



# AUGUST 2015

## Harrisonburg & Rockingham County Real Estate Market Report



*An analysis of real estate activity through July 31, 2015  
provided courtesy of Scott P. Rogers, Funkhouser Real Estate Group*



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# HOME SALES REPORT

Harrisonburg & Rockingham County

August 9, 2015

# Home Sales	2012	2013	2014	2015	% Change ('14 - '15)
July	97	118	125	105	-16.00%
Year-To-Date (Jan-Jul)	497	618	591	628	6.26%

Median Sales Price	2012	2013	2014	2015	% Change ('14 - '15)
July	\$187,250	\$199,455	\$197,500	\$189,000	-4.30%
Year-To-Date (Jan-Jul)	\$173,000	\$177,000	\$176,000	\$189,000	7.39%

Average Sales Price	2012	2013	2014	2015	% Change ('14 - '15)
July	\$202,671	\$221,205	\$215,439	\$206,767	-4.03%
Year-To-Date (Jan-Jul)	\$193,274	\$200,356	\$199,875	\$212,491	6.31%

Median Days on Market	2012	2013	2014	2015	% Change ('14 - '15)
July	93	49	47	42	-10.64%
Year-To-Date (Jan-Jul)	91	71	66	59	-10.61%

After a record month of home sales in June 2015 (132 sales, the highest monthly rate in over seven years) we saw the pace of home sales cool off slightly in July 2015 to 105 home sales. This marks a 16% year-over-year drop from last July, though the year-to-date pace of sales (628) is still 6% higher than we experienced last

year. Furthermore, the YTD median sales price has risen 7% as compared to 2014, the average sales price has risen 6%, and the time it takes for a home to go under contract (median days on market) has fallen 11% over the past year.

# HOME SALES REPORT :: BY AREA

# Home Sales	City of Harrisonburg			Rockingham County		
	2014	2015	% Change	2014	2015	% Change
July	38	42	10.53%	87	63	-27.59%
Year-To-Date	205	210	2.44%	386	418	8.29%

Median Sales Price	City of Harrisonburg			Rockingham County		
	2014	2015	% Change	2014	2015	% Change
July	\$197,500	\$183,750	-6.96%	\$197,500	\$194,000	-1.77%
Year-To-Date	\$172,000	\$166,000	-3.49%	\$179,450	\$197,700	10.17%

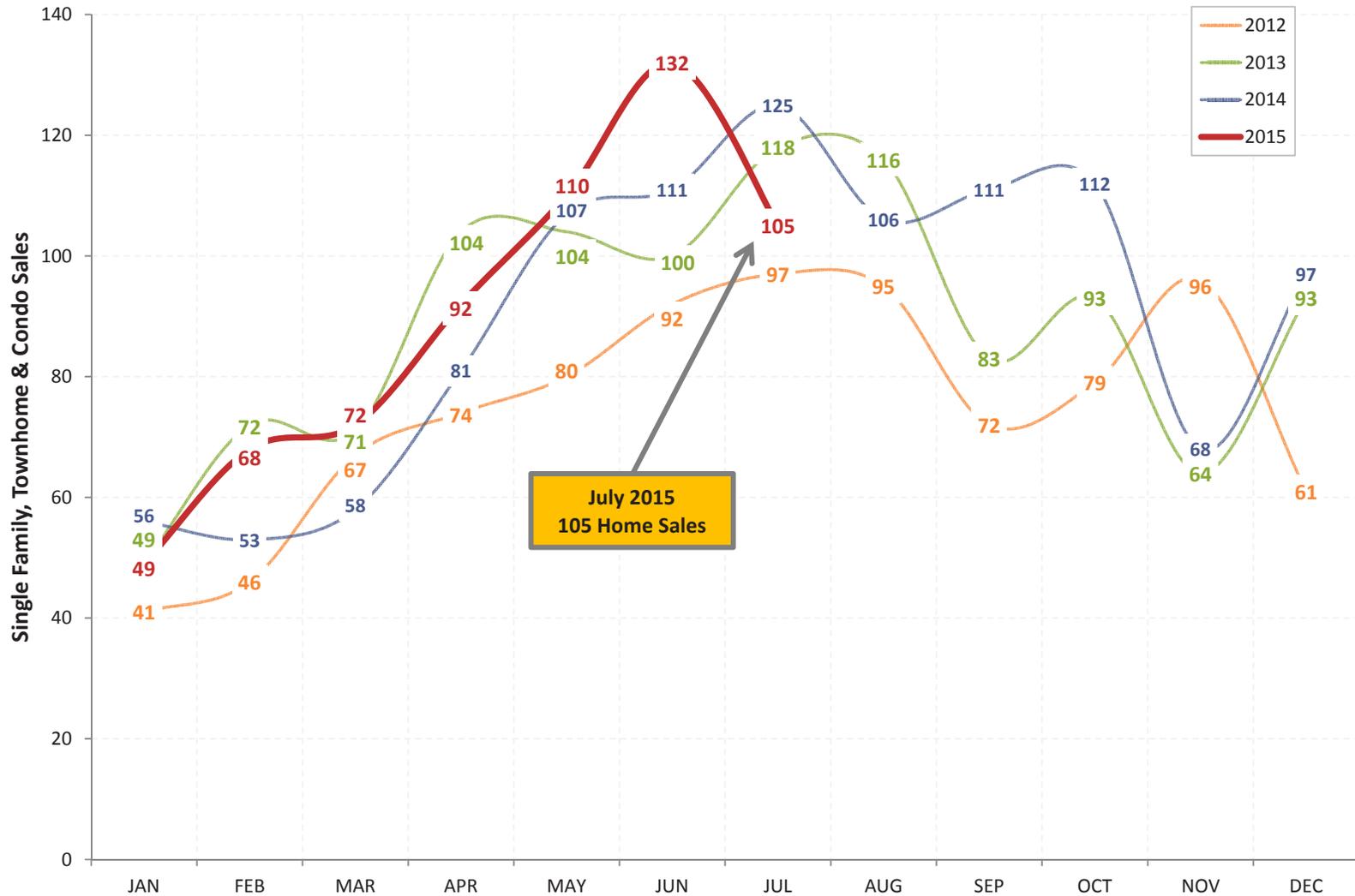
  

Median Days on Market	City of Harrisonburg			Rockingham County		
	2014	2015	% Change	2014	2015	% Change
July	52	37	-28.85%	47	42	-10.64%
Year-To-Date	54	49	-9.26%	75	63	-16.00%

If we dig a bit deeper into the sales data, looking at how the City and County are performing individually, the first thing we notice is that home sales have been increasing in the County at a faster pace (+8%) than they have been increasing in the City (+3%) thus far in 2015. Home sales prices have also increased in the

County (+10% YTD) as compared to the slight decline we are seeing in the City (-3% YTD). Finally, while it is taking significantly less time (-16% YTD) to sell homes in the County, that decline has not been matched in the City, where homes are only selling 9% faster than last year.

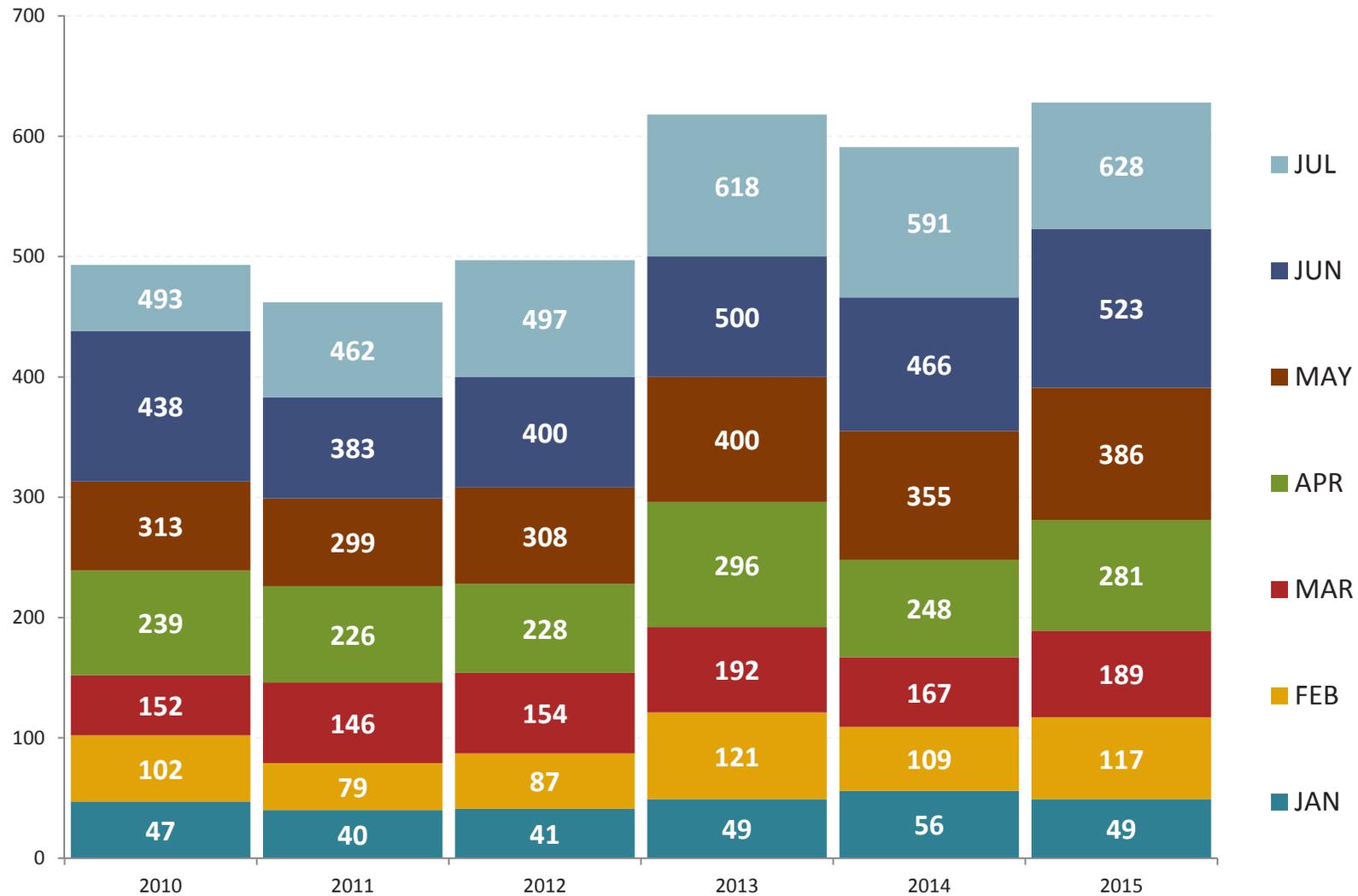
Harrisonburg & Rockingham County  
**Month-By-Month Home Sales History**



Home sales were HOT in June 2015 -- with 132 home sales -- more than we had seen in a single month in over seven years. That peak of home sales seems to have come earlier in 2015 than it did in past years as the 105 home sales seen in July 2015 was a significant decline from last year's 125 home sales in July. When combining June

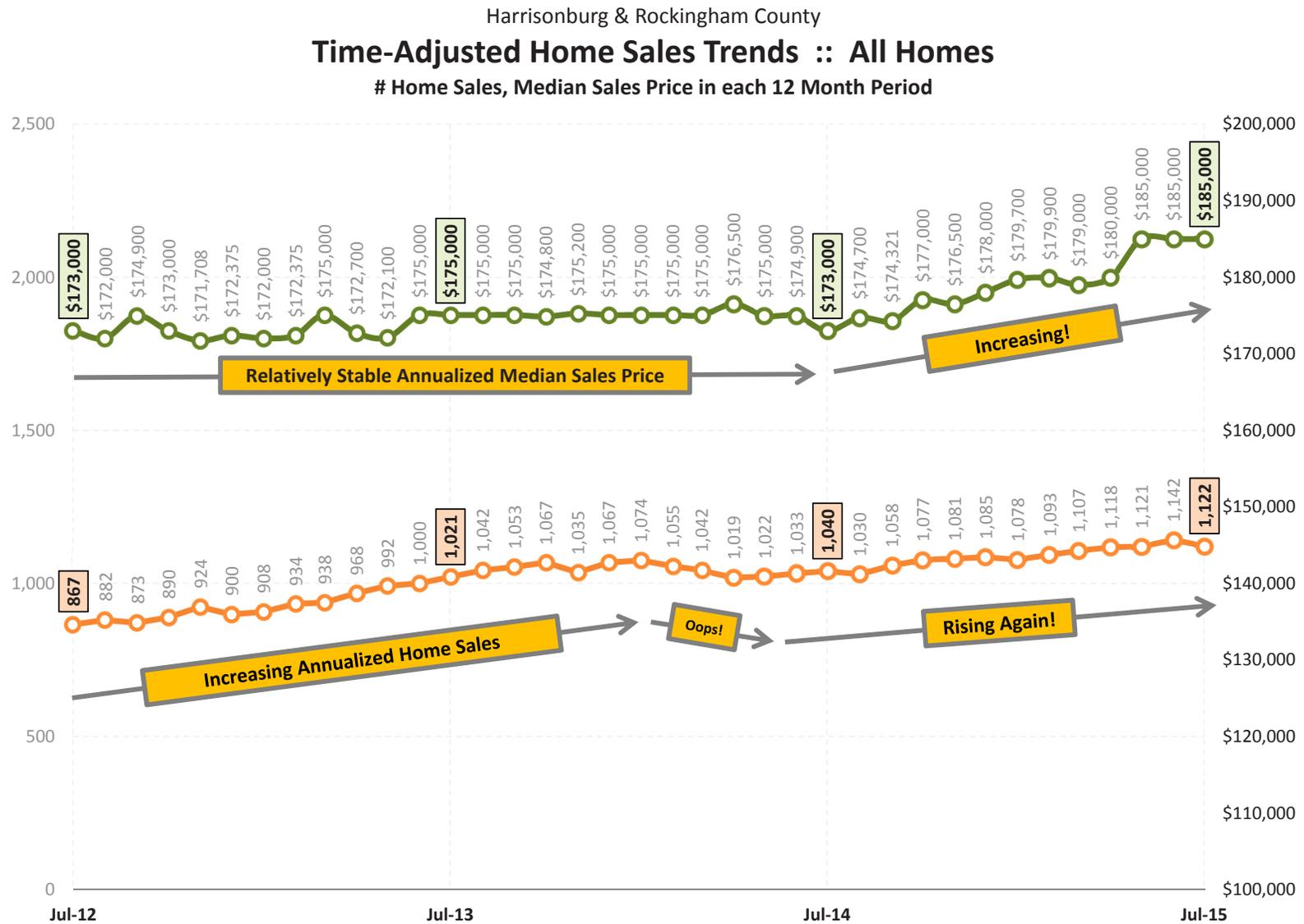
and July home sales, there were 237 home sales in June/July 2015 as compared to 236 home sales during June/July 2014 --as such, the two month track record for June and July is on pace with last year -- and the YTD (Jan-Jul) sales pace in 2015 is 6% higher than seen in Jan-Jul 2014.

