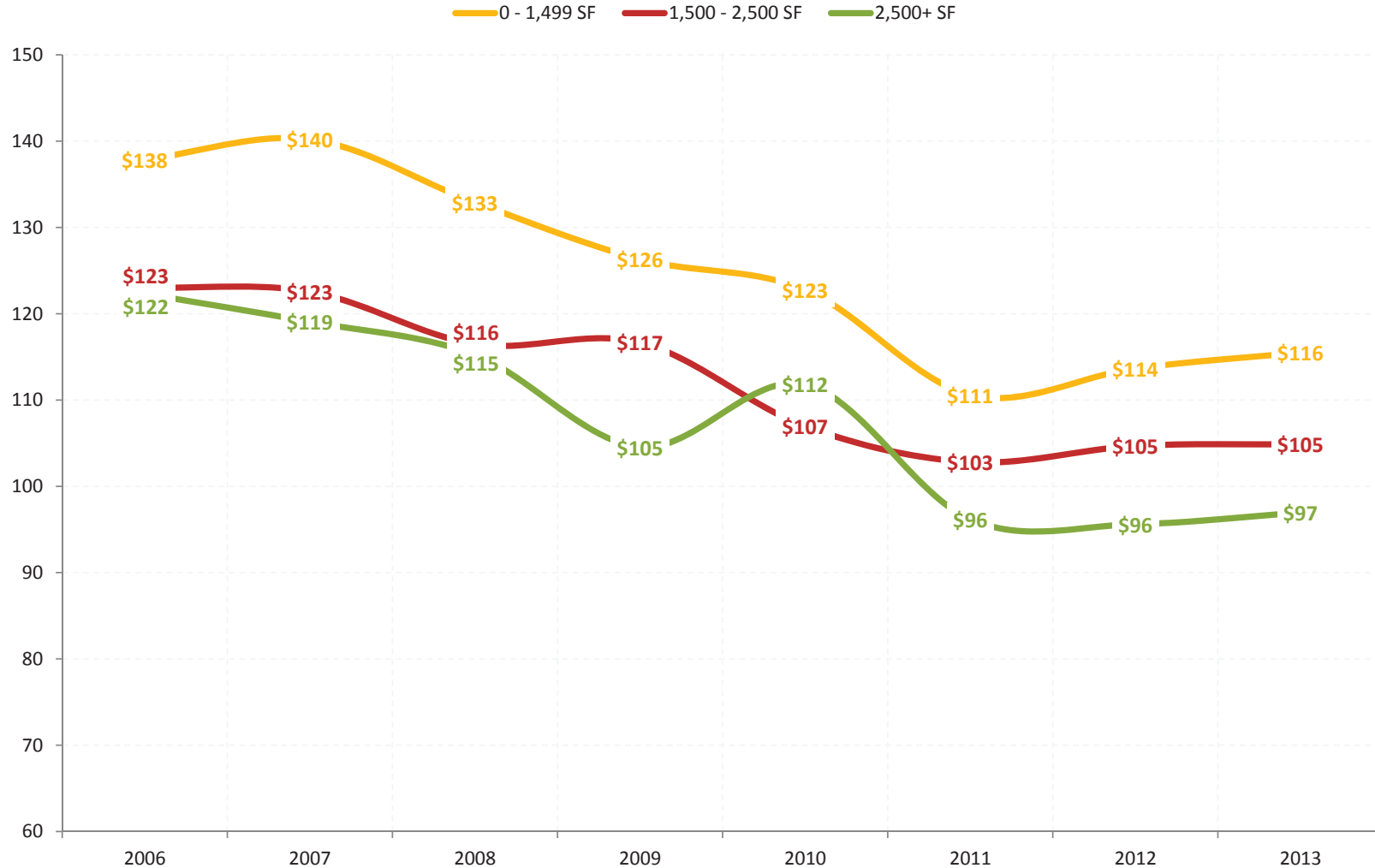
Harrisonburg & Rockingham County  
**Median Price Per Square Foot Trends**  
 Single Family Homes



