



OCTOBER 2017

Harrisonburg & Rockingham County Real Estate Market Report



*An analysis of real estate activity through September 30, 2017.
provided courtesy of Scott P. Rogers, Funkhouser Real Estate Group*



Five Bedroom Barrington Home with Two Offices, Three Car Garage, Large Lot 1715BuckinghamDrive.com

HOME SALES REPORT

Harrisonburg & Rockingham County

October 11, 2017

# Home Sales	2014	2015	2016	2017	% Change ('16 - '17)
September	112	97	129	103	-20.16%
Year-To-Date (Jan-Sep)	805	858	1008	956	-5.16%
Last 12 Months (Oct-Sep)	1,054	1,133	1,276	1,261	-1.18%

Median Sales Price	2014	2015	2016	2017	% Change ('16 - '17)
September	\$173,250	\$172,500	\$203,500	\$190,000	-6.63%
Year-To-Date (Jan-Sep)	\$175,000	\$186,000	\$192,000	\$196,000	2.08%
Last 12 Months (Oct-Sep)	\$174,321	\$186,000	\$189,000	\$195,000	3.17%

Median Days on Market	2014	2015	2016	2017	% Change ('16 - '17)
September	69	50	58	34	-41.38%
Year-To-Date (Jan-Sep)	66	55	51	32	-37.25%
Last 12 Months (Oct-Sep)	64	58	52	39	-25.00%

Home sales were decidedly slower this September as compared to last September, with a 20% decline from 129 home sales to 103 home sales. This adds to the year-to-date totals to show a 5% year-to-date decline in the pace of home sales in Harrisonburg and Rockingham County. Despite slowing sales, the year-to-date

median sales price is up 2%, and median days on market is down 37% year-to-date. These final two statistics (median price, median DOM) suggest that there is still strong buyer demand despite fewer actual closings, and that the decline in sales may be primarily related to low inventory levels.

HOME SALES REPORT :: BY AREA

# Home Sales	City of Harrisonburg			Rockingham County		
	2016	2017	% Change	2016	2017	% Change
September	39	34	-12.82%	90	69	-23.33%
Last 12 Months (Oct-Sep)	442	422	-4.52%	834	839	0.60%

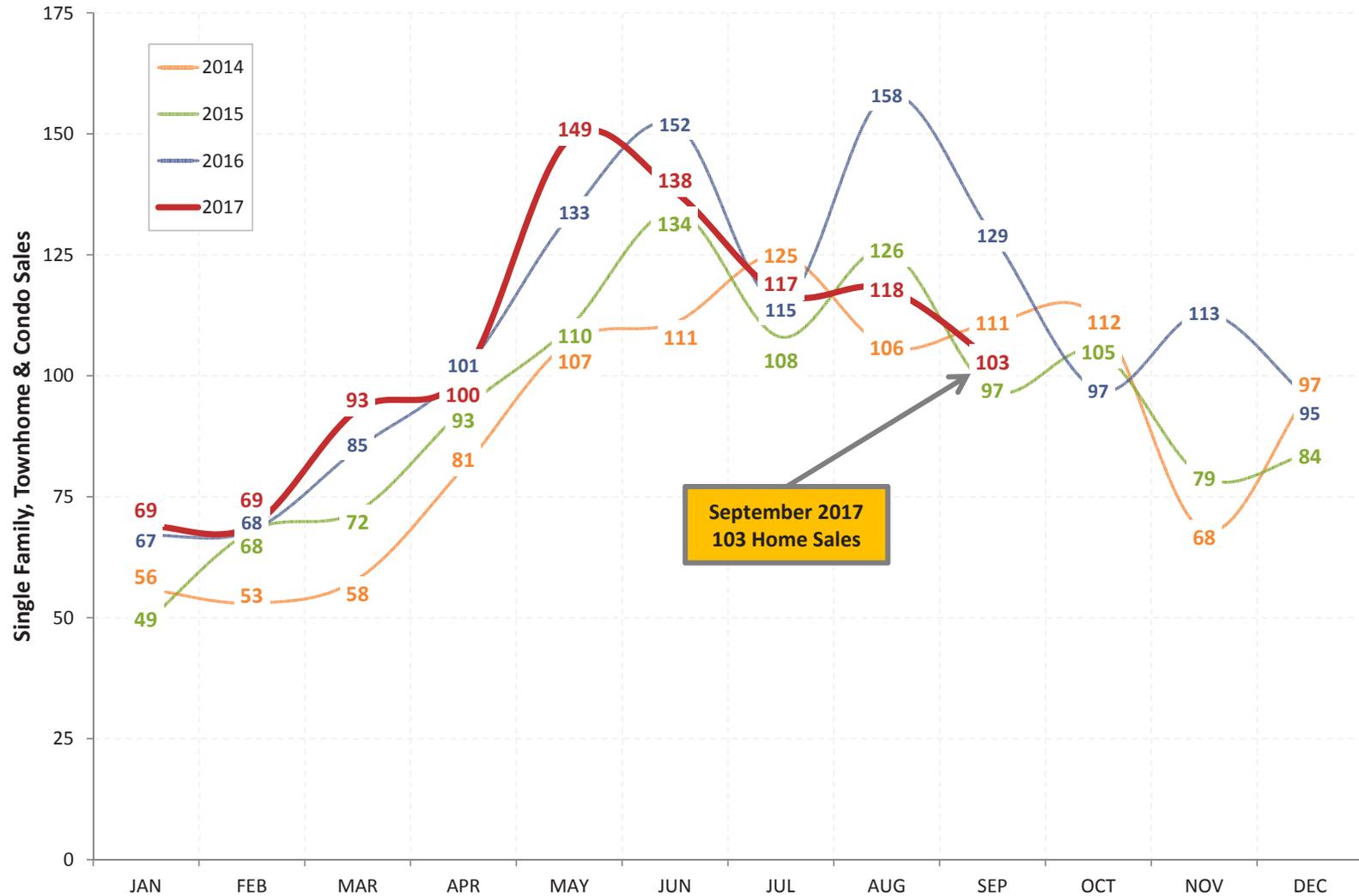
Median Sales Price	City of Harrisonburg			Rockingham County		
	2016	2017	% Change	2016	2017	% Change
September	\$159,000	\$174,500	9.75%	\$220,500	\$196,200	-11.02%
Last 12 Months (Oct-Sep)	\$169,250	\$170,000	0.44%	\$199,000	\$210,000	5.53%

Median Days on Market	City of Harrisonburg			Rockingham County		
	2016	2017	% Change	2016	2017	% Change
September	34	19	-44.12%	63	47	-25.40%
Last 12 Months (Oct-Sep)	37	28	-24.32%	60	48	-20.00%

Each year, twice as many (+/-) homes sell in the County as compared to the City. Looking at year-to-date figures, County home sales are on pace (+0.6%) with last year, while City home sales have declined 4.52%. That faster clip of home sales in the County has been accompanied by a 5.53% increase in the year-to-date median

sales price, whereas the median sales price in the City has only increased 0.44% over the past year. Also of note -- the median sales price in the County (\$210K) is quite a bit higher than in the City (\$170K) but homes sell more quickly in the City (28 DOM) as compared to the County (48 DOM).

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

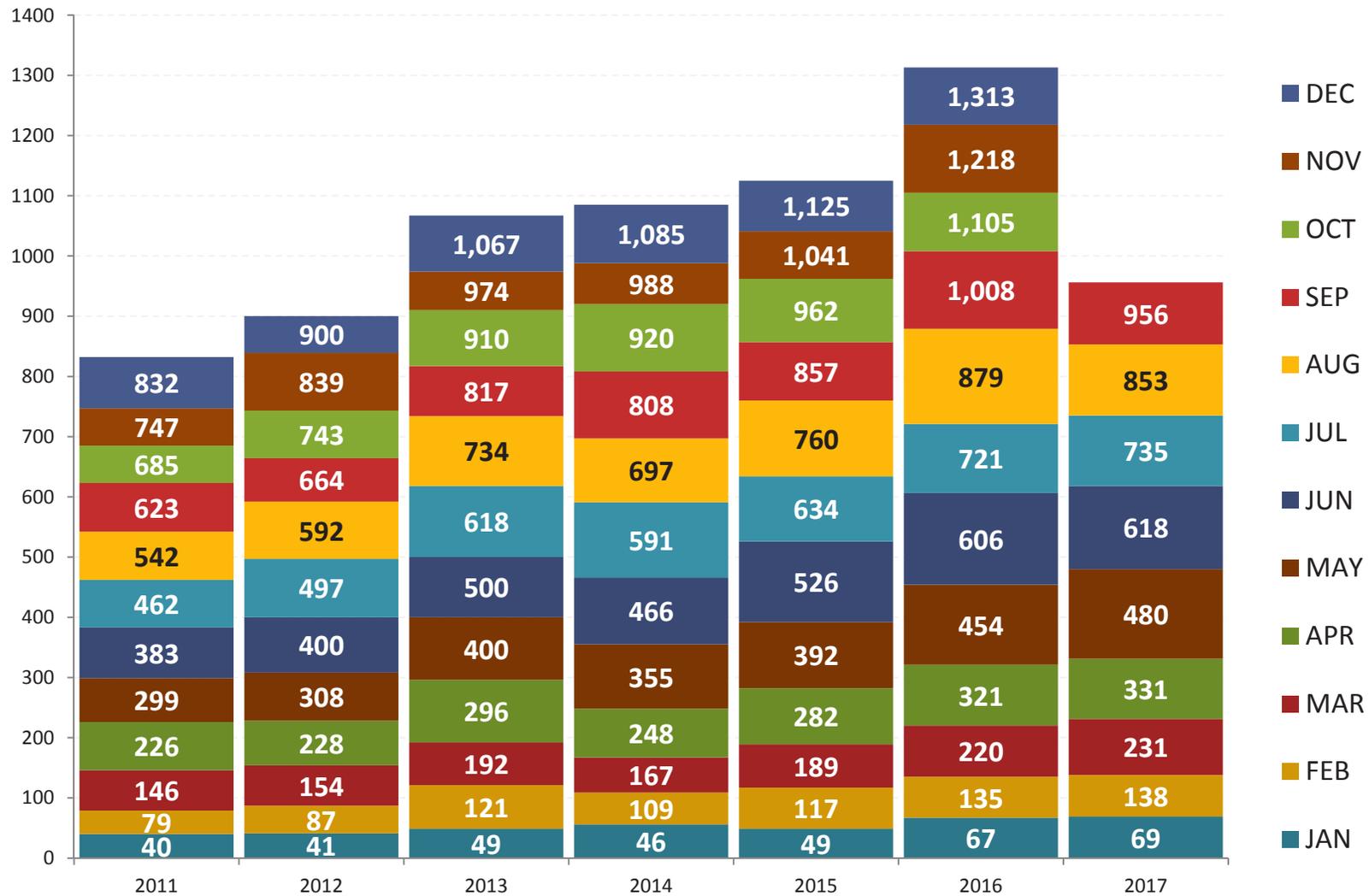


September 2017
 103 Home Sales

This time last year we were celebrating all time high sales figures in August and September - this year, not so much. September home sales were on the low end of what we have seen for September home sales over the past few years -- having declined 20% from 2016, though being slightly higher than 2015 home sales. Last

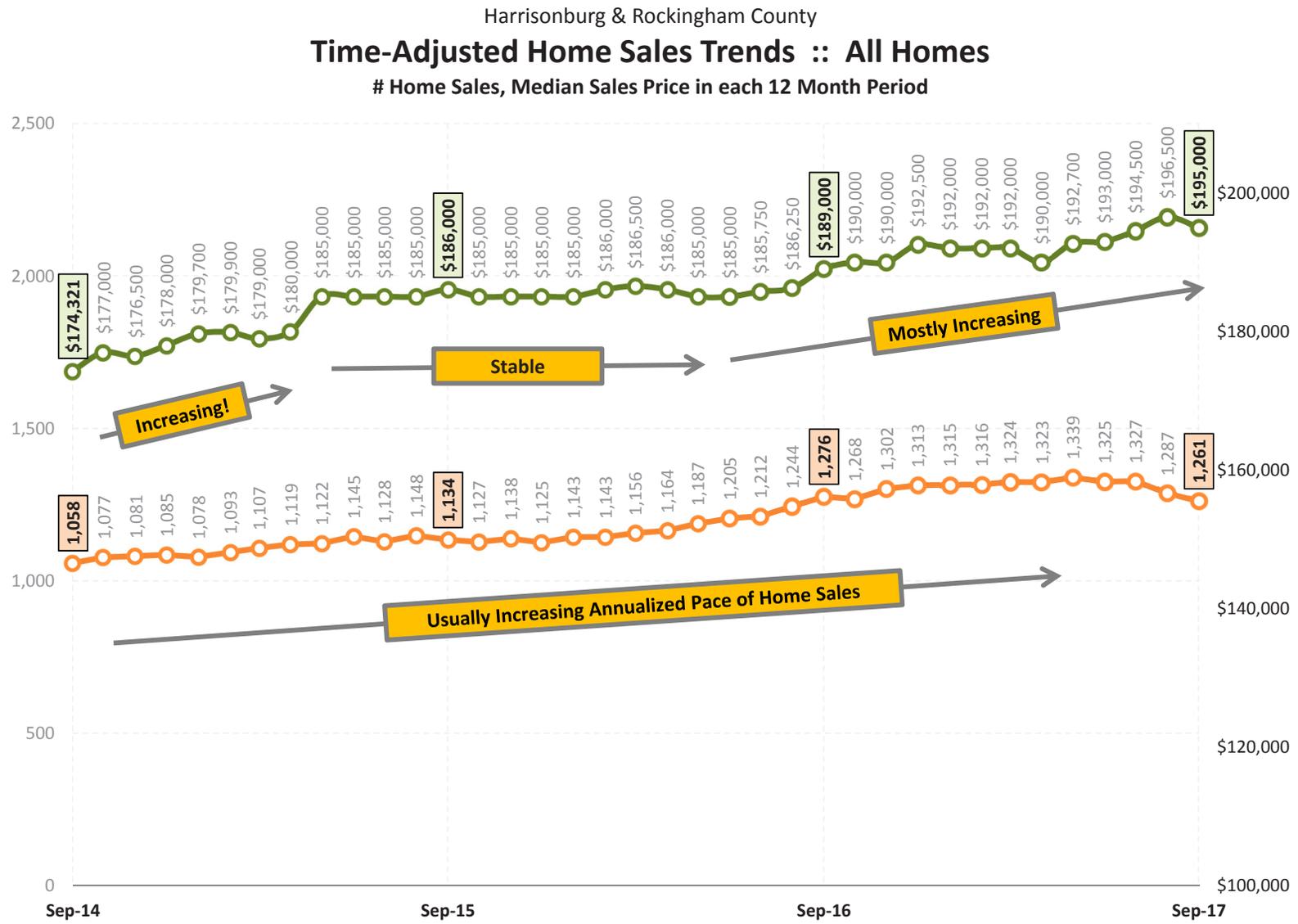
year, home sales in October, November and December hovered between 95 and 115 home sales per month. With slower sales this August and September, it is not clear whether we'll see quite as many sales in the final quarter of 2017. I would predict between 85 and 100 home sales per month over the next three months.

