



JULY 2013

Harrisonburg & Rockingham County Real Estate Market Report

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



Spacious Six Bedroom Brick Home in Barrington 3100BrookshireDrive.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: June

92 homes sold in June 2013, showing an 8% increase over June 2012 when 85 homes sold -- and a 14% increase over June 2011 when 81 homes sold.

Home Values: June

Median sales prices and average sales prices increased 13% when comparing June 2013 to June 2012.

Days on Market: June

The median time it took for a home to sell was 121 days in June 2013, a 7% increase from 113 days in June 2012 and a 8% decline from the 132 day median in June 2011.

Foreclosures

96 trustee deeds were recorded thus far in 2013 compared to 471 total home sales reported through the HRAR MLS during the same timeframe.

Inventory

Inventory levels increased during June 2013 to 661 residential properties currently for sale, up 22 homes from one month ago, and down 60 homes from one year ago.

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.

Pace of Home Sales: Year To Date

471 homes sold in the first six months of 2013. This marks a 22% increase from the first six months of 2012 when only 386 homes had sold.

Home Values: Year To Date

Median sales prices increased 1.89% and average sales prices increased 2.56% 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 six months of 2013 was 134 days, a 10% decline as compared to the first six 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, 10 months between 300k and \$400k, and 27 months above \$400k.

Price Per Square Foot

Median price per square foot of single family homes has increased to \$102/sf in 2013, as compared to \$104/sf in 2012 and \$103/sf in 2011.

Buyer Activity

96 buyers committed to buy in June 2013, compared to 102 in June 2012 -- which marks a 6% decrease.

Single Family Home Sales

359 single family homes sold thus far in 2013, compared to a total of 641 in 2012. The median sales price has declined to \$190,000.

Townhouse Sales

112 townhouses sold thus far in 2013, compared to a 2012 total of 223 townhomes. The median townhome sales price has increased to \$141,350 from \$134,995 in 2012.

Lot Sales

There have been 33 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

28 parcels of land greater than an acre sold thus far in 2013 compared to 47 land sales during all of 2012. The median price per acre has increased to \$16,679 in 2013.

HOME SALES REPORT

Harrisonburg & Rockingham County

July 8, 2013

# Home Sales	2010	2011	2012	2013	% Change ('12 - '13)
June	117	81	85	92	8.24%
Year-To-Date (Jan-Jun)	418	366	386	471	22.02%

Median Sales Price	2010	2011	2012	2013	% Change ('12 - '13)
June	\$187,900	\$175,482	\$175,000	\$197,500	12.86%
Year-To-Date (Jan-Jun)	\$181,750	\$165,000	\$172,000	\$175,250	1.89%

Average Sales Price	2010	2011	2012	2013	% Change ('12 - '13)
June	\$224,086	\$217,914	\$195,516	\$220,215	12.63%
Year-To-Date (Jan-Jun)	\$211,321	\$195,401	\$193,692	\$198,645	2.56%

Median Days on Market	2010	2011	2012	2013	% Change ('12 - '13)
June	114	132	113	121	7.08%
Year-To-Date (Jan-Jun)	134	156	149	134	-10.07%

Home Sales Soar, Prices Starting To Rise. June 2013 was yet again a blockbuster month of home sales in Harrisonburg and Rockingham County, showing an 8% improvement over last June and contributing to an overall 22% year-over-year improvement in the pace of home sales in our market. Prices also may finally be

on the rise, as both the median sales price and average sales price have started to increase (+1.9%, +2.6%) when comparing the first half of 2012 with the first half of 2013. It is also taking less time to sell a home these days, with an average days on market of 134 during the first half of 2013 compared to 149 days last year.

HOME SALES REPORT :: BY AREA

# Home Sales	City of Harrisonburg			Rockingham County		
	2012	2013	% Change	2012	2013	% Change
June	32	31	-3.13%	53	61	15.09%
Year-To-Date	133	179	34.59%	253	292	15.42%

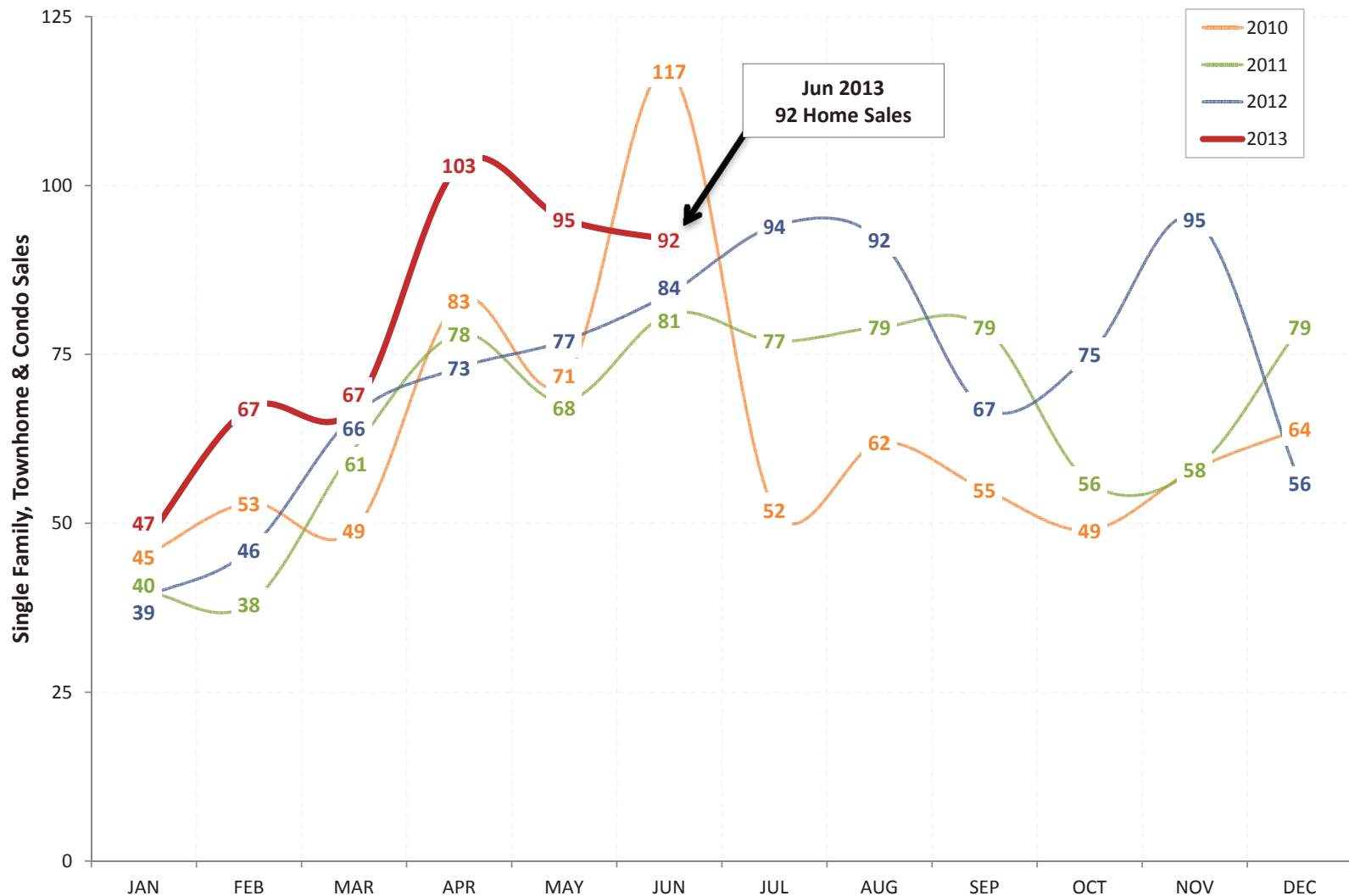
Median Sales Price	City of Harrisonburg			Rockingham County		
	2012	2013	% Change	2012	2013	% Change
June	\$161,250	\$154,500	-4.19%	\$183,000	\$222,330	21.49%
Year-To-Date	\$163,500	\$154,000	-5.81%	\$184,900	\$190,100	2.81%

Median Days on Market	City of Harrisonburg			Rockingham County		
	2012	2013	% Change	2012	2013	% Change
June	221	112	-49.32%	103	126	22.33%
Year-To-Date	181	119	-34.25%	140	147	5.00%

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

To-Date indicators noted above. You will note that the City has seen a 35% increase in YTD sales as compared to only a 16% increase in the County. When it comes to prices, however, the County has seen an increase (+2.8%) compared to a decline (-5.8%) in the City.

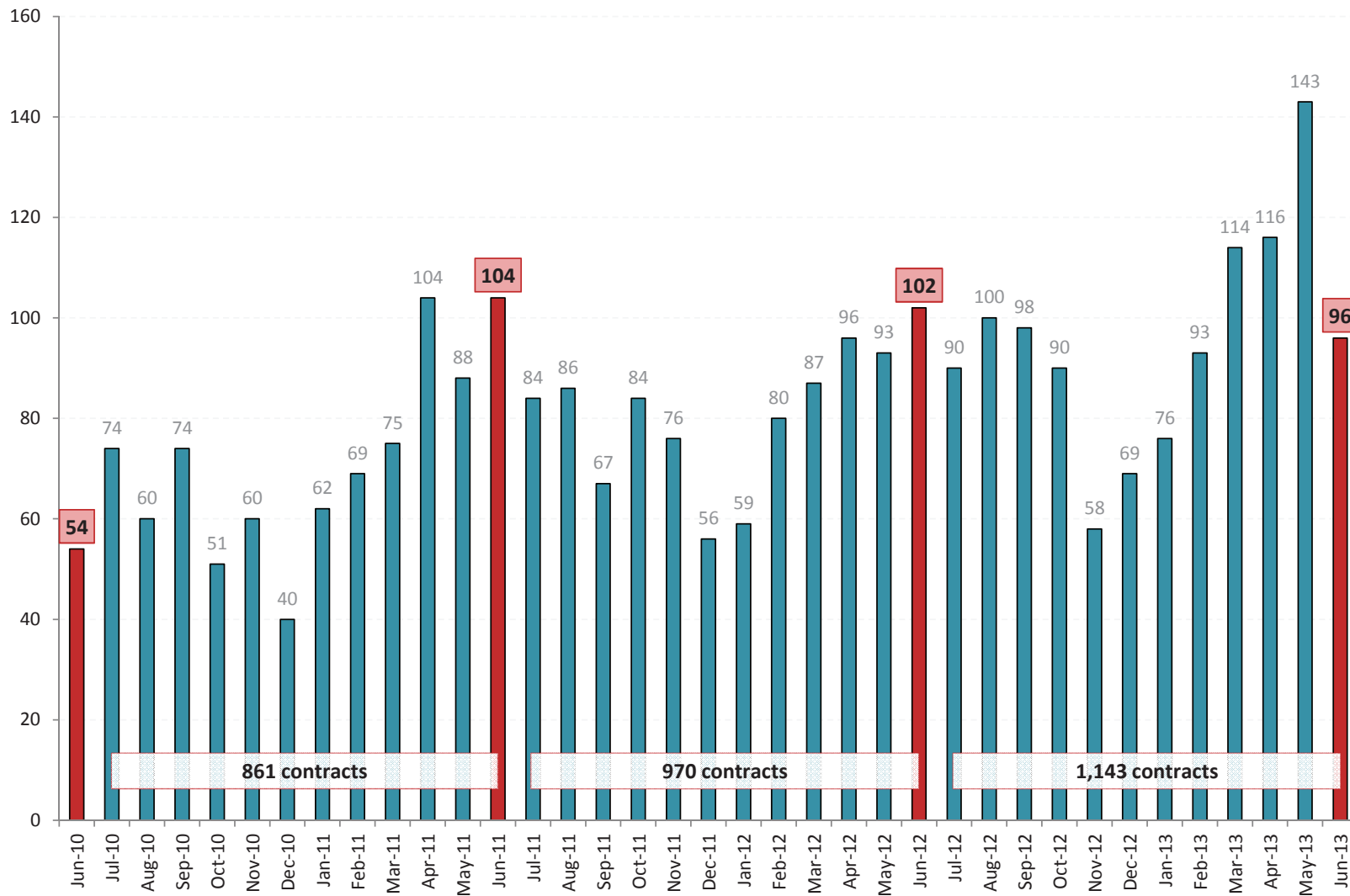
Harrisonburg & Rockingham County Month-By-Month Home Sales History



Strong Spring Sales in 2013. April, March and June home sales this year were much stronger than any of the previous three years in Harrisonburg and Rockingham County -- with the exception of June 2010 when the federal home buyer tax credit ended. These strong recent months of sales have lead to a 22% year-to-

date increase in home sales (see Page 3) as compared to 2012. With strong recent months of contract activity, we should continue to see strong home sales through the remainder of the summer months.