**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.

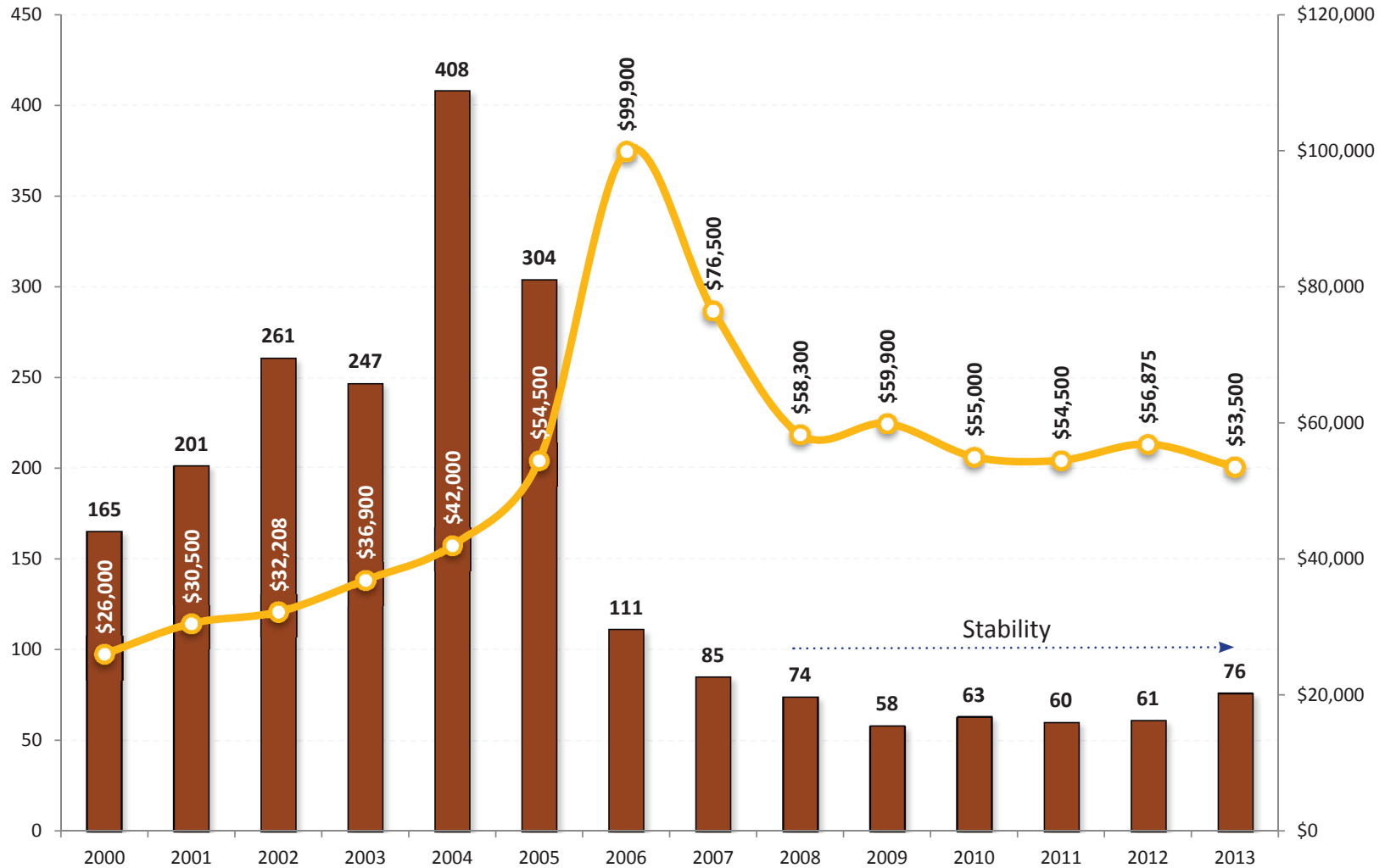
Harrisonburg & Rockingham County  
**Median Price Per Square Foot by Home Size**  
 Single Family Homes



