



**MARCH 2013**

# **Harrisonburg & Rockingham County Real Estate Market Report**

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*An analysis of real estate activity through February 28, 2013  
provided courtesy of Scott P. Rogers, Funkhouser Real Estate Group*





## 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: February

66 homes sold in February 2013, showing a 43% increase over February 2012 when only 46 homes sold -- and an 74% increase over February 2011 when 38 homes sold.

### Home Values: February

Median sales prices increased 19% though average sales prices declined 3% when comparing February 2013 to February 2012.

### Days on Market: February

The median time it took for a home to sell was 177 days in February 2013, a 6% decline from 189 days in February 2012 and a 5% decline from the 186 day median in February 2011.

### Foreclosures

30 trustee deeds were recorded thus far in 2013 compared to 113 total home sales reported through the HRAR MLS during the same timeframe.

### Inventory

Inventory levels increased during February 2013 to 605 residential properties currently for sale, up from one month ago, but down from 665 one year ago.

### Pace of Home Sales: Year To Date

113 homes sold in the first two months of 2013. This marks a 33% increase from the first two months of 2012 when 85 homes had sold, and a 45% increase over the first two months of 2011.

### Home Values: Year To Date

Median sales prices increased 3% but average sales prices declined 7% 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 two months of 2013 was 178 days, a 5% decline as compared to the first two months of 2012.

### Supply

All price ranges still show an excess of housing supply, with 7 months under \$200k, 9 months between \$200k and \$300k, 8 months between 300k and \$400k, and 42 months above \$400k.

### Price Per Square Foot

Median price per square foot of single family homes has declined to \$97/sf in the first quarter of 2013, as compared to \$108/sf in the 4th quarter of 2012.

### Buyer Activity

93 buyers committed to buy in February 2013, compared to only 80 in February 2012 -- which marks a 16% increase.

### Single Family Home Sales

96 single family homes sold thus far in 2013, compared to a total of 641 in 2012. The median sales price has declined to \$177,450.

### Townhouse Sales

17 townhouses sold thus far in 2013, compared to a 2012 total of 223 townhomes. The median townhome sales price has increased to \$145,500 from \$134,995 in 2012.

### Lot Sales

There have been 5 lot sales of less than an acre in 2013, compared to 61 in all of 2012. Median sales prices have declined to \$49,000 thus far in 2013 as compared to \$56,875 in 2012.

### Land Sales

6 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 \$12,427 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

March 13, 2013

# Home Sales	2010	2011	2012	2013	% Change ('11 - '12)
February	53	38	46	66	43.48%
<b>2013 YTD (Jan-Feb)</b>	<b>98</b>	<b>78</b>	<b>85</b>	<b>113</b>	<b>32.94%</b>

Median Sales Price	2010	2011	2012	2013	% Change ('11 - '12)
February	\$174,900	\$165,000	\$158,000	\$187,600	18.73%
<b>2013 YTD (Jan-Feb)</b>	<b>\$171,000</b>	<b>\$165,500</b>	<b>\$168,000</b>	<b>\$172,200</b>	<b>2.50%</b>

Average Sales Price	2010	2011	2012	2013	% Change ('11 - '12)
February	\$188,113	\$179,783	\$197,492	\$190,840	-3.37%
<b>2013 YTD (Jan-Feb)</b>	<b>\$196,441</b>	<b>\$192,148</b>	<b>\$199,268</b>	<b>\$186,164</b>	<b>-6.58%</b>

Median Days on Market	2010	2011	2012	2013	% Change ('11 - '12)
February	134	186	189	177	-6.35%
<b>2013 YTD (Jan-Feb)</b>	<b>136</b>	<b>169</b>	<b>188</b>	<b>178</b>	<b>-5.32%</b>

**Home Sales, Prices On The Rise.** Home sales soared in February 2013 (66), showing a 43% improvement over last February (46) --- and showing the strongest pace of February home sales since at least 2010. The pace of year-to-date home sales is also quite strong (113) showing a 33% gain over 2012. This strong surge of buyer

activity in the early months of 2013 has been accompanied by increasing (+2.5%) median sales prices and declining (-5%) median days on market. All three of these indicators (closed sales, median prices, median days on market) are indicators that we are seeing continued strength in our local housing market.

# HOME SALES REPORT :: BY AREA

# Home Sales	City of Harrisonburg			Rockingham County		
	2012	2013	% Change	2012	2013	% Change
February	10	16	60.00%	36	50	38.89%
Year-To-Date	24	29	20.83%	61	84	37.70%

Median Sales Price	City of Harrisonburg			Rockingham County		
	2012	2013	% Change	2012	2013	% Change
February	\$157,500	\$158,563	0.67%	\$163,375	\$196,750	20.43%
Year-To-Date	\$156,950	\$163,000	3.85%	\$195,000	\$175,000	-10.26%

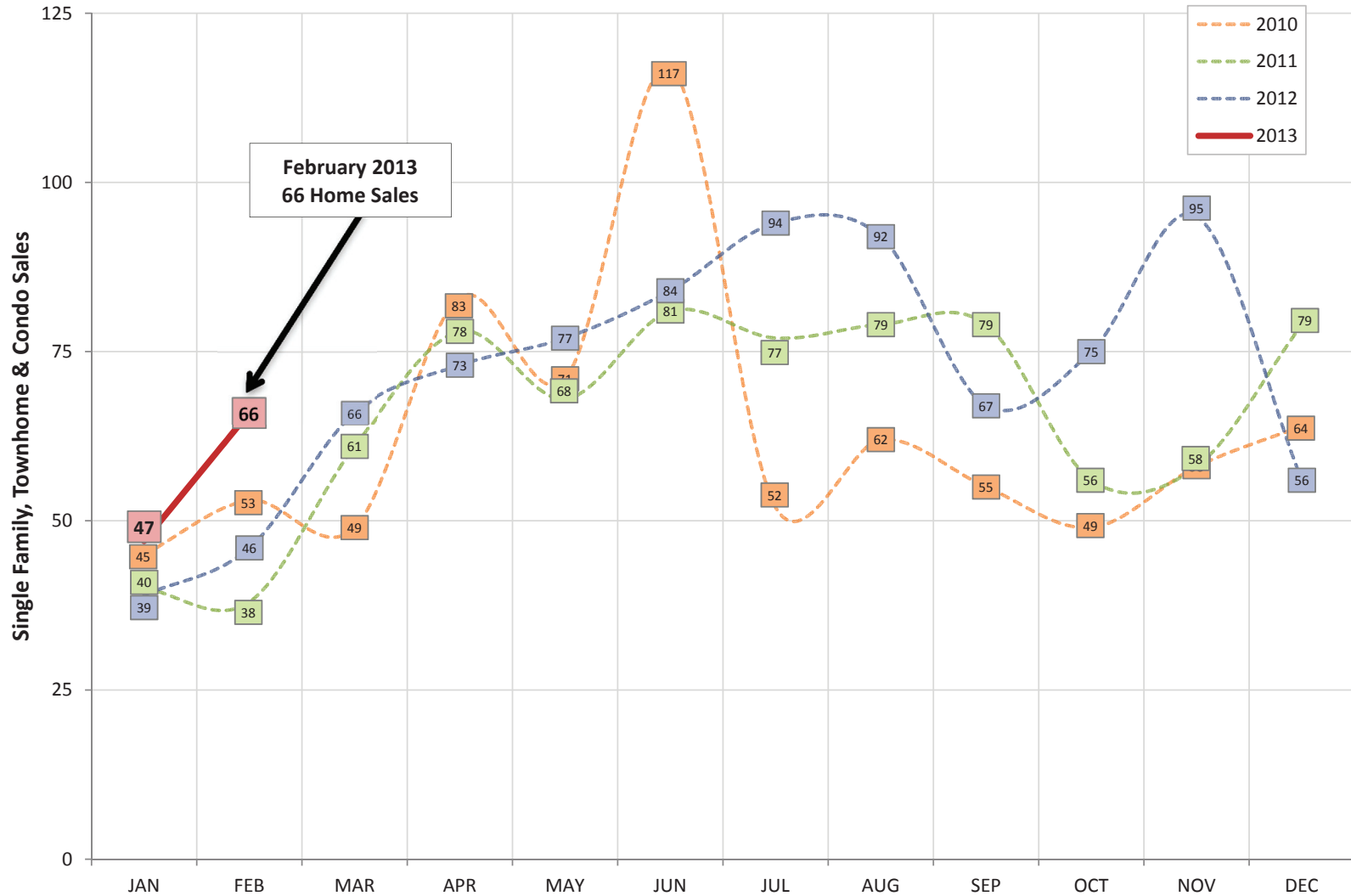
  

Median Days on Market	City of Harrisonburg			Rockingham County		
	2012	2013	% Change	2012	2013	% Change
February	184	170	-7.61%	195	181	-7.18%
Year-To-Date	146	164	12.33%	196	190	-3.06%

**Sales stronger in the County, 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. For example, the City has seen an increase (+3.85%) in median sales price in 2013-YTD, while the County has seen a decline (-10.26%) in the same metric. The rate of increase in sales, however, is stronger in the County (+37.7%) as compared to the City (+20.83%).

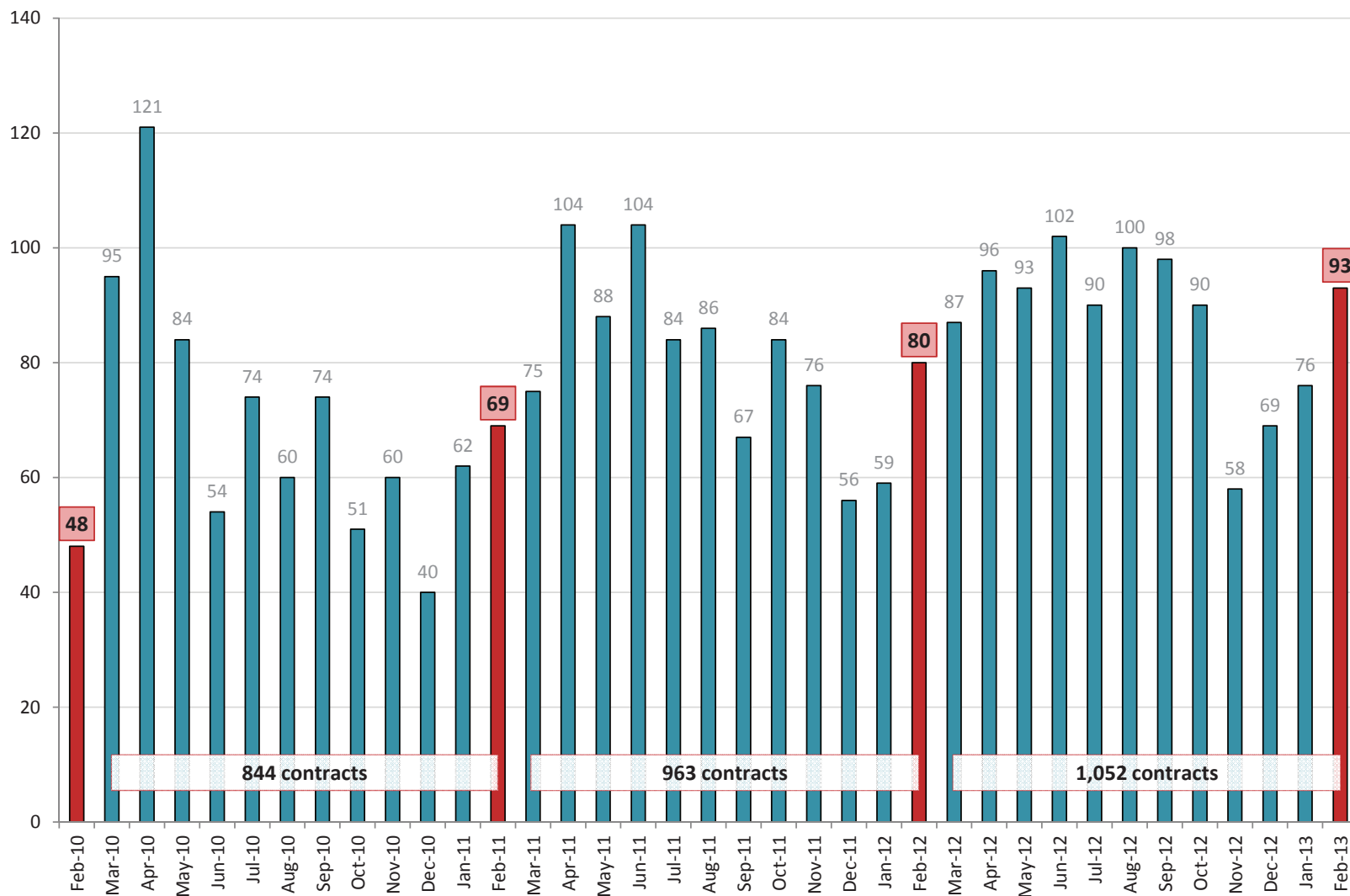
### Harrisonburg & Rockingham County Month-By-Month Home Sales History



**February Sales Strong in 2013.** My prediction last month was that we would see 55 to 60 home sales in February 2013. My estimates seem to have been overly conservative, as there were a total of 66 home sales in February -- the strong month

of February home sales in many years. Last year there was a strong surge in March home sales (66 -- the same number we experienced this month) which makes me suspect that we may see as many as 75 or even 80 home sales this March.