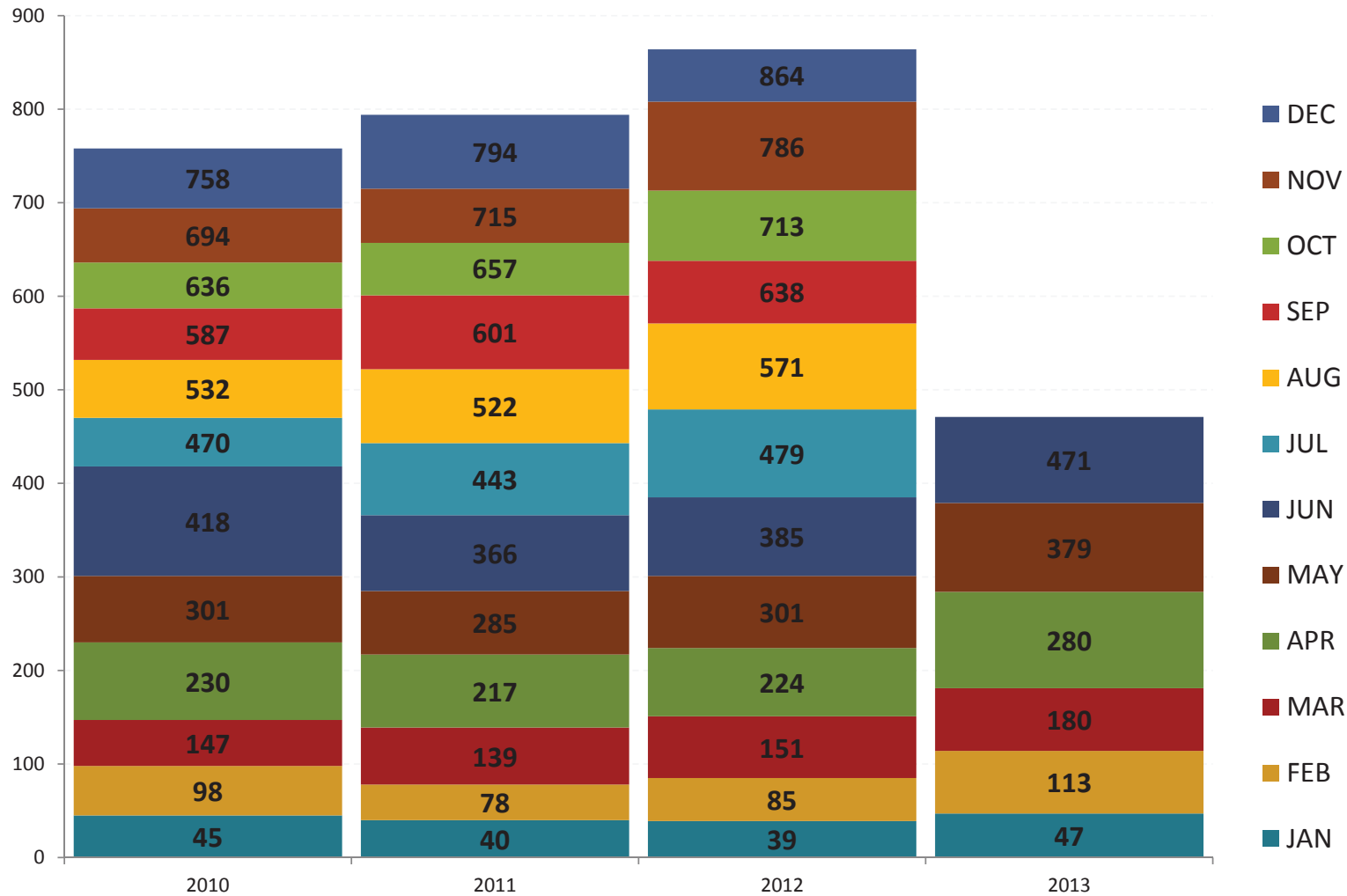
Harrisonburg & Rockingham County
Buyers Per Month Committing to Buy Properties



Buyer Activity Slowed in June 2013. After several record setting months of contracts in April 2013 (114), May 2013 (116) and June 2013 (143) we have now seen a decline in buyer activity down to only 96 contracts in June 2013. This is still the 9th highest month of contract activity in the past three years, but it is also a 5.8% decline in

buyer activity from June 2012. When comparing the most recent 12 months of buyer activity (1,143 contracts) to the previous 12 months (970 contracts) we still see a strong upward trend.

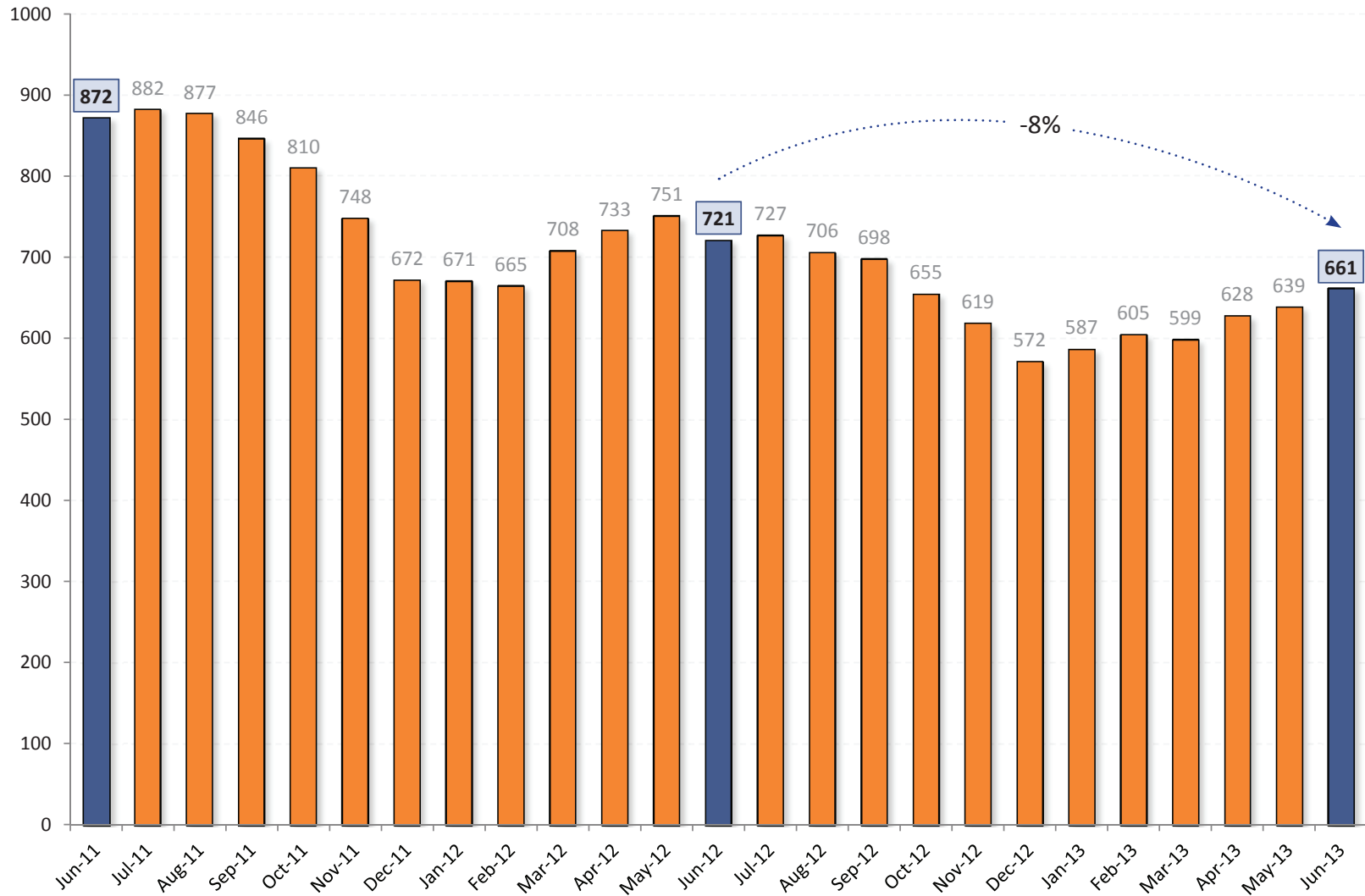
Harrisonburg & Rockingham County Monthly Cumulative Residential Sales



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 through May are showing an incredibly strong start (379 sales) as compared to

previous January through May sales. At the current pace we should easily surge past 900 home sales this year, as we have almost matched the first seven months of sales in 2012 with only the first six months of sales in 2013.