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 is evident, there have been more home sales in the first seven months of 2015 than in the first seven months of any other year in the previous five years. We are barely

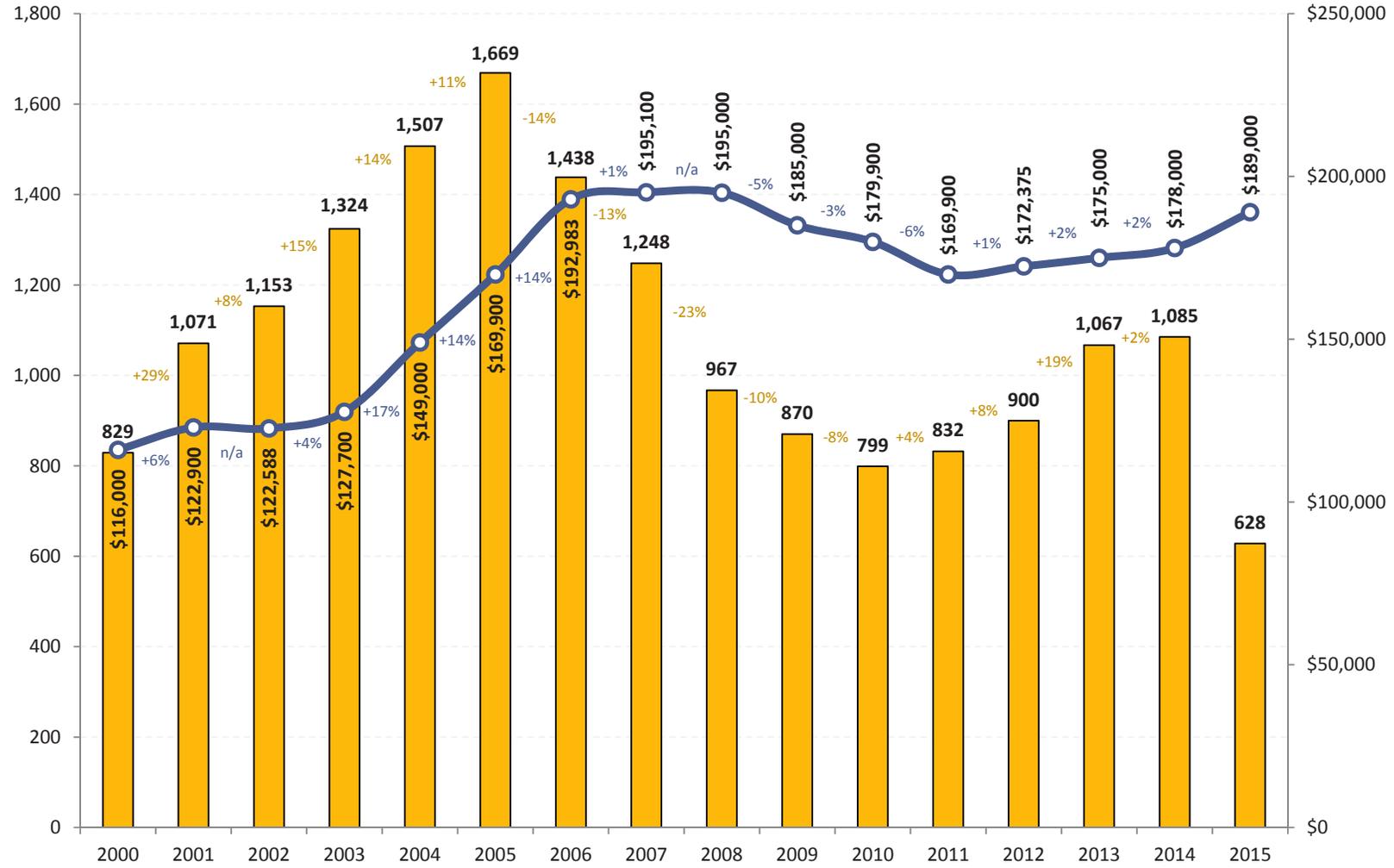
beating 2013 home sales at this point -- and in fact, we were not ahead of 2013 home sales until we added June 2015 home sales into the mix. If this year continues as it has been going thus far, we should easily surpass 1,000 home sales in 2015.



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. After

over two years of an increasing pace of home sales (orange line) we saw a market slow down that began sometime in late 2013, which seems to have reversed itself about a year ago. Median prices have recovered significantly (\$173K to \$185K) over the past year after several years of stagnation in the \$172K - \$175K range.

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

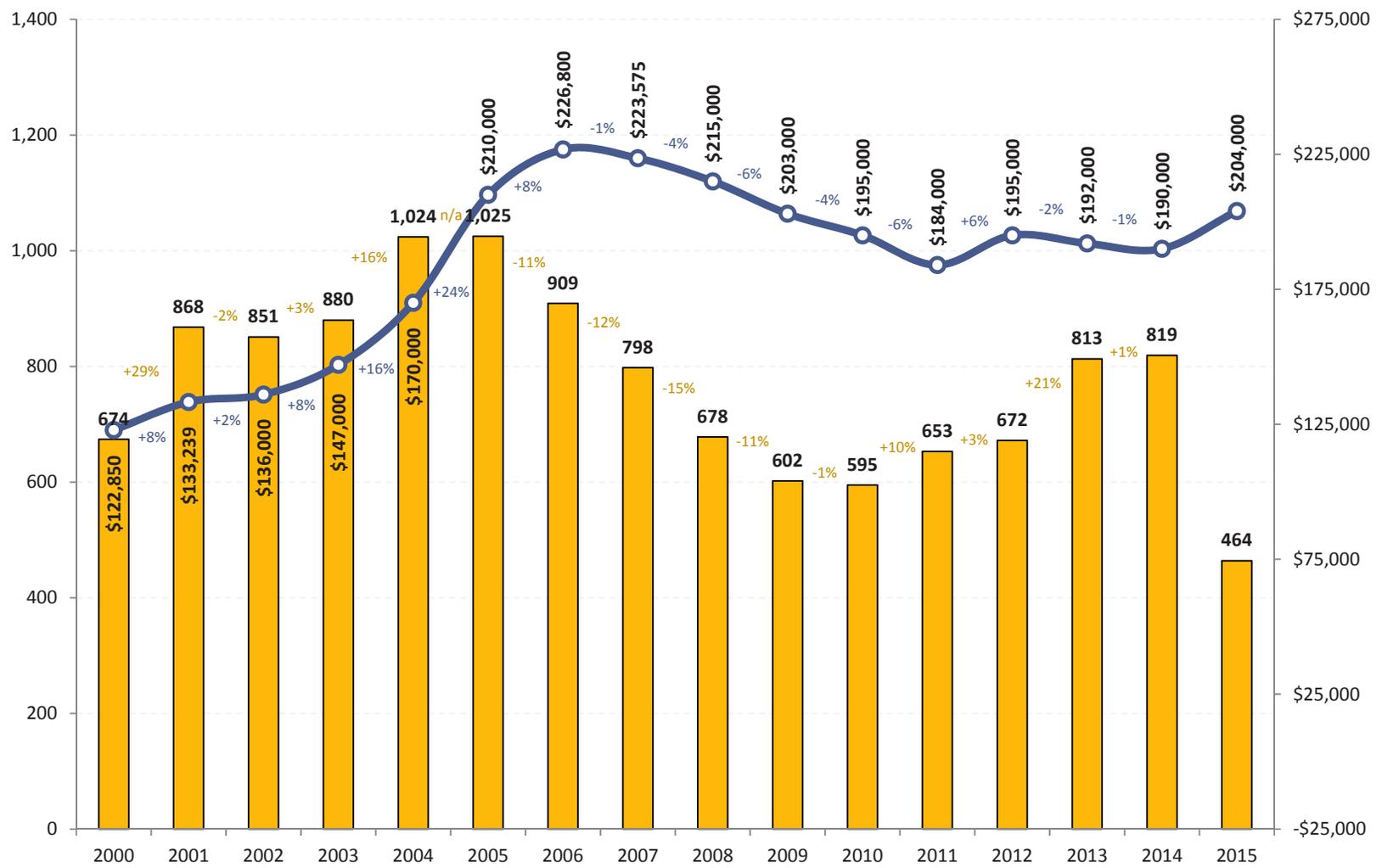


This graph provides an overall indicator of the state of our housing market, showing both the number of homes being sold each year since 2000 (yellow bars) as well as changes in the median sales price during the same time period (blue line). This past year (2014) marks the fourth (!) year in a row when we have seen an increase

(+2%) in the pace of sales in our local market, which was also accompanied by a 2% increase in the median sales price. We have now seen increases in the median sales price for three years in a row, though they have been small (+1%, +2%, +2%) increases thus far.

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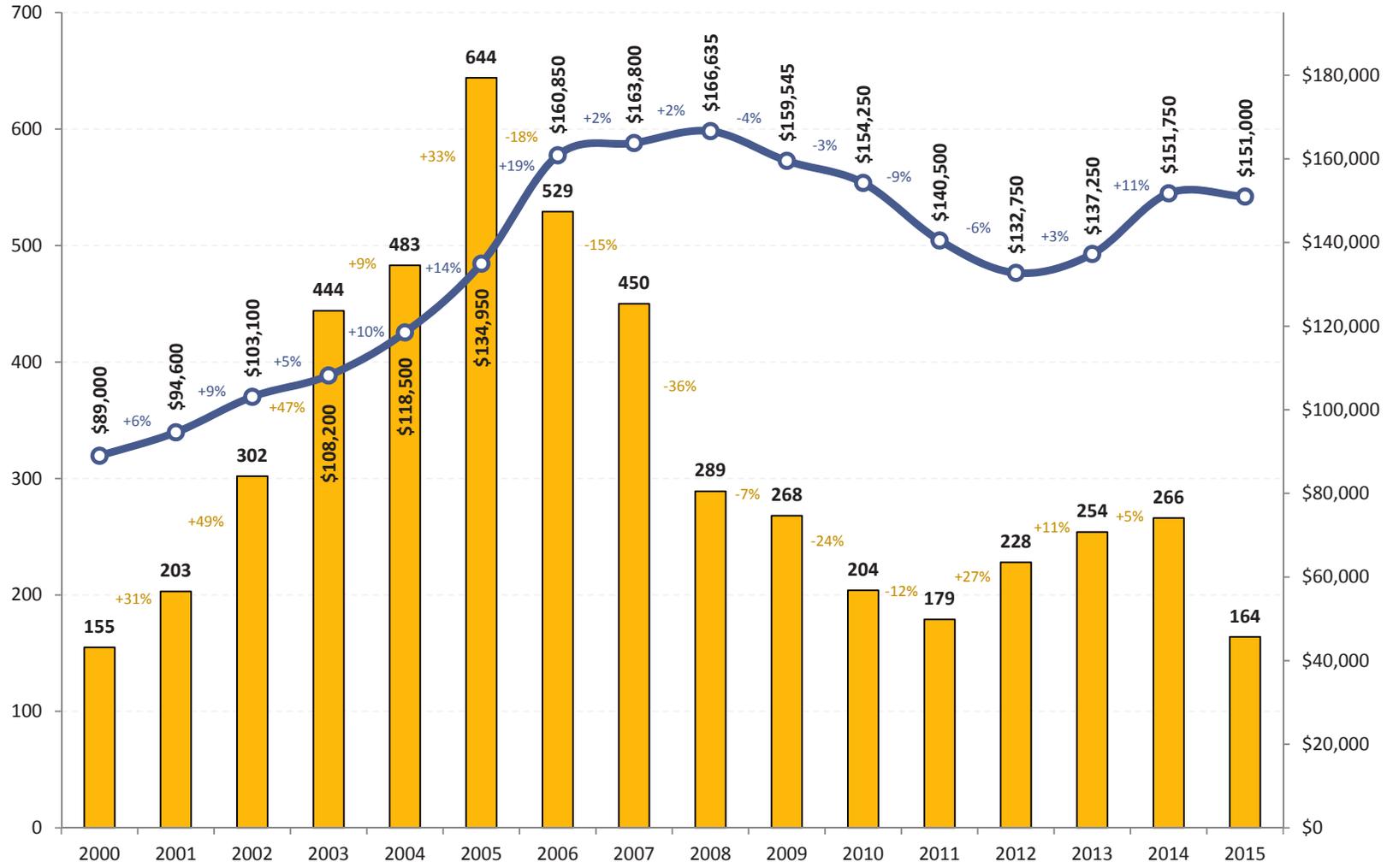
Harrisonburg & Rockingham County  
**Home Sales & Price Trends**  
 Single Family Homes



The single family home market in Harrisonburg and Rockingham County told two different stories last year, depending on whether we were evaluating the price or pace of home sales. This past year (2014) marked the fourth year of an increasing pace of home sales with a 1% year-over-year increase to a pace of 819 home sales

during the year. Over the past year, however, the median sales price of single family homes dropped an additional 1% to \$190,000 -- which follows the previous year's 2% decline as compared to 2012 levels. Thus far in 2015 we seem to be headed in a better direction, given the YTD median sales price of \$204,000.