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 last year in 2016. Until

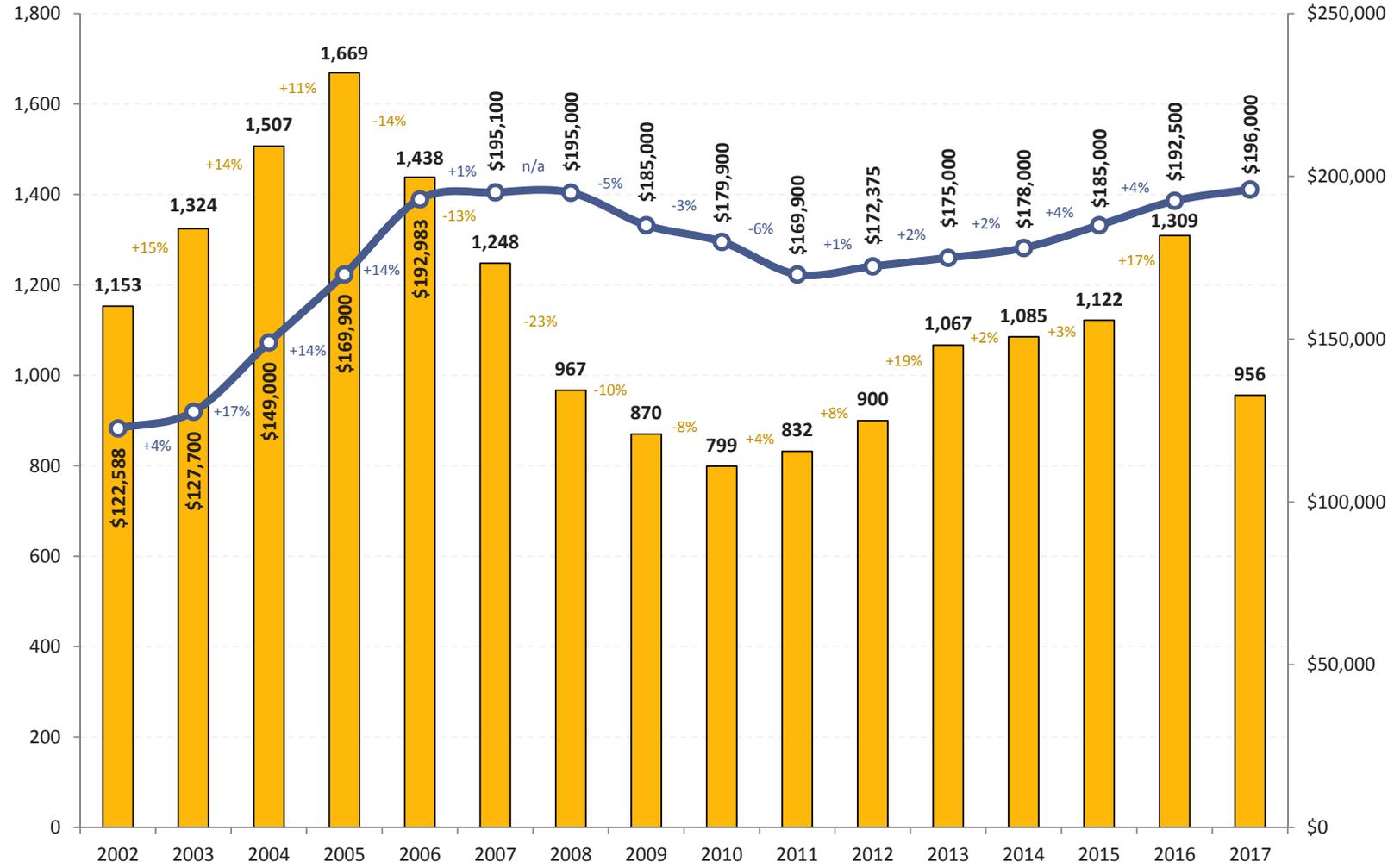
August, it seemed that we would see more home sales in 2017 than in 2016 -- but we have now, suddenly, fallen quite behind! Since September did not help us rebound after a slow August -- it seems nearly impossible that we will match 2016 home sales levels, though quite likely that we will exceed all other years shown.



This graph shows a rolling 12 month trend line of the number of homes sold in the Harrisonburg and Rockingham County area, as well as the median price of the homes that sold during these time frames. Each data point shows one year's worth of home sales, which eliminates the volatility of evaluating sales figures on a monthly

basis. Over the past three years we have seen relatively consistent increases in the annual pace of home sales, which (until August 2017) had risen to more than 1,300 sales/year -- and the median sales price has been steadily increasing for over a year from the \$185K range to now be right around \$195,000.

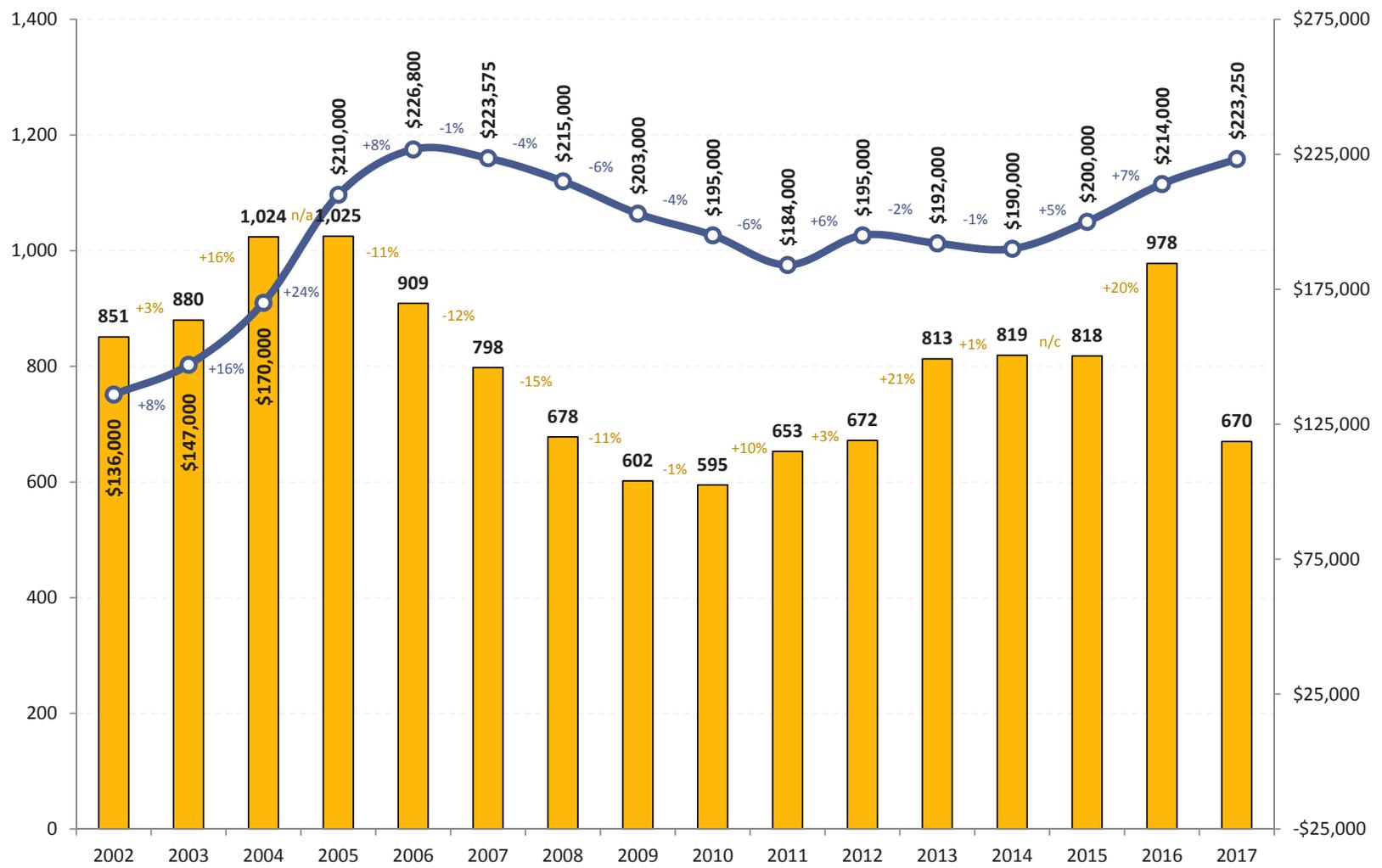
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Single Family Homes & Townhomes



This graph provides an overall indicator of the state of our housing market, showing both the number of homes being sold each year since 2002 (yellow bars) as well as changes in the median sales price during the same time period (blue line). This past year (2016) marks the sixth (!) year in a row when we have seen an increase

(+17%) in the pace of sales in our local market, which was also accompanied by a 4% increase in the median sales price. This 17% increase in the pace of sales far exceeded the increases seen in the prior two years (2%, 3%) and likely contributed to the additional 4% increase in the median sales price.

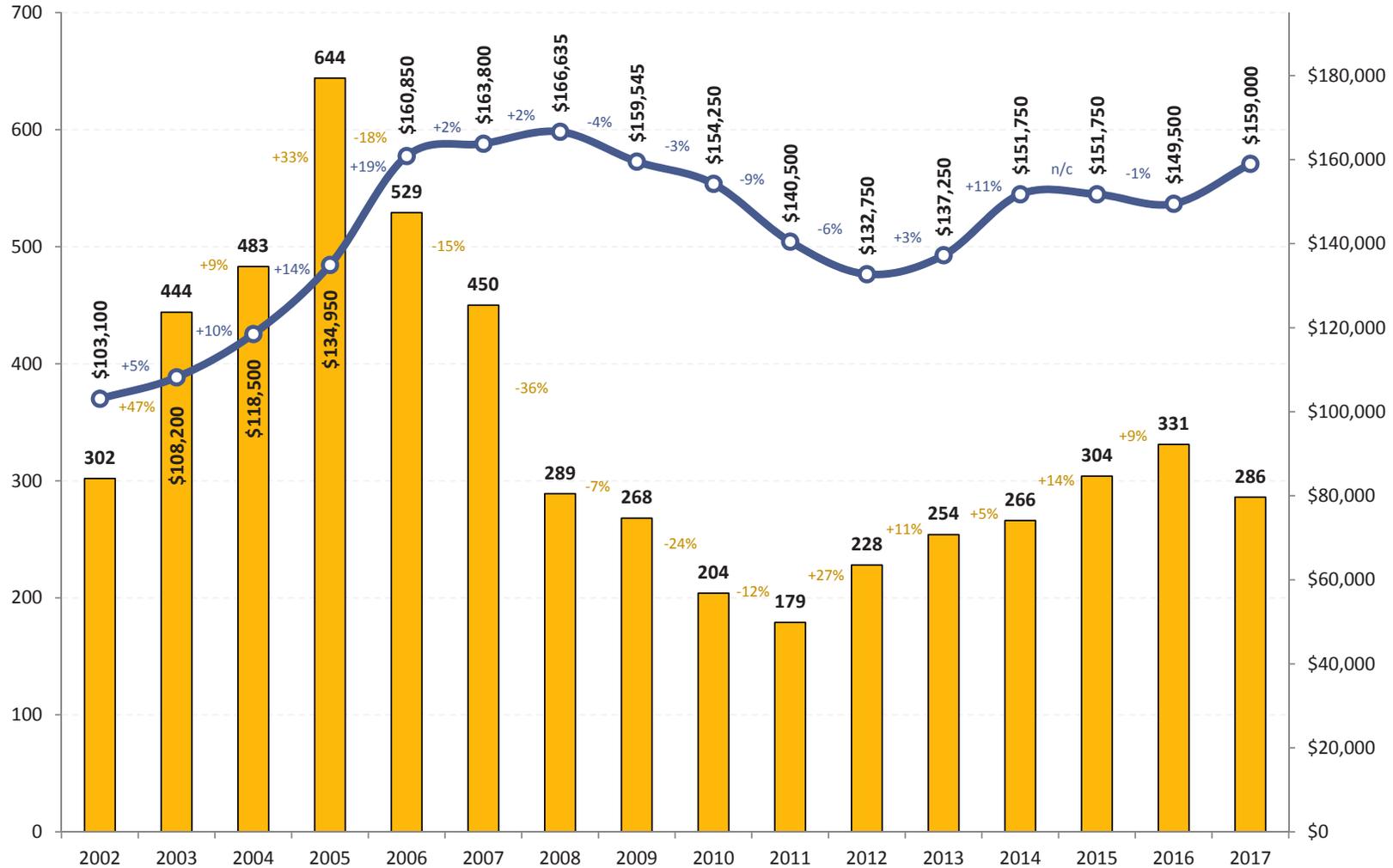
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Single Family Homes



The single family home market in Harrisonburg and Rockingham County improved significantly between 2015 and 2016. After three years of relatively little change in the number of single family home sales (813, 819, 818) we saw a sudden and dramatic increase to 978 home sales. Looking back, there have only been two

years (2004, 2005) when more single family homes were sold in Harrisonburg and Rockingham County. This 20% increase in the pace of single family home sales was accompanied by a 7% increase in the median sales price. Median home sales prices seem to be poised to make another decent sized increase in 2017.