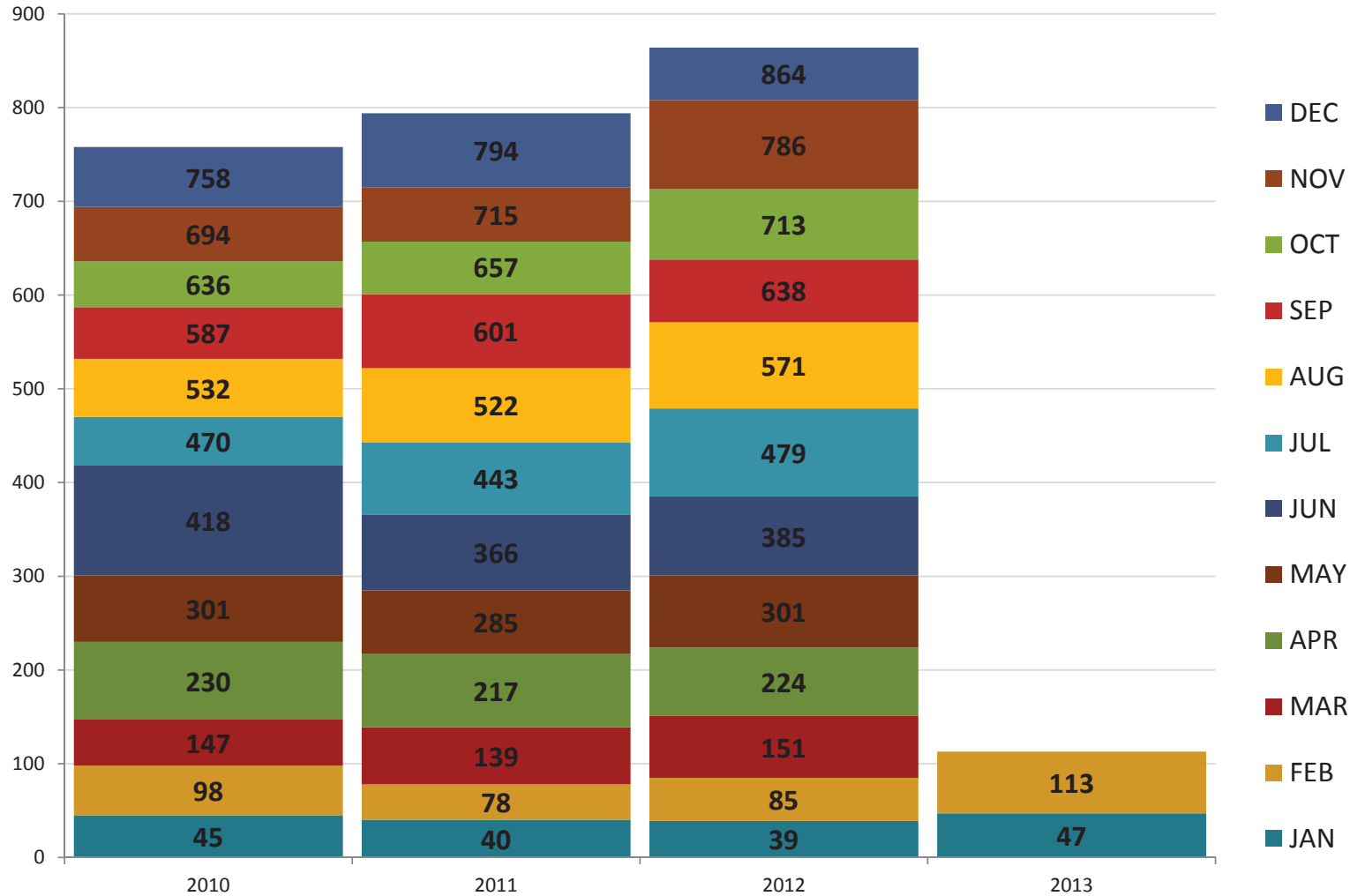
### Harrisonburg & Rockingham County Buyers Per Month Committing to Buy Properties



**Contracts up 16% YOY in February 2013.** Buyer activity has been steadily increasing over the past several months (58-69-76-93), with February 2013 buyer activity (93 contracts) easily being the strongest month of February contracts seen in many years. It is remarkable that there were as many buyers in February 2013 as there

were during May 2012, and more than there were in July 2012. The home buying season has certainly started early over the past two years, with strong buyer activity in the market as early as February.

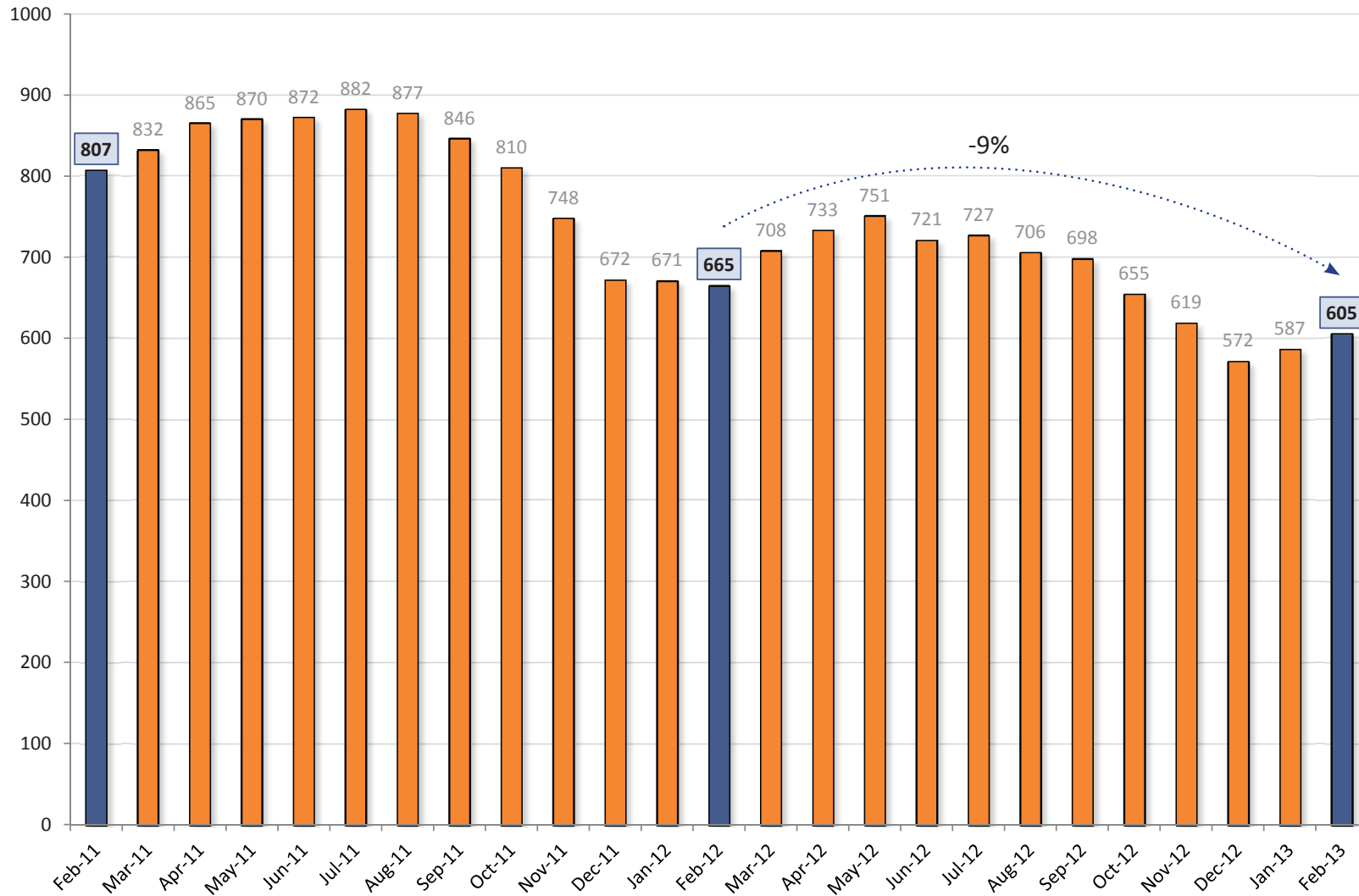
### Harrisonburg & Rockingham County Monthly Cumulative Residential Sales



**2013 starts strong, after solid 2012 sales.** 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 and

February are showing a strong start (113 sales) as compared to previous January-February sales. We are likely to see increasing sales as we head into Spring, and at the current pace we should easily surge past 900 home sales this year.

Harrisonburg & Rockingham County  
**Inventory Levels**

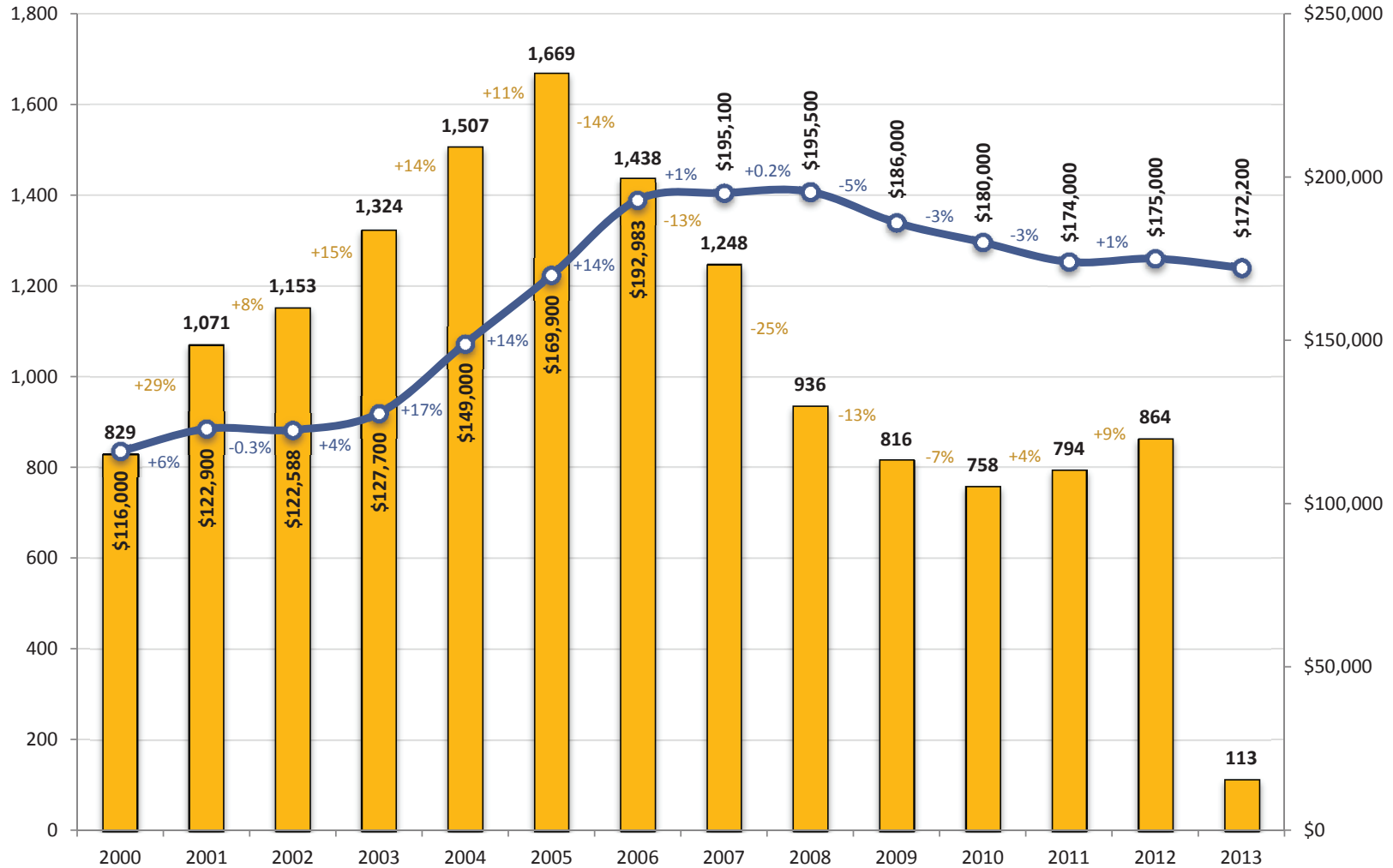


**Inventory levels start to increase (in the short term).** The declines in median sales price seen over the past several years are partly due to the imbalance in the market between the number of sellers (too many) and the number of buyers (too few). With an increasing sales pace (see page 3) and inventory declining (see above) we

are slowly but steadily moving towards a more balanced market. We have now seen a 9% decline in inventory over the past 12 months, and an overall 25% decline over the past 24 months. Despite these long term declines, we did see an increase in inventory levels over the past two month, as is typical at this time of year.