**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 (\$97/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.

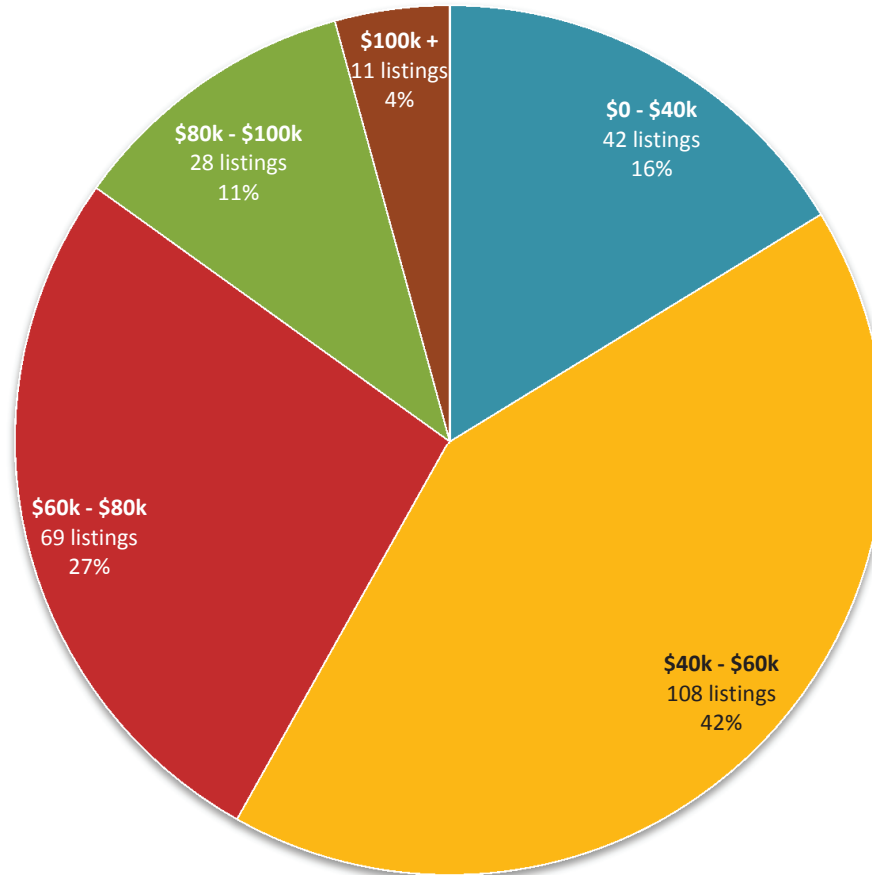
Harrisonburg & Rockingham County  
**Lot Sales & Median Prices**  
 less than 1 acre



**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 74 lot sales (of less than an acre) for each of the past six years (2008-2013). That ceiling seems to

have been broken in 2013, as there have been 76 lots sales in the first 11 months of the year. The median sales price of these lots under one acre also appears to be stabilizing between \$50,000 and \$60,000.