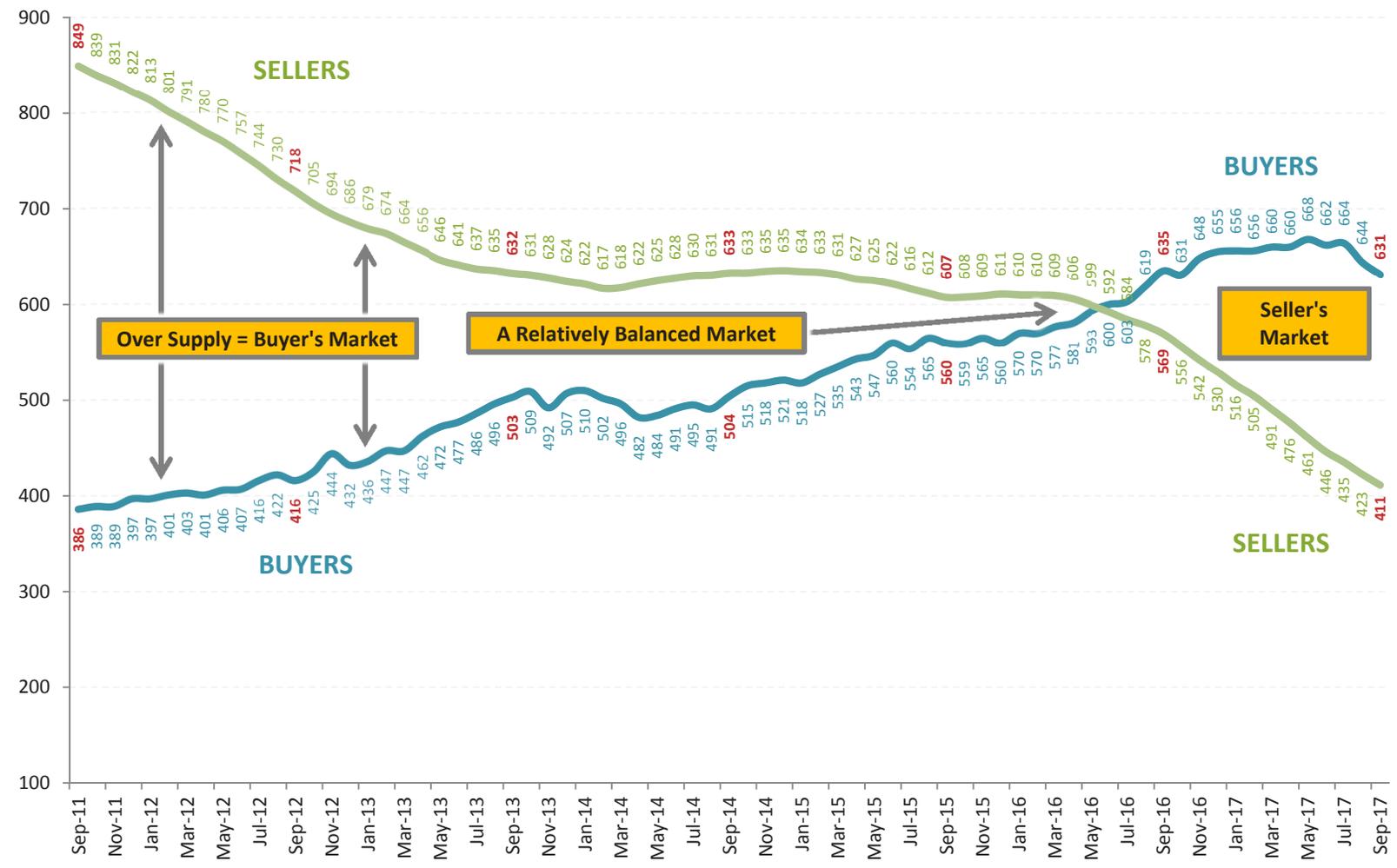
Harrisonburg & Rockingham County
Home Sales & Price Trends
 Duplexes, Townhomes & Condos



After six years (2005-2011) of rapid declines in the pace of townhouse sales in Harrisonburg and Rockingham County, the pace of sales has been rebounding since 2012. The 331 sales seen in 2016 marked the highest level of sales seen anytime between 2008 and 2016. Despite the continuing increase in the sale of townhouses

(and duplexes and condominiums), we did not see any further market recovery in 2015 or 2016 when it comes to price, and in fact, the median sales price of these properties dropped slightly in 2016 to \$149,500 -- down 1% from the median sales price of \$151,750 in both 2014 and 2015.

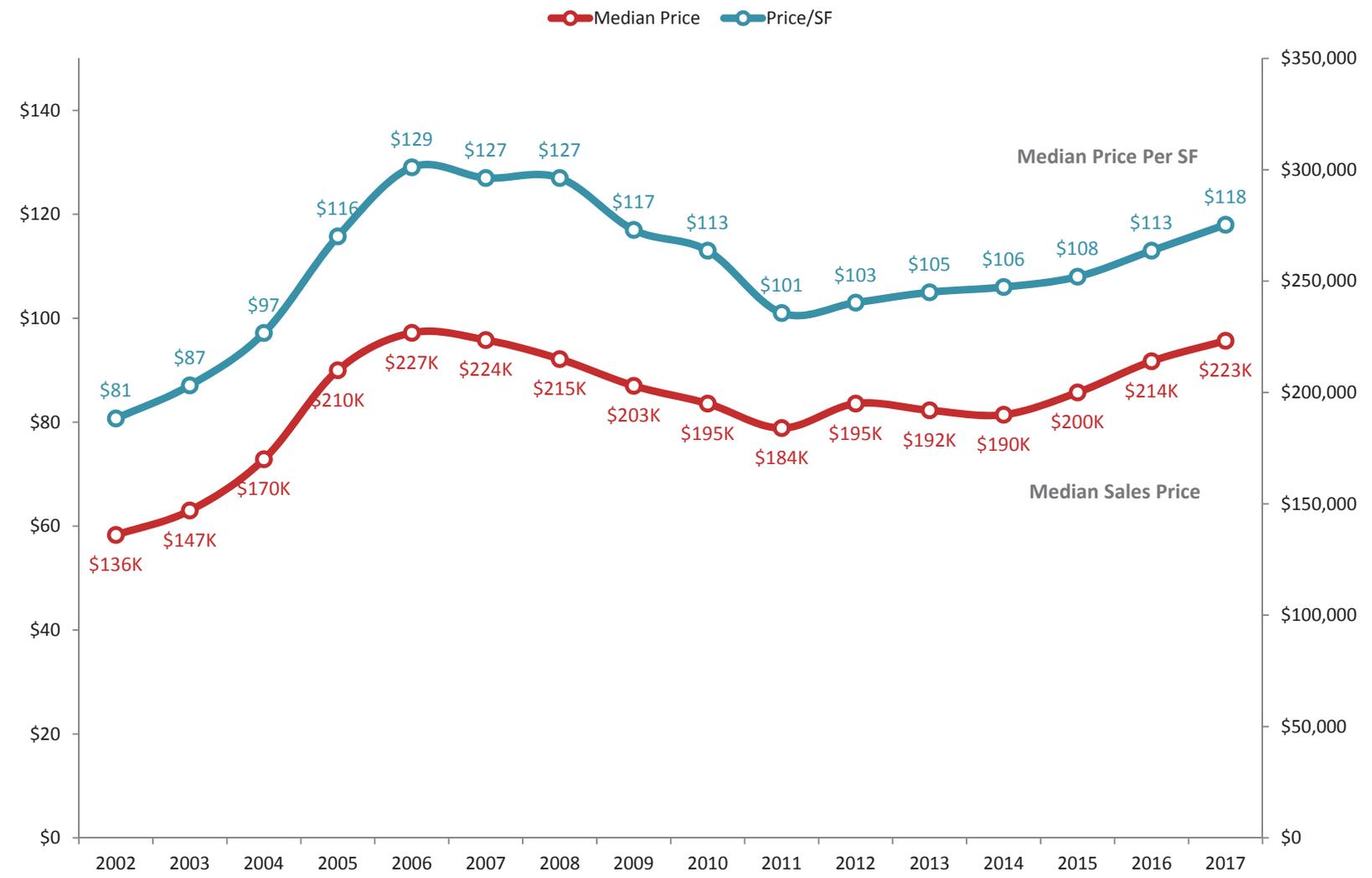
Harrisonburg & Rockingham County
Market Balance between Buyers and Sellers
 Assuming Six Months of Housing Supply is a Balanced Market



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 was no turning back. There are now many more buyers buying in a six month period than there are homes for sale!

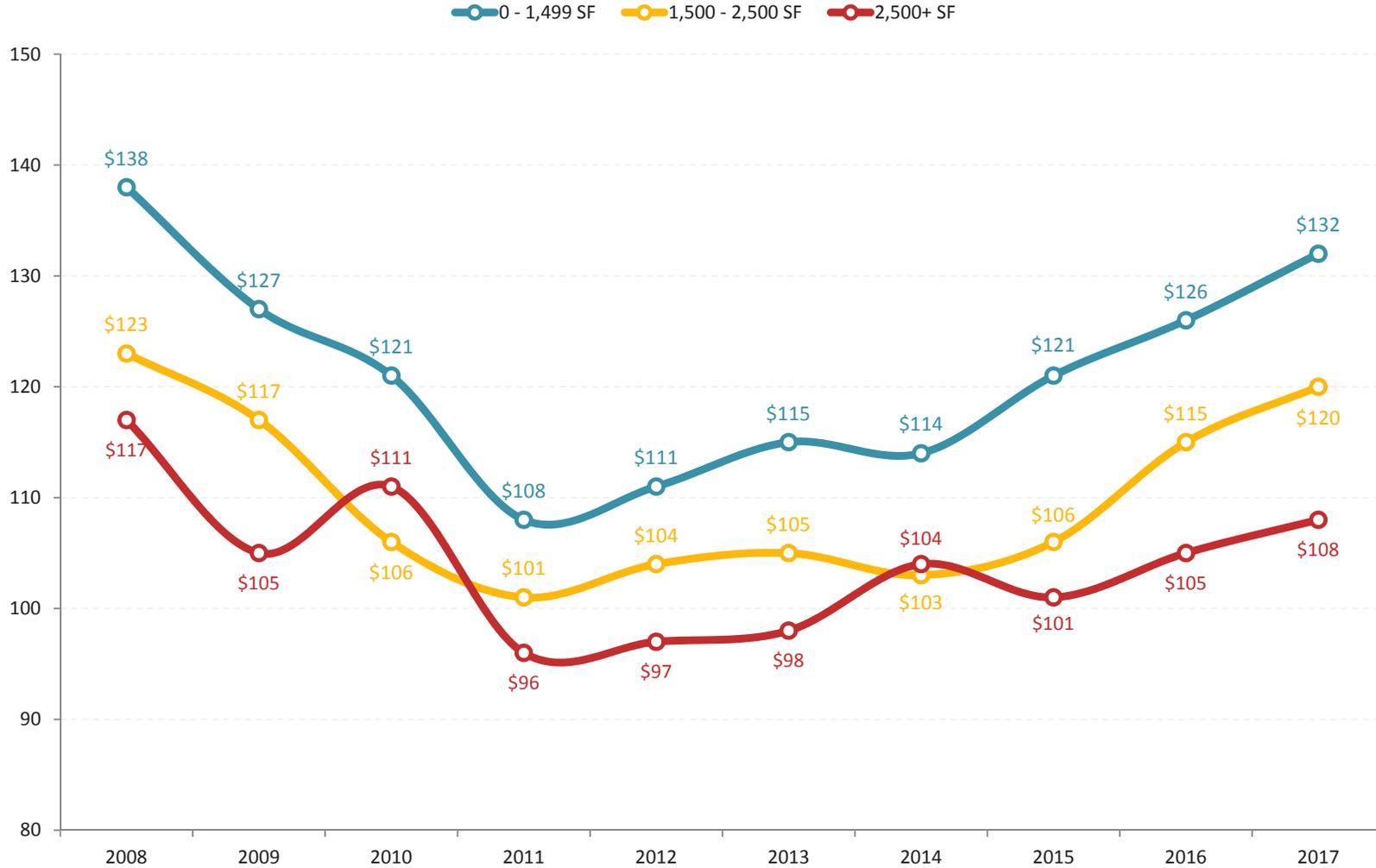
Harrisonburg & Rockingham County
Median Price vs. Price Per SF (Single Family Homes)