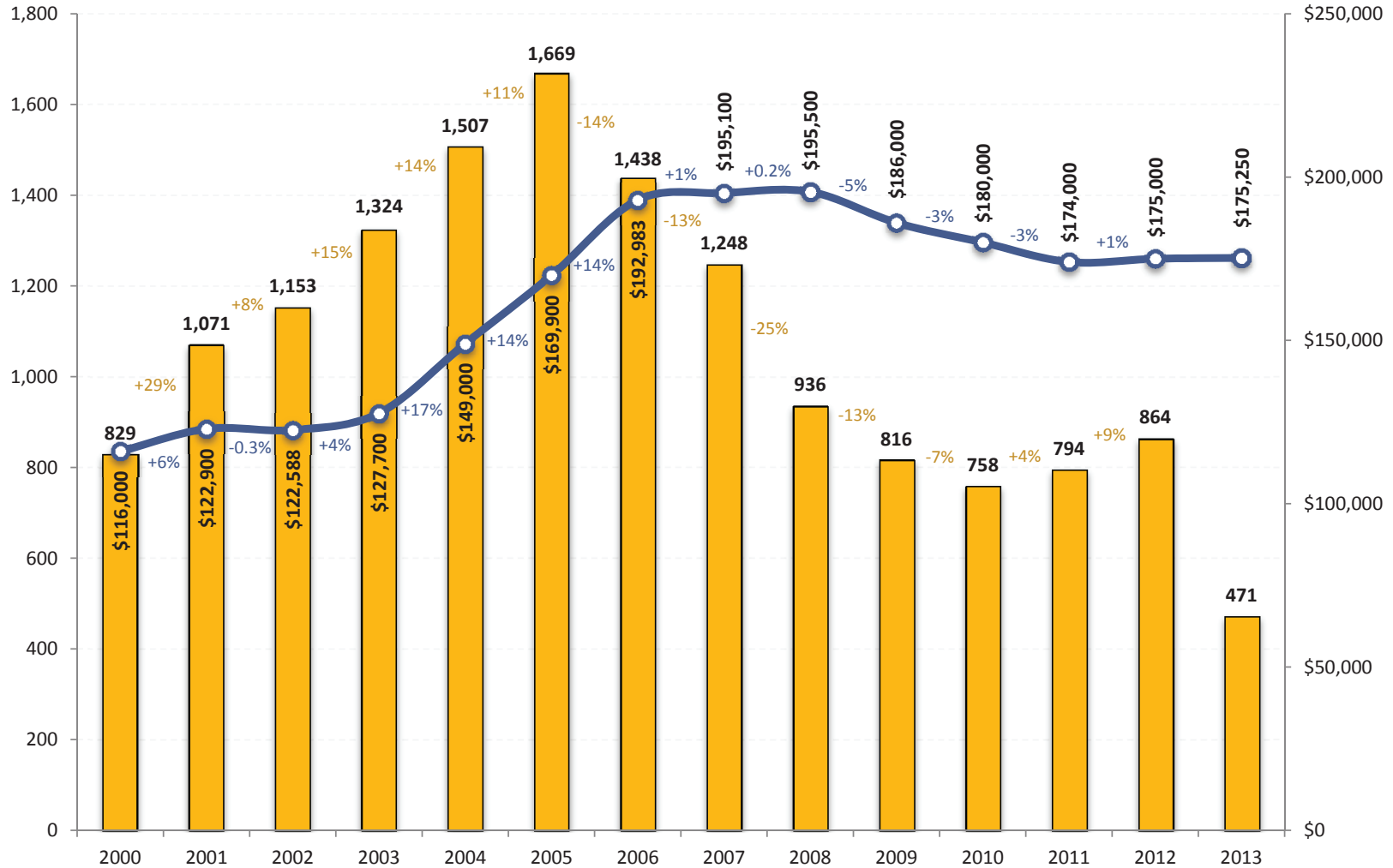
Harrisonburg & Rockingham County
Inventory Levels



Inventory rises in June, but still shows long term declines. Inventory levels rose in June 2013 to 661 homes on the market, up from only 639 homes one month ago. The long term trends, however, still show a 8% decline over the past year and a 24%

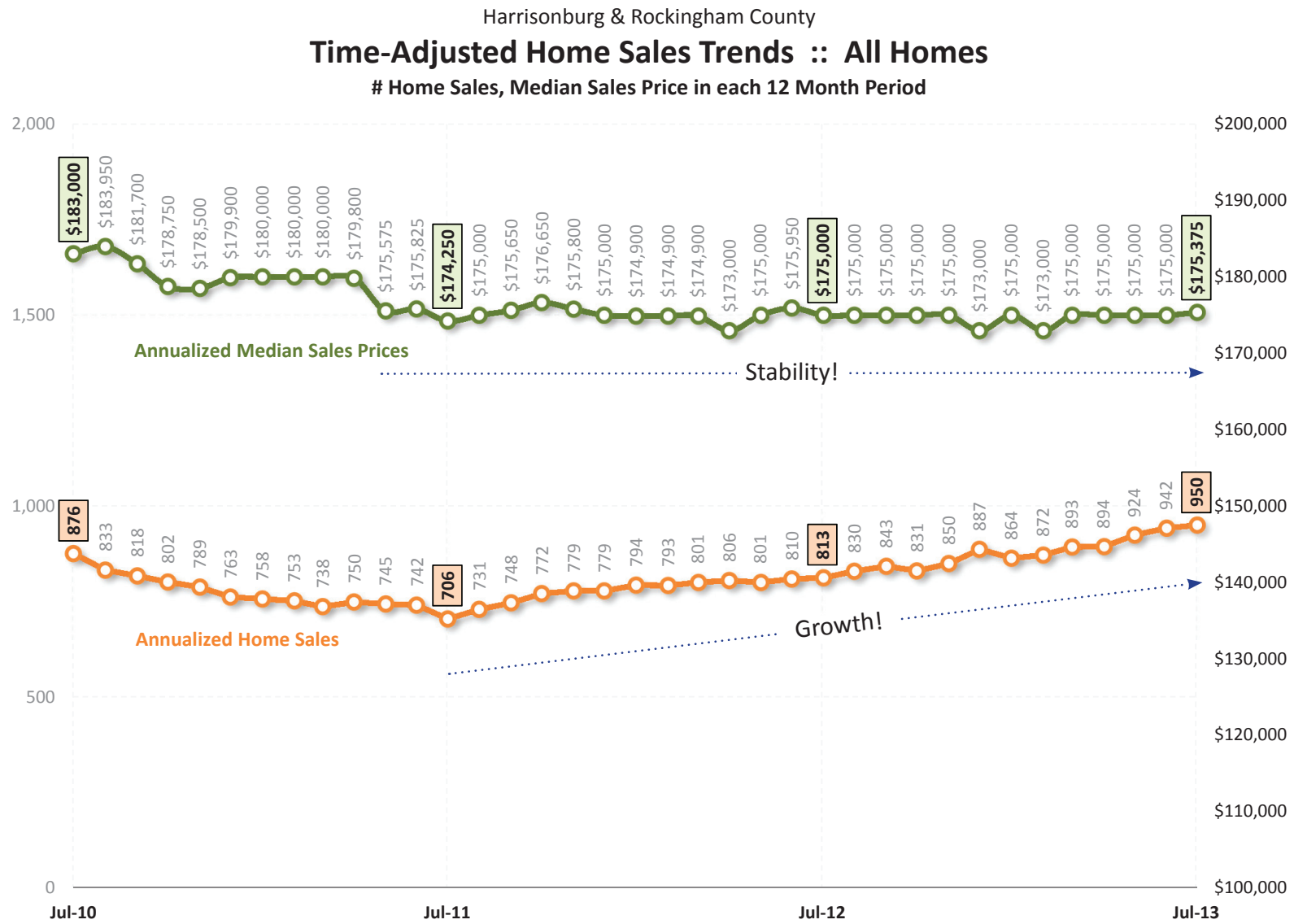
decline over the past two years. These lower inventory levels are certainly helping to balance out the market. We will likely see inventory levels stay relatively level through the end of the Summer and then start to decline as we head into Fall.

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



Buyer activity increasing; home prices 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

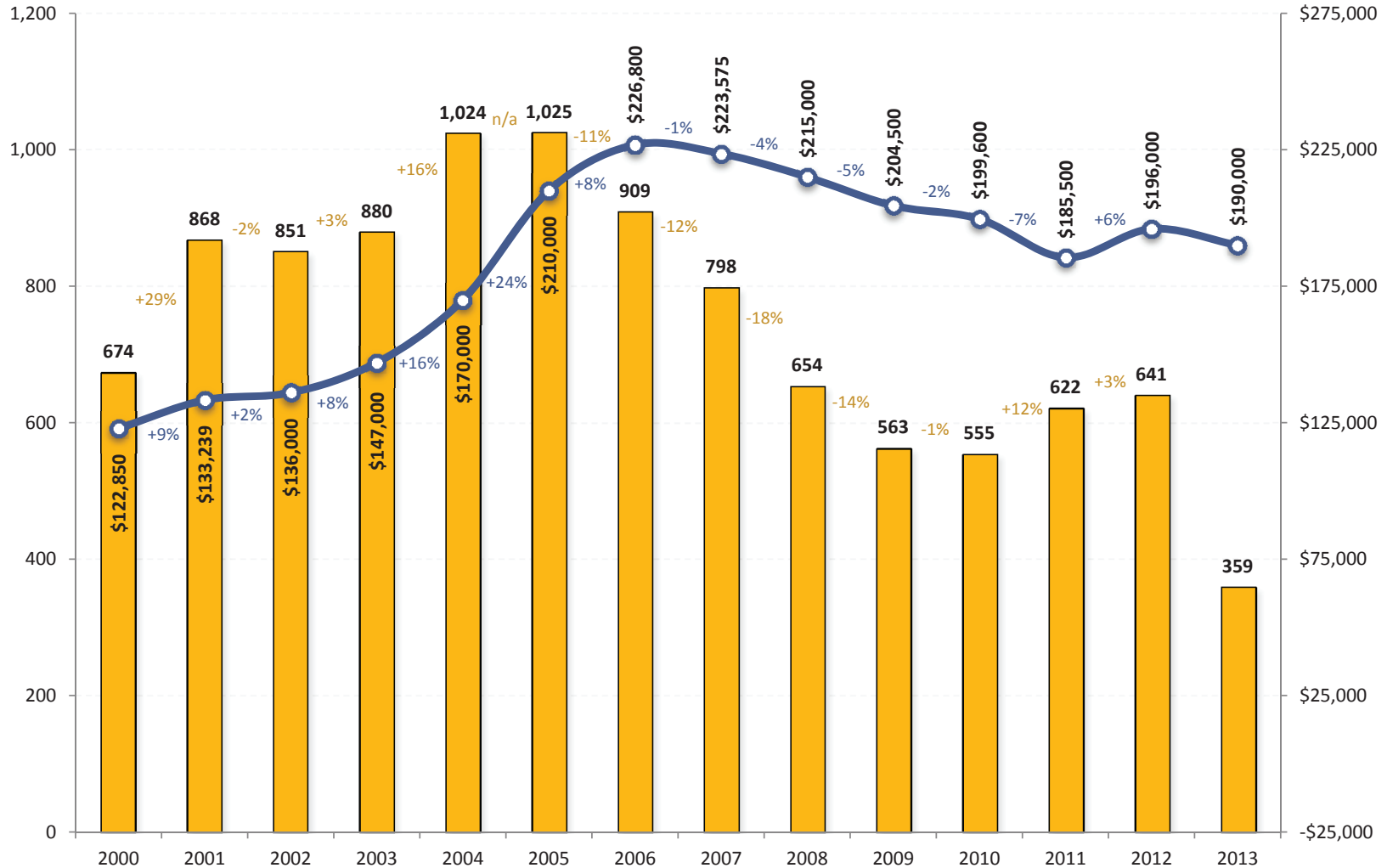
sales (2005-2010) the pace finally picked up in 2011 (+4%) and 2012 (+9%). Home values (as measured by median price) increased (slightly) last year to \$175,000, up from the 2011 median price of \$174,000. Year-to-date median prices have risen slightly thus far in 2013 to \$175,250.



Increasing sales pace; stable sales prices. This graph shows a rolling 12 months of the number of home sales in the Harrisonburg and Rockingham County area, as well as the median price of the homes that sold during these time frames. Each data point shows one year's worth of home sales, which eliminates the volatility

of evaluating sales figures on a monthly basis. The annualized pace of home sales continues to climb (up to 950 now from 706 just 24 months ago) to its highest point in the past three years and median sales prices continue to stay steadily around \$175,000 --- where they have been for more than two years now.