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

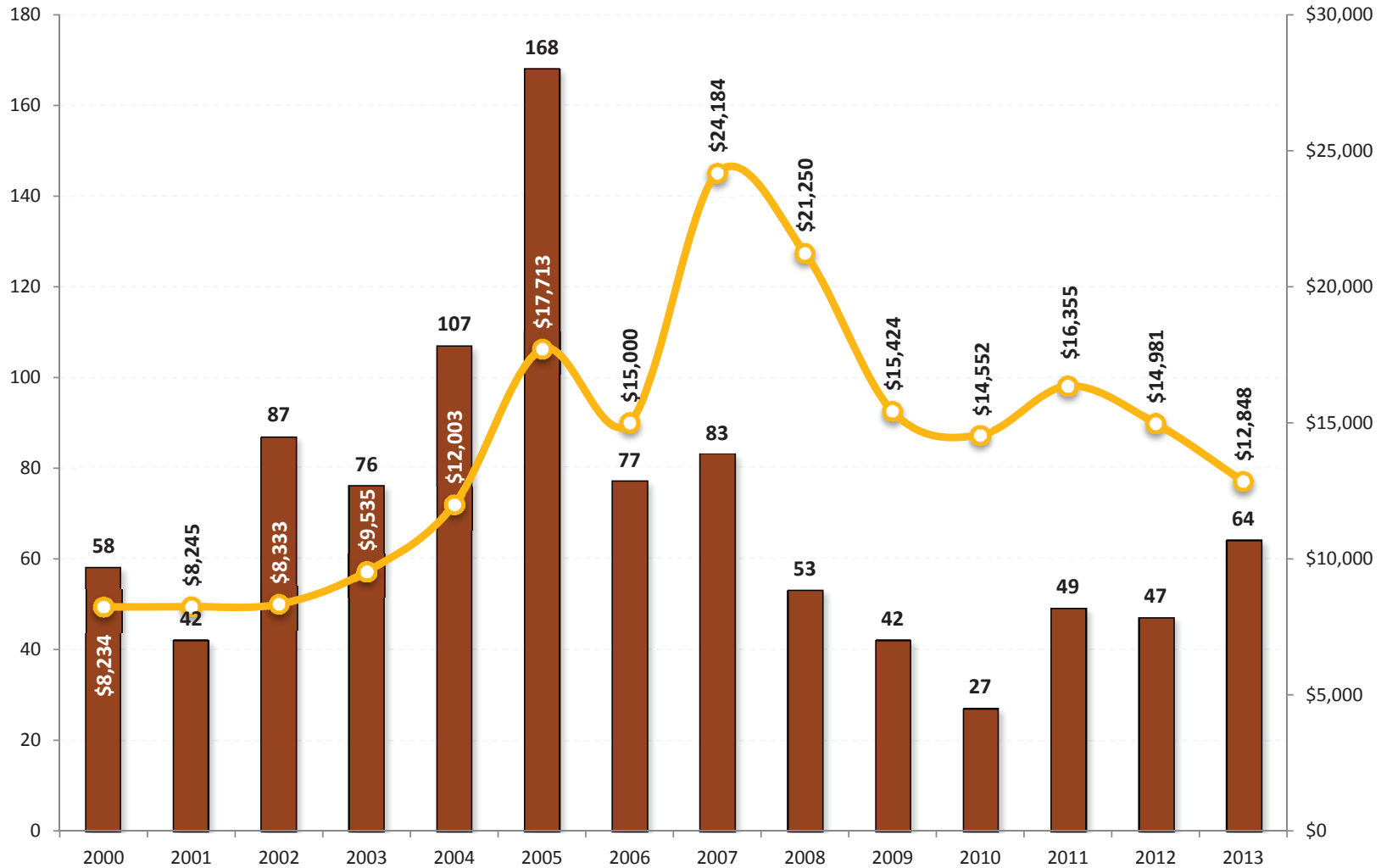


**258 Active Lot Listings; Median List Price: \$56,950**

**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 258 lots currently for sale. Some sanity exists in this listing market, however, as the median list price of lots for sale (\$56,950) is relatively similar to 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 4.2 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.

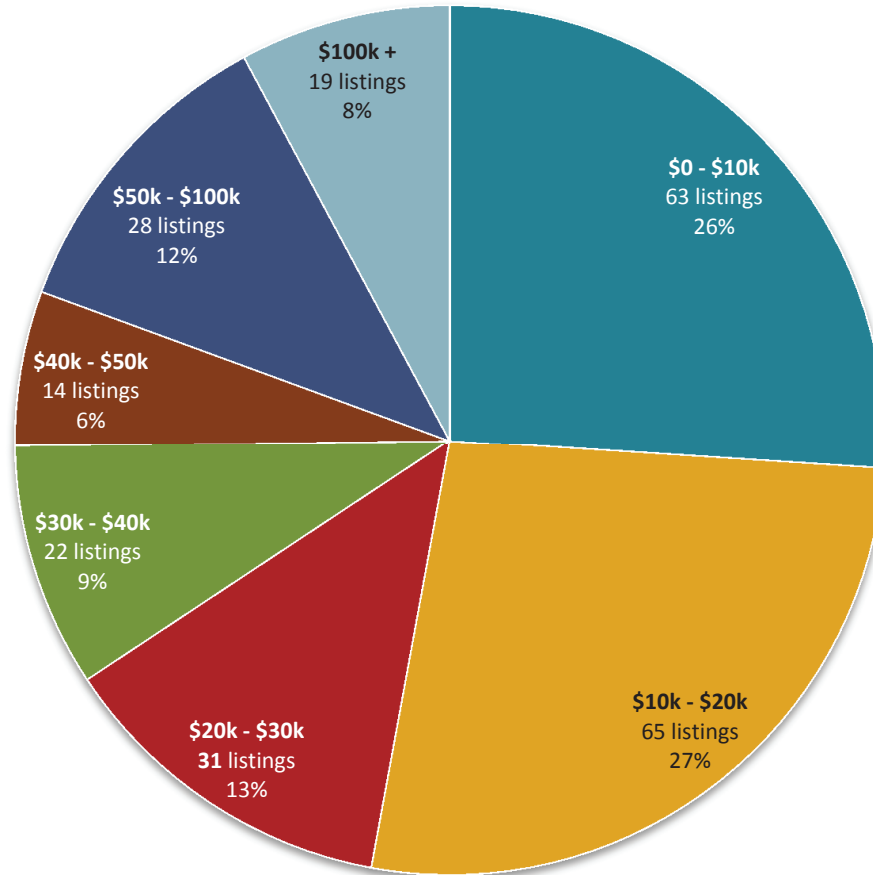
Harrisonburg & Rockingham County  
**Land Sales & Median Price Per Acre**  
 1 acre or more