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

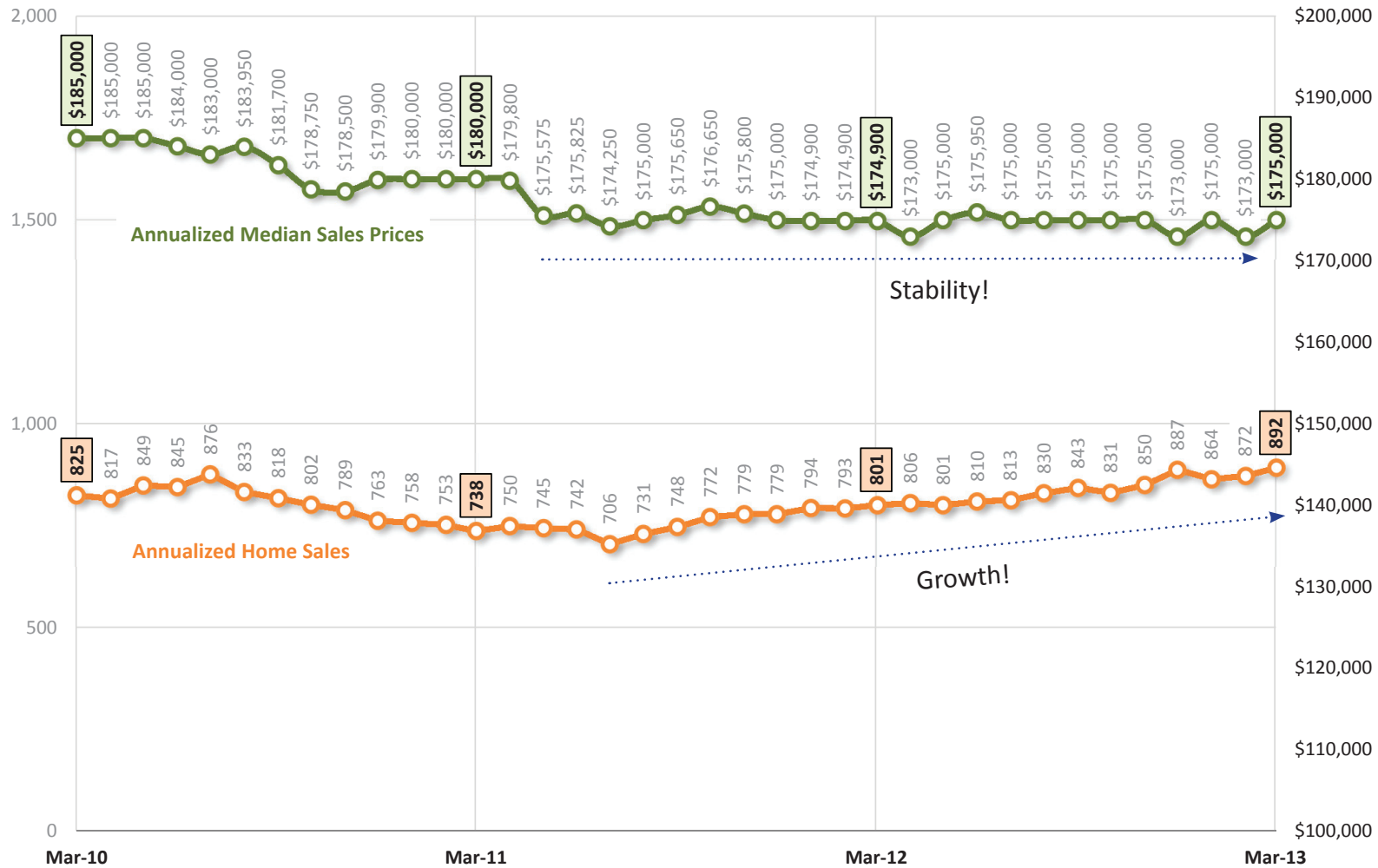


**Buyer activity increasing; home prices relatively steady.** This graph provides an overall indicator of the state of our housing market, showing both the number of homes being sold each year since 2000 (yellow bars) as well as changes in the median sales price during the same time period (blue line). 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 declined slightly, though that may still be due to a small data set.

### Harrisonburg & Rockingham County Time-Adjusted Home Sales Trends :: All Homes

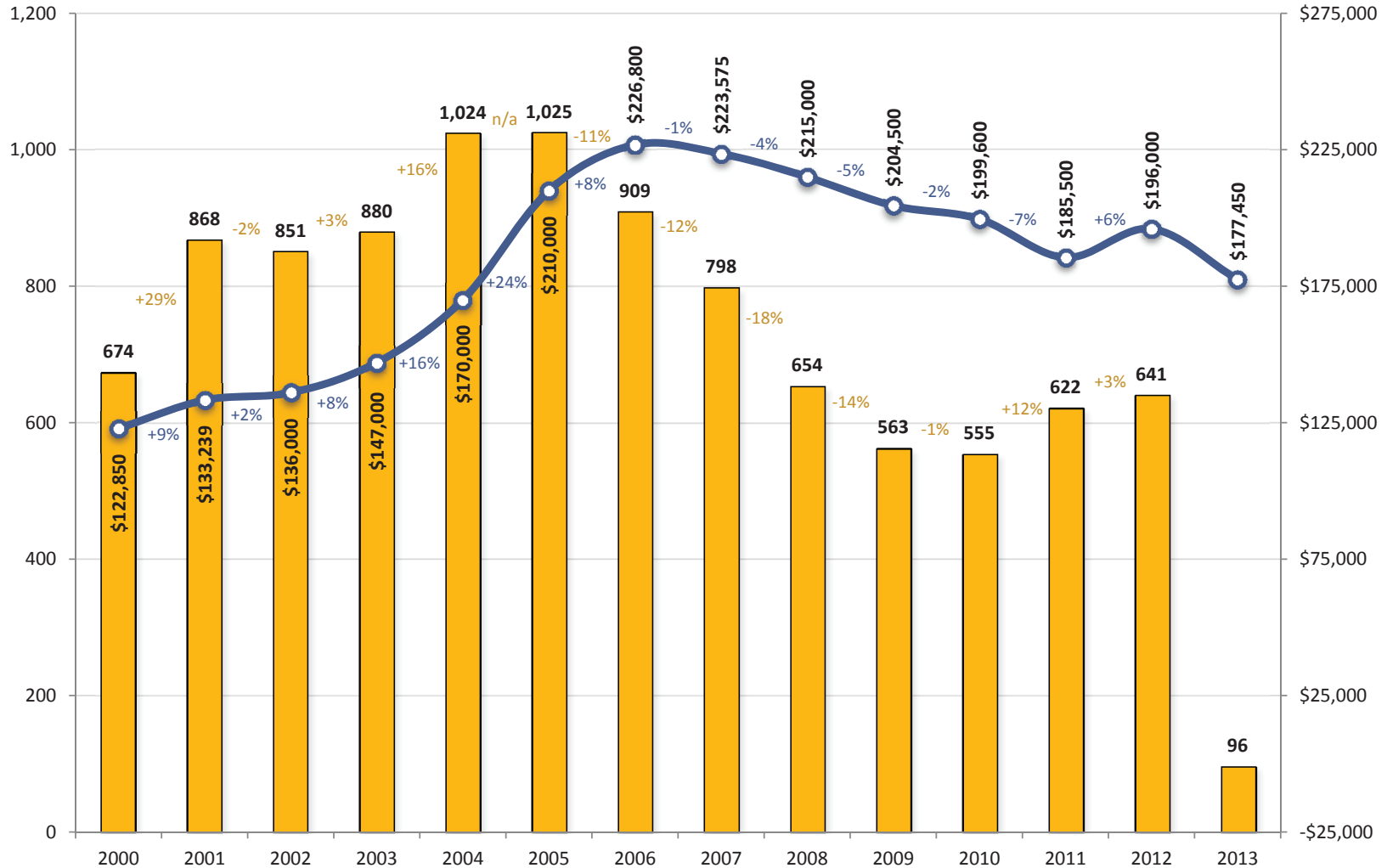
# Home Sales, Median Sales Price in each 12 Month Period



**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 is showing one year's worth of home sales, which eliminates the volatility of

evaluating sales figures on a month-by-month basis. The annualized pace of home sales continues to climb (up to 892 now from 706 just 20 months ago) and median sales prices continue to stay steadily around \$175,000 --- where they have been for almost two years now.

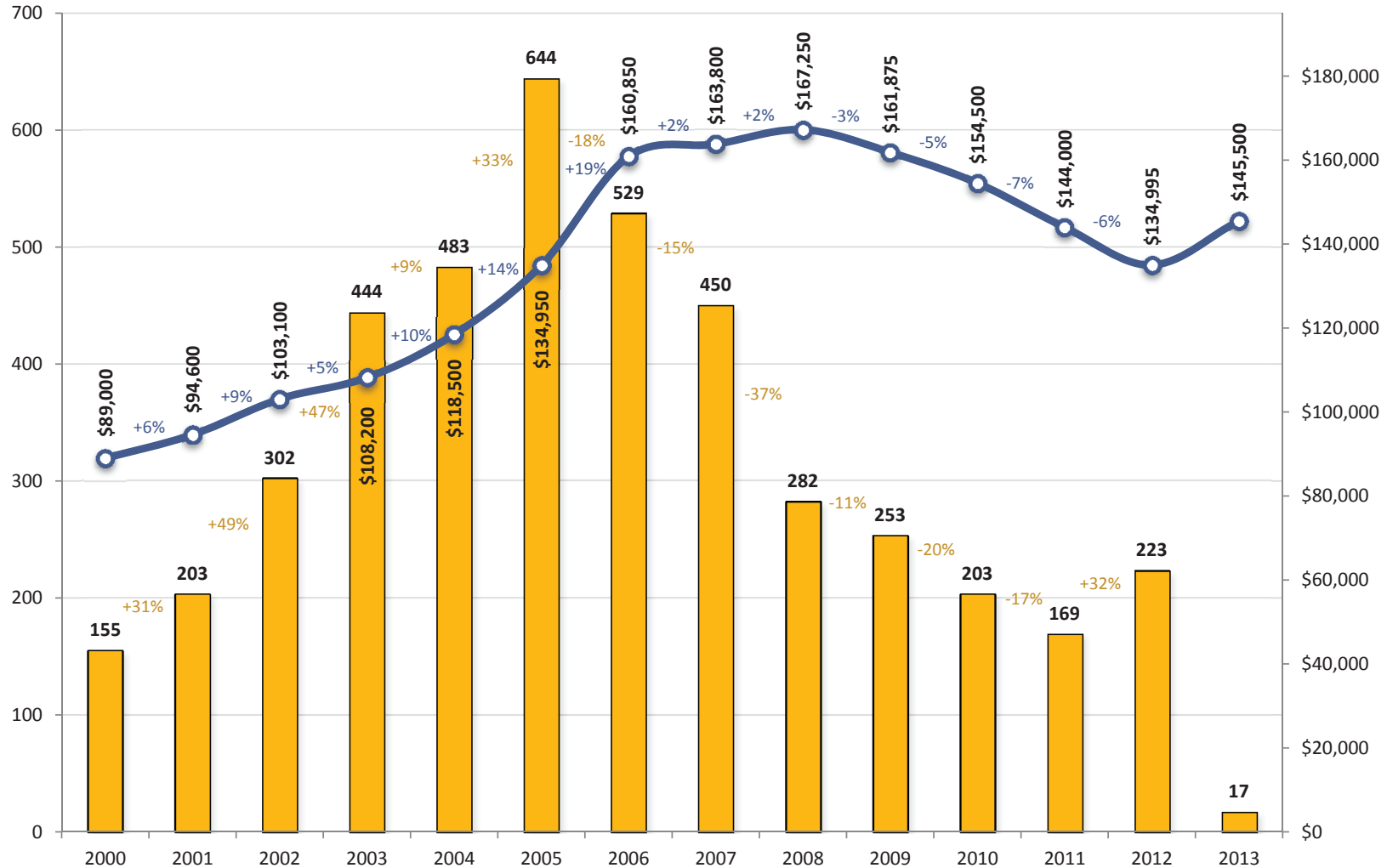
Harrisonburg & Rockingham County  
**Home Sales & Price Trends**  
 Single Family Homes



**Prices of single family homes increase.** The single family home market in Harrisonburg and Rockingham County seems to be recovering quite nicely 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 low 2013 median sales price is likely due to a small data set in January/February 2013.