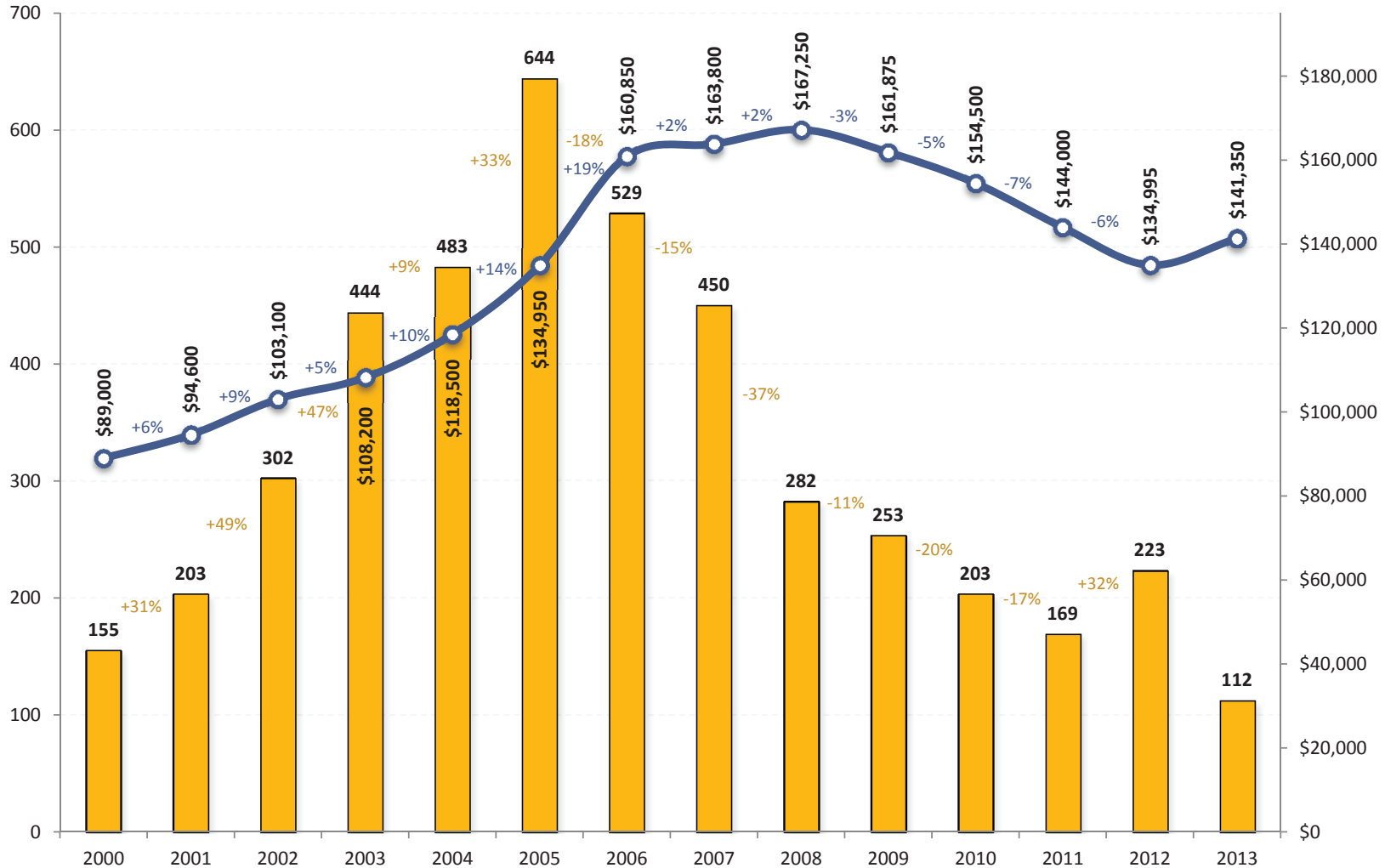
Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes



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

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

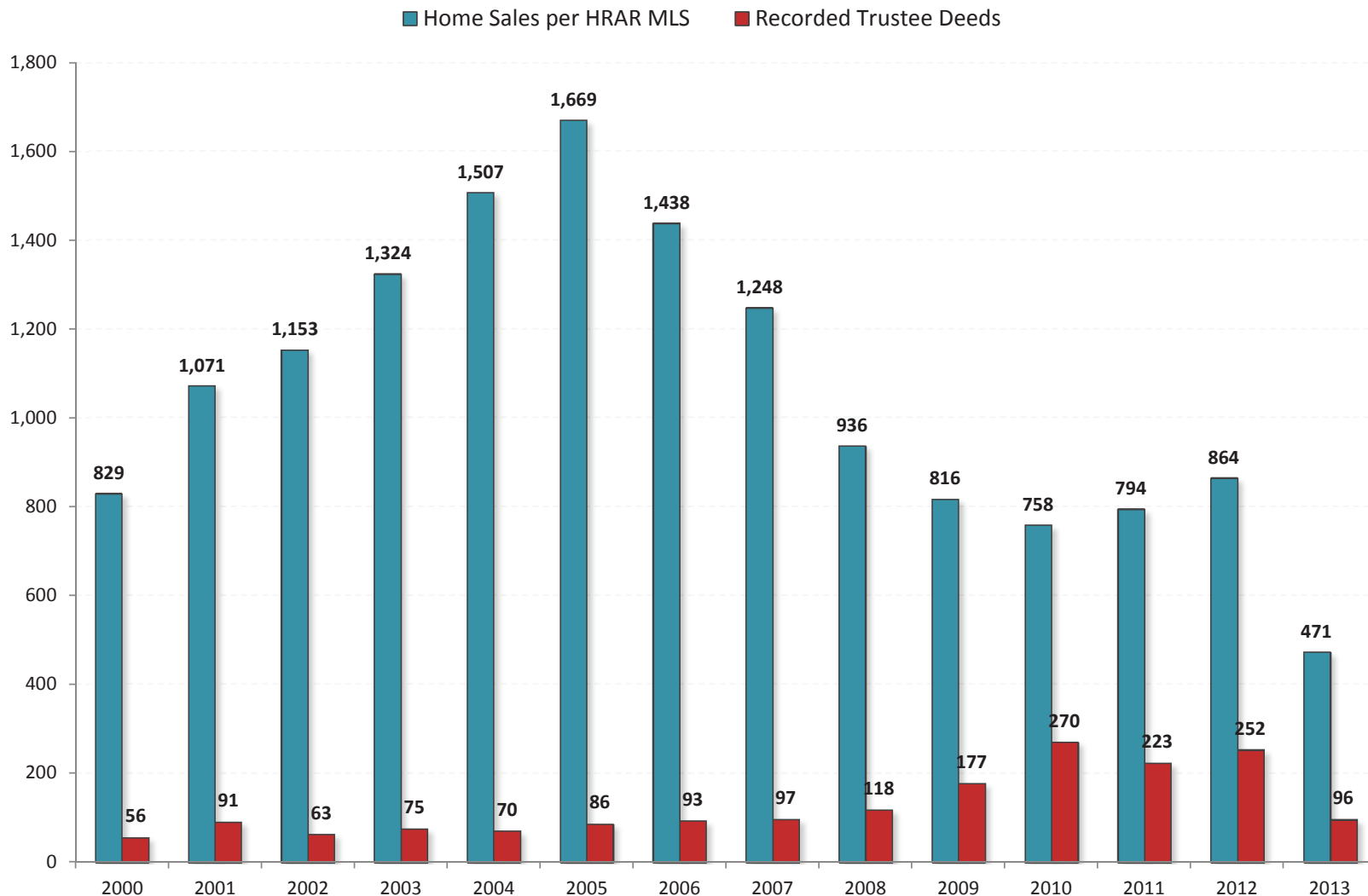
Harrisonburg & Rockingham County Home Sales & Price Trends Duplexes, Townhomes & Condos



Townhouse sales picking up pace (but will it last?). After six years of rapid declines in the pace of townhouse sales in Harrisonburg and Rockingham County, the pace of sales finally rebounded in 2012. There was a sharp increase (+32%) in townhouse sales in 2012, which also includes duplexes and condos. This was, of course, with

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

Harrisonburg & Rockingham County Home Sales vs. Trustee Sales

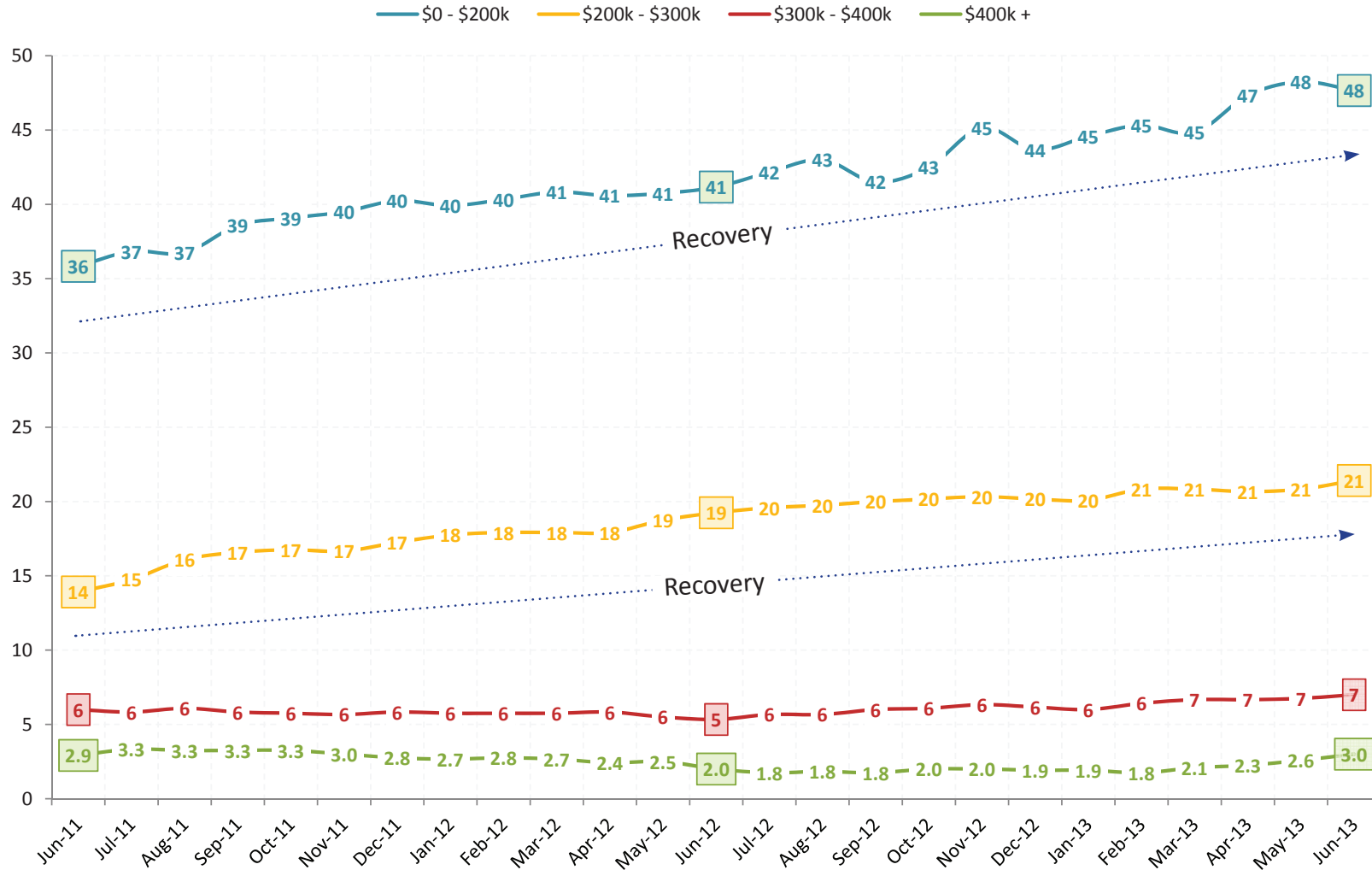


Foreclosures down in 2013. The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales (without a Realtor), nor new home sales directly from a builder.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

the number of Trustee Deeds. Some foreclosed properties then show up again as REO properties. The foreclosure rate in 2013 is definitely lower as it was in 2012, as there were 3.4 times as many home sales as foreclosures during 2012 and 4.9 times as many home sales as foreclosures in 2013.