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

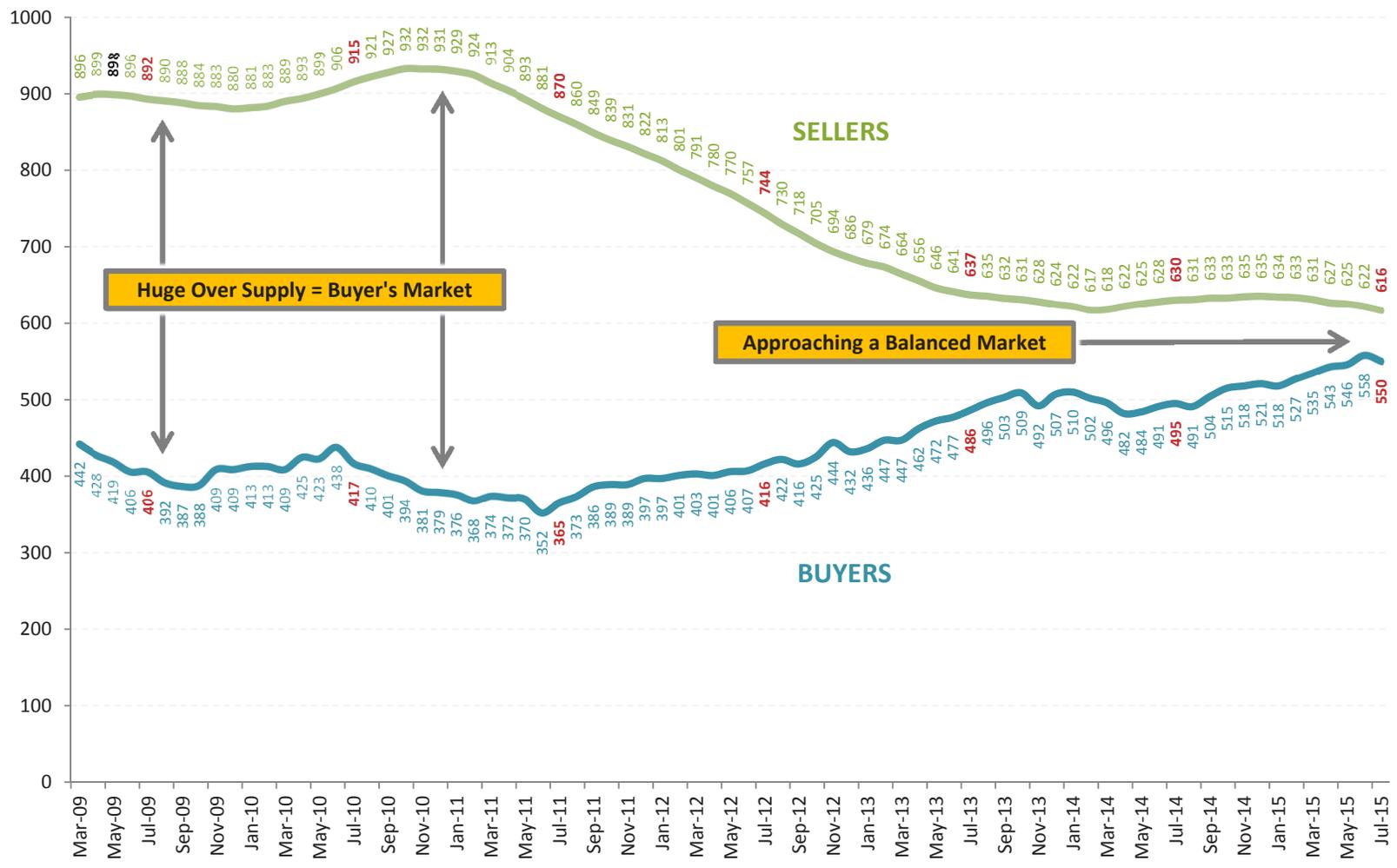


After six years of rapid declines in the pace of townhouse sales in Harrisonburg and Rockingham County, the pace of sales finally rebounded in 2012 with a 27% increase in the pace of sales. This increase continued in 2013, with an 11% increase in the pace of sales, which was accompanied by a 3% increase in the median sales price

of these properties. This past year (2014) marked an additional increase (+5%) in the pace of these sales (duplexes, townhomes, condos) and an even larger increase (+11%) in the median price of these sales. Thus far in 2015, the median sales price of duplexes, townhomes and condos has remained relatively stable.

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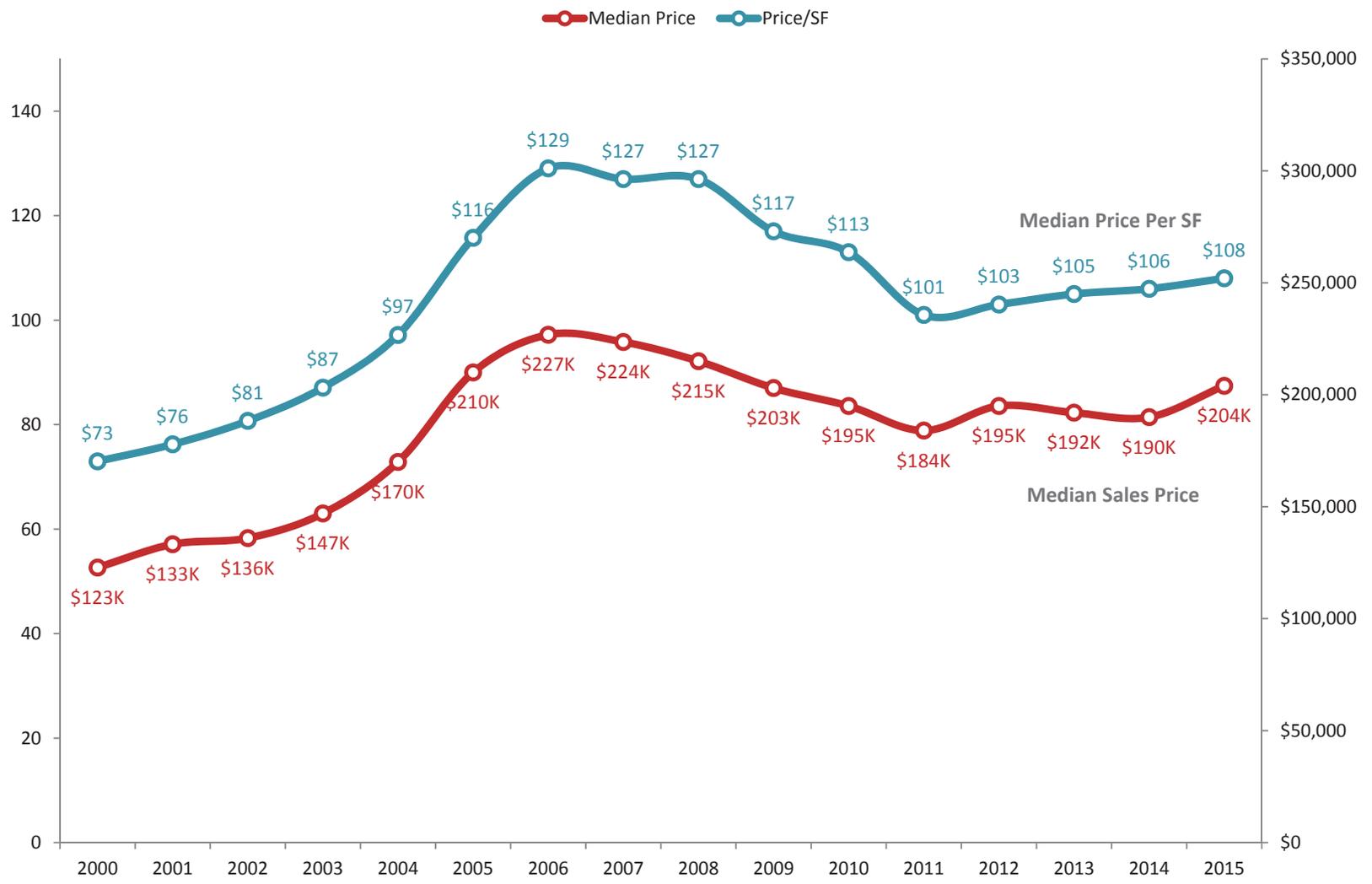
Harrisonburg & Rockingham County  
**Market Balance between Buyers and Sellers**  
 Assuming Six Months of Housing Supply is a Balanced Market



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. As you can see, our market had an extreme imbalance several years ago, with more sellers in the market than were needed based on the buyers in the market. Over the past four years we have been seeing a steady increase in buyers in the market and a decline in sellers in the market.

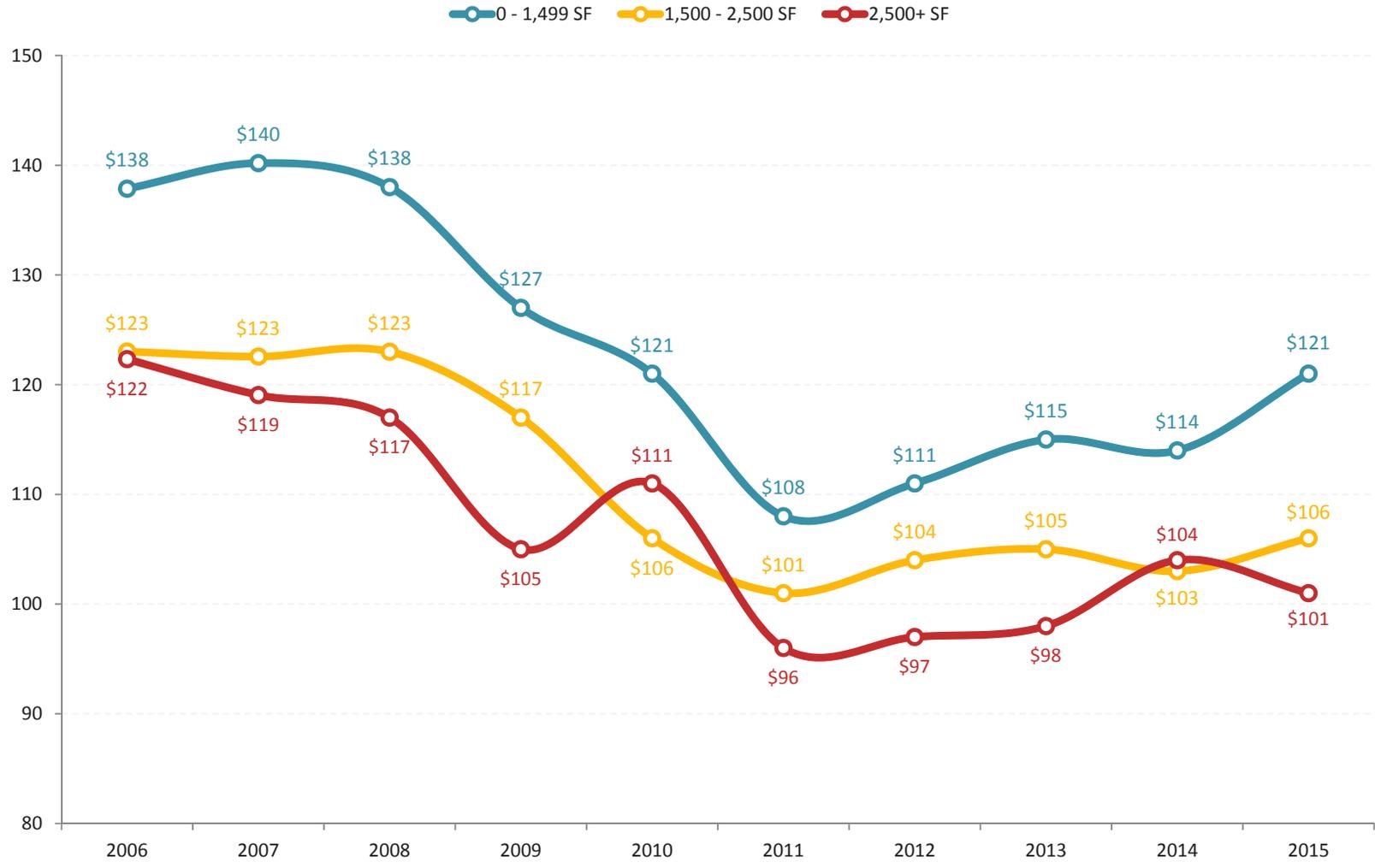
Harrisonburg & Rockingham County  
**Median Price vs. Price Per SF (Single Family Homes)**



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. When focusing in on 2013 and 2014 data, we can see that the median sales price was started to shift downward, though the price per square foot was increasing.