**Larger lot sales mostly stable between 2008 and 2012.** Parcels of land larger than one acre in Harrisonburg or Rockingham County have sold quite quickly in 2013 as compared to the past five years. We are still not approaching the number of land sales that we saw in record breaking years such as 2004 and 2005, but thus far

2013 has been a significant improvement. The median price per acre of lots over 1 acre in size has fallen quite a bit over the past two years, from \$16,355 per acre to \$12,848. Some of this decline has been the result of several larger tracts of land selling in 2013.

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

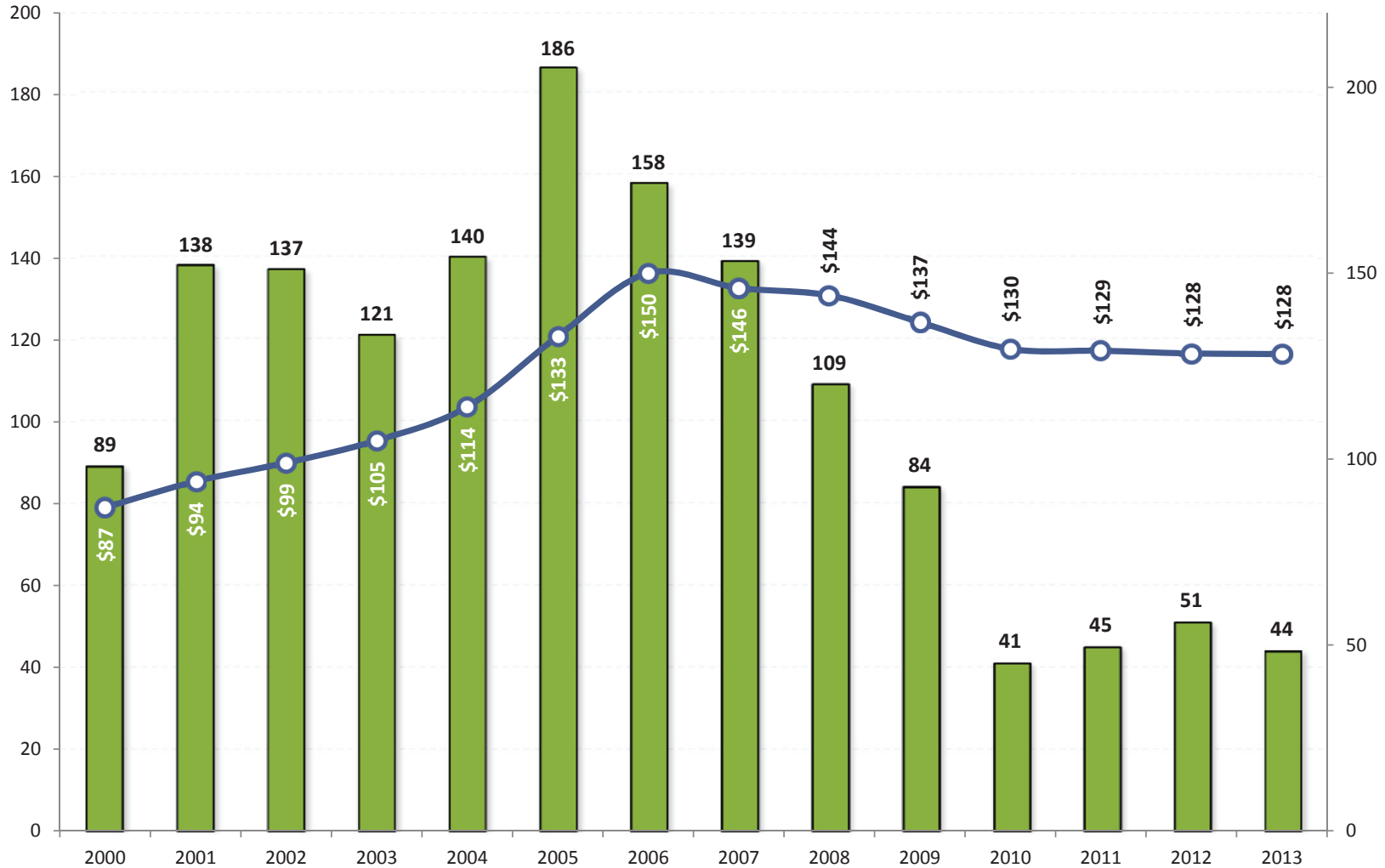