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

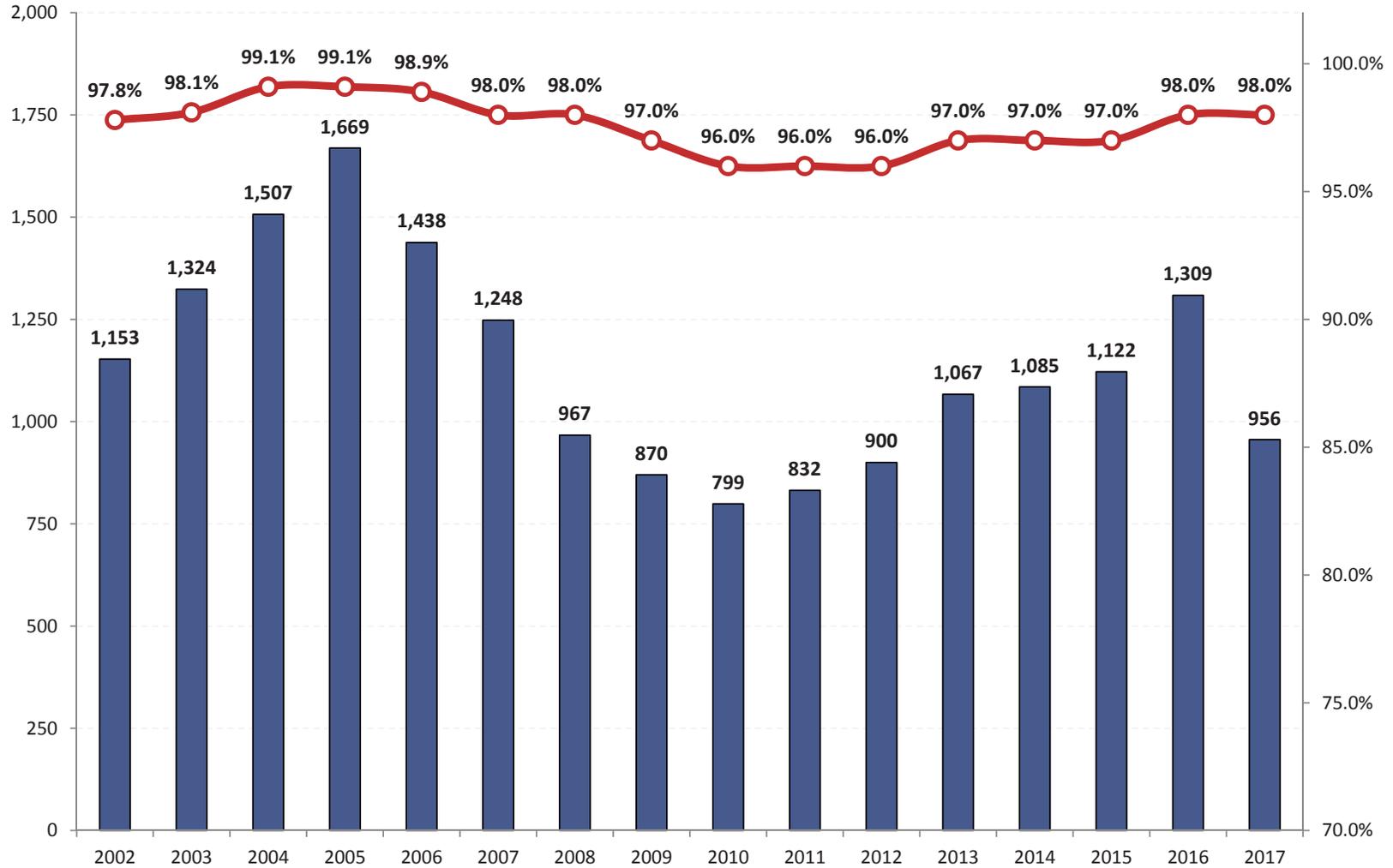
Harrisonburg & Rockingham County Median Price Per Square Foot by Home Size Single Family Homes



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 2016 figures, this graph illustrates that the median price per square foot of larger homes

(2500+ SF) is a good bit lower (\$108/SF) than that of homes with less than 1500 SF (\$132/SF). These values cannot be used as an absolute standard against which the value of any home can be measured, but they can provide some helpful guidance when trying to determine the value of a home.

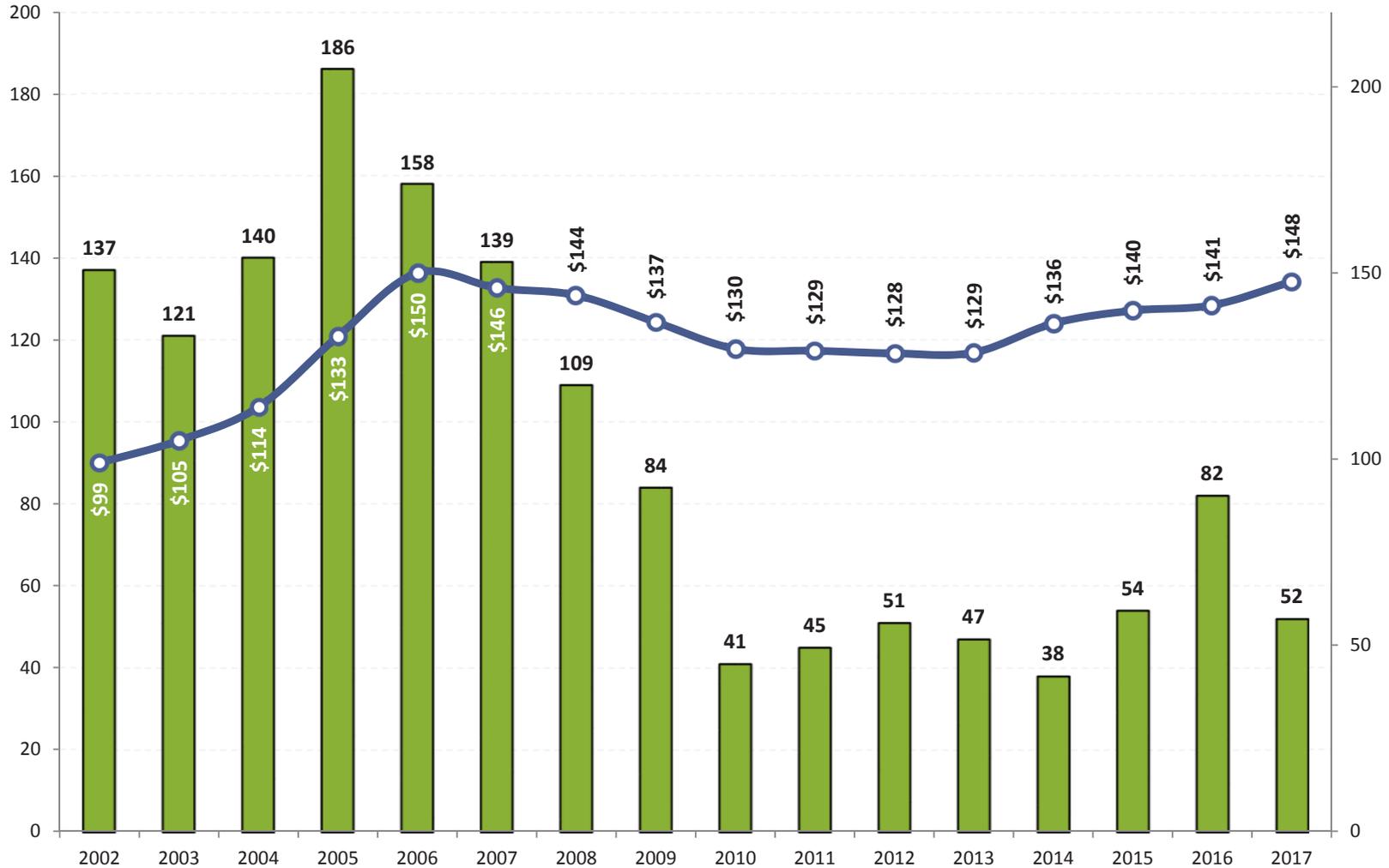
Harrisonburg & Rockingham County
Median List Price to Sales Price Ratio
 within the context of Home Sales Pace



This graph shows the average list price to sales price ratio (red line) over the past 15 years as compared to the overall pace of home sales. At the peak of the housing boom (2004-2006) sellers were able to obtain a median of 99% of their asking price --- up from a median of 97.7% in 2001 before the pace of home sales started

escalating. Then, when the pace of home sales slowed (through 2010) we saw a decline in this metric to 96%, where we stayed for three years (2010, 2011, 2012). Sellers started selling for slightly more in 2013-2015 when they could obtain 97% of their list price. This increased to 98% in 2016 and thus far is holding steady in 2017.

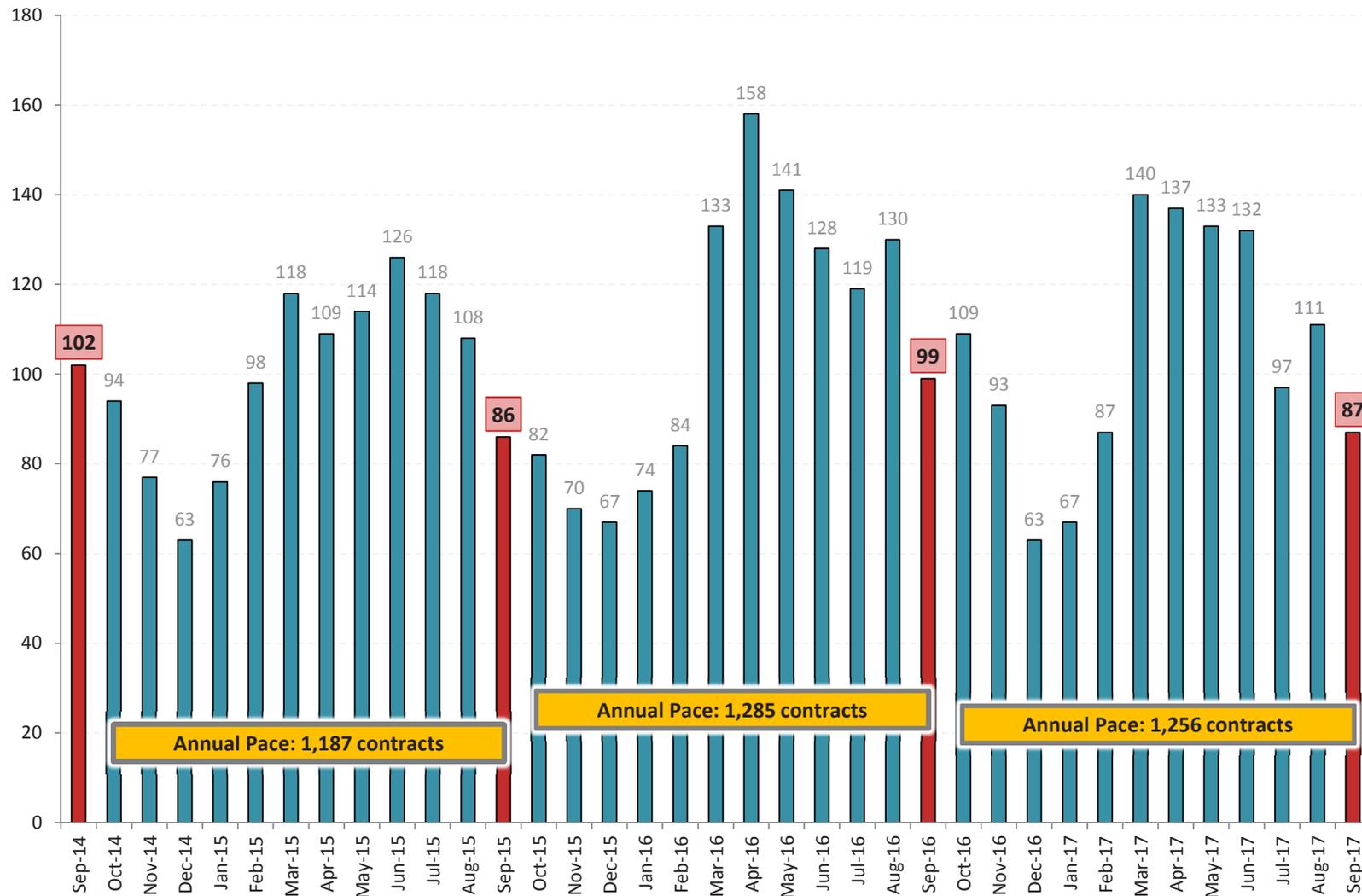
Harrisonburg & Rockingham County
New Construction Single Family Home Sales Trends
 Number of Sales, Median Price Per Square Foot



New home builders experienced a steady decline in new home sales between 2006 and 2010 -- dropping 78% from a peak of 186 to 41 sales in a year. Even if we use a starting point of 2001 (before the housing boom) we still see 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. This past year, however, was QUITE different. There were a total of 82 new home sales last year, exceeding the full year of sale seen for each of the past six years -- a welcome sign for new home builders! It does not seem that 2017 will match that 2016 pace.