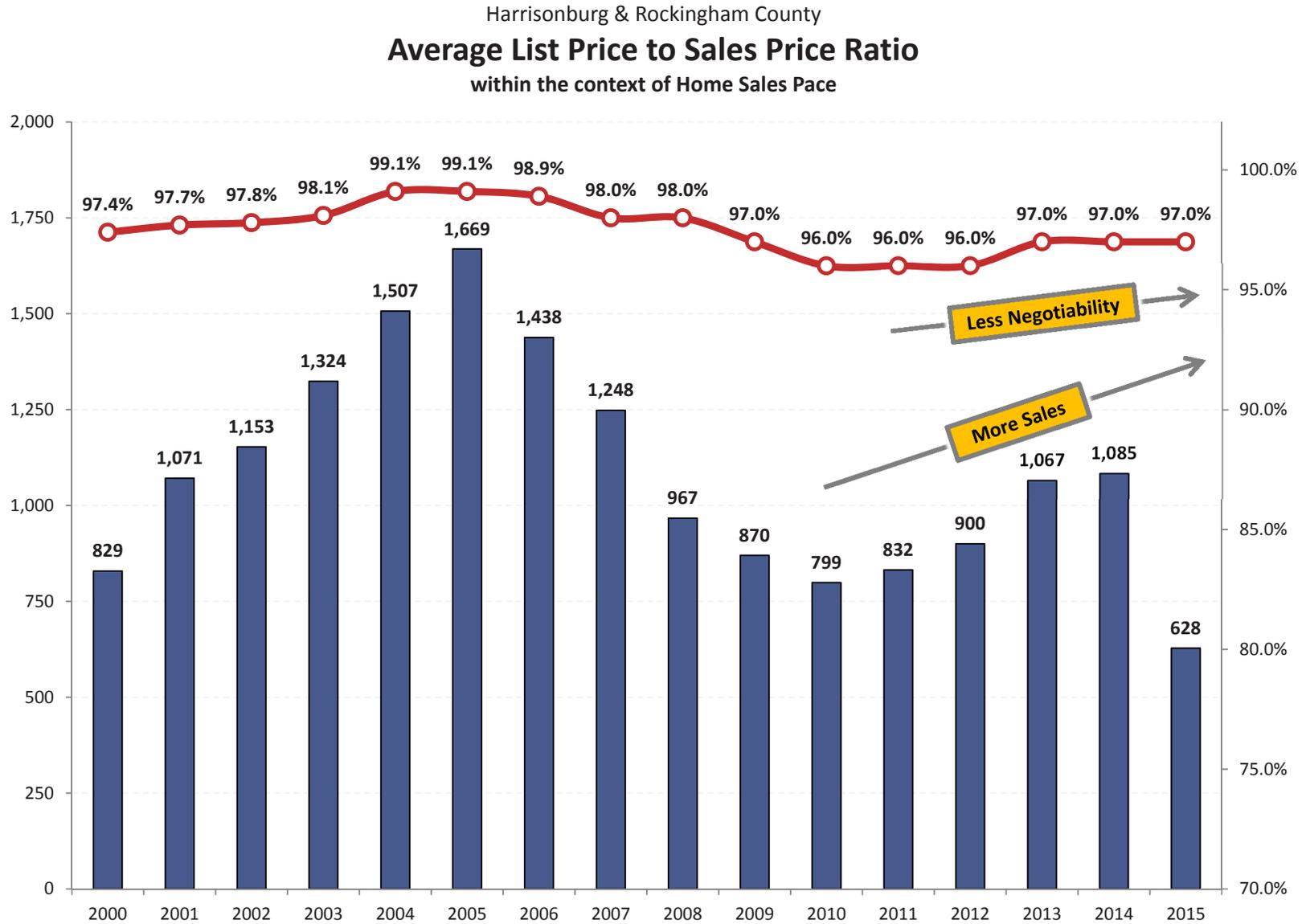
Harrisonburg & Rockingham County  
**Median Price Per Square Foot by Home Size**  
Single Family Homes



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 a similar size. In looking at 2015 figures, this graph illustrates that the median price per square foot of larger homes

(2500+ SF) is a good bit lower (\$101/SF) than homes with less than 1500 SF (\$121/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.

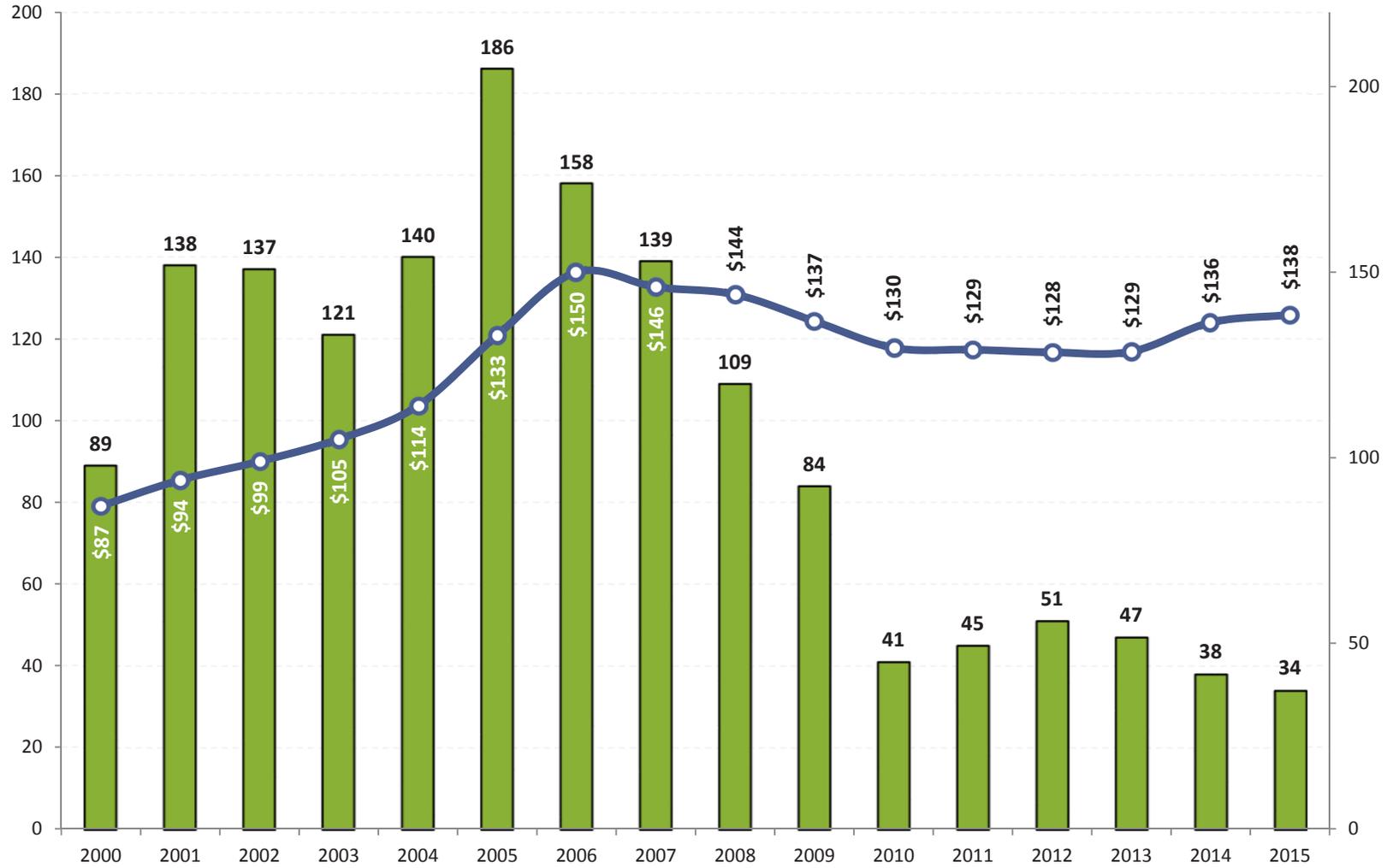
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This graph shows the average list price to sales price ratio (red line) over the past 12+ years as compared to the overall pace of home sales. At the peak of the housing boom (2004-2006) sellers were able to obtain an average of 99% of their asking price --- up from an average of 97.4% in 2000 before home sales started

escalating. Of note, last year we almost returned to that pre-boom level -- given the 97% average during 2014 compared to the 97% - 98% average in 2000 - 2002. As the market continues to recover, we may see this ratio increase a bit more.

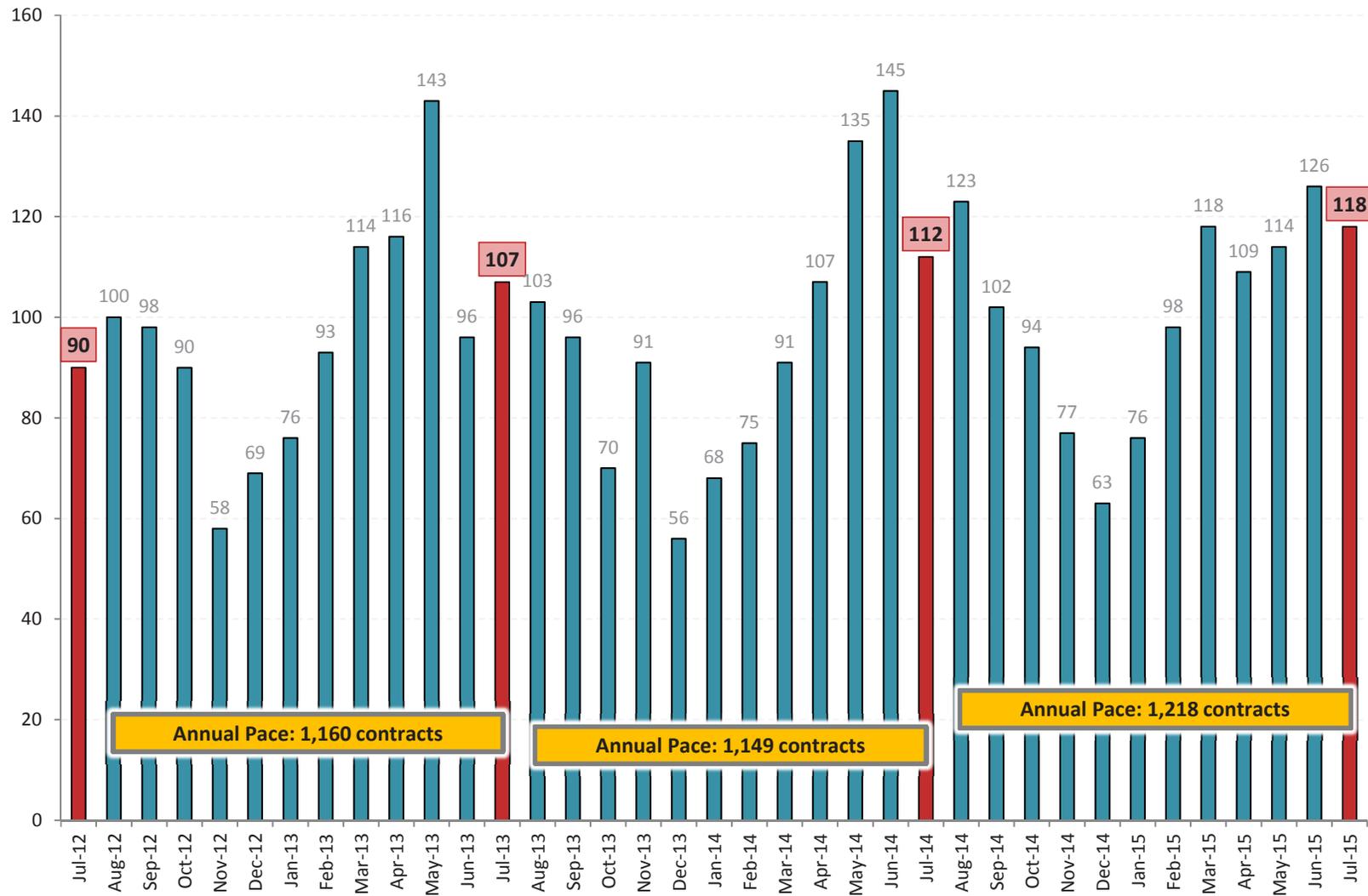
## Harrisonburg & Rockingham County New Construction Single Family Home Sales Trends Number of Sales, Median Price Per Square Foot



New home builders experienced a slight 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 number of new (single family) home sales declined again in 2013 to 47 sales, and

declined again in 2014 to 38 sales. The median price per square foot, however, now seems to have stabilized around \$130/SF in 2013, increased in 2014 to \$136/SF, and may be headed even higher in 2015. If the first seven months of home sales (34) are any indication, we may start to see the pace of these sales increase in 2015.