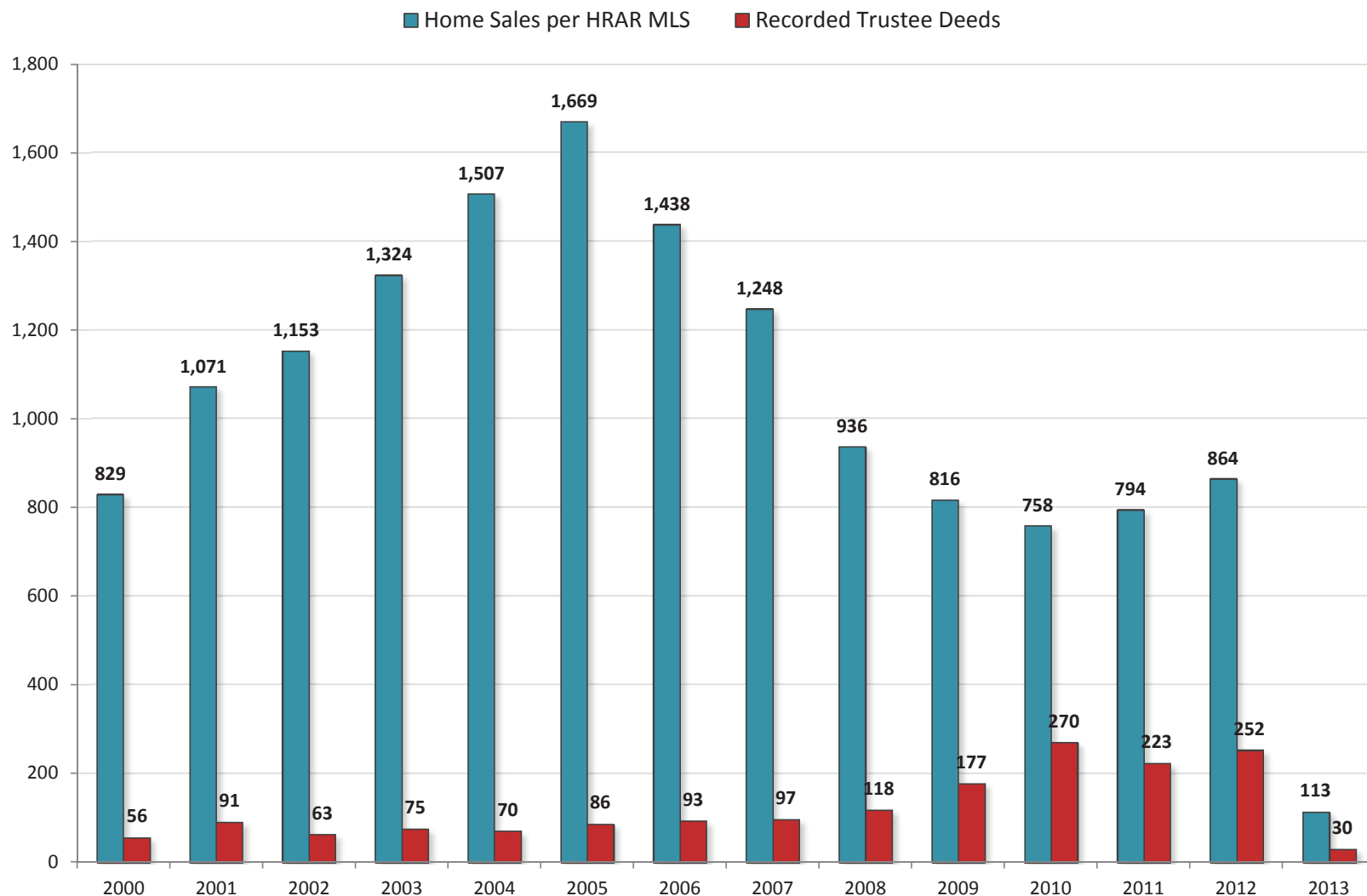
### Harrisonburg & Rockingham County Home Sales & Price Trends Duplexes, Townhomes & Condos



**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 -- with two months of data in thus far, prices do indeed seem to be stabilizing or increasing.

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

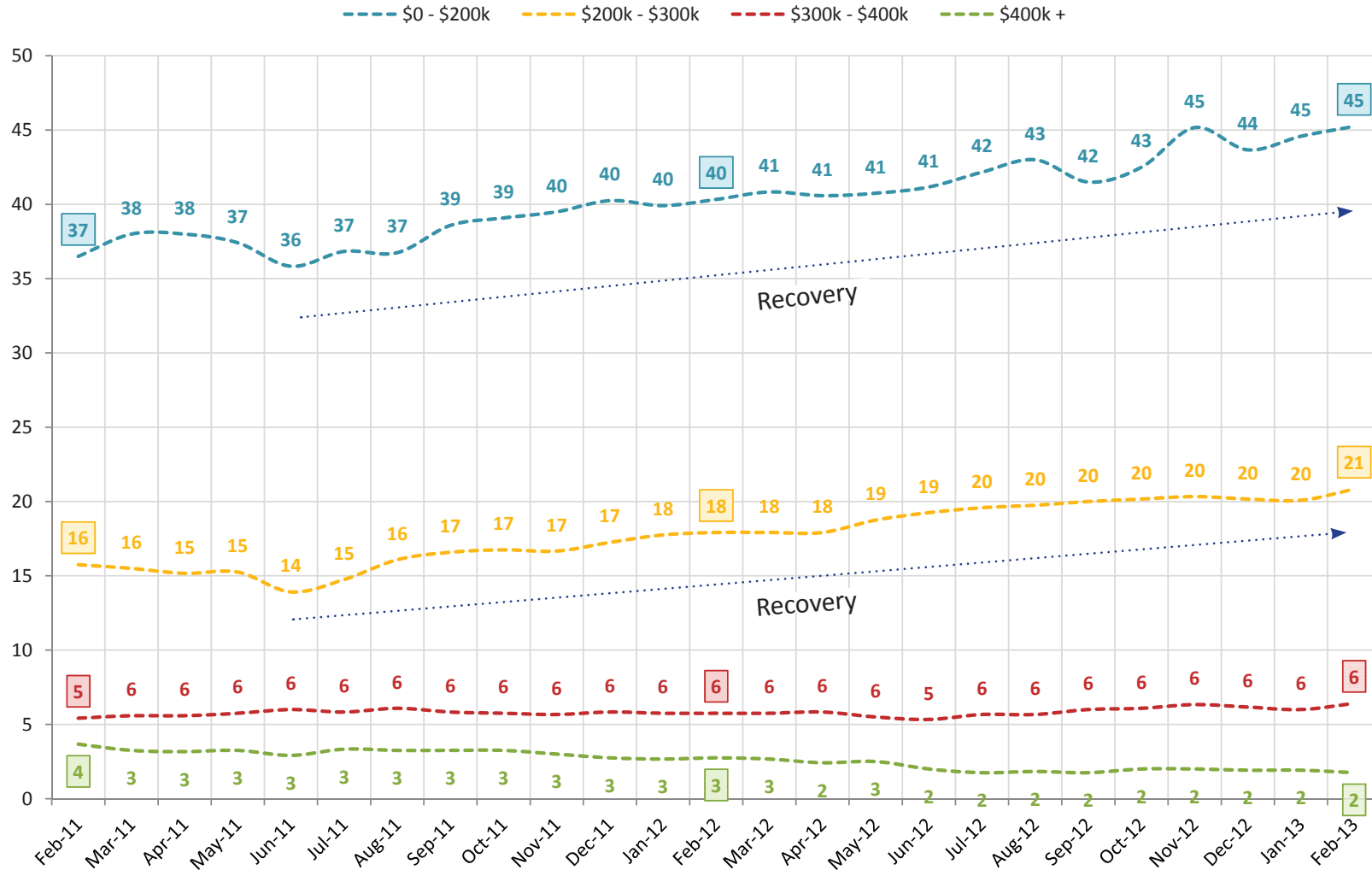


**Foreclosures up (ever so slightly) in 2012.** The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales (without a Realtor), nor new home sales directly 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 2012 was roughly the same as in 2011, as there were 3.6 times as many home sales as foreclosures during 2011 and 3.4 times as many home sales as foreclosures in 2012.



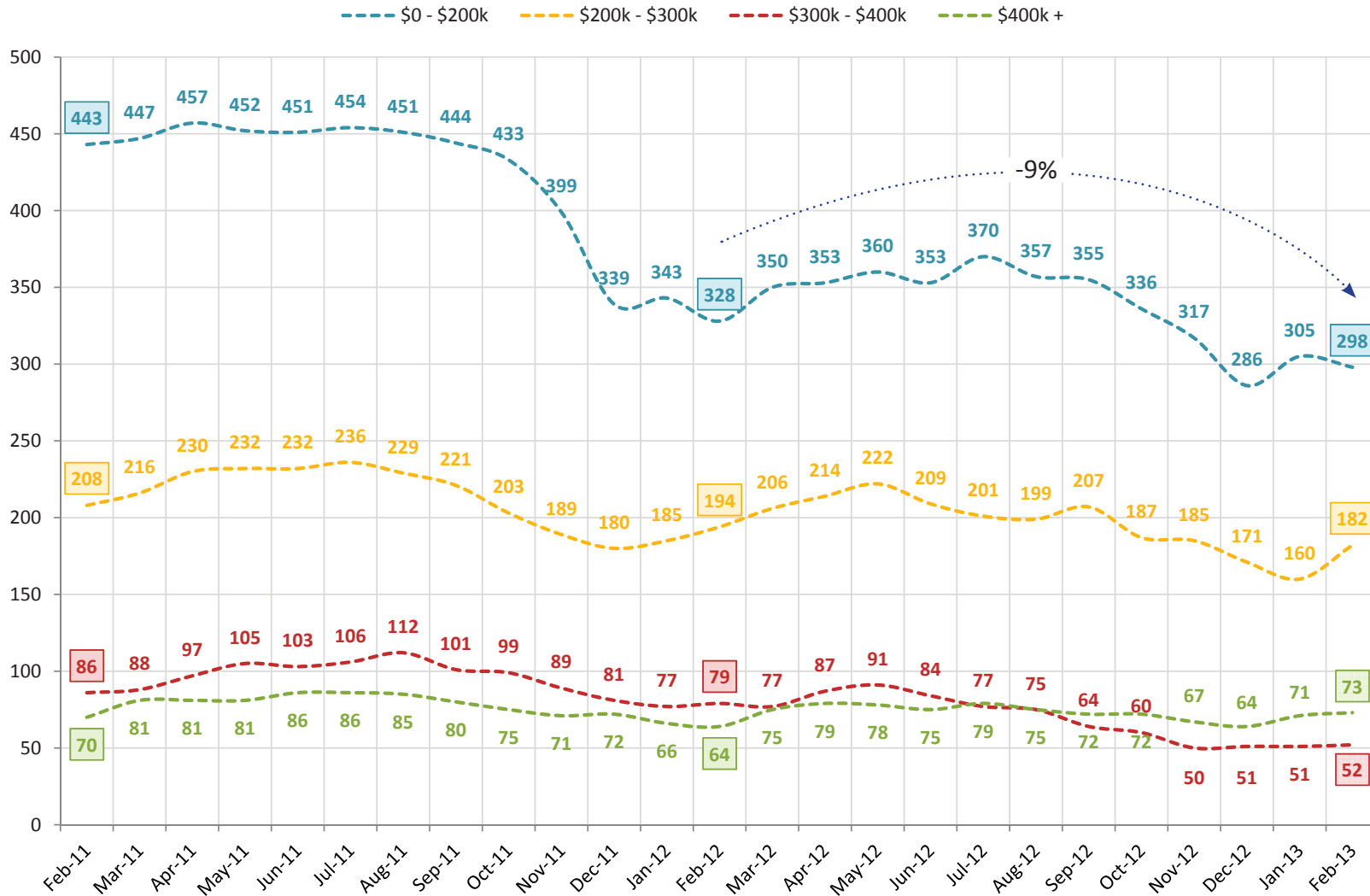
### Harrisonburg & Rockingham County Home Sales by Price Range (Average of Past 12 Months)



**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 between \$300,000 and \$400,000 has been relatively steady, and the highest price range (\$400,000 and up) has seen slower sales over the past two years.