Harrisonburg & Rockingham County Home Sales by Price Range

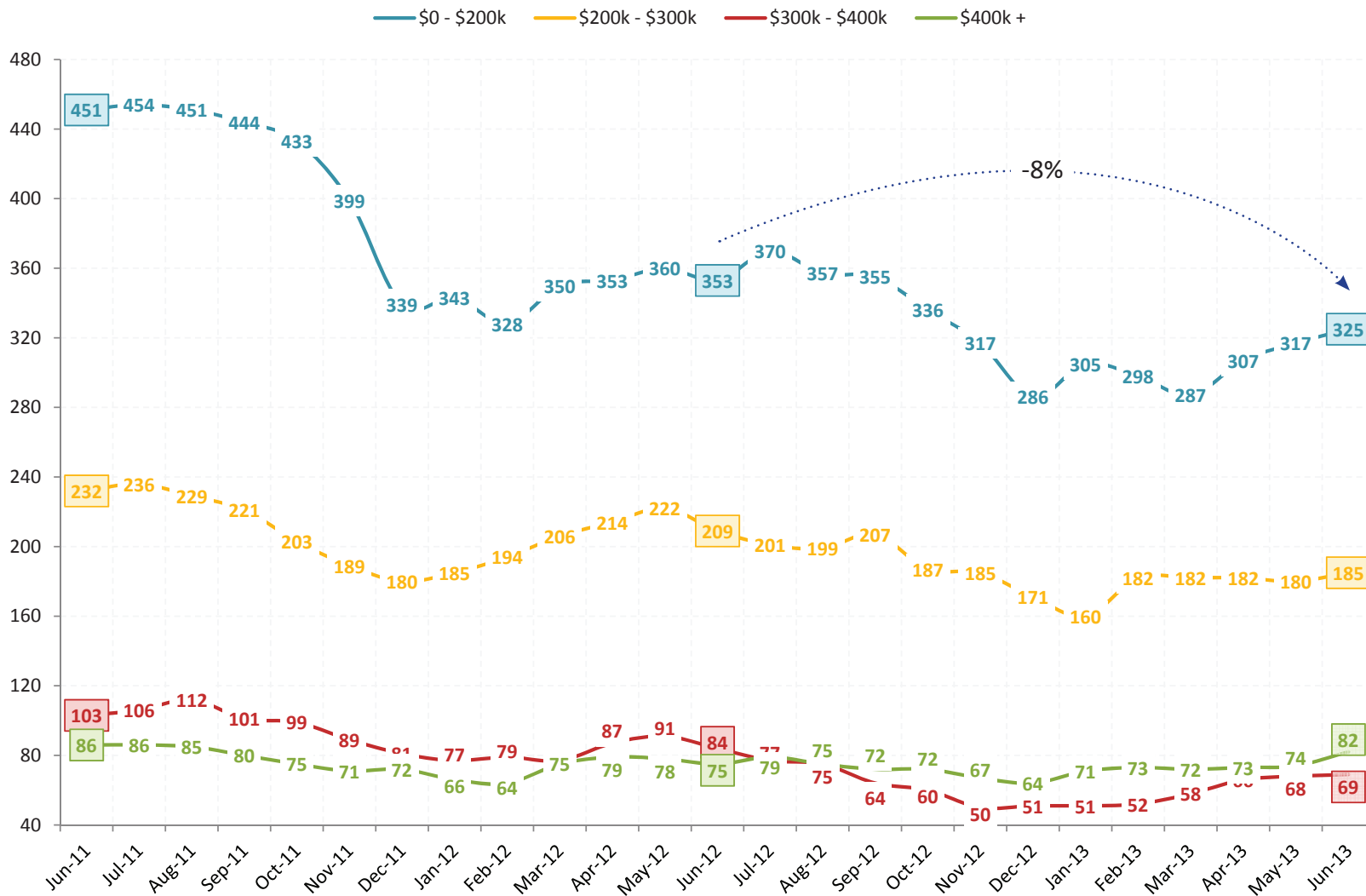
(Average of Past 12 Months)



Recovery more evident in lower price ranges. The pace of home sales in Harrisonburg and Rockingham County varies significantly based on price range. The graph above shows the average number of home sales per month (given a 12-month average) as we have passed through the past two

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

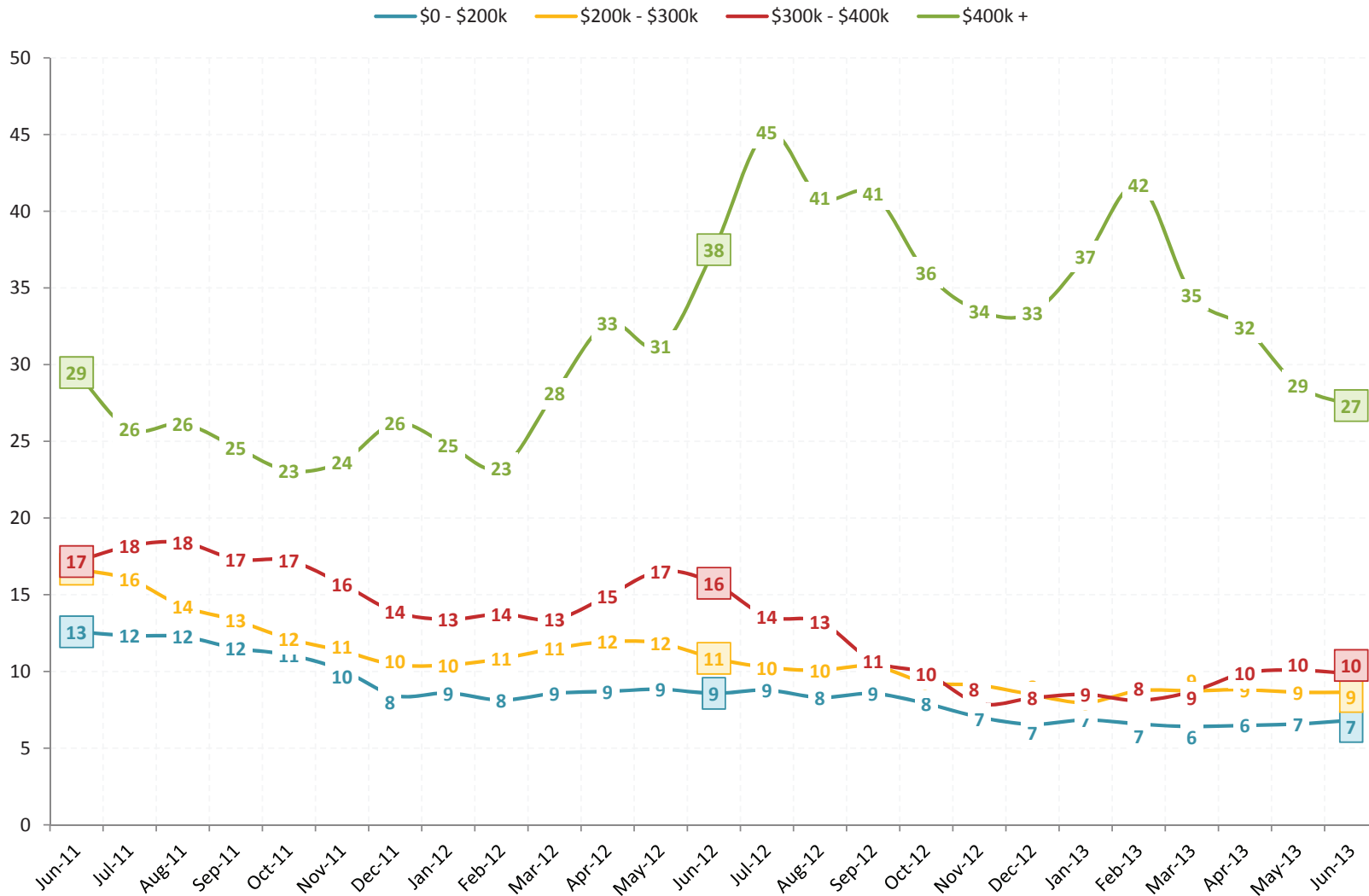
Harrisonburg & Rockingham County Inventory Levels by Price Range



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

price range and 11% in the \$200K-\$300K price range. The \$300K-\$400K price range has seen the largest decline, with an 18% decline over the past 12 months, and the over \$400K price range has actually seen a 9% increase in inventory.

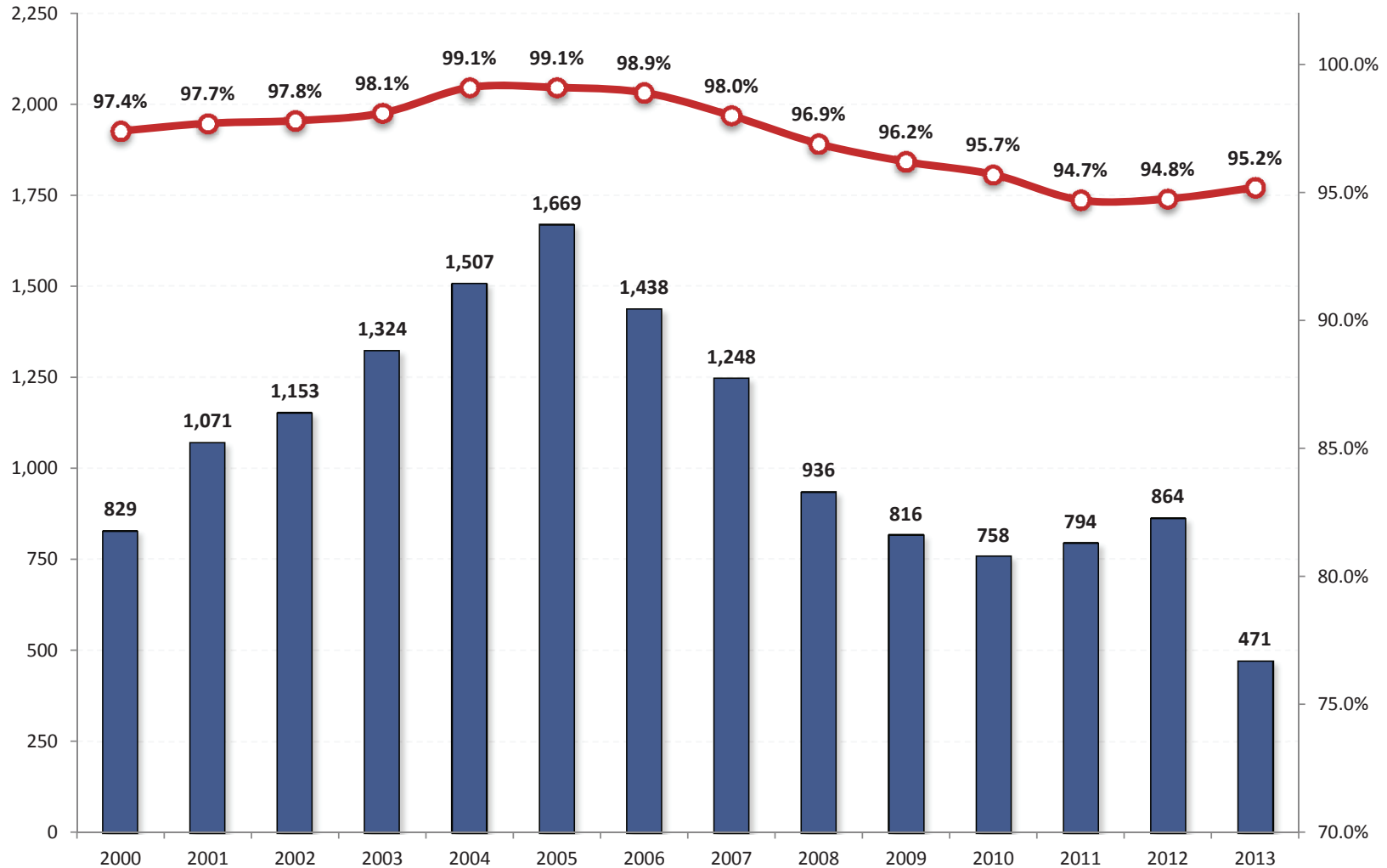
Harrisonburg & Rockingham County Months of Housing Supply by Price Range