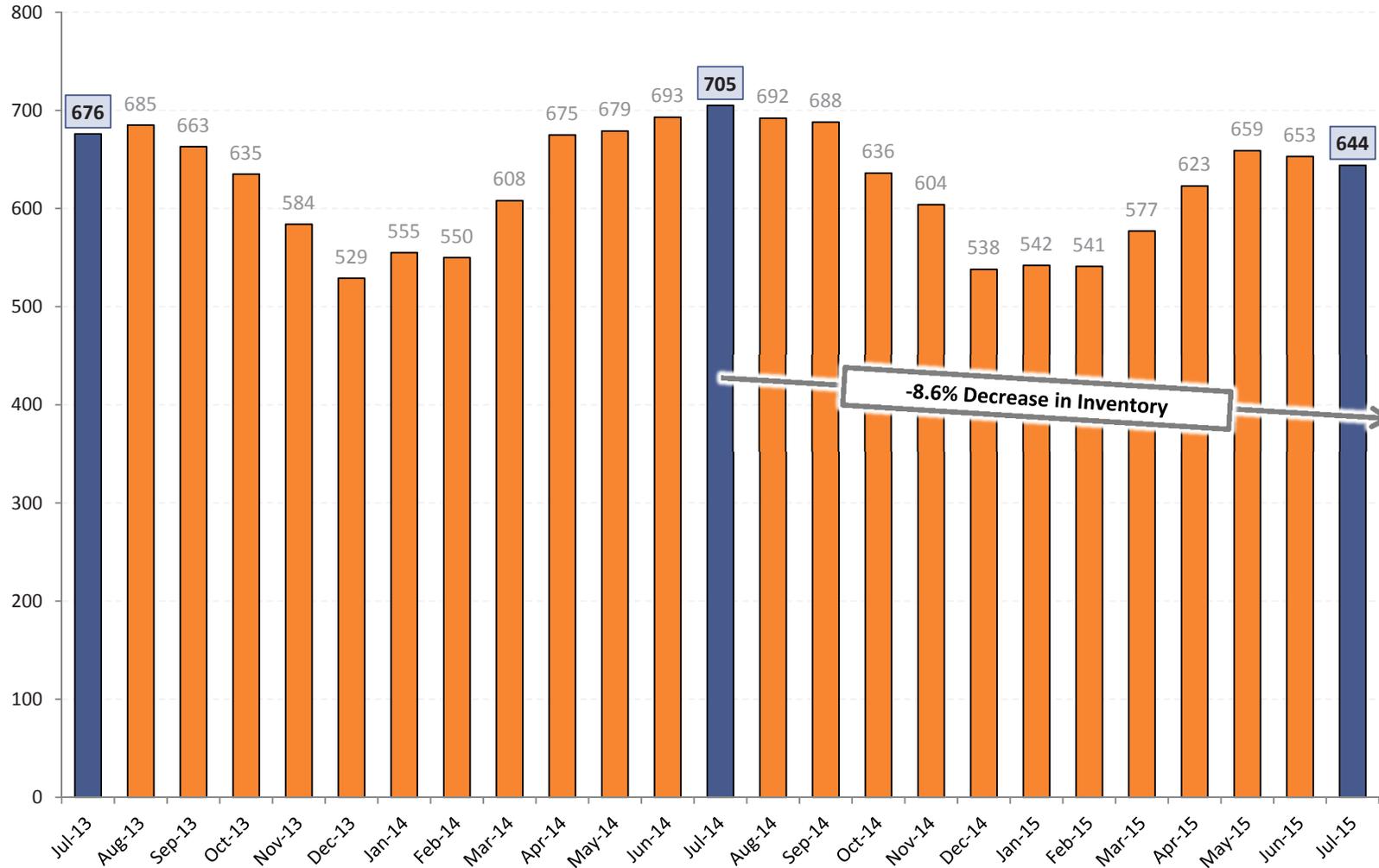
Harrisonburg & Rockingham County  
**Buyers Per Month Committing to Buy Properties**



The pace at which buyers are signing contracts to buy real estate is often an excellent indicator of the future sales performance of our local market. This year has been quite promising during many months of 2015, with strong increases in year-over-year buyer activity in the first four months of 2015. The pace of contracts declined

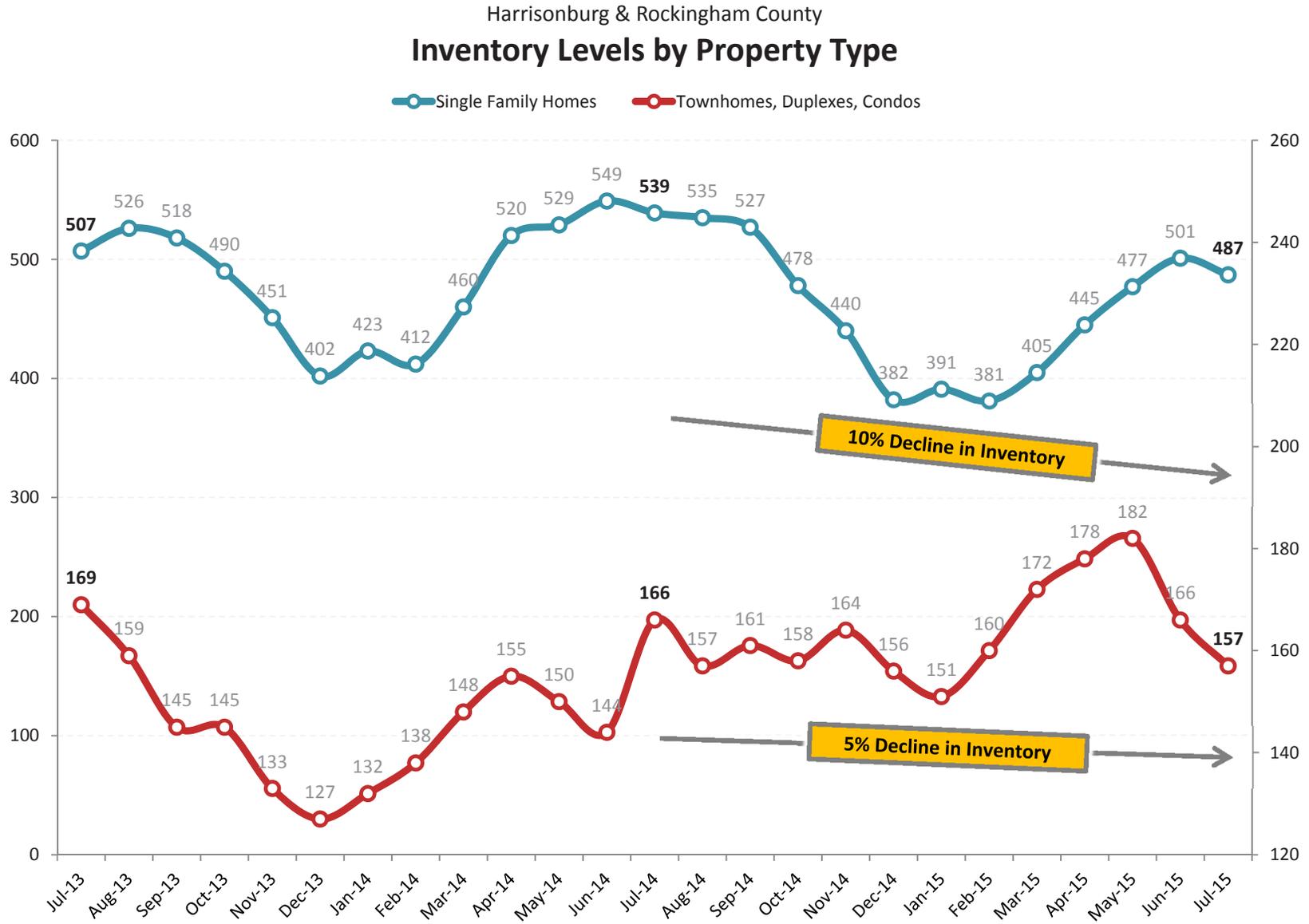
(year over year) during in May and June, but then started to increase again in July with a 5% increase over July 2014. The next few months of contract activity will provide excellent insight into what we should expect later this Fall for the pace of closed sales.

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 combined effect of many homeowners deciding to list their home for sale -- which be a big, significant,

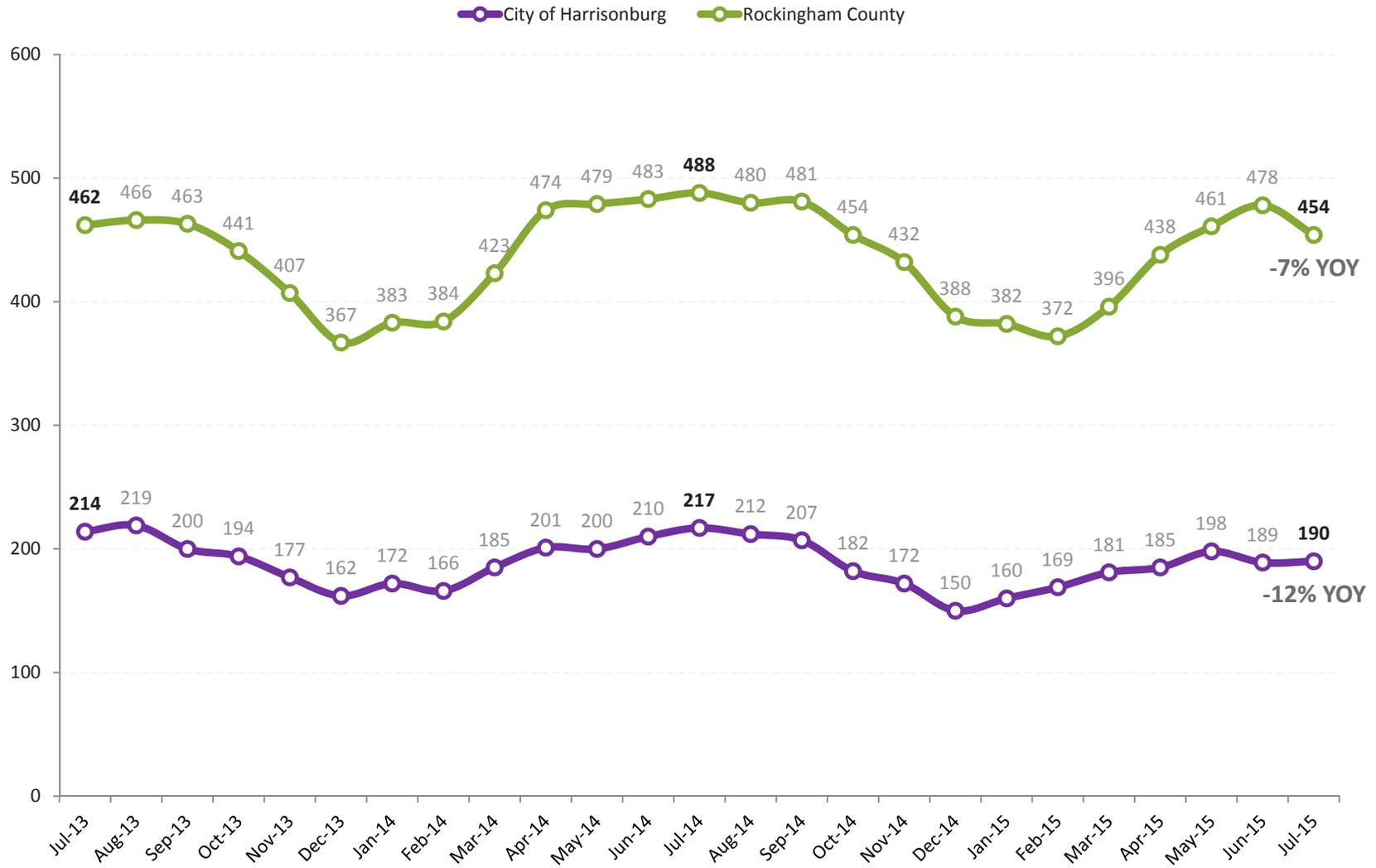
weighty decision, but it is not always so. Some homes that are on the market have been listed for sale by sellers who are "testing the market" and as a result, inventory levels can shift more quickly than home sales trends. Inventory levels have been relatively stable over the past year, with a 9% year-over-year decline.



This graph examines the differences in inventory levels over time when examining only single family homes as compared to attached dwellings (townhouses, duplexes, condos). Of interest, the number of single family homes for sale has declined by 10% from this same time of year last year -- while the number of townhouses,

duplexes and condos on the market for sale has only decreased by 5%. As is evident, inventory levels are now starting to decline as we approach the end of the Summer market -- and we will likely see further decreases over the next few months, particularly in single family home inventory.