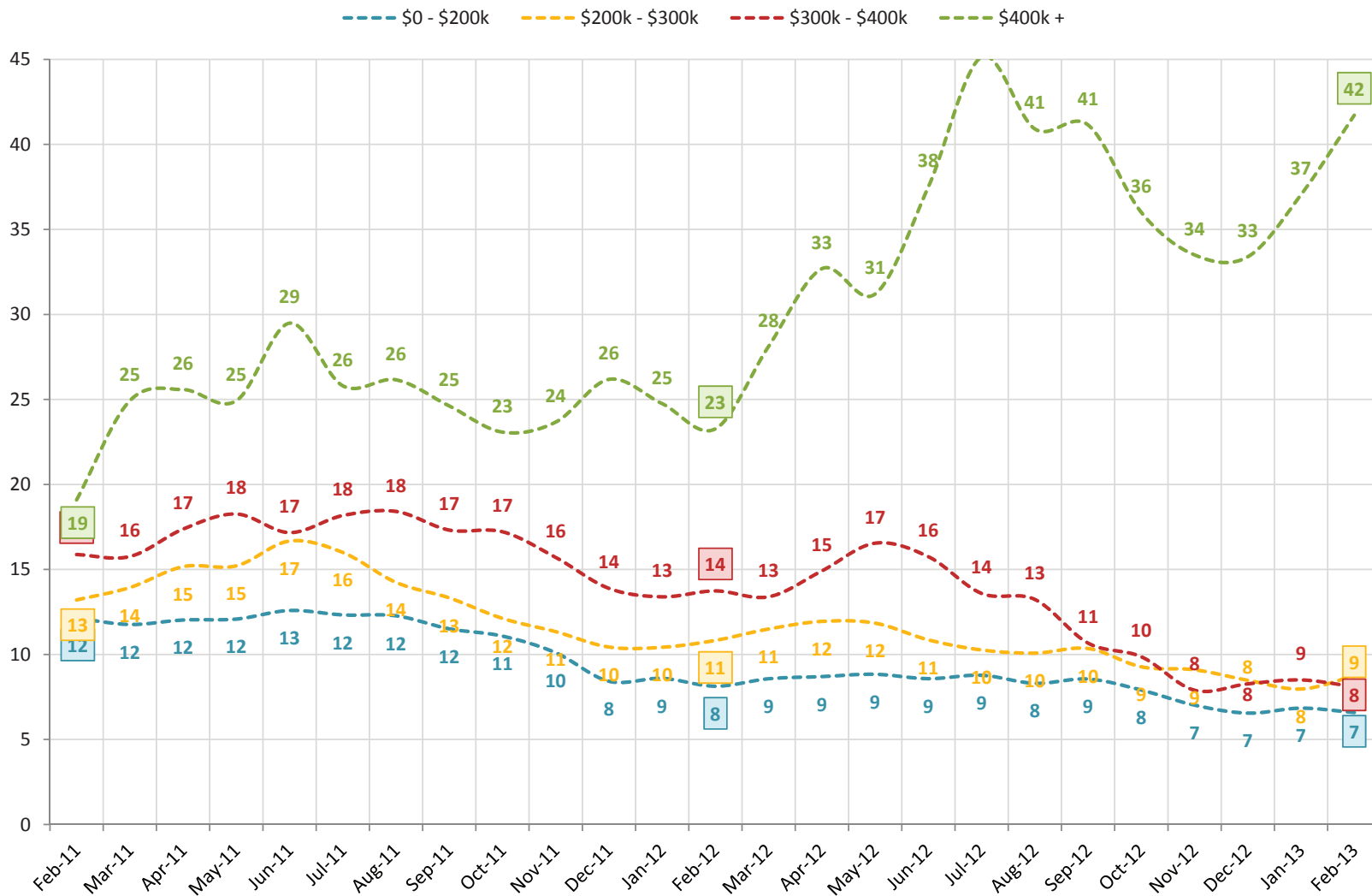
### Harrisonburg & Rockingham County Inventory Levels by Price Range



**Biggest drop in inventory in lowest price segment.** 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. The most significant change has been in homes under \$200,000 -- just 12 months ago there were 328 such properties for sale, and

today there are only 298 for sale -- this marks 9% decline in inventory. These declines in inventory over the past two years are definitely making a difference in helping to return us to greater balance in the local housing market.

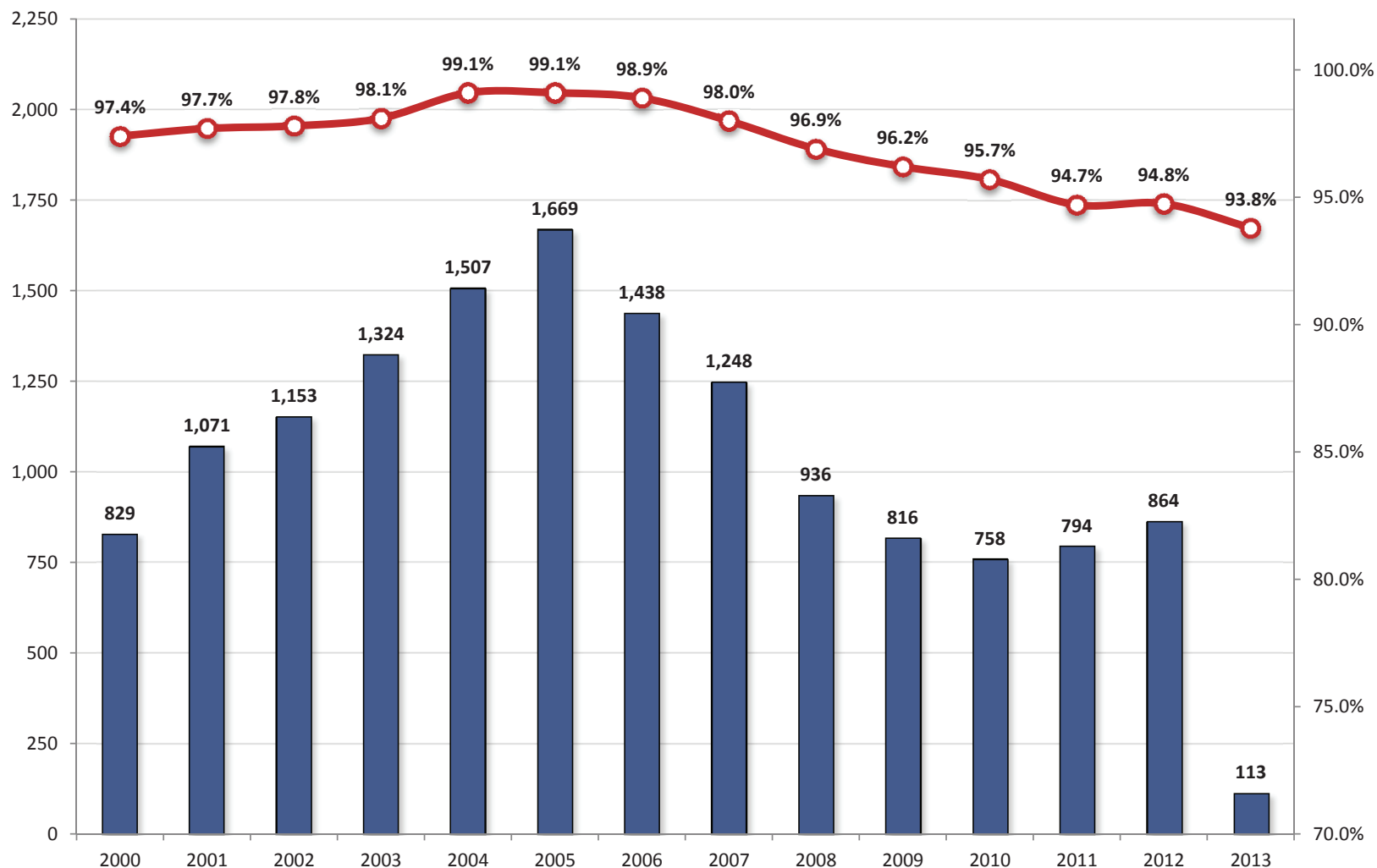
### Harrisonburg & Rockingham County Months of Housing Supply by Price Range



**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 42 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 finally starting to approach that balance in all but the highest price range.

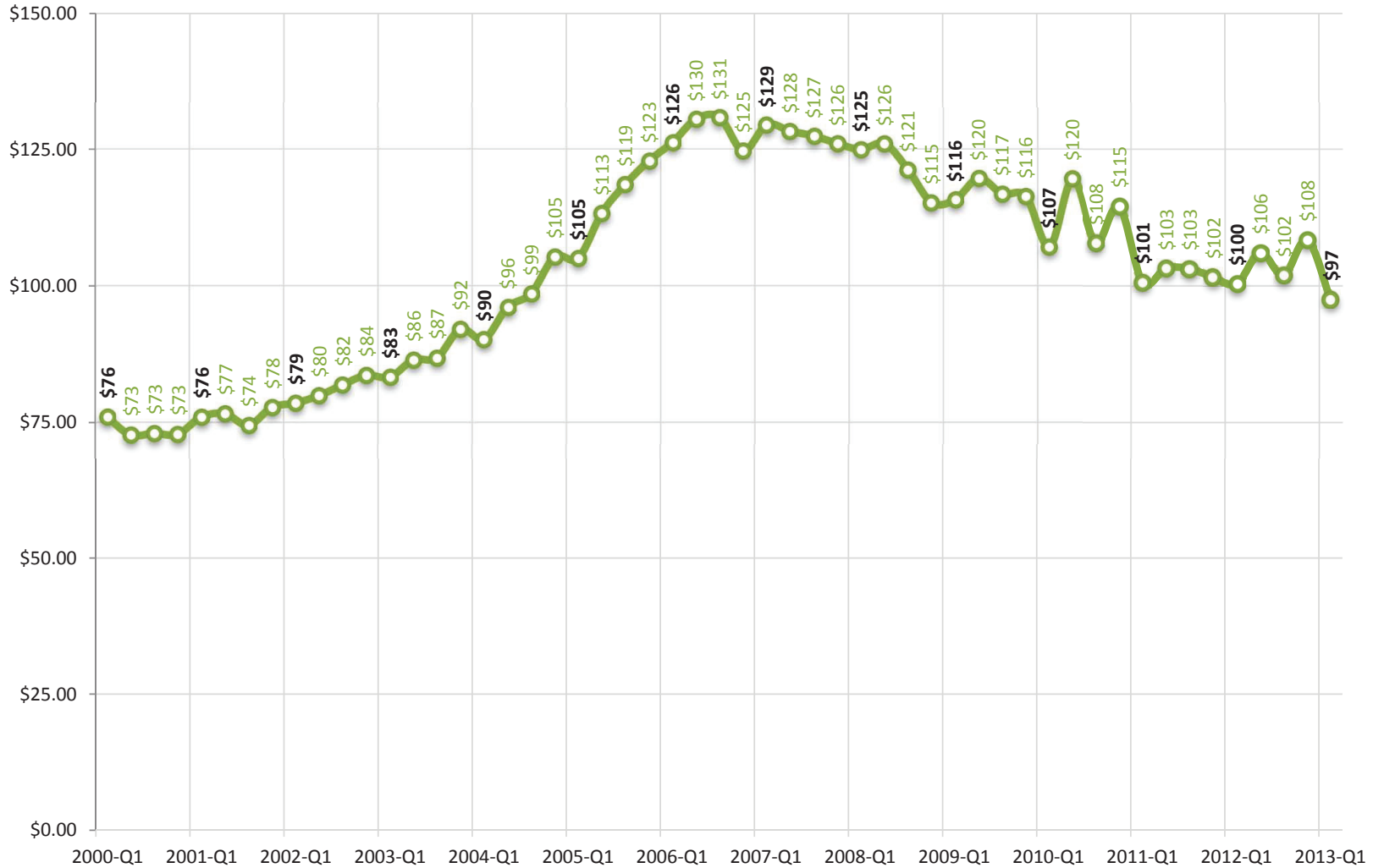
Harrisonburg & Rockingham County  
**List Price to Sales Price Ratio**  
 within the context of Home Sales Pace



**Buyers experiencing slightly less flexibility on pricing.** 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. 2011 may have offered the most flexibility for buyers --- with homes selling at an average of 94.7% of their asking prices --- this metric then showed a (tiny) improvement to 94.8% of the asking price for home sales during 2012, though it has declined thus far in 2013.