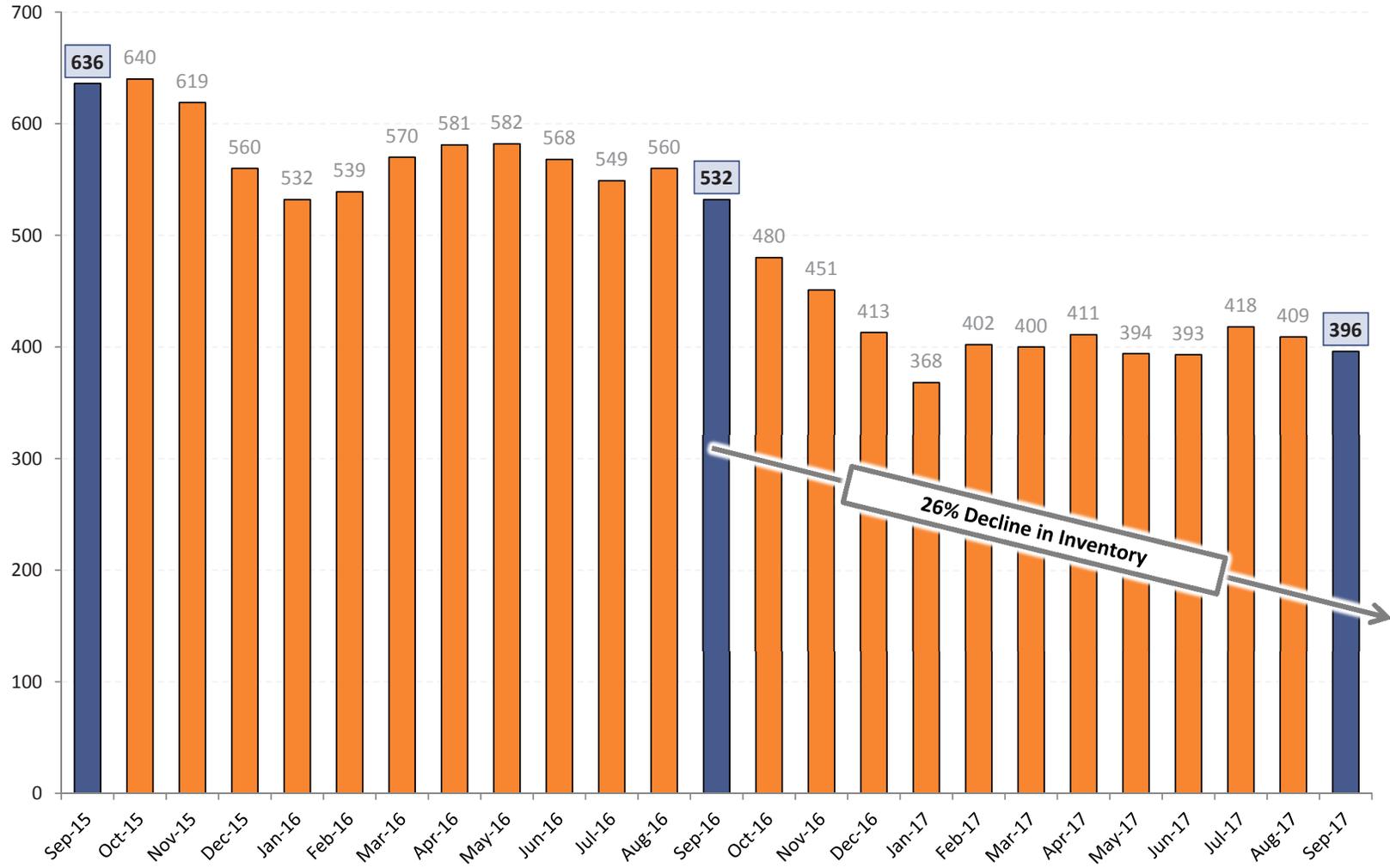
Harrisonburg & Rockingham County
Buyers Per Month Committing to Buy Properties



Strong contract activity is typically an indicator of strong months of sales to come. After several strong months in a row in March, April, May and June of 2017 -- contract activity fell off a good bit in July 2017 (97 compared to 119 last July) and in August (111 compared to 130 last August) and yet again in September (87 compared

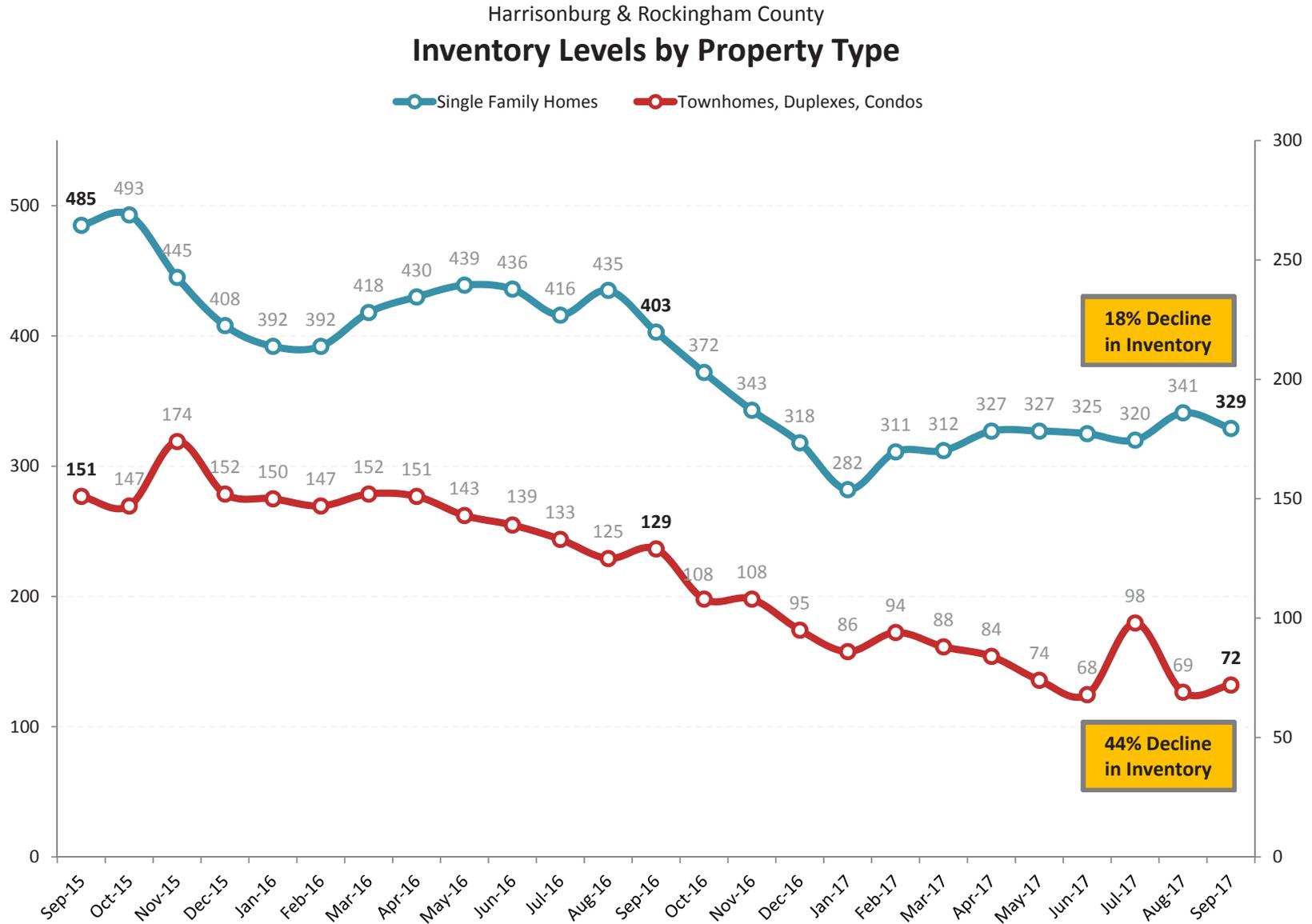
to 99 last September). These slower months of contracts are resulting in the slower months of closed sales we have seen in August and September. I am hopeful that we will see 80 - 95 contracts in October and November, but it is possible the pace of contract signing will slow down even further this Fall as compared to last year.

Harrisonburg & Rockingham County
Inventory Levels
 (end of month)



Overall sales activity is the combined effect of many would-be home buyers deciding to make an offer on a particular home -- and those decisions are not typically taken lightly. In contrast, changes in inventory levels are the effect of many homeowners deciding to list their home for sale -- which may be a significant decision, but it is not

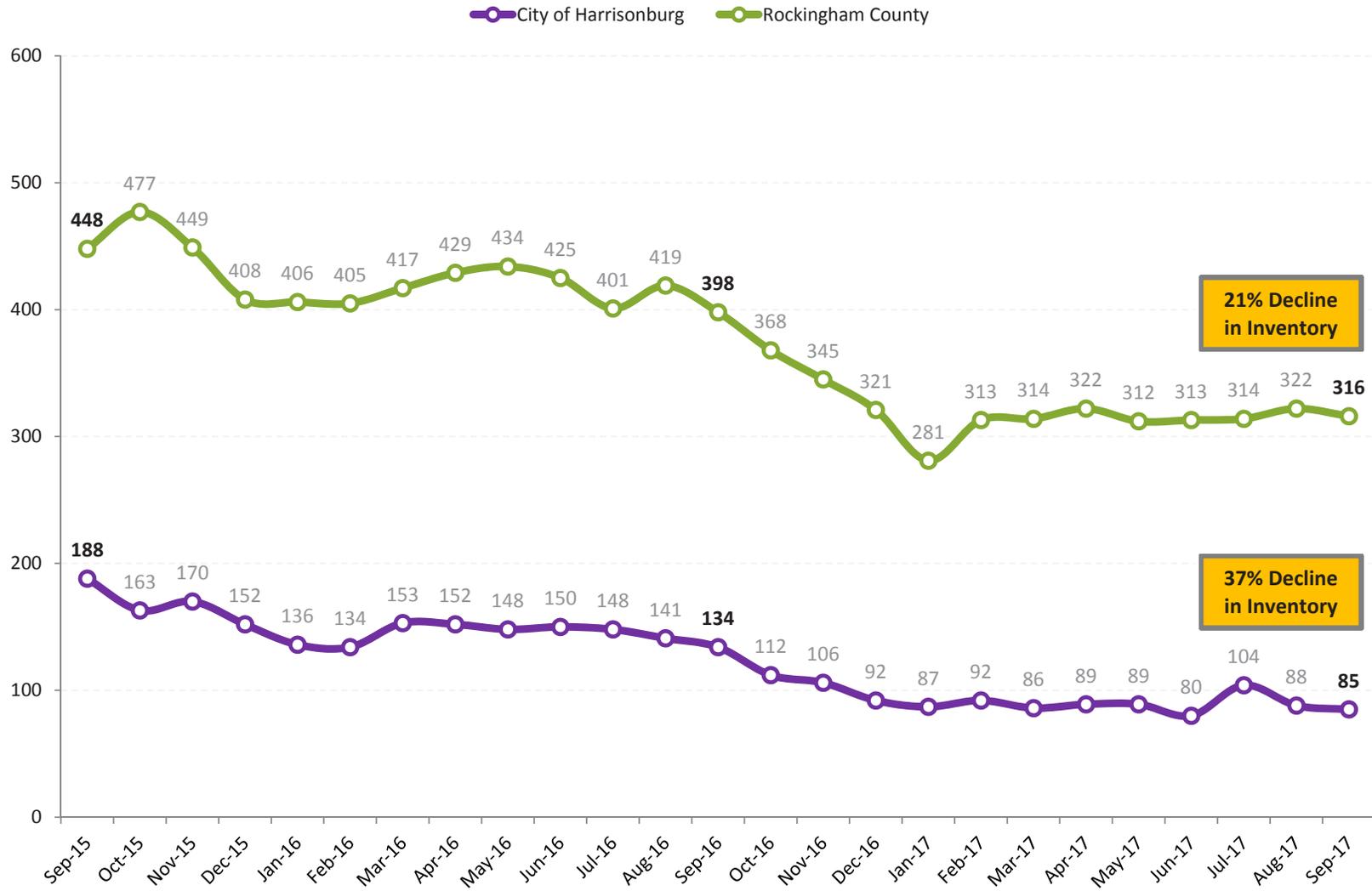
always so. Some homes that are on the market have been listed for sale by sellers who are "testing the market" and as a result, inventory levels can shift more quickly than home sales trends. Inventory levels have been declining drastically over the past year -- and are now 26% lower than they were one year ago.



This graph examines the differences in inventory levels over time when examining only single family homes as compared to attached dwellings (townhomes, duplexes, condos). The number of single family homes for sale has decreased by 18% over the past year, while the number of townhomes, duplexes and condos for sale has

decreased by a startling 44% over the past year! All we can hope is that these inventory levels will start to climb again (??) as we continue through the Fall market, as there are many buyers in our local market who are anxious to buy, but not finding many properties that they would like to purchase.

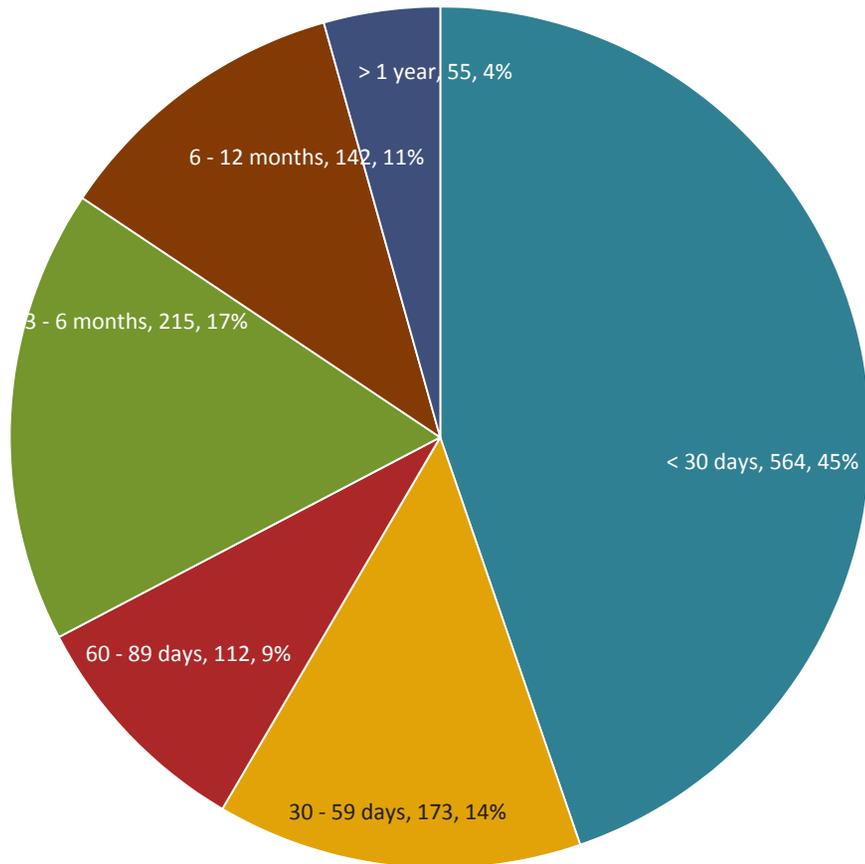
Harrisonburg & Rockingham County
Inventory Levels by Property Location



Inventory levels have shifted much more dramatically in the City of Harrisonburg over the past two years as compared to in Rockingham County. We have seen nearly a 37% decline in the number of homes for sale in the City of Harrisonburg when comparing today to one year ago -- while inventory levels have only declined