**242 Active Land Listing; Median List Price: \$19,120 / Acre**

**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 242 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 \$19,120 per acre. Given last year's 47 land sales, if no other land is listed for sale, it would take 5.1 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  
**New Construction Single Family Home Sales Trends**  
 Number of Sales, Median Price Per Square Foot

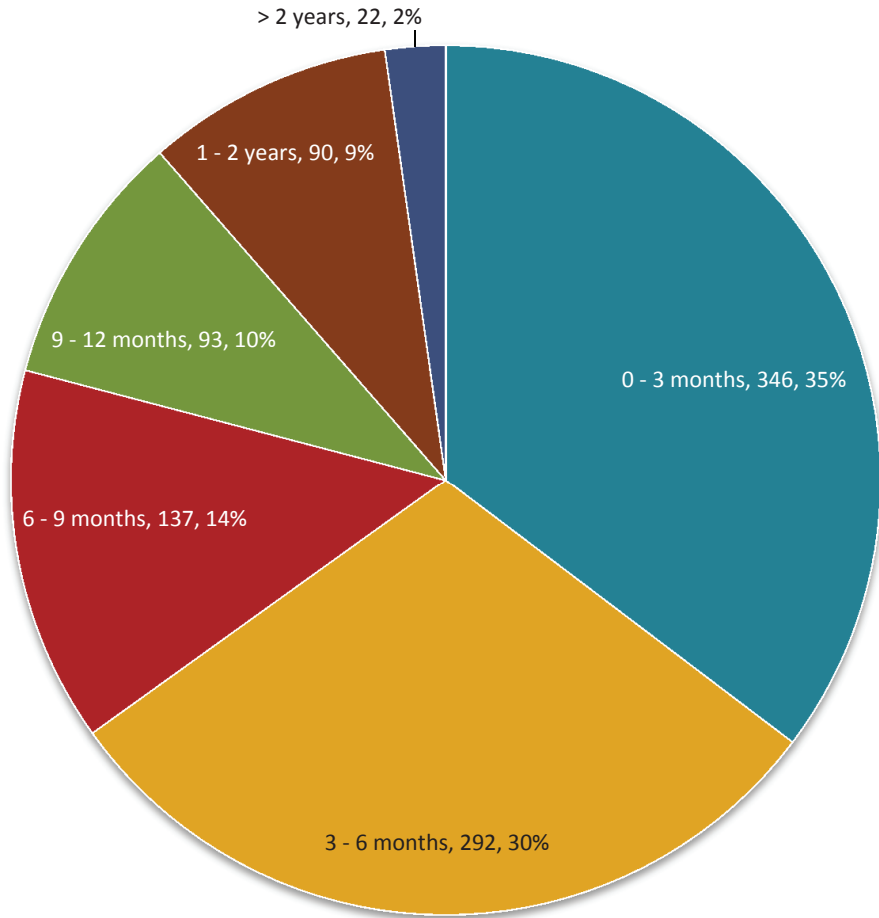


**New home sales, prices relatively stable.** New home builders experienced an increase in the pace of new home sales between 2010 and 2012 -- after steady declines since 2005. These increases (41 to 45 to 51) in sales pace, however, still leave plenty of room for improvement. The median price per square 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.