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

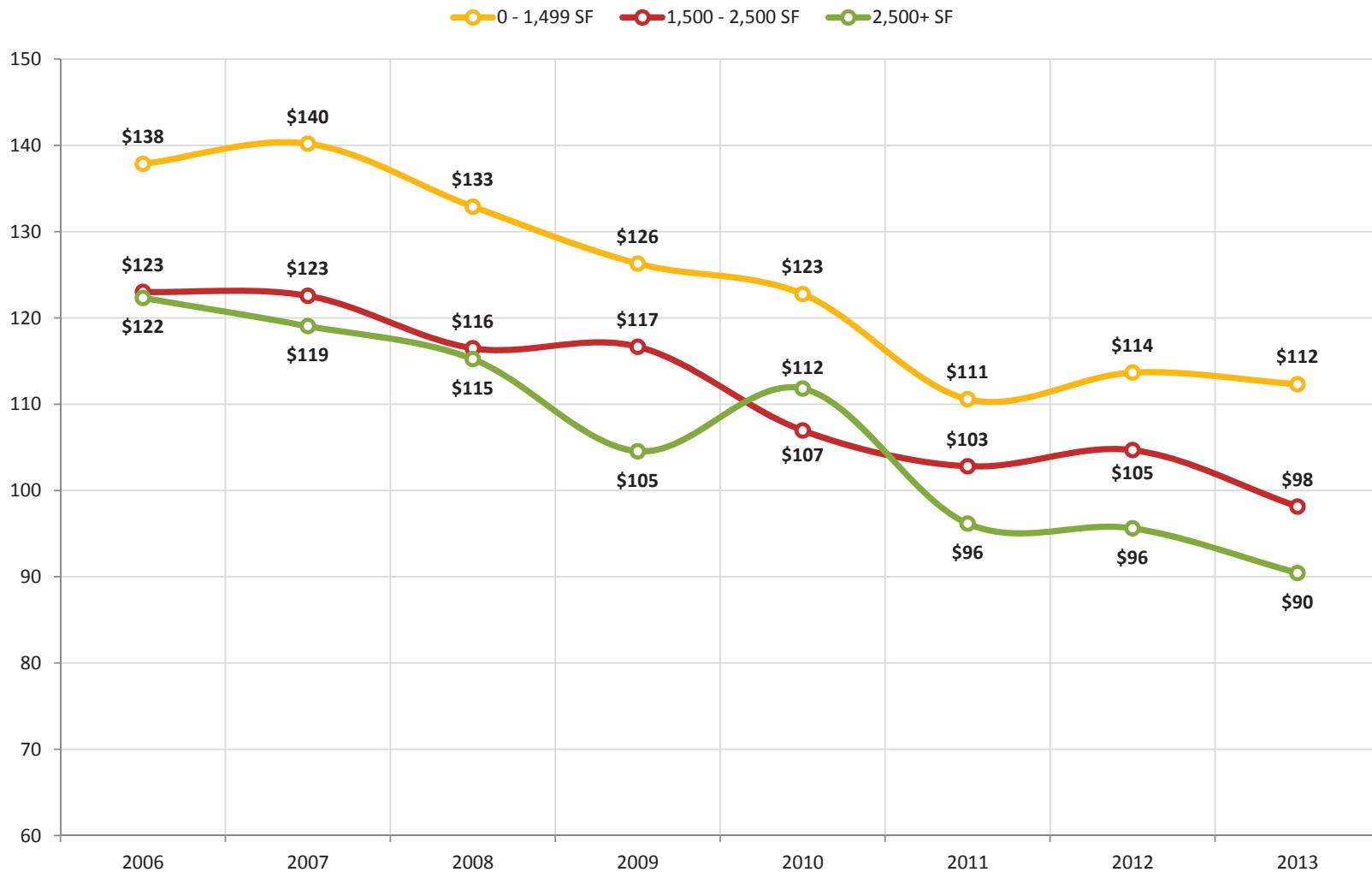


**Price per square foot showing possible signs of stability.** In addition to monitoring home values by overall median sales prices in our market, it can be insightful to examine the median price per square foot of homes that are selling. The graph above shows the median price per square foot of all 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.



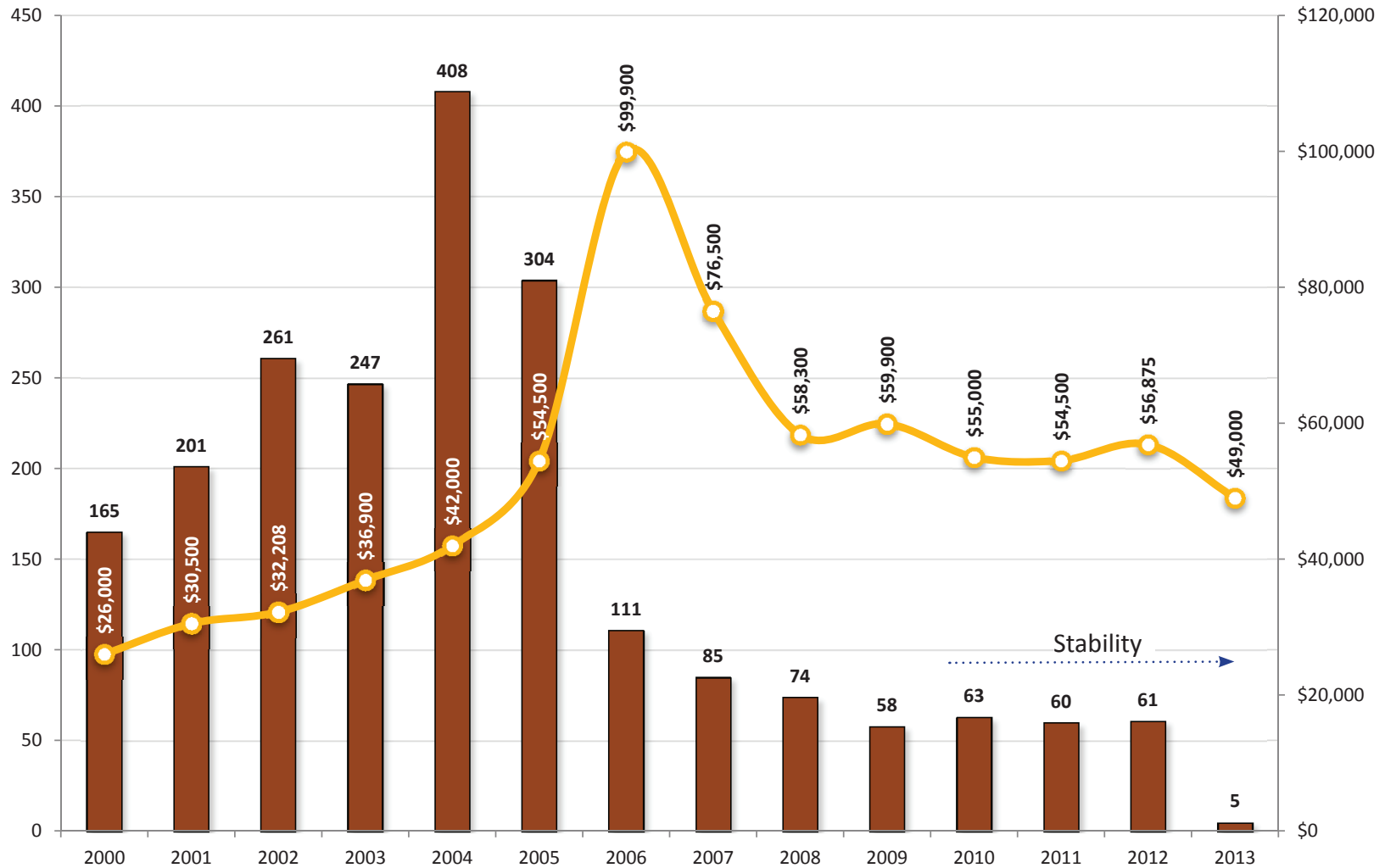
Harrisonburg & Rockingham County  
**Median Price Per Square Foot by Home Size**  
 Single Family Homes



**Prices edge up in all 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 (\$90/SF) than homes that offer less than 1500 SF (\$112/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.

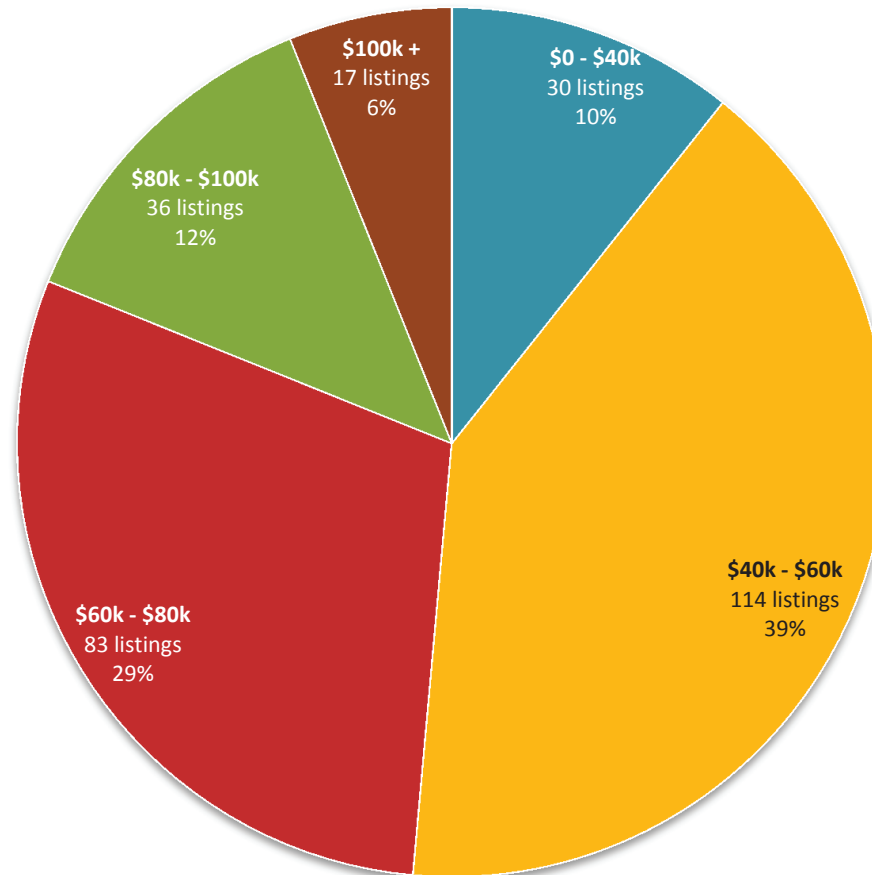
Harrisonburg & Rockingham County  
**Lot Sales & Median Prices**  
 less than 1 acre