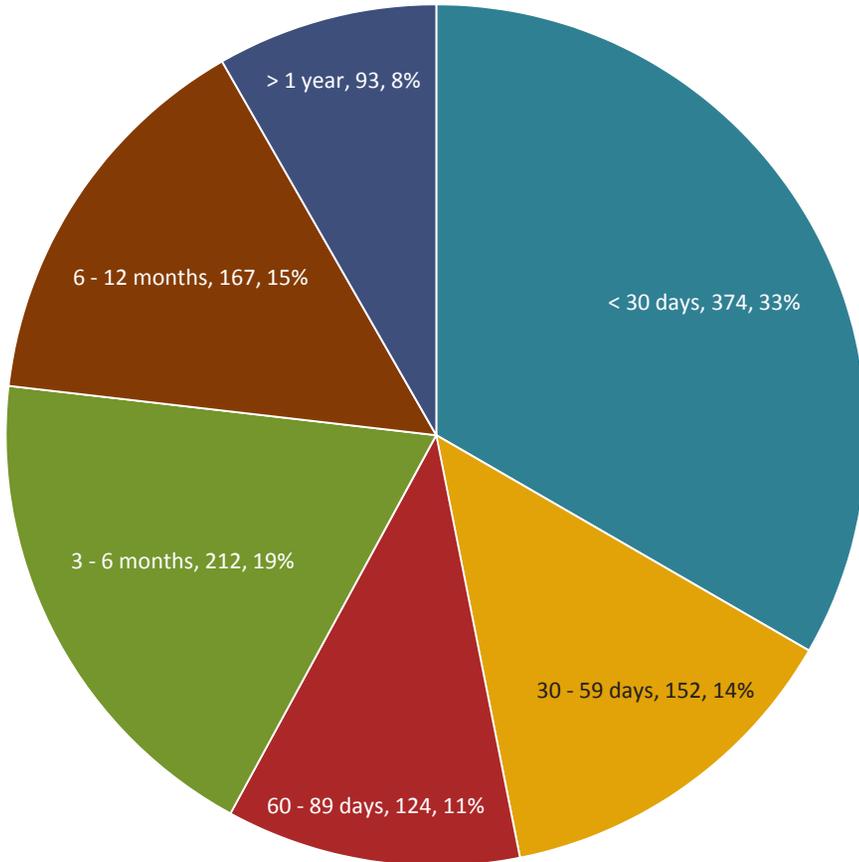
Harrisonburg & Rockingham County  
**Inventory Levels by Property Location**



Trends in inventory level currently seem to, for the most part, transcend the City / County divide. When looking only at inventory levels in the City, we see that there has been a moderate decline (-12%) over the last year in the number of properties for sale. In the County, there has been a somewhat smaller decline (-7%) in the

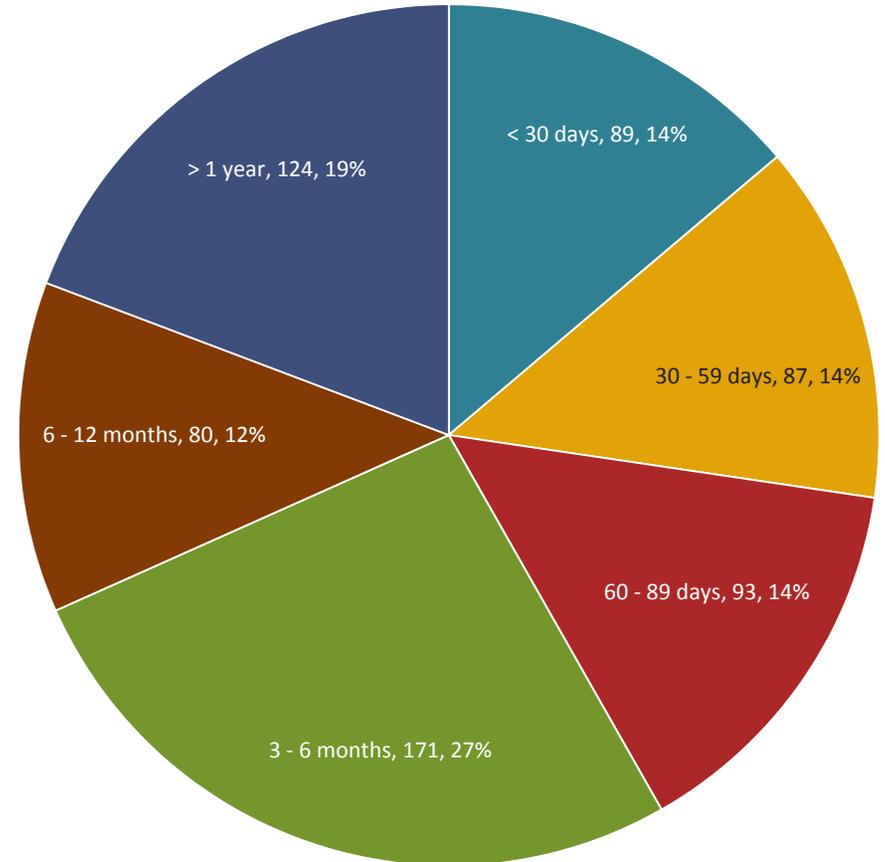
number of homes for sale. Despite relatively small changes in inventory levels in the City of Harrisonburg and Rockingham County over the past year, inventory levels in the County seem much more turbulent than in the County.

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



**Median Days On Market: 62**

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

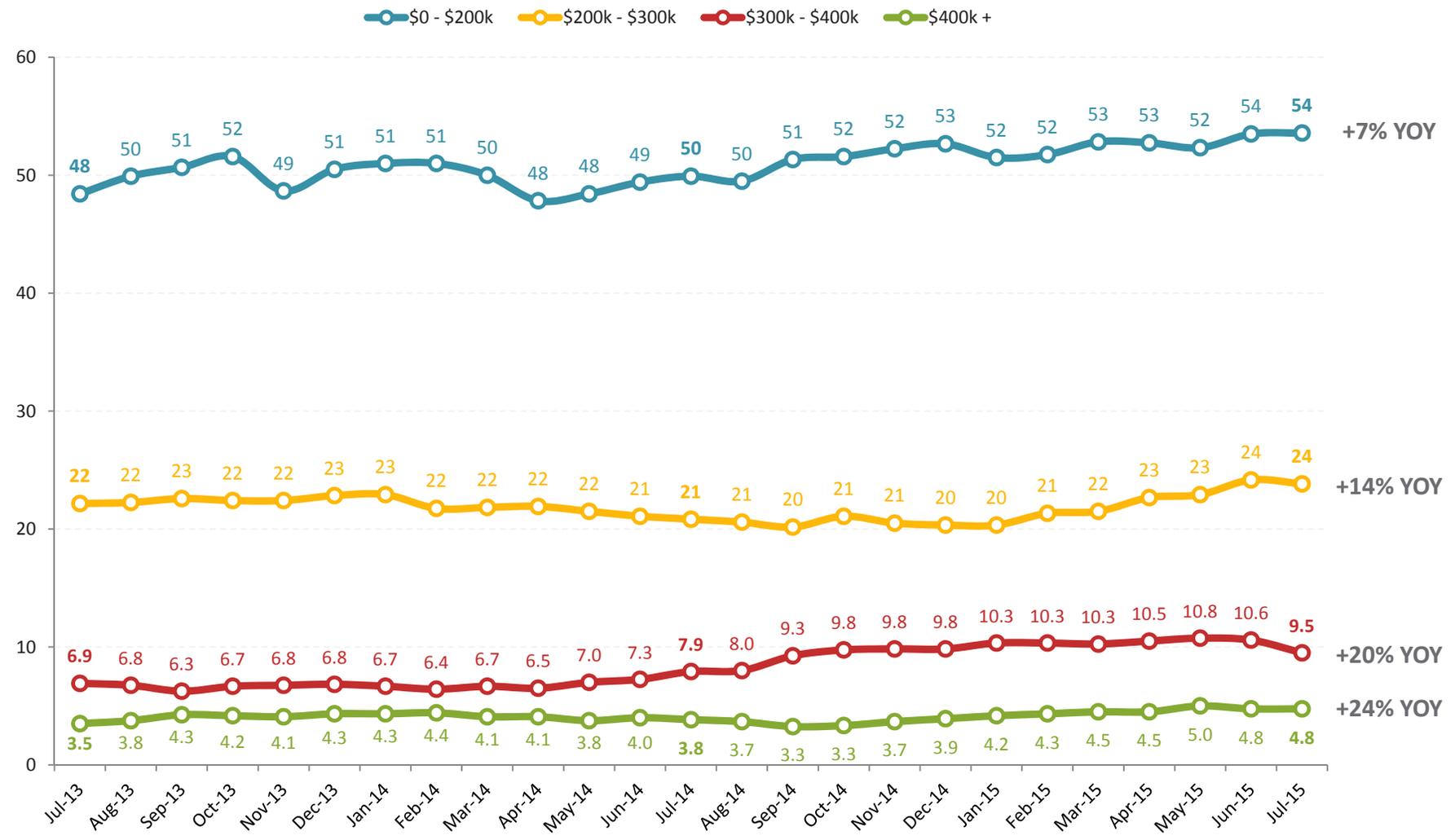


**Median Days On Market: 101**

Despite high inventory levels, and low numbers of buyers in the market, the homes that are actually selling are selling rather quickly. In fact, approximately 1 out of 3 homes (33%) that sells goes under contract less than 30 days after being listed for sale. Include with that those that go under contract in the next 60 days (14%) and

we find that almost half of homes that sell go under contract within the first 60 days 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.

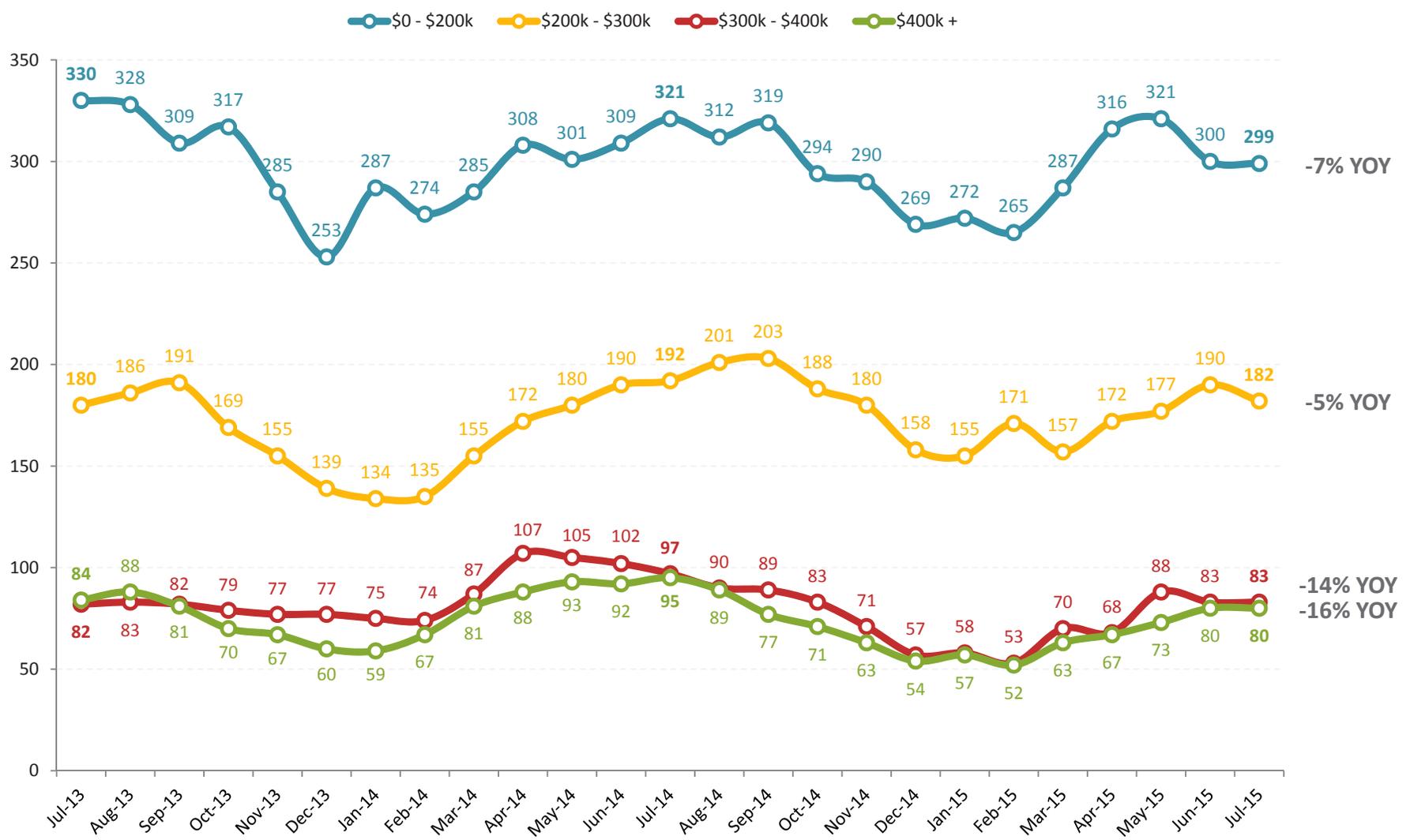
Harrisonburg & Rockingham County  
**Home Sales by Price Range**  
 (Average of Past 12 Months)



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 all price ranges over the past two years, though

some price ranges have shown more significant growth than others. The most significant increase seen over the past 12 months has been in the \$300K - \$400K and the \$400K+ price range.