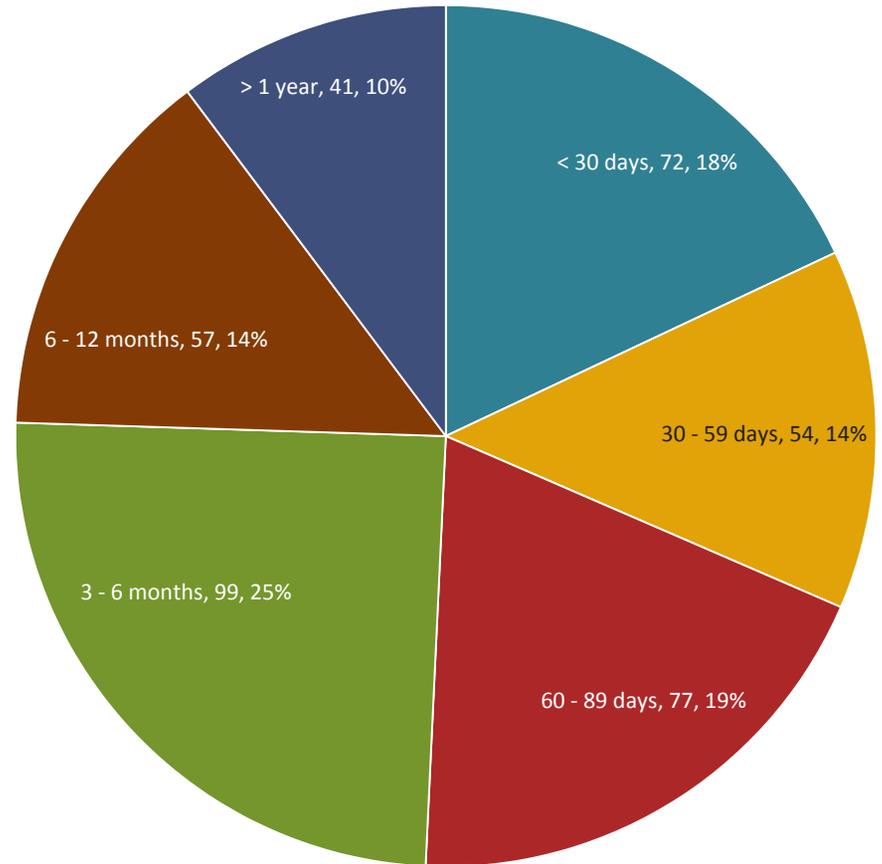
by 21% in Rockingham County during that same timeframe. If finding a home to buy is difficult right now, it is even more difficult if you are looking in the City of Harrisonburg. Fewer and fewer homes are available to purchase. There are currently only 85 homes for sale in the City!

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



Median Days On Market: 39

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

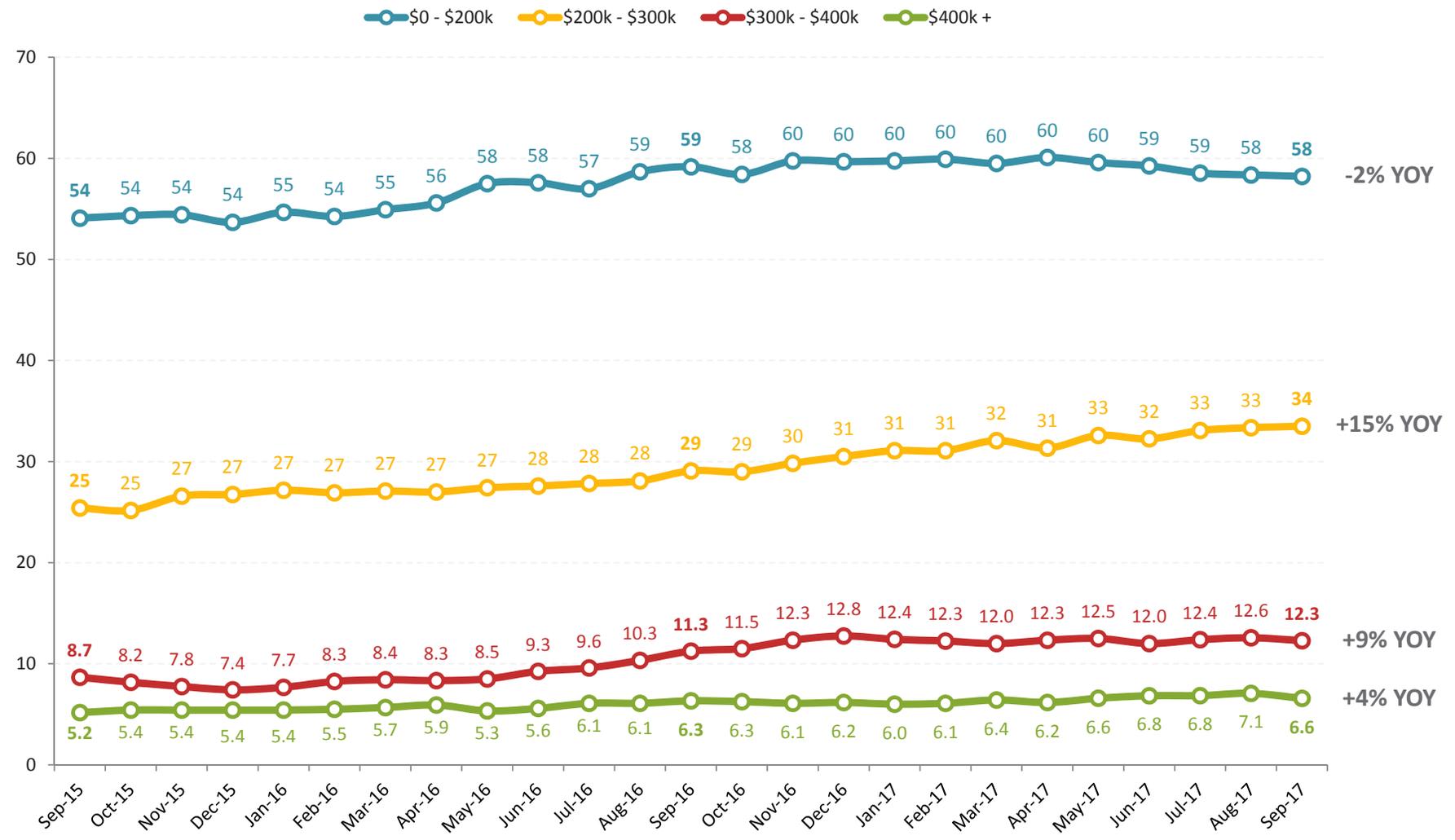


Median Days On Market: 87

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 39 days for homes that have sold in the past year. Remarkably, 45% 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 59% 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.

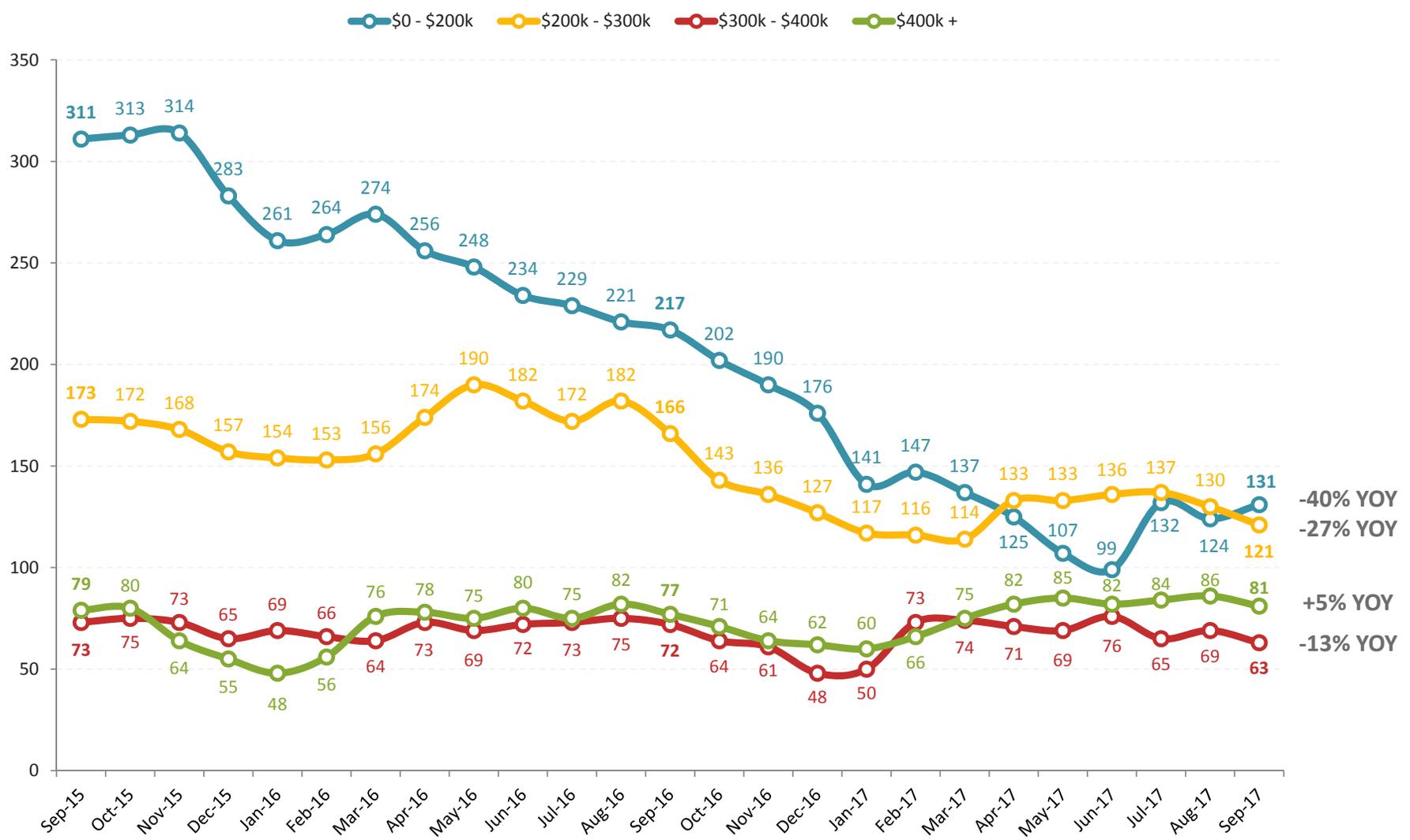
Harrisonburg & Rockingham County
Home Sales by Price Range
 (Average of Past 12 Months)



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 increased in almost all price ranges over the past year,

with the only slight decline (-2%) being in the under \$200K price range. The largest increase in sales has been in the \$200K - \$300K price range where we have seen a 15% year over year increase in the pace of home sales. The \$300K - \$400K and \$400K+ price ranges have seen a 9% and 4% increase, respectively.

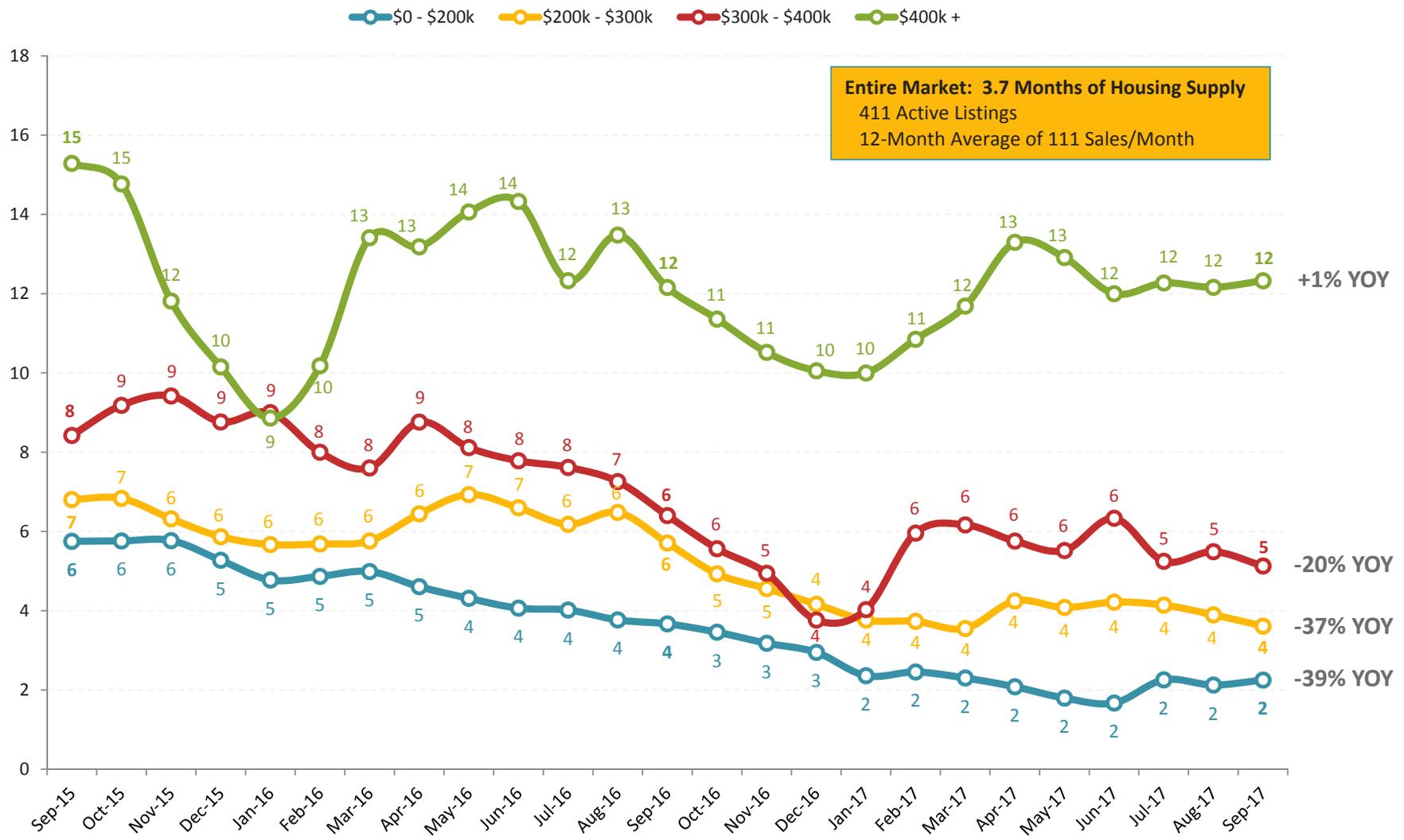
Harrisonburg & Rockingham County
Inventory Levels by Price Range



Inventory levels shift up and down seasonally, but we are also seeing differences in year-over-year trajectories in each of the four price ranges outlined above. The lowest price range (under \$200K) has seen an astonishing 40% decline in inventory levels over the past year -- which is followed by a 27% decline in the \$200K - \$300K

price range. The only price range that is actually seeing a year over year increase in inventory levels is the \$400K+ price range, where there are 5% more houses on the market today as compared to one year ago. The \$300K - \$400K price range has seen a 13% year over year decline in inventory levels.