**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.

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

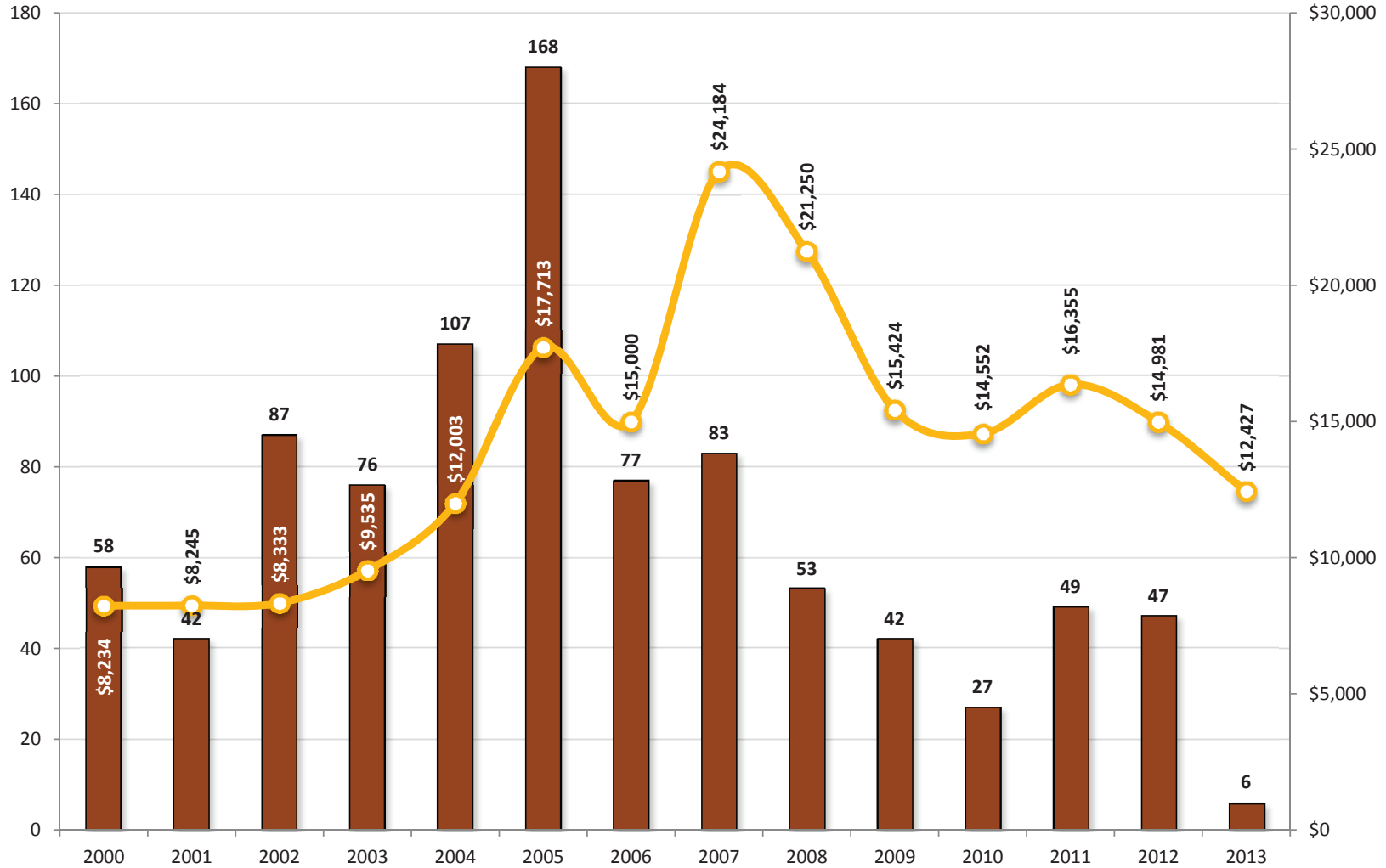


**291 Active Lot Listings; Median List Price: \$59,995**

**Many (many) lots for sale.** Despite the fact that only 61 lots (of less than an acre) sold in all of 2012, there are a remarkable 291 lots currently for sale. Some sanity exists in this listing market, however, as the median list price of lots for sale (\$59,995) is only slightly higher 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 4.8 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.

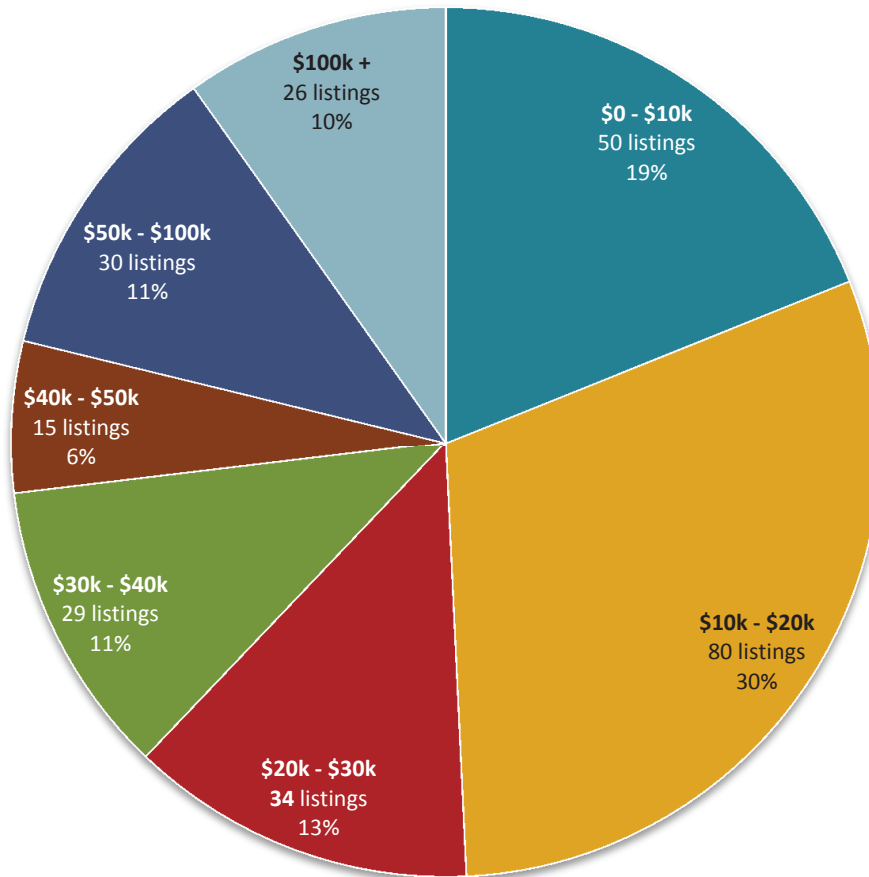
Harrisonburg & Rockingham County  
**Land Sales & Median Price Per Acre**  
 1 acre or more



**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 has fallen slightly over the past year to \$14,981.

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



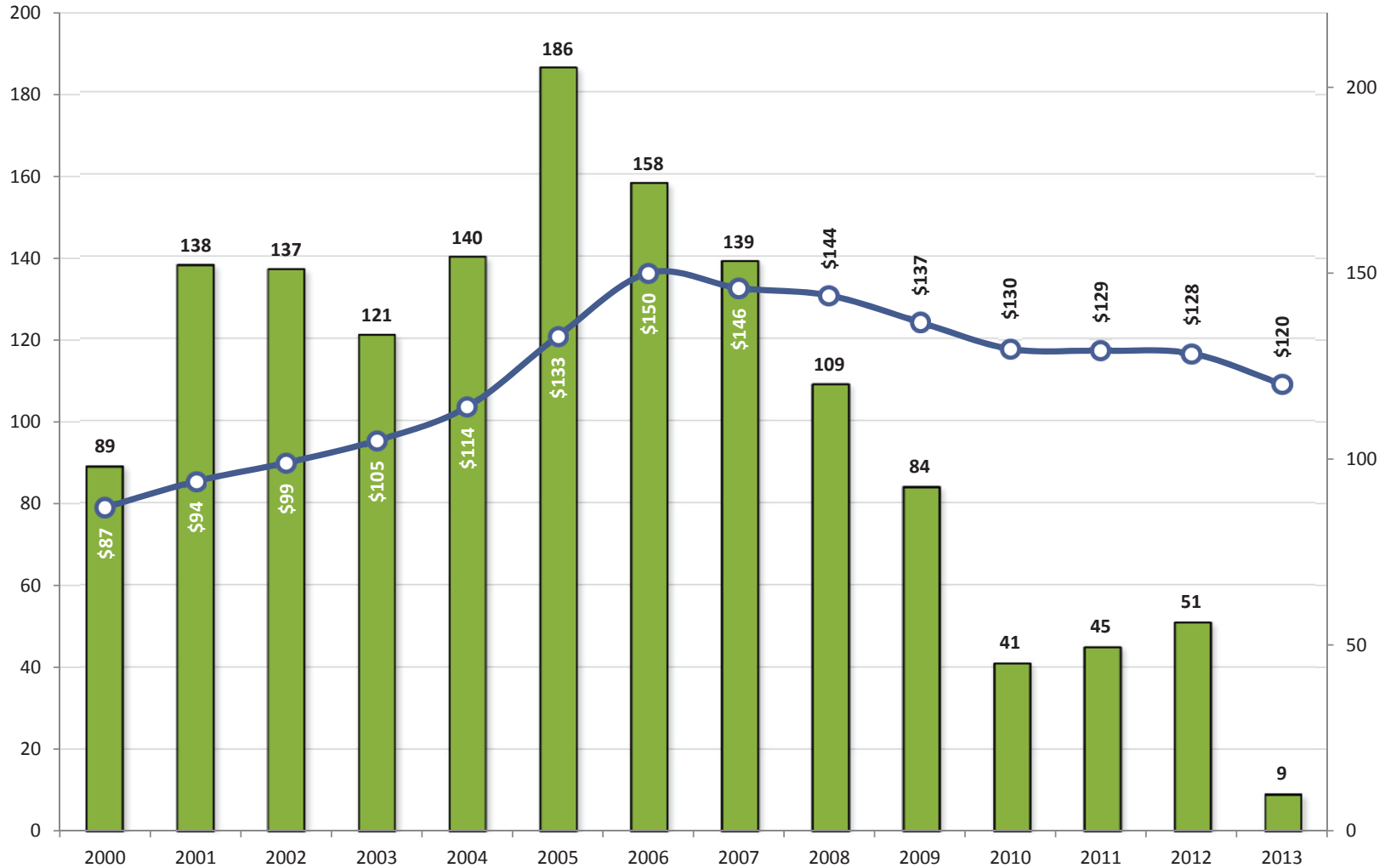
**267 Active Land Listing; Median List Price: \$21,196 / Acre**

**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 267 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 \$21,196 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.



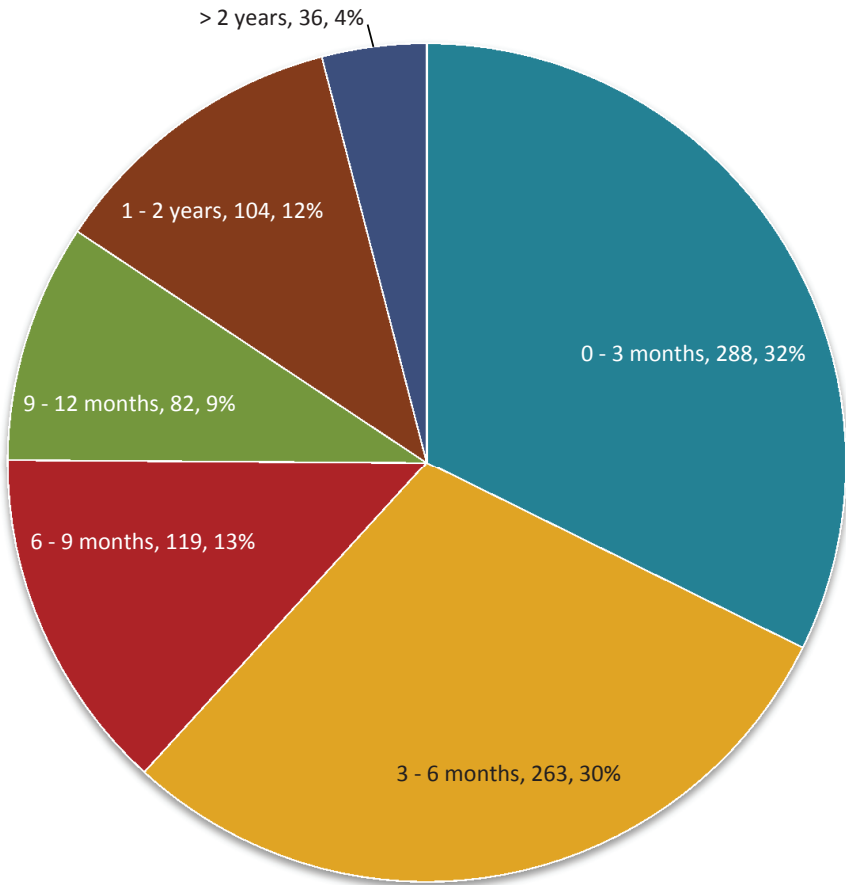
Harrisonburg & Rockingham County  
**New Construction Single Family Home Sales Trends**  
 Number of Sales, Median Price Per Square Foot