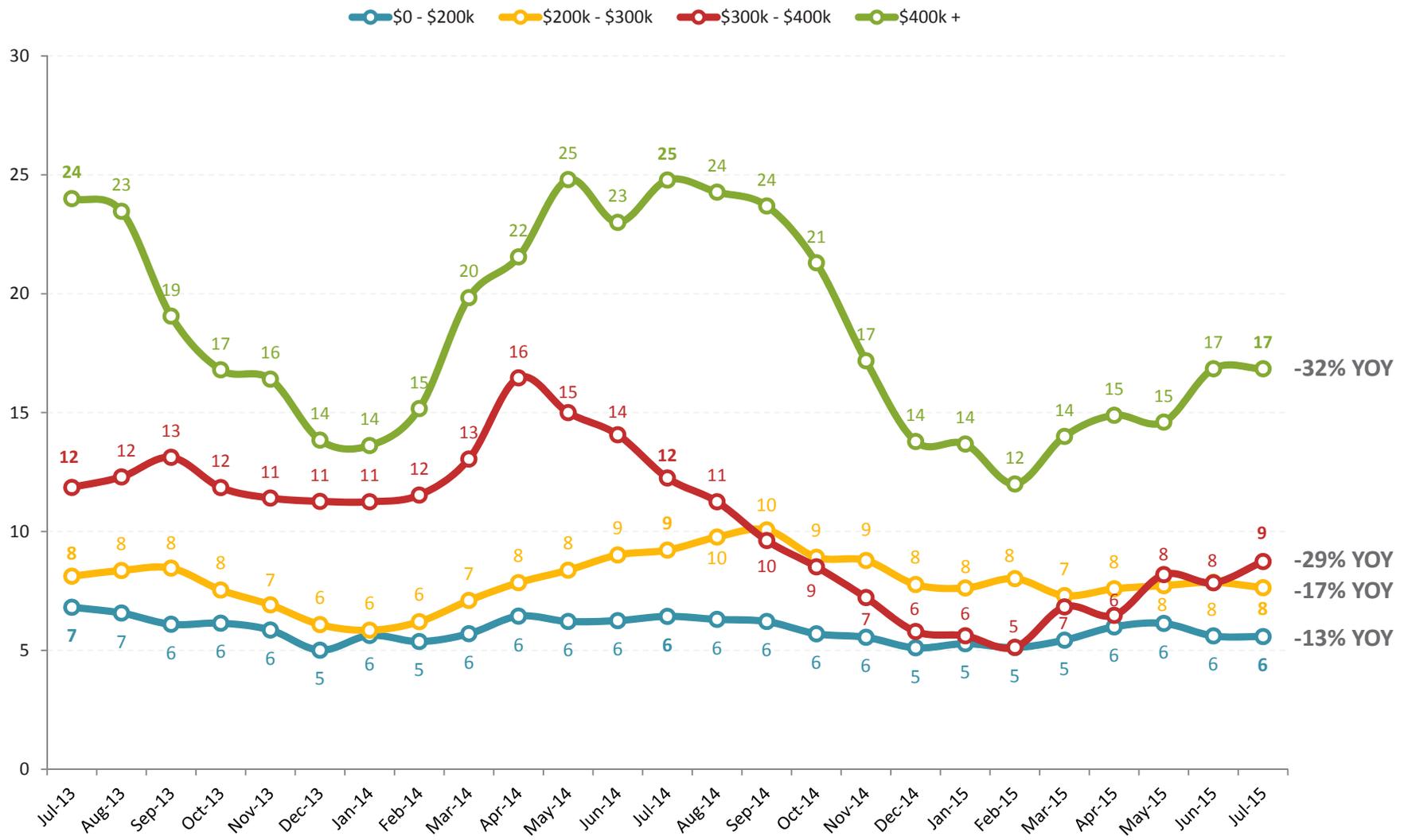
Harrisonburg & Rockingham County  
Inventory Levels by Price Range



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 lower price ranges (Under \$200K, \$200K-\$300K) have seen a relatively small downward adjustment (-7%, -5%) in inventory levels over the past year, while the

higher price ranges (\$300K-\$400K, \$400K+) are seeing larger declines (-14%, -16%) in the number of homes for sale. All four price ranges are likely to see inventory levels continue to decline over the next few months as we move into and through the Fall market.

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

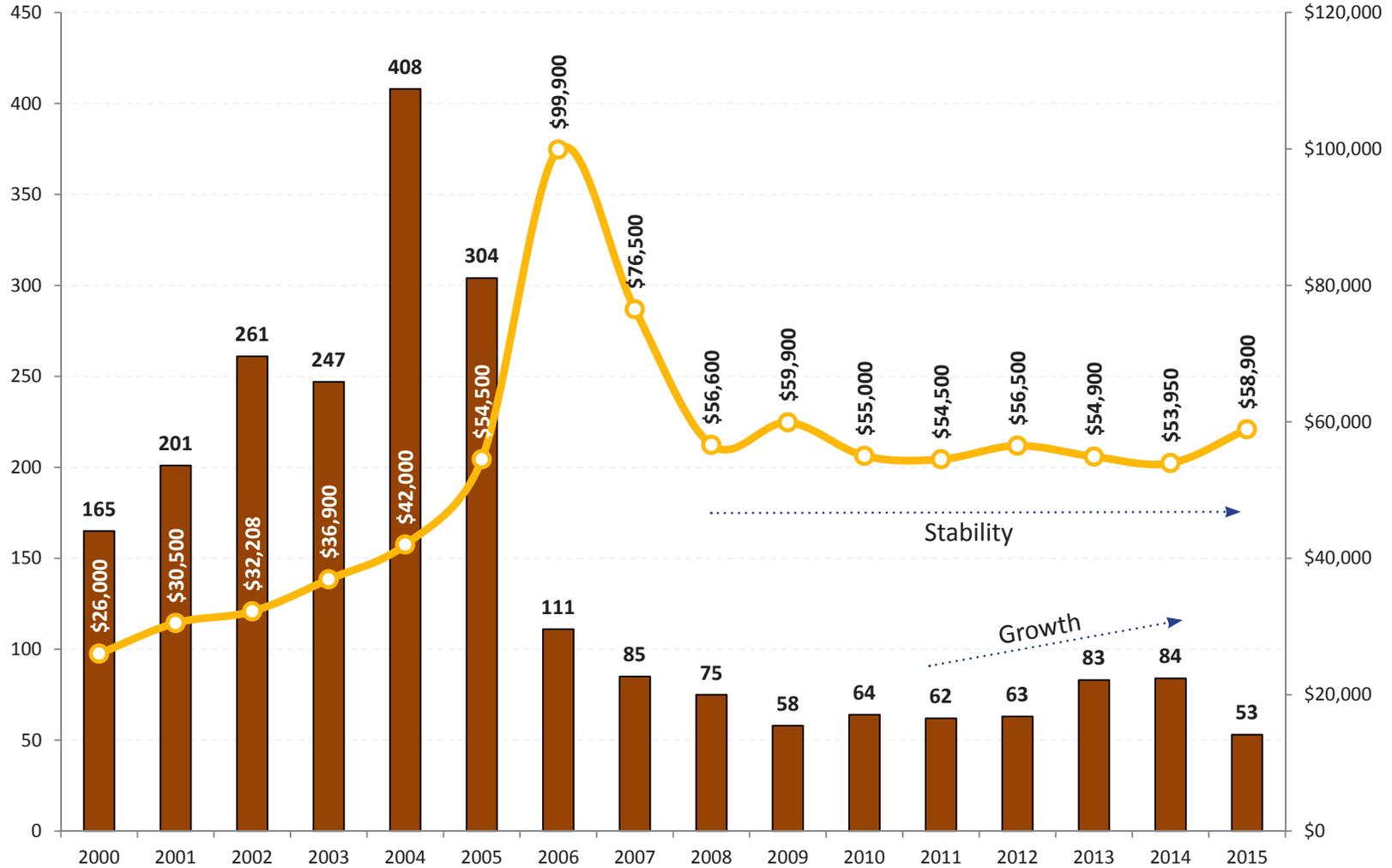


With so many homes on the market (lots of sellers) and so few home sales (not so many buyers), there are very high levels of supply in most price ranges our local real estate market. The graph above illustrates that it would take 17 months to sell all of the homes currently for sale over \$400K if the same number of buyers bought each

month as have been buying (on average) over the past 12 months. Many experts consider a six month supply to be a balance between buyers and sellers, and in the past 12 months we have only consistently seen that balance in the under \$200K price range.

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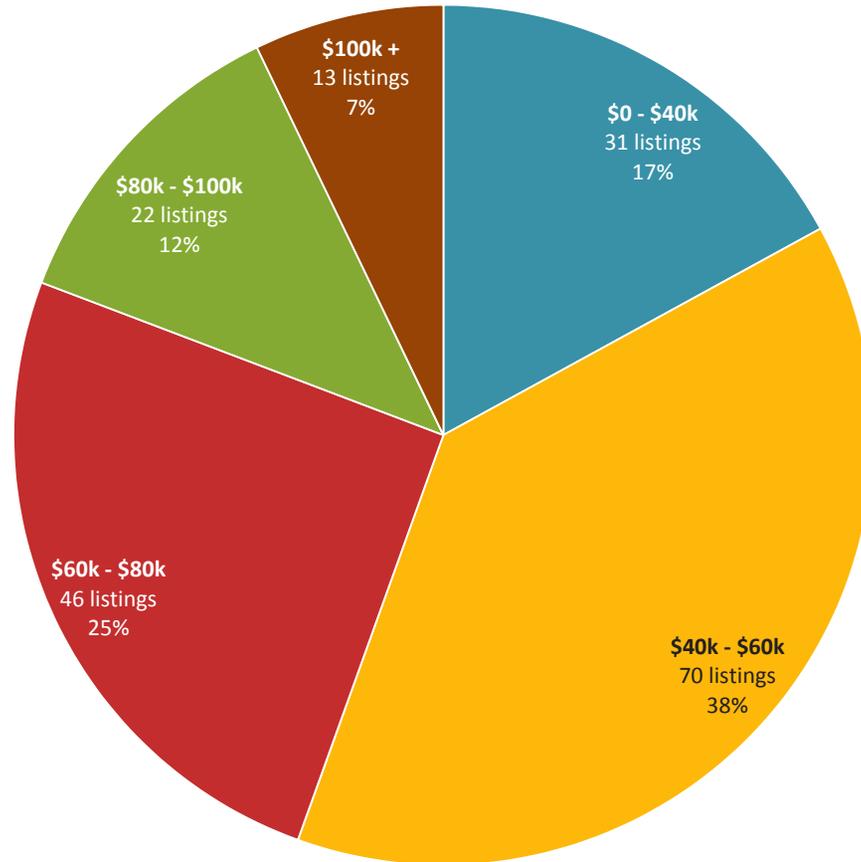
Harrisonburg & Rockingham County  
**Lot Sales & Median Prices**  
 less than 1 acre



While the pace of sales of lots that are smaller than an acre have plummeted since 2004 (-85% between 2004 and 2010), they may finally be increasing again, as we have seen approximately 80 sales per year for the past two years, after four years in a row of approximately 60 lot sales per year. The median sales price of these

lots under one acre also appears to be stabilizing between \$50,000 and \$60,000. If these trends continue, we may see as many as 90 (or more?) lot sales in 2015, and we may start to see the median price of lots increase again, perhaps approaching \$60,000 this year.

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

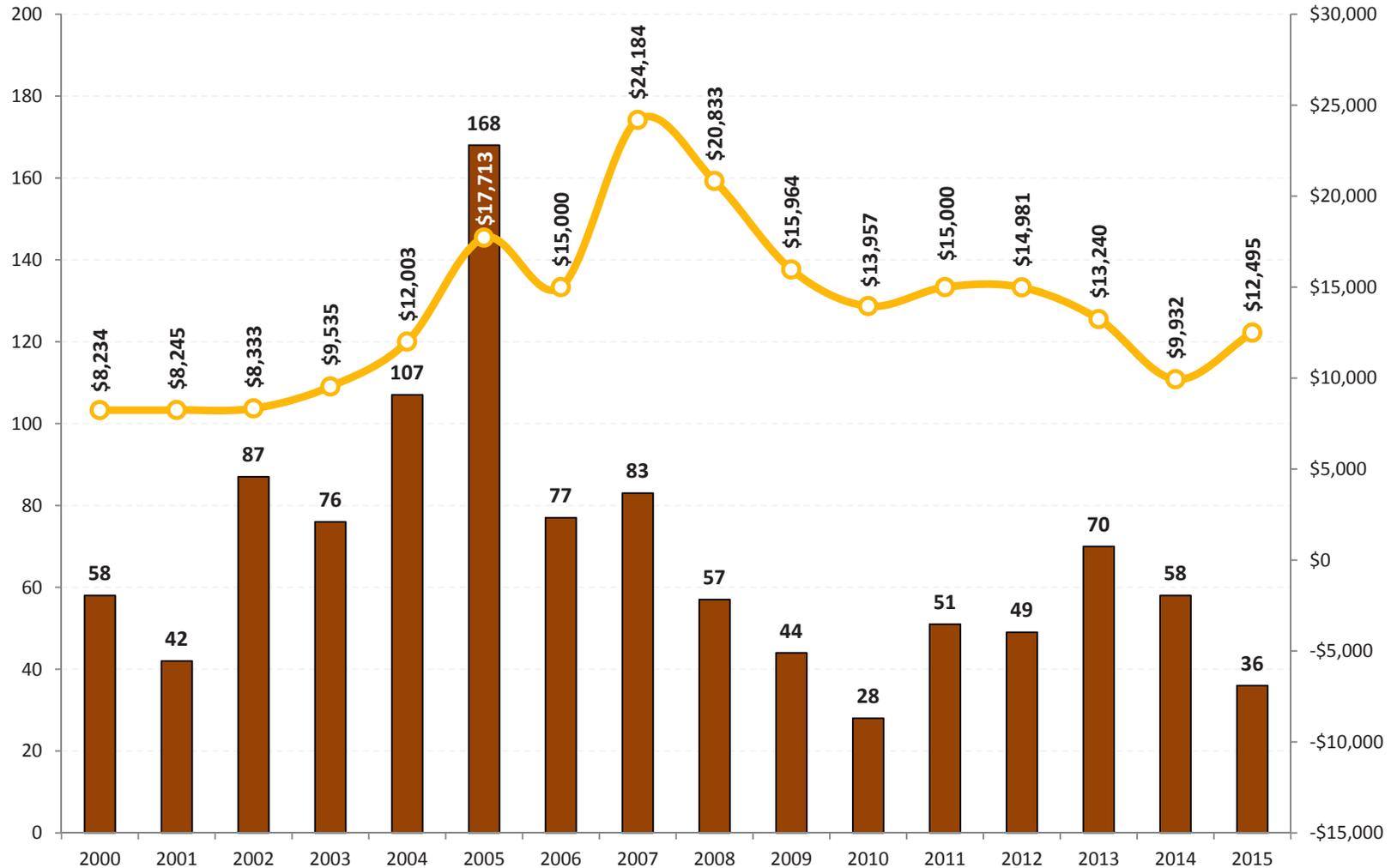


**182 Active Lot Listings; Median List Price: \$55,000**

Despite the fact that only 84 lots (of less than an acre) sold in all of 2014, there are a remarkable 182 lots currently for sale. Some sanity exists in this listing market, however, as the median list price of lots for sale (\$55,000) is relatively close to the 2014 median sales price of \$53,950. Given last year's 84 lot sales, if no other lots

were listed for sale, it would take 2.2 years to sell all of the lots currently listed for sale. As you can see above, more than nearly one half of the lots currently listed for sale are priced above \$60,000 --- thus many sellers have offering prices higher than recent (2011-2014) median sales prices.