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 27 months to sell all of the homes currently for sale over \$400K if the

same number of buyers bought each month as have been buying (on average) over the past 12 months. Many experts consider a six months supply of housing to be a balance between buyers and sellers, and we are close to reaching that balance in the under \$200K price range.

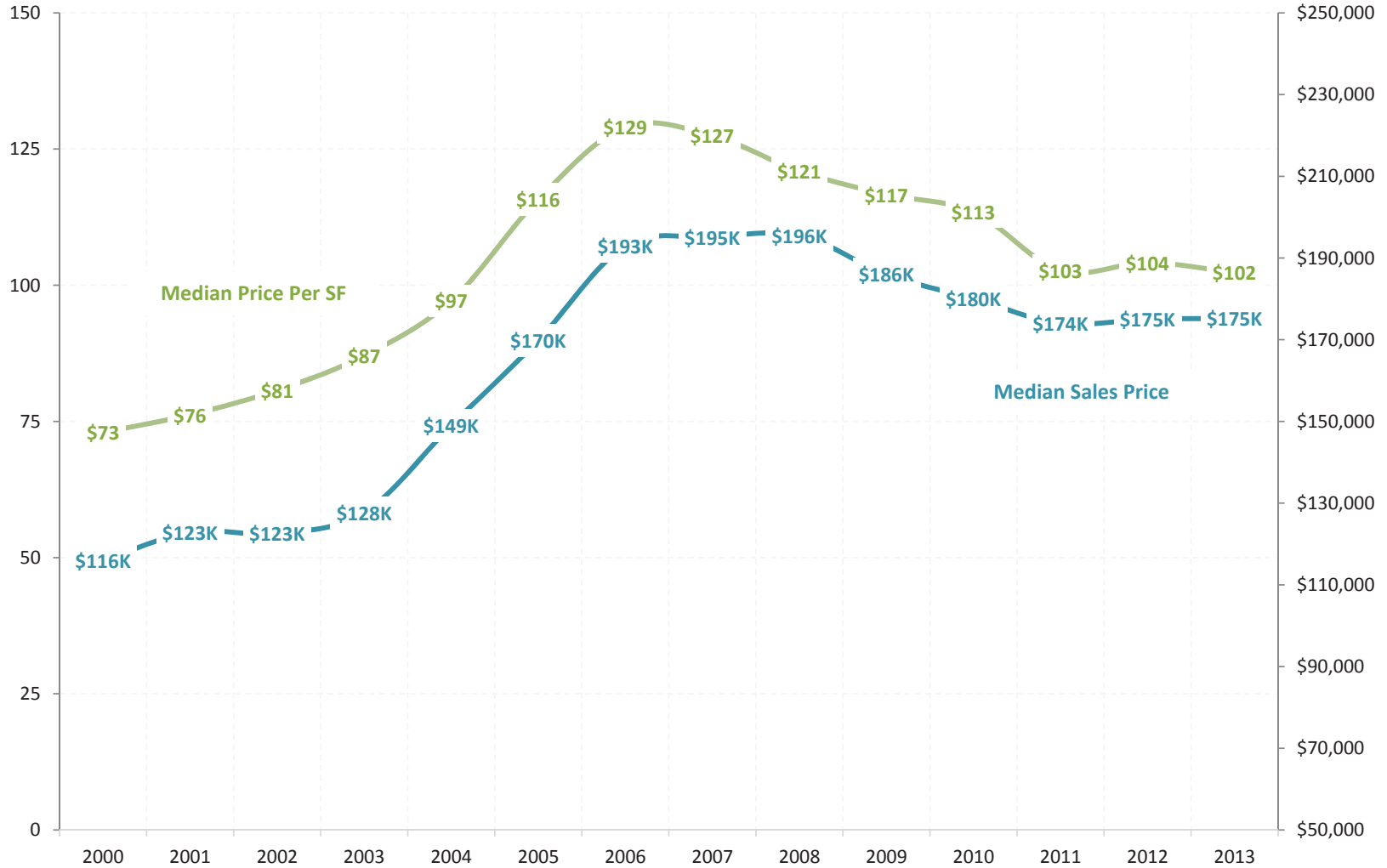
Harrisonburg & Rockingham County
List Price to Sales Price Ratio
 within the context of Home Sales Pace



Buyers still negotiating more than in most of the past 13 years. This graph shows the average list price to sales price ratio (red line) over the past 12+ years as compared to the overall pace of home sales. At the peak of the housing boom (2004-2006) sellers were able to obtain an average of 99% of their asking price ---

up from an average of 97.4% in 2000 before home sales started escalating. Since 2011, buyers have negotiated an average of 4.8% - 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.

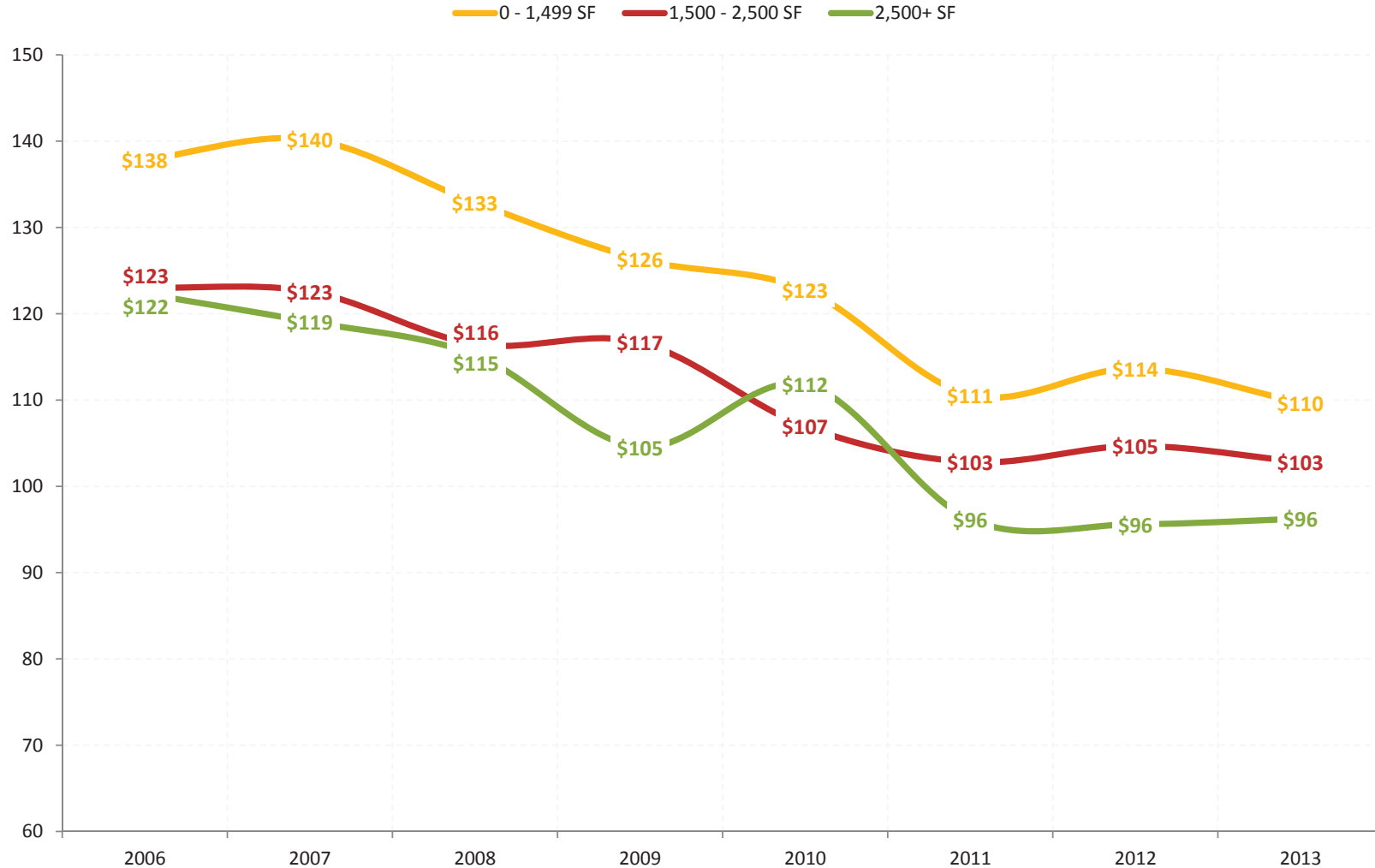
Harrisonburg & Rockingham County
Median Price Per Square Foot Trends
 Single Family Homes



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.