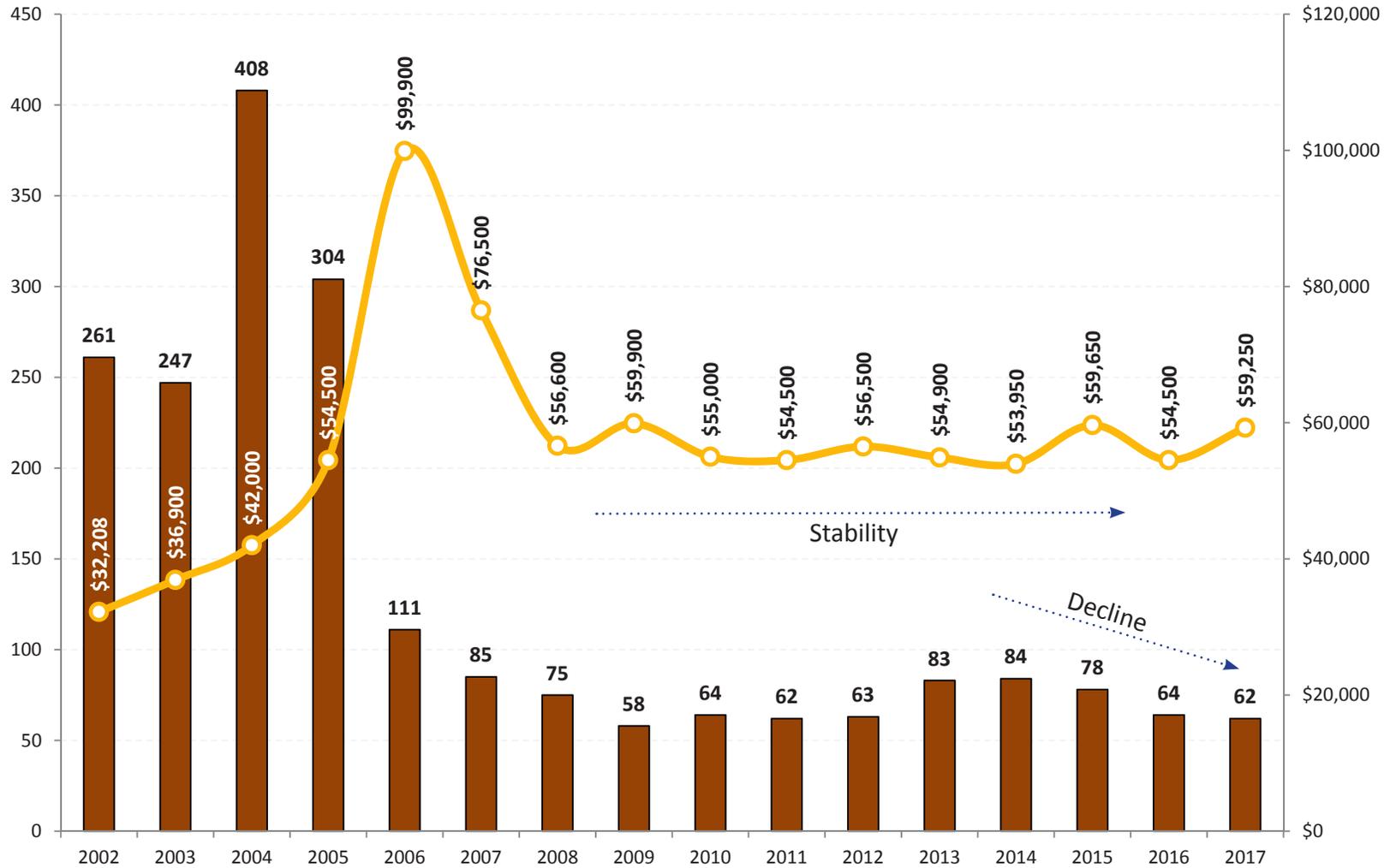
Harrisonburg & Rockingham County
Months of Housing Supply by Price Range



With so many home sales (lots of buyers) and so few homes on the market (not so many sellers), there are low levels of supply in some price ranges in our local real estate market. The graph above illustrates that while it would take 12 months to sell all of the homes currently for sale over \$400K if the same number of buyers

bought each month as have been buying (on average) over the past 12 months -- it would only take two months (!) to burn through the under \$200K inventory. Many consider a six month supply to be a balance between buyers and sellers, and we are now only close to that in the \$300K - \$400K price range.

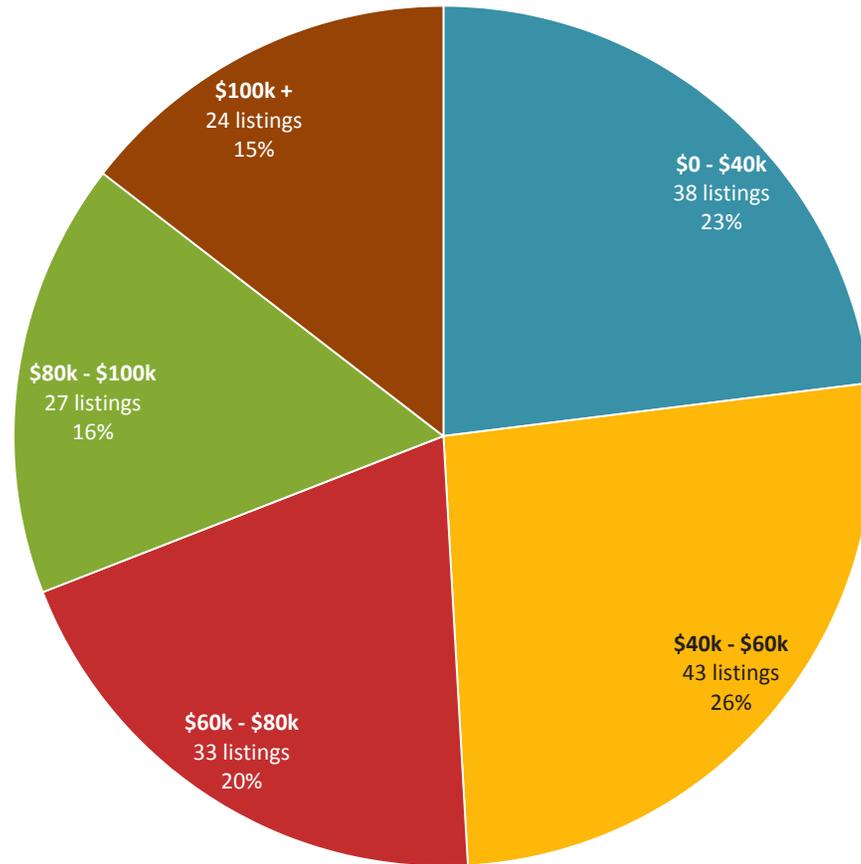
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



After some modest recovery in the pace of sales of lots of less than an acre over the past few years, there were fewer of these sales in 2016 (64) as compared to 2015 (78) and 2014 (84). That slowing pace of lot sales did not stop sellers in 2015 from being able to obtain higher prices for their building lots with a median sales price

of \$59,650 -- but that median price then declined during 2016 to only \$54,500. Despite the lack of increase in lot sales, we are seeing quite a bit of stability in the median sales price -- and it seems nearly certain that we will see an overall increase in these lot sales in 2017 based on the 62 sales seen thus far in 2017.

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

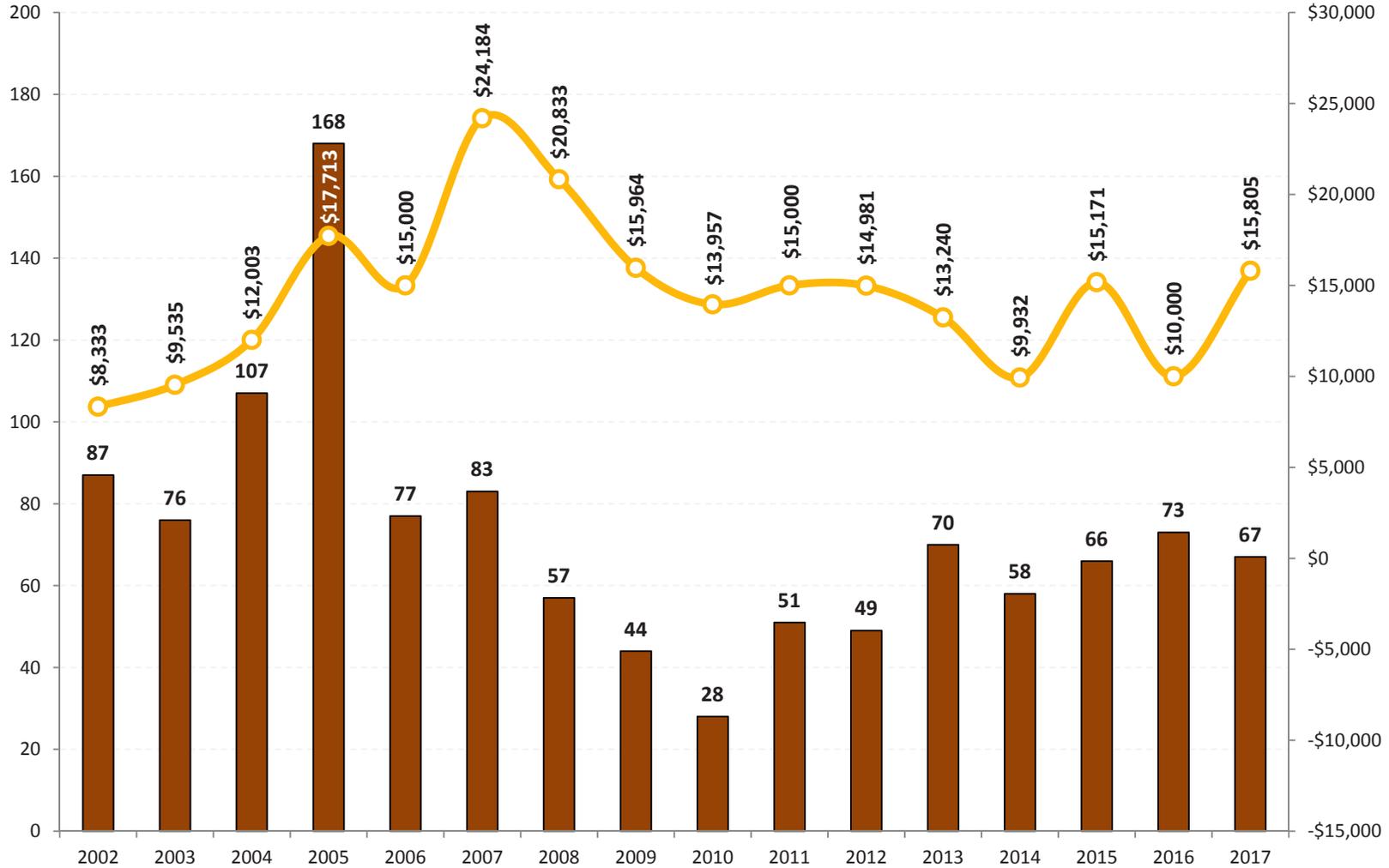


165 Active Lot Listings; Median List Price: \$64,900

Despite the fact that only 64 lots (of less than an acre) sold in all of 2016, there are a remarkable 165 lots currently for sale. Some sanity exists in this listing market, however, as the median list price of lots for sale (\$64,900) is not too much higher than the 2016 median sales price of \$54,500. Given last year's 64 lot sales, if no

other lots were listed for sale, it would take 2.6 years to sell all of the lots currently listed for sale. As you can see above, a significant portion of the lots currently listed for sale are priced above \$60,000 --- thus many sellers have offering prices higher than recent (2011-2016) median sales prices.