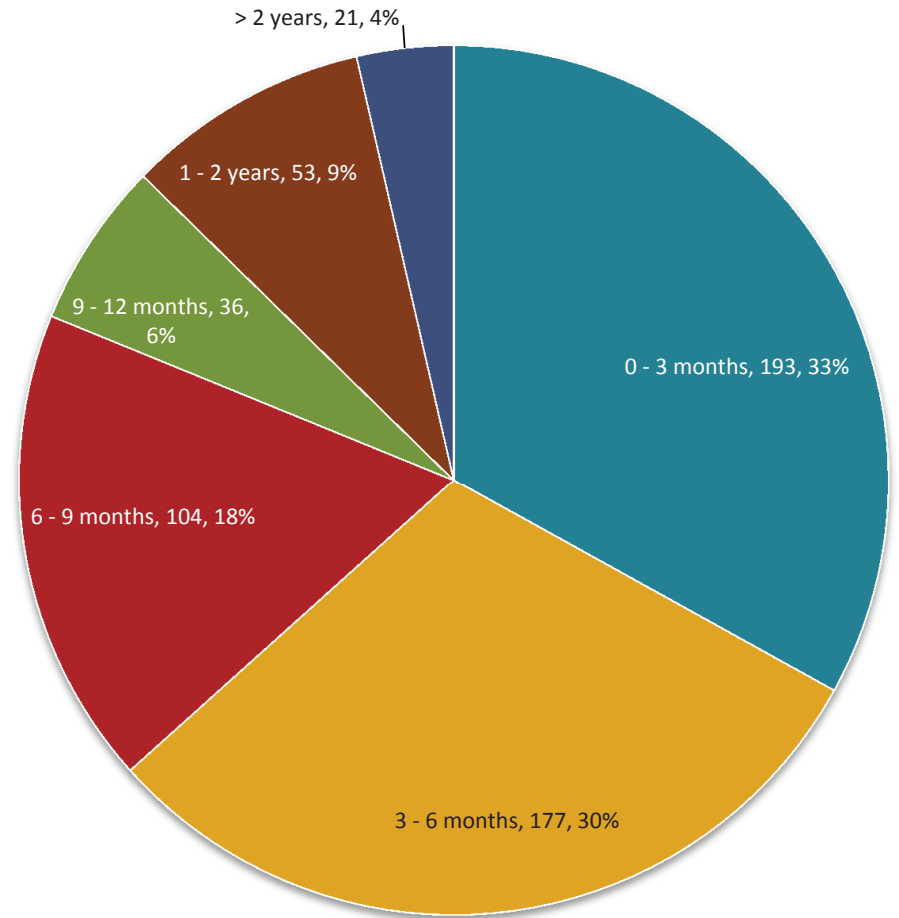


Harrisonburg & Rockingham County  
**Days on Market Analysis of Sold Properties**  
 Residential Listings Sold in the Past 12 Months



**Median Days On Market: 123**

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



**Median Days On Market: 138**

**Days on market relatively low amongst many homes that actually sold.** 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 (35%) that sells closes less than 90 days after being listed for sale. Include with that those

that close in the next 90 days (30%) and we find that an amazing 65% of homes that sell have closed within six months of first coming on the market. This is not, however accounting for the many homes that never sell -- that linger on the market, or are eventually taken off the market.

Harrisonburg & Rockingham County  
**Days on Market Analysis by Price Range**  
 Properties Sold in the Past 12 Months