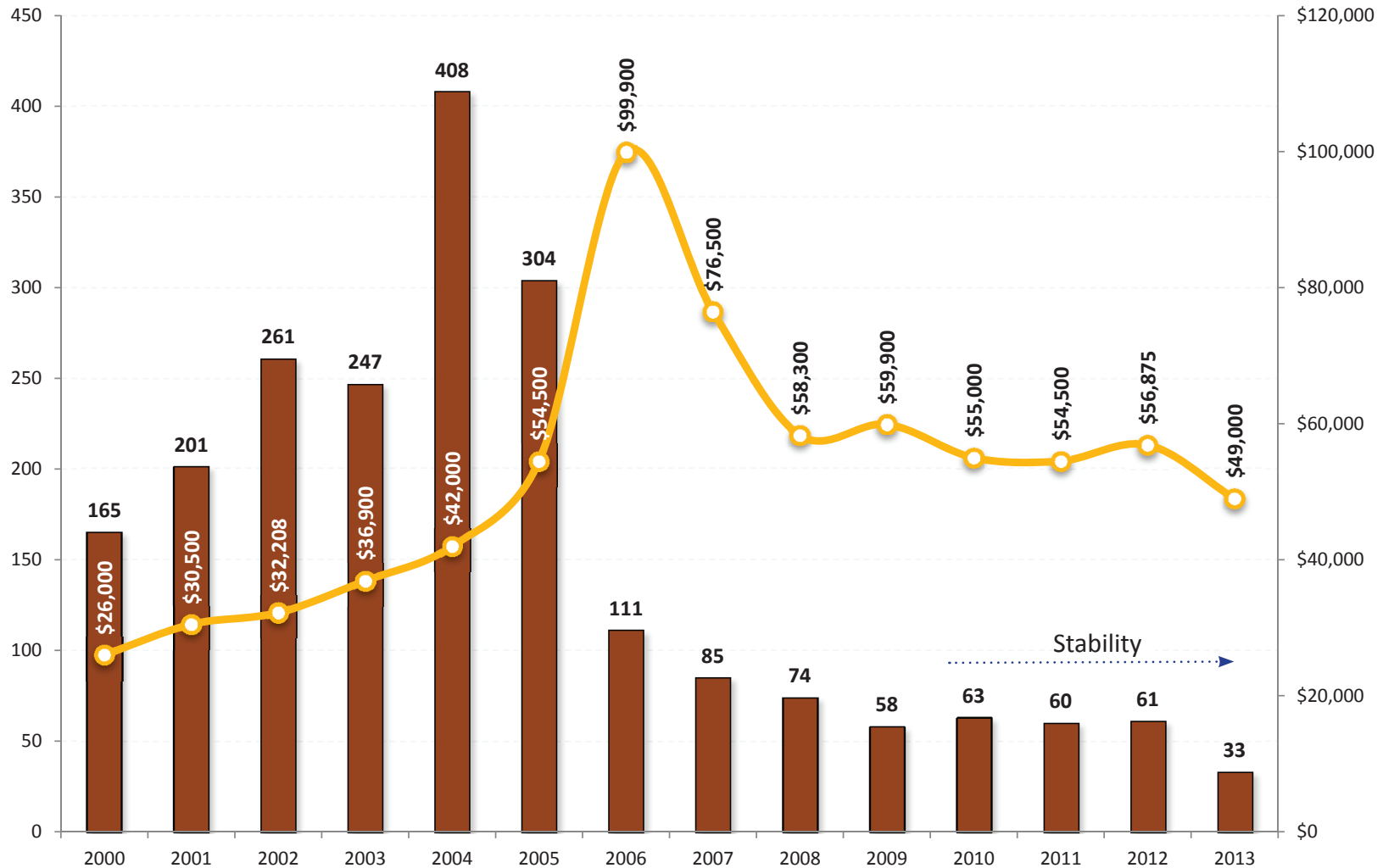
Harrisonburg & Rockingham County
Median Price Per Square Foot by Home Size
 Single Family Homes



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 (\$96/SF) than homes that offer less than 1500 SF (\$110/SF). These values cannot be used as an absolute standard against which the value of any home can be measured, but they can provide some helpful guidance when trying to determine the value of a home.

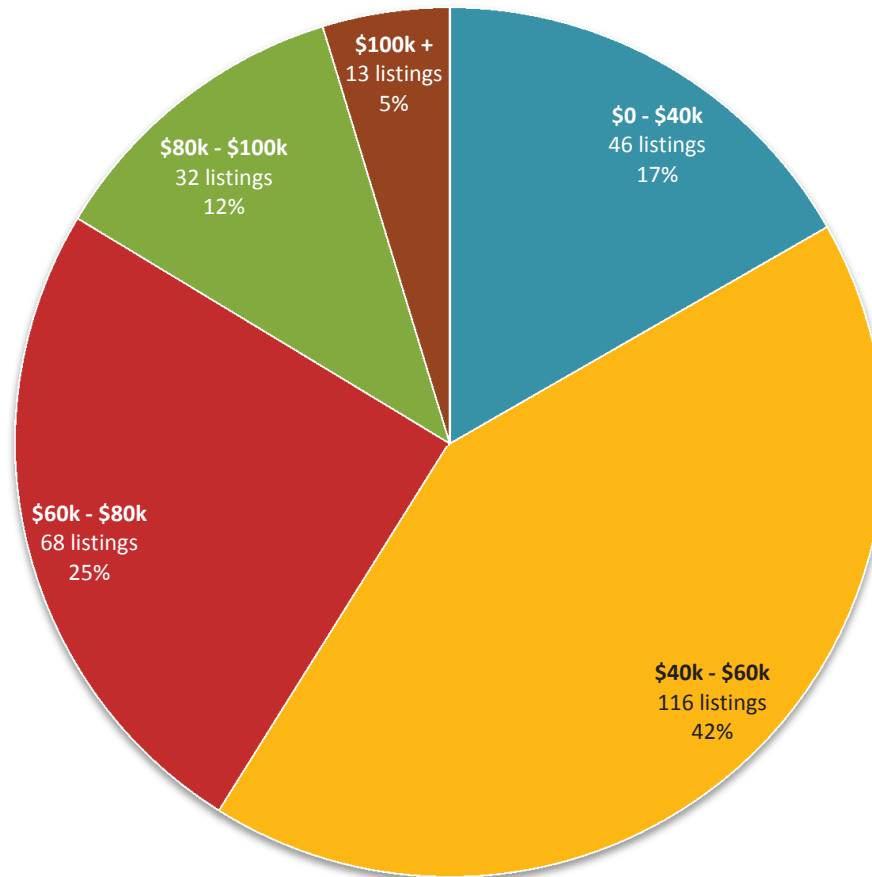
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



Lot sales (< 1 acre) stabilizing. While the pace of sales of lots that are smaller than an acre have plummeted since 2004 (-85% between 2004 and 2010), they may have finally stabilized. We now see that there have been between 58 and 63 lot sales

(of less than an acre) for each of the past four years (2009-2012). The median sales price of these lots under one acre also appears to be stabilizing between \$55,000 and \$60,000, aside from the \$49,000 YTD median sales price.

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

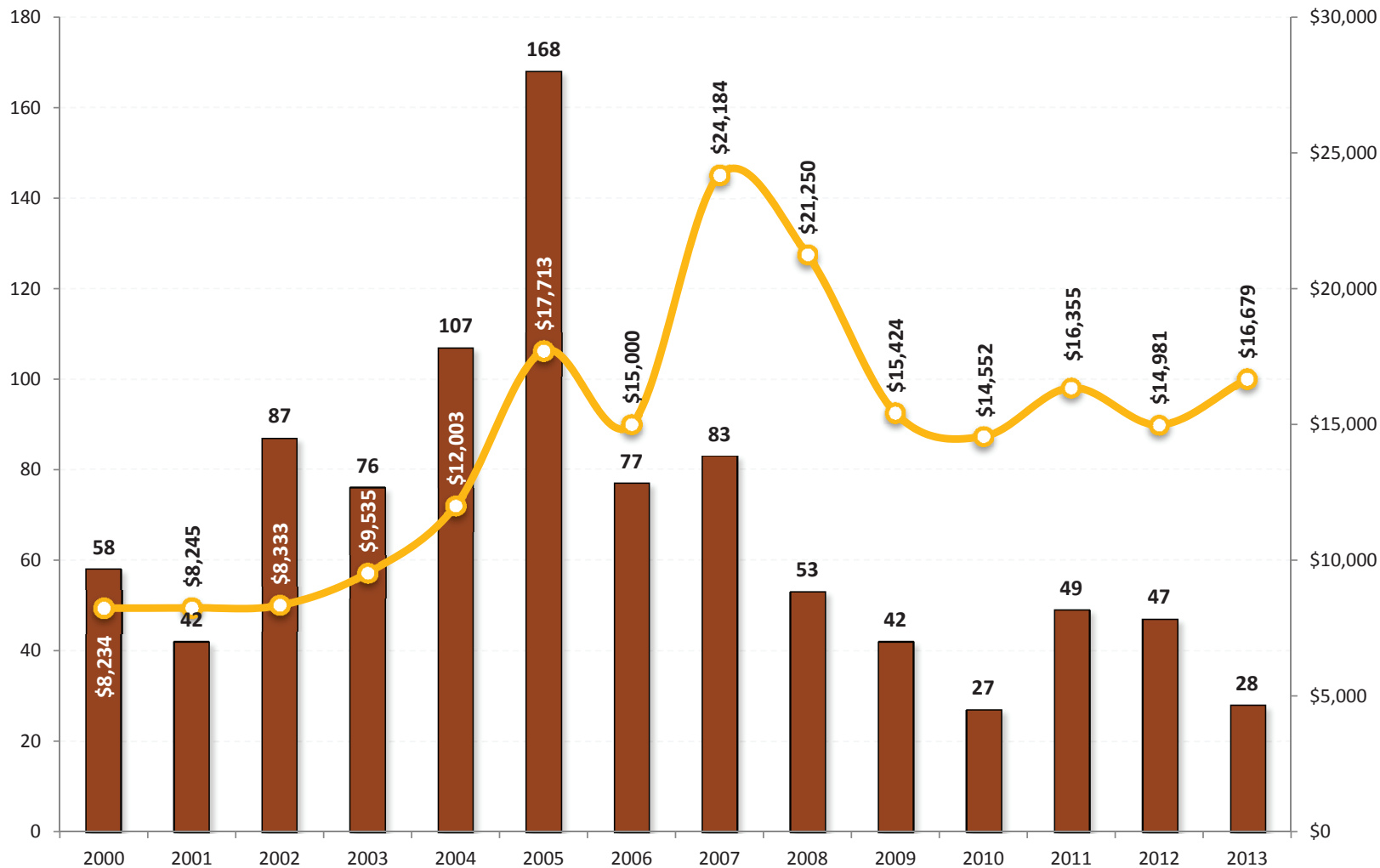


275 Active Lot Listings; Median List Price: \$56,900

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 275 lots currently for sale. Some sanity exists in this listing market, however, as the median list price of lots for sale (\$56,900) is very close 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 4.5 years to sell all of the lots currently listed for sale. As you can see above, almost half of the lots currently listed for sale are priced above \$60,000 --- thus many sellers have offering prices higher than recent (2011, 2012) median sales prices.