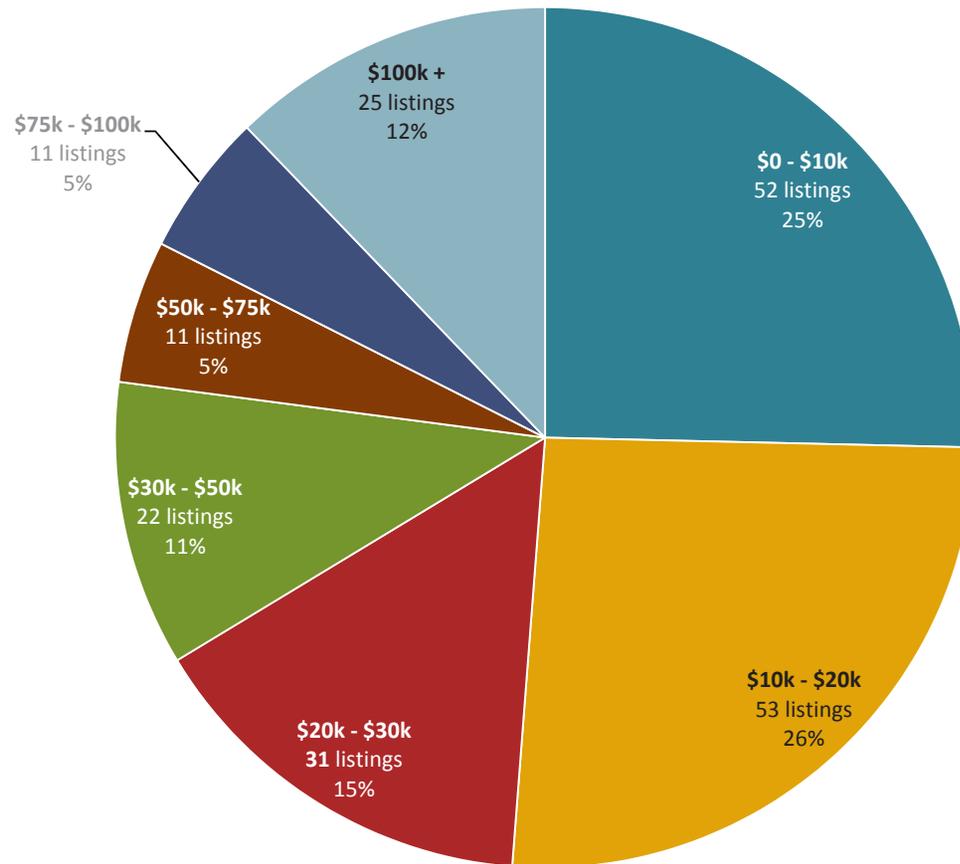
Harrisonburg & Rockingham County
Land Sales & Median Price Per Acre
 1 acre or more



Parcels of land larger than one acre in Harrisonburg or Rockingham County increased in pace during 2016 to 73 land sales -- marking the highest year of sales since 2007. That said, during that same timeframe, the median price per acre has fallen from \$24,184 (in 2007) down to \$10,000 (in 2016). Some aspects of this "median price

per acre" calculation are affected by which parcels actually sell in a given year, but it is clear that land prices have been trending slowly down over the past five or so years. We are now seeing an increase in buyer demand in 2017, which may be leading to a further increase in the median price per acre.

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

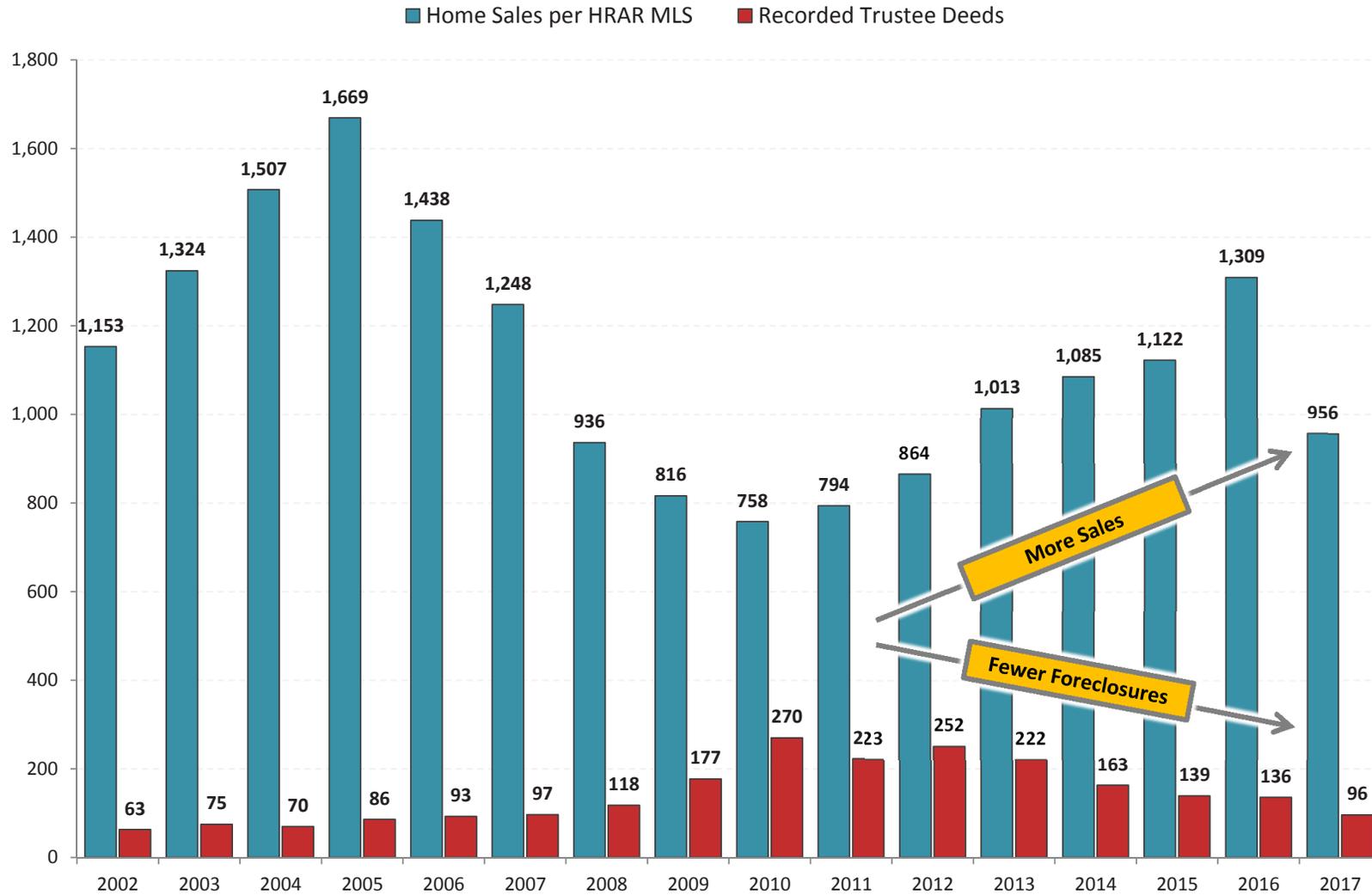


205 Active Land Listing; Median List Price: \$19,740 / Acre

Despite the fact that only 73 parcels of land (of one acre or more) sold in all of 2016, there are a remarkable 205 parcels of land currently for sale. Furthermore, despite the fact that the median sales price of land is hovering around \$10,000 per acre, the median list price of the 205 parcels for sale is currently \$19,740 per acre. Given

last year's 73 land sales, if no other land is listed for sale, it would take 2.8 years to sell all of the parcels of land currently listed for sale. As you can see above, the vast majority of land listed for sale is listed at median prices per acre well above the median sales price per acre.

Harrisonburg & Rockingham County
Home Sales vs. Trustee Sales

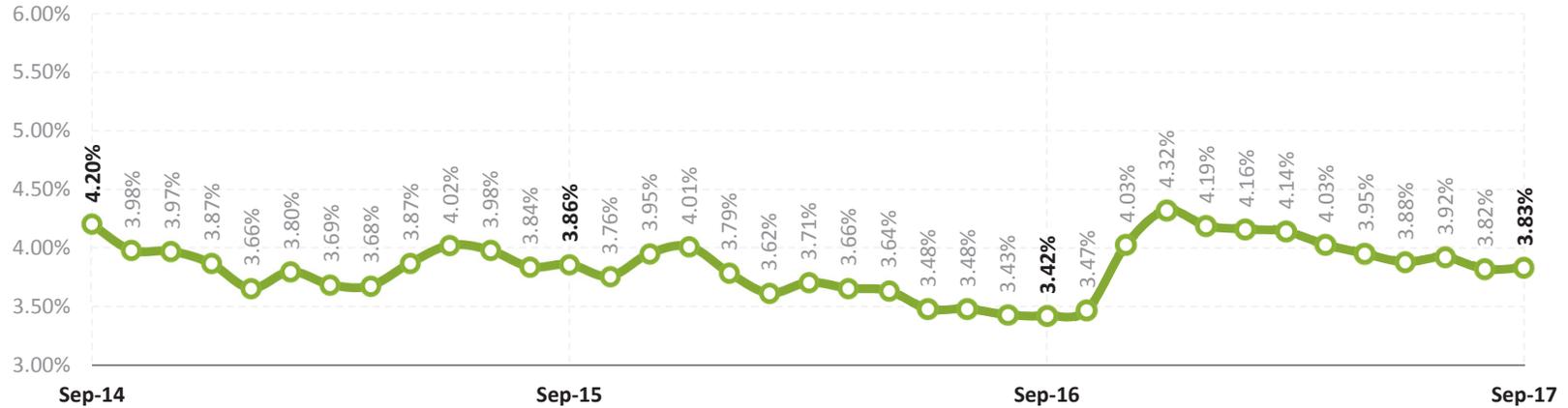


The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales that did not involve a Realtor, nor new home sales directly from a builder. The red bars show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

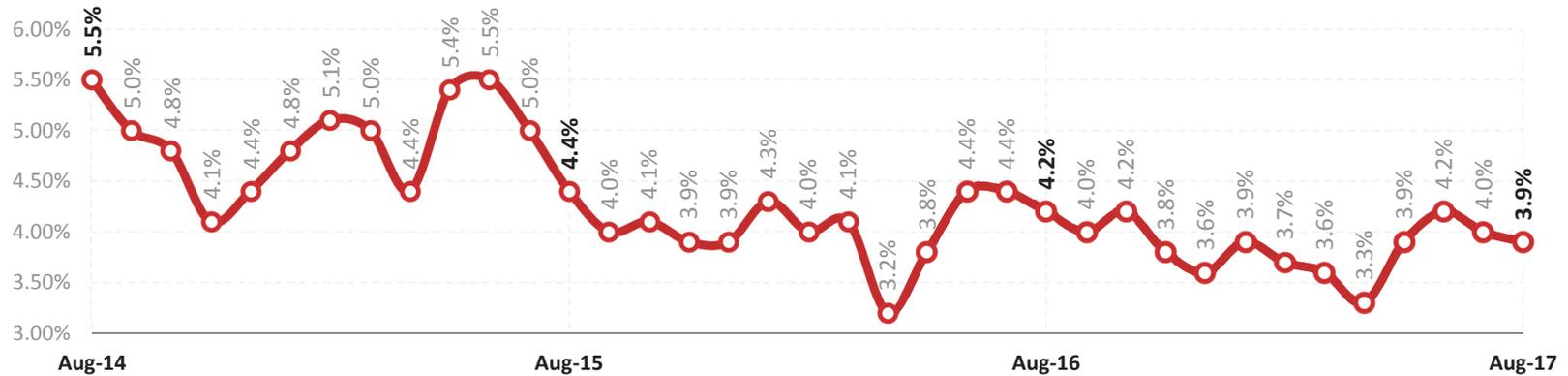
Trustee Deeds. Some foreclosed properties then show up again as REO properties. The foreclosure rate in our local market area is definitely trending downward, as there were 6.7 times as many home sales as foreclosures in 2014, 8.1 times as many home sales as foreclosures in 2015 and 9.6 times as many in 2016.

Average 30-Year Fixed Mortgage Interest Rate

Source: Freddie Mac



Harrisonburg-Rockingham MSA Unemployment Rate Not Seasonally Adjusted



As shown in the top graph above, for most of the past three years, home buyers have seen tremendously low interest rates -- almost always under 4%. After jumping up above 4% in early 2017, interest rates have been steadily declining over the past nine months, and now are back below 4.0%. The second graph above illustrates

trends in the local unemployment rate -- which has shown a general downward trend over the past several years. A low local unemployment rate and relatively low mortgage interest rates continue to help our local housing market remain stable and start to grow in recent years.

Scott P. Rogers, Associate Broker



Scott P. Rogers, a professional, responsive, knowledgeable, friendly Associate Broker with Funkhouser Real Estate Group, began his real estate career in 2003 and has been working hard ever since to provide exceptional service to his buyer and seller clients in Harrisonburg and Rockingham County. Since 2010, Scott has been recognized each year by the Harrisonburg/Rockingham Association of Realtors as being in the top 1% of all area Realtors.

A native of Montgomery County, Maryland, Scott earned a B.A. (2000) and M.Ed. (2002) from James Madison University, providing him formal education in graphic design, management and counseling -- all of

which he leverages on a daily basis to the benefit of his clients. Scott's graphic design and web development background allows him to create and utilize high caliber technology and marketing solutions for his clients.

Scott incorporates many innovative tools and technologies to serve his clients including: professional photography equipment, a quadcopter (drone), property websites for each of his listings, 3D Walk Through technology and Virtual Reality. He leads the local market in the adoption of new marketing techniques - for the latest, check out WalkThroughThisHome.com.

In 2007, Scott began providing in-depth analysis and commentary on the local real estate market via his real estate blog, HarrisonburgHousingToday.com. Since that time, he created many other valuable online resources for the local community such as:

HarrisonburgHousingMarket.com, HarrisonburgInvestmentProperties.com, HarrisonburgAssessments.com, HarrisonburgPropertyTransfers.com, HarrisonburgTownhouses.com, BuyingAHomelnHarrisonburg.com, SellingAHomelnHarrisonburg.com and HarrisonburgRealEstateResources.com.

Scott is a member of the Shenandoah Valley Builders Association, serves on the Board of Directors for the Shenandoah Valley Children's Choir, is the co-founder of TakeThemAMeal.com and PerfectPotluck.com, serves as a Trustee for Asbury United Methodist Church and coaches middle school volleyball. Scott and his wife, Shaena, live in Rockingham County with their two children, Luke and Emily. In his free time, Scott enjoys spending time with his family, traveling, playing volleyball and attending JMU sporting events.

Questions? Contact Scott anytime....

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



Local Online Real Estate Resources

Everything You Need To Know About Buying a Home
BuyingAHomelnHarrisonburg.com

Marketing Strategies for Successing Selling Your Home
SellingAHomelnHarrisonburg.com

Central Shenandoah Valley Property Search
ScottPRogers.com

Monthly Real Estate Market Reports
HarrisonburgHousingMarket.com

Ongoing Housing Market Analysis & Commentary
HarrisonburgHousingToday.com

Analysis of Real Estate Investment Options in Harrisonburg
HarrisonburgInvestmentProperties.com

Comprehensive Data on Area Townhouse Communities
HarrisonburgTownhouses.com

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

Analysis of Property Assessments
HarrisonburgAssessments.com

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