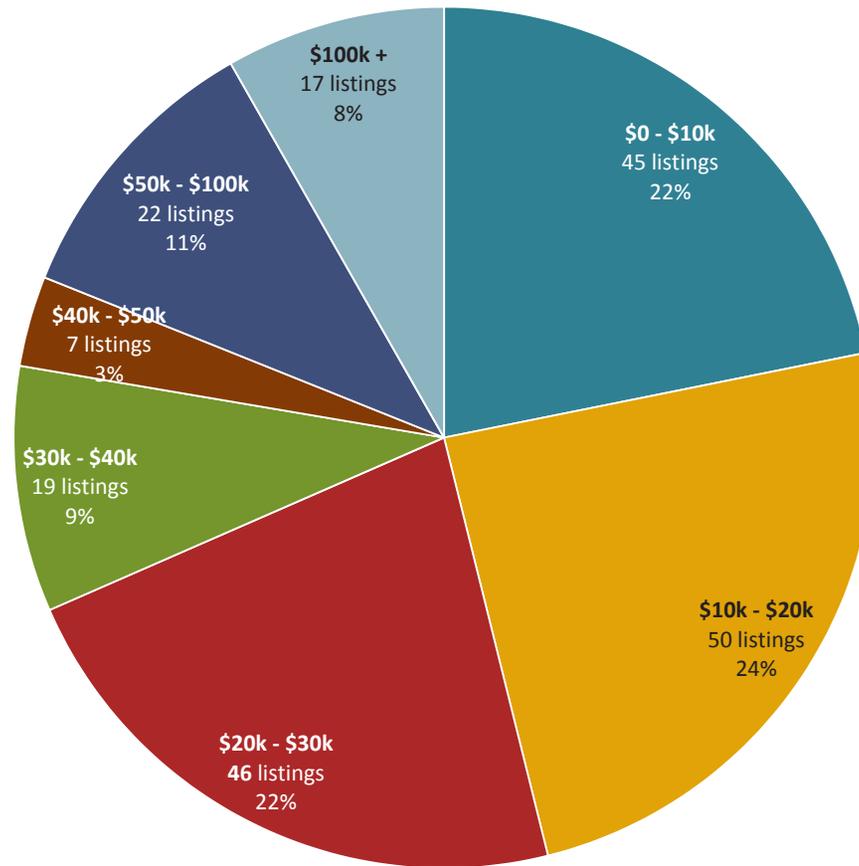
Harrisonburg & Rockingham County  
**Land Sales & Median Price Per Acre**  
 1 acre or more



Parcels of land larger than one acre in Harrisonburg or Rockingham County peaked in 2013 at 70 sales, and then declined again 2014 to only 58 sales. The median price per acre of these lots with over 1 acre continued to fall in 2014, to a price of \$9,932 per acre. This is far (far!) below the peak of \$24,184 per acre that was seen back

in 2007. Looking at 2015, it seems that we are likely to see approximately 60 sales of this property type this year, and the median sales price per acre seems poised to increase this year as compared to 2014 -- though to still show a net decline as compared to 2013.

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

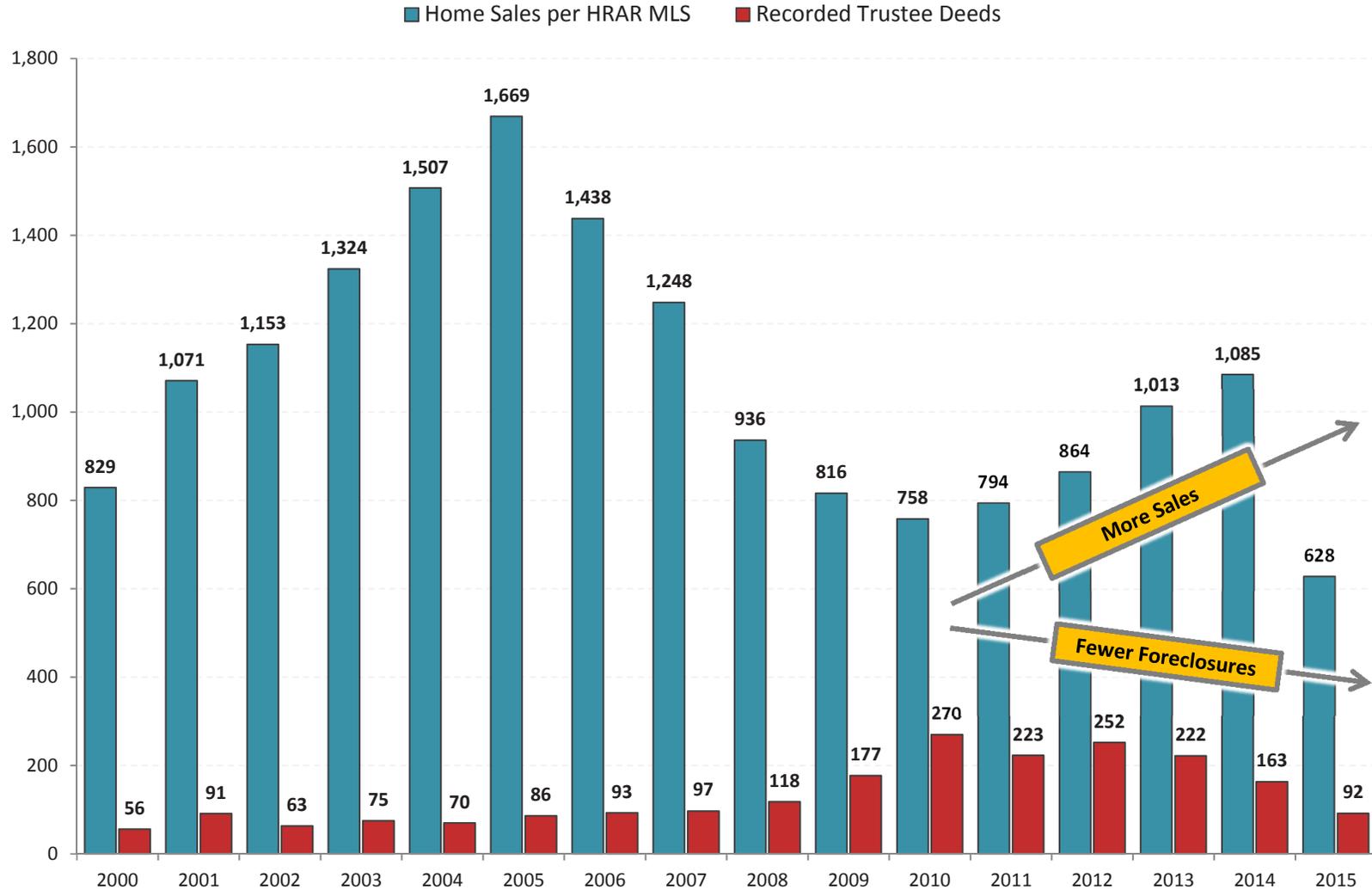


**206 Active Land Listing; Median List Price: \$21,009 / Acre**

Despite the fact that only 58 parcels of land (of one acre or more) sold in all of 2014, there are a remarkable 206 parcels of land currently for sale. Furthermore, despite the fact that the median sales price of land is hovering around \$10,000 - \$12,000 per acre, the median list price of the 204 parcels for sale is currently \$21,009 per

acre. Given last year's 58 land sales, if no other land is listed for sale, it would take 3.5 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

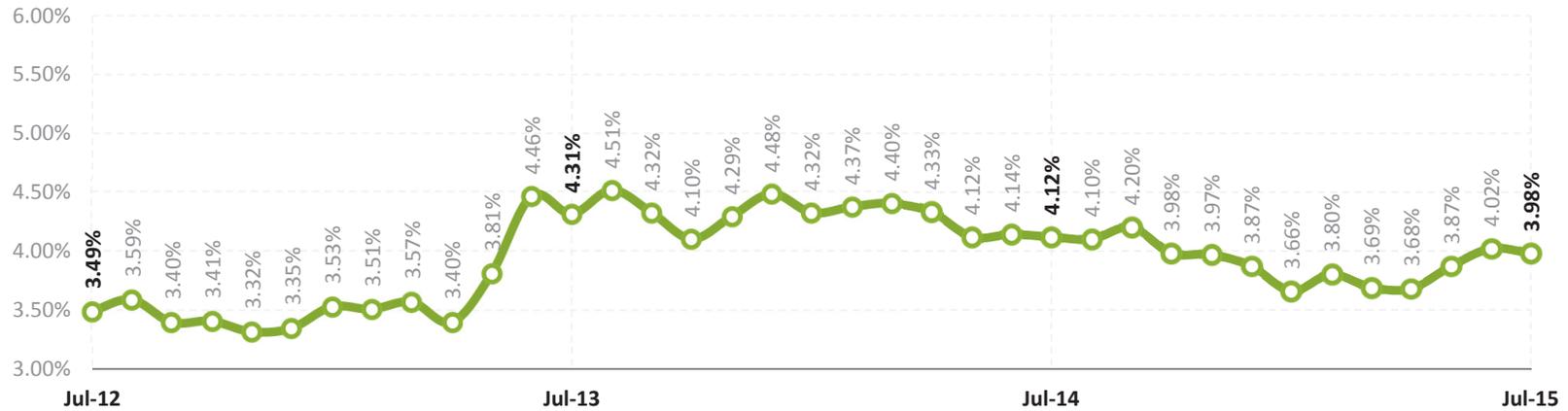


The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales (without a Realtor), nor new home sales directly from a builder. The red bars show the number of Trustee Deeds.

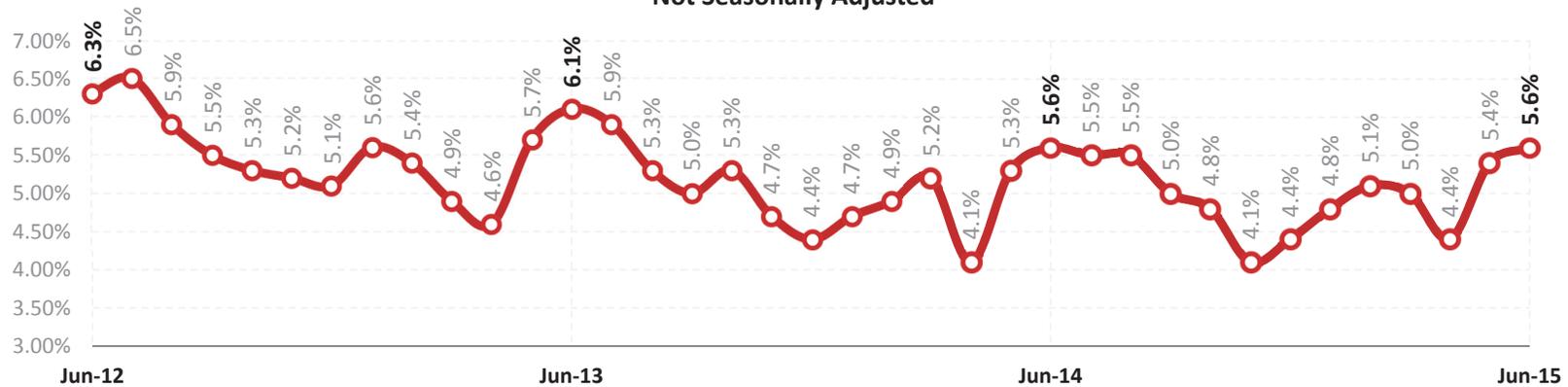
Some foreclosed properties then show up again as REO properties. The foreclosure rate in our local market area is definitely trending downward, as there were 4.6 times as many home sales as foreclosures during 2013 and 6.7 times as many home sales as foreclosures in 2014.

### 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, home buyers have seen steadily (though slowly) declining mortgage interest rates over much of the past year, followed by some increases over the past six months, followed by another drop to the current average of 3.98%. These are some of the lowest rates we have seen in the past several

years. The second graph above illustrates trends in the local unemployment rate -- which has shown a general downward trend over the past three years -- though we are currently in the midst of the summer time frame when we always see higher unemployment rates.

## Scott P. Rogers, Associate Broker



Scott P. Rogers, an 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. Scott provides detailed, professional and responsive service to all of his clients, whether they are buying their first home or have been through many housing transitions. 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.

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, elevated photography equipment, property websites for each of his listings and Matterport 3D Showcase. 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, HarrisonburgApps.com, HarrisonburgAssessments.com, HarrisonburgPropertyTransfers.com, HarrisonburgTownhouses.com, BestDealsInHarrisonburg.com and many others.

Scott is a member of the Shenandoah Valley Builders Association, serves on the Board of Directors for the Explore More Discovery Museum, the James Madison University Alumni Association and is the co-founder of TakeThemAMeal.com. 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, camping, playing volleyball and attending JMU sporting events.

### Questions? Contact Scott anytime....

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## Local Online Real Estate Resources

**Central Shenandoah Valley Property Search**  
[ScottPRogers.com](http://ScottPRogers.com)

**Mobile Real Estate Apps**  
[HarrisonburgApps.com](http://HarrisonburgApps.com)

**Monthly Real Estate Market Reports**  
[HarrisonburgHousingMarket.com](http://HarrisonburgHousingMarket.com)

**Ongoing Housing Market Analysis & Commentary**  
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