**New home sales increasing, prices stable.** New home builders experienced an increase in the pace of new home sales between 2011 and 2012 -- after a steady decline 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

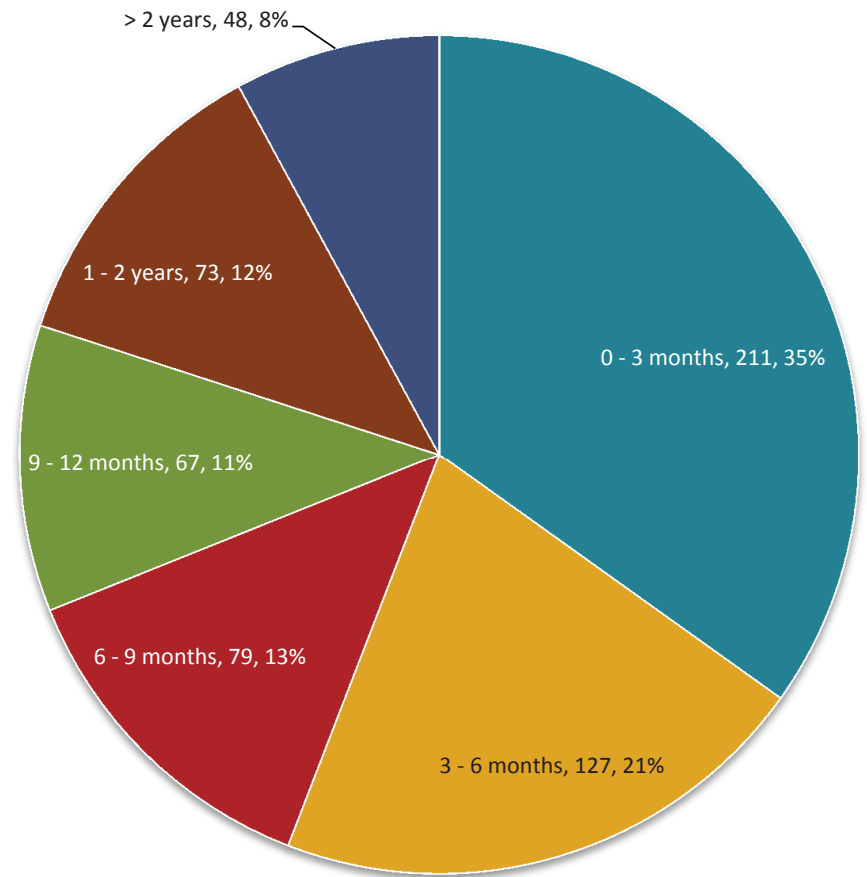
stabilized around \$128/SF last year, down only slightly over the previous two years. As the inventory of re-sale homes slims down, the sales of new homes should continue to increase.

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



**Median Days On Market: 143**

### Harrisonburg & Rockingham County Days on Market Analysis Active Listings

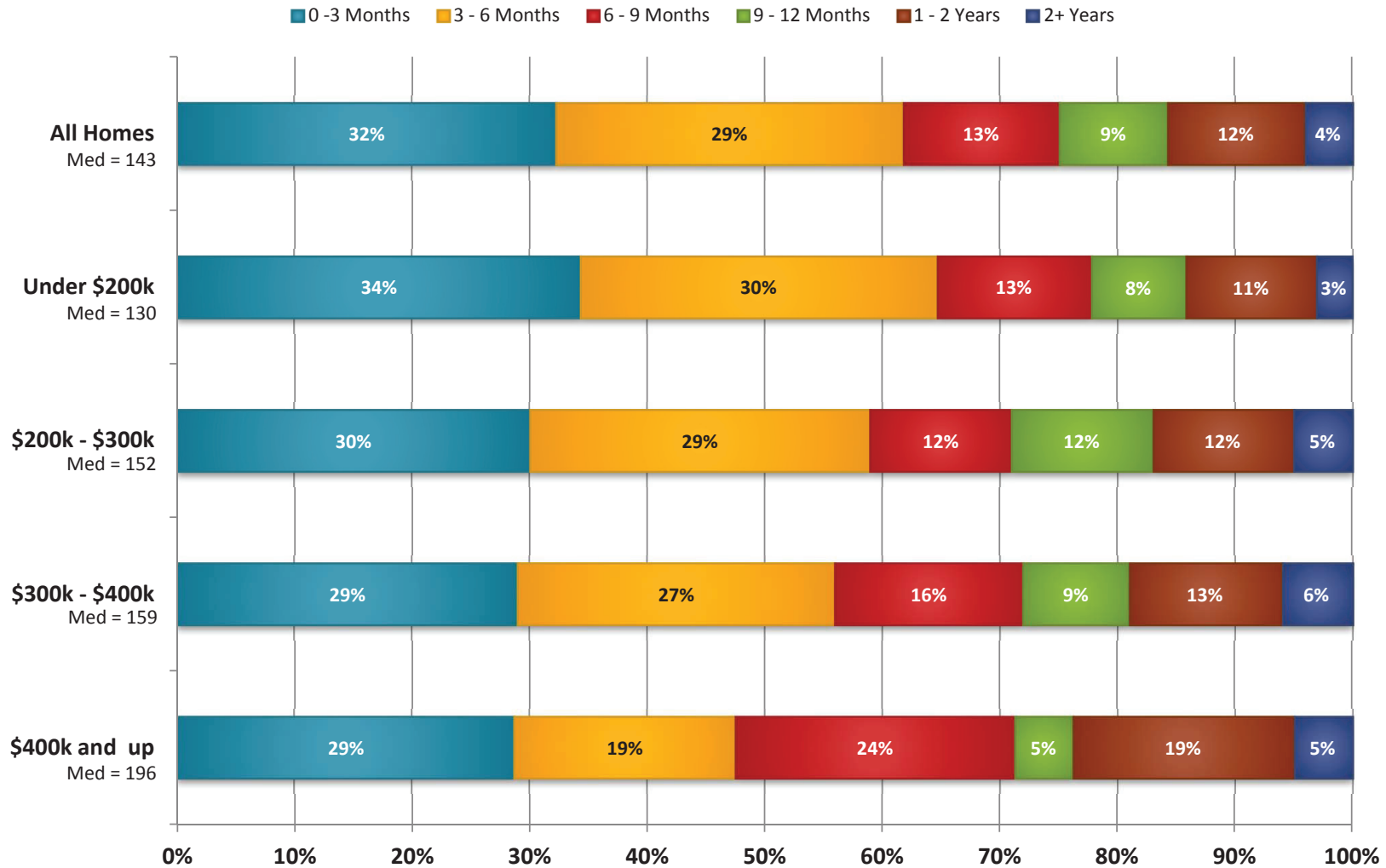


**Median Days On Market: 154**

**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, nearly 1 out of 3 homes (32%) 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 62% 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

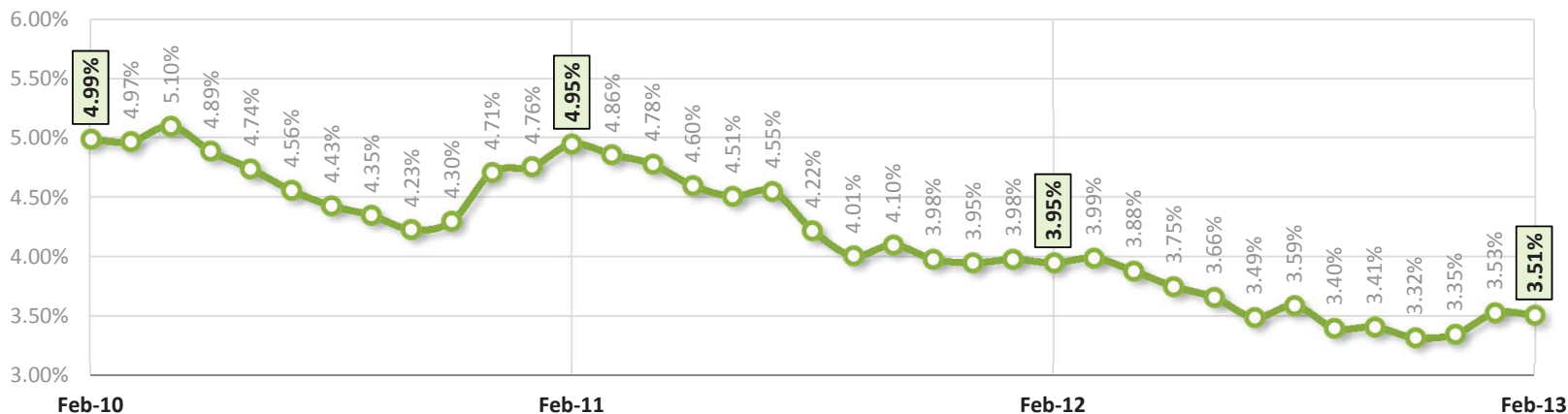


**Sales pace varies by price range.** The time that it takes to sell a home in today's market varies based on the price range of the home in question. For example, 64% of homes that sold under \$200K sold in the first six months of being on the

market, while only 48% of homes over \$400,000 were able to sell in that same time period.

### Average 30-Year Fixed Mortgage Interest Rate

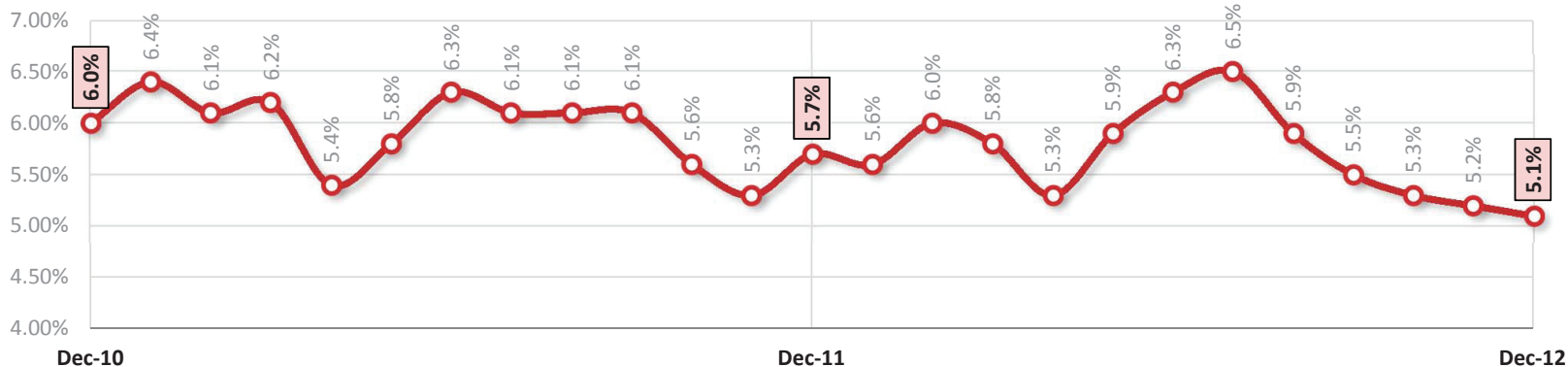
Source: Freddie Mac



### Harrisonburg-Rockingham MSA

### Unemployment Rate

Not Seasonally Adjusted



**Mortgage interest rates up, unemployment rate down.** As shown in the top graph above, home buyers continue to find amazingly low interest rates on 30-year fixed rate mortgages, however these rates have started to increase over the past several

months. The second graph above illustrates trends in the local unemployment rate -- which dropped yet again in December, down to 5.1% --- the lowest level on record in the past two years.

## 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, Harrisonburg's Ten Thousand Villages 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**  
<http://www.NewListingsInHarrisonburg.com>

**Trustee Sales in Harrisonburg & Rockingham County**  
<http://www.HarrisonburgForeclosures.com>

**Bank Owned Properties in Harrisonburg & Rockingham**  
<http://www.HarrisonburgREO.com>

**Potential Short Sales in Harrisonburg & Rockingham County**  
<http://www.HarrisonburgShortSales.com>

**Owner Financed Properties in Harrisonburg & Rockingham County**  
<http://www.HarrisonburgOwnerFinancing.com>

**Lease/Purchase Properties in Harrisonburg & Rockingham County**  
<http://www.HarrisonburgLeasePurchase.com>

**Property Transfers in Harrisonburg & Rockingham County**  
<http://www.HarrisonburgPropertyTransfers.com>