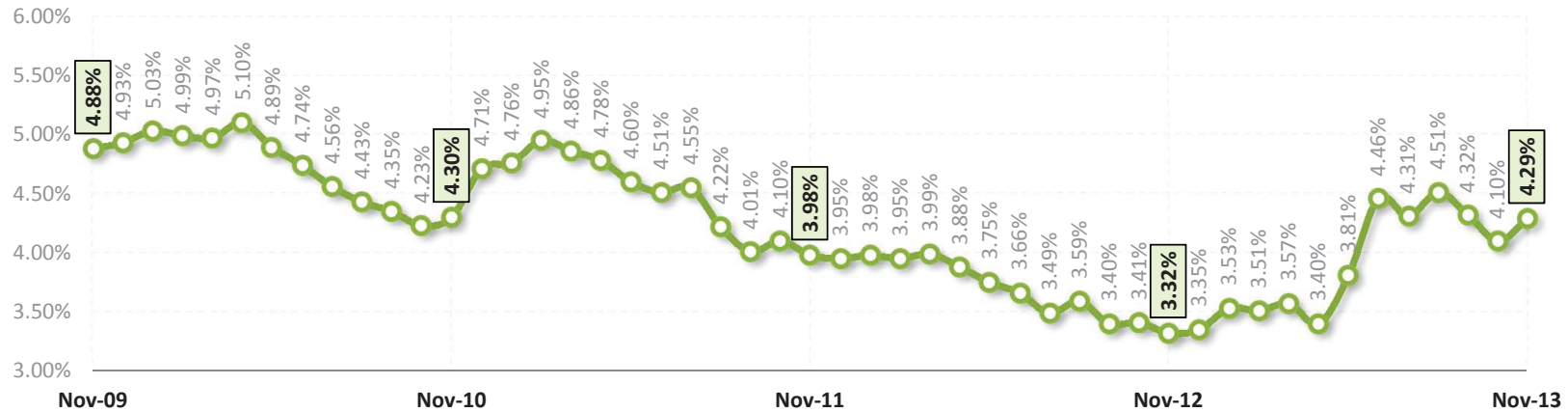


**Sales pace varies by price range.** The time that it takes to sell a home in today's market varies based on the price range of the home in question. For example, the median days on market for homes under \$200K is 120 days -- significantly lower

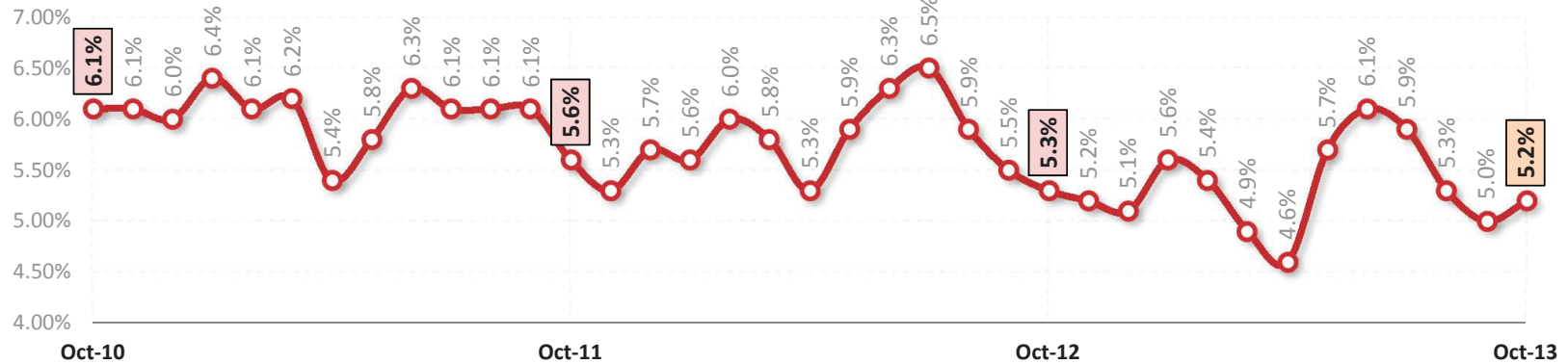
than the median of 150 days for homes between \$300K and \$400K. The difference in median values between price ranges is also indicative of market challenges for higher priced listings.

### Average 30-Year Fixed Mortgage Interest Rate

Source: Freddie Mac



### Harrisonburg-Rockingham MSA Unemployment Rate Not Seasonally Adjusted



**Mortgage interest rates up, unemployment rate up.** As shown in the top graph above, home buyers have seen several increases in interest rates on 30-year fixed rate mortgages over the past six months, but they have remained below 4.5% for the past few months. The second graph above illustrates trends in the local

unemployment rate -- which declined in September to 5.0%, but has now increased again to 5.2%. 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](http://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:

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



*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**  
<http://www.HarrisonburgTownhouses.com>

**New Construction Homes For Sale**  
<http://www.HarrisonburgNewHomes.com>

**Half Million (plus) Homes in Harrisonburg, Rockingham County**  
<http://www.HarrisonburgLuxuryHomes.com>

**Most Recent Listings in Harrisonburg, Rockingham County**  
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