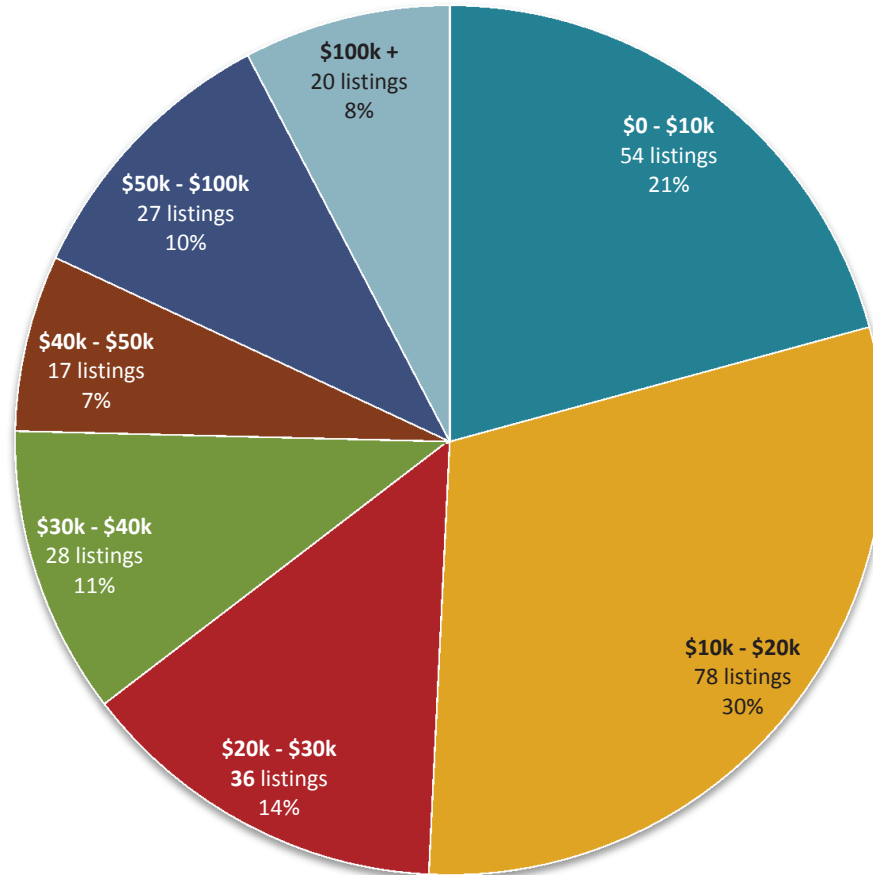
Harrisonburg & Rockingham County Land Sales & Median Price Per Acre 1 acre or more



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

lot sales per year seen between 2008 and 2012 (with the exception of 2010). The median price per acre of lots over 1 acre in size fell slightly over the past year to \$14,981 in 2012, though it has increased thus far in 2013 to \$16,679.

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

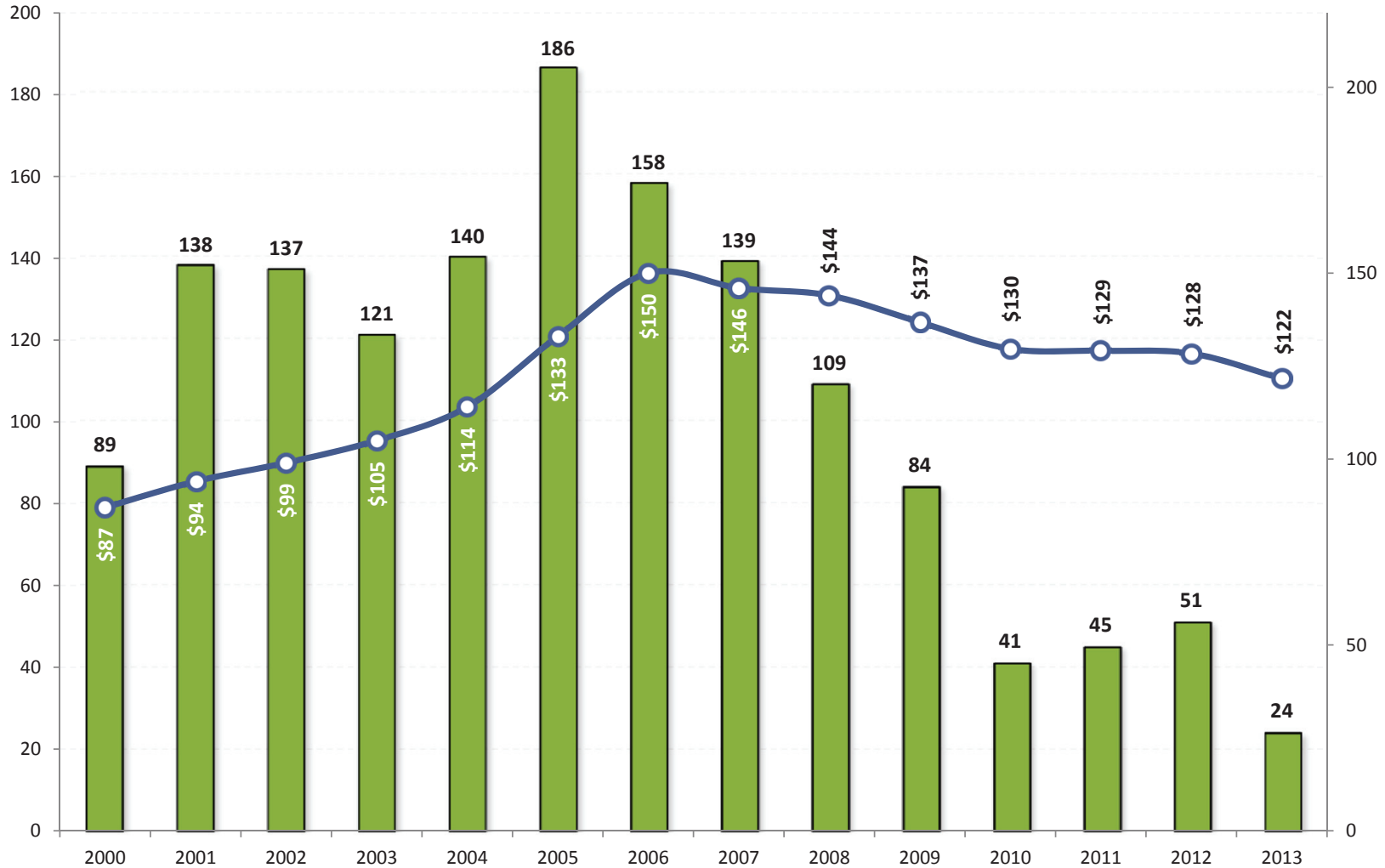


260 Active Land Listing; Median List Price: \$19,987 / Acre

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 260 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 \$19,987 per acre. Given last year's 47 land sales, if no other land is listed for sale, it would take 5.5 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.

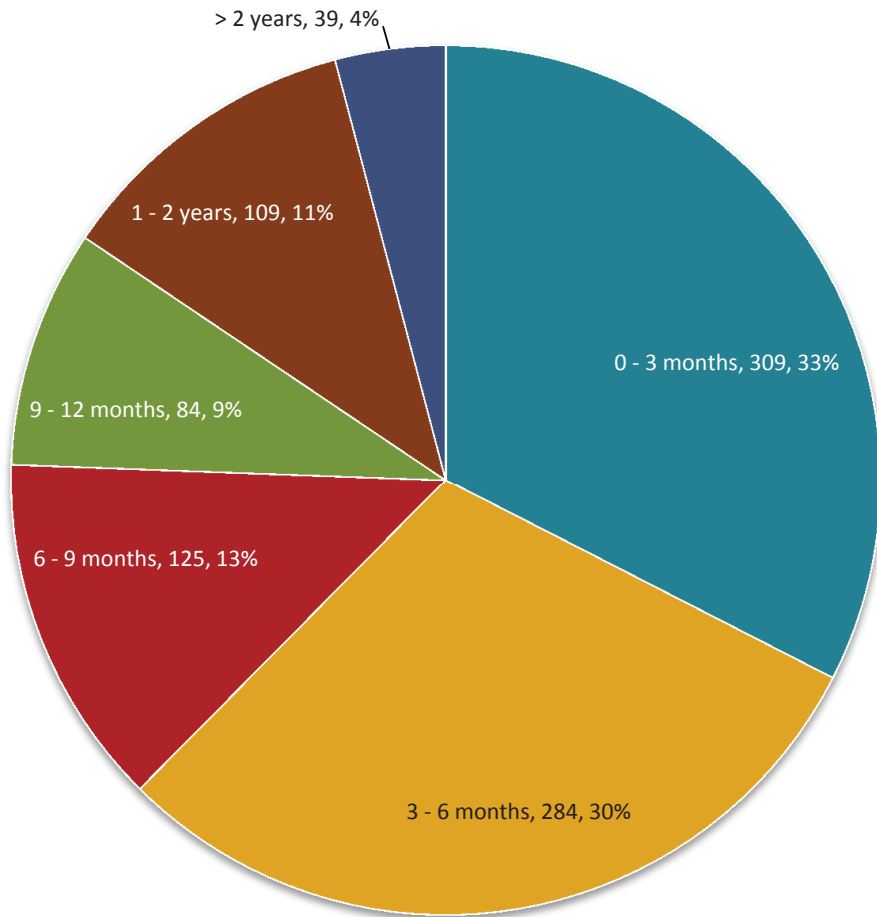
Harrisonburg & Rockingham County
New Construction Single Family Home Sales Trends
 Number of Sales, Median Price Per Square Foot



New home sales somewhat stable, prices still edging downward? New home builders experienced an increase in the pace of new home sales between 2011 and 2012 -- after 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

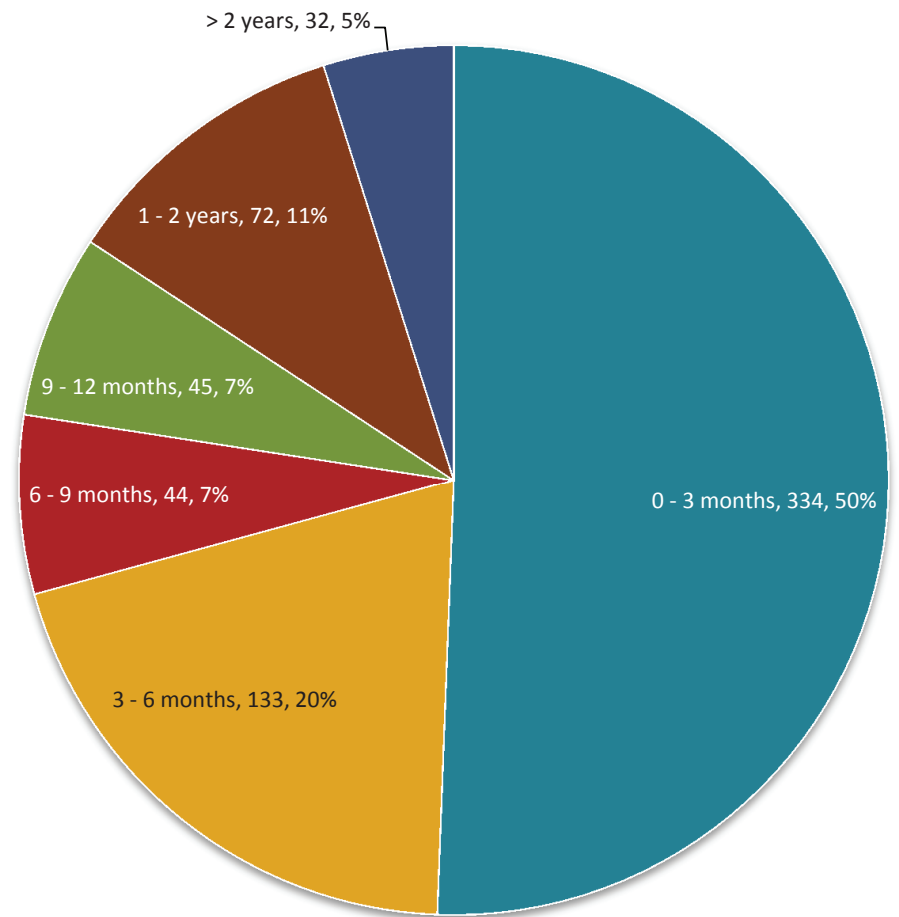
square foot also stabilized around \$128/SF last year, down only slightly over the previous two years. As the inventory of re-sale homes slims down, the sales of new homes should continue to increase, though the year-to-date figures (24 sales in six months) do not bode well for overall 2013 new home sales.

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



Median Days On Market: 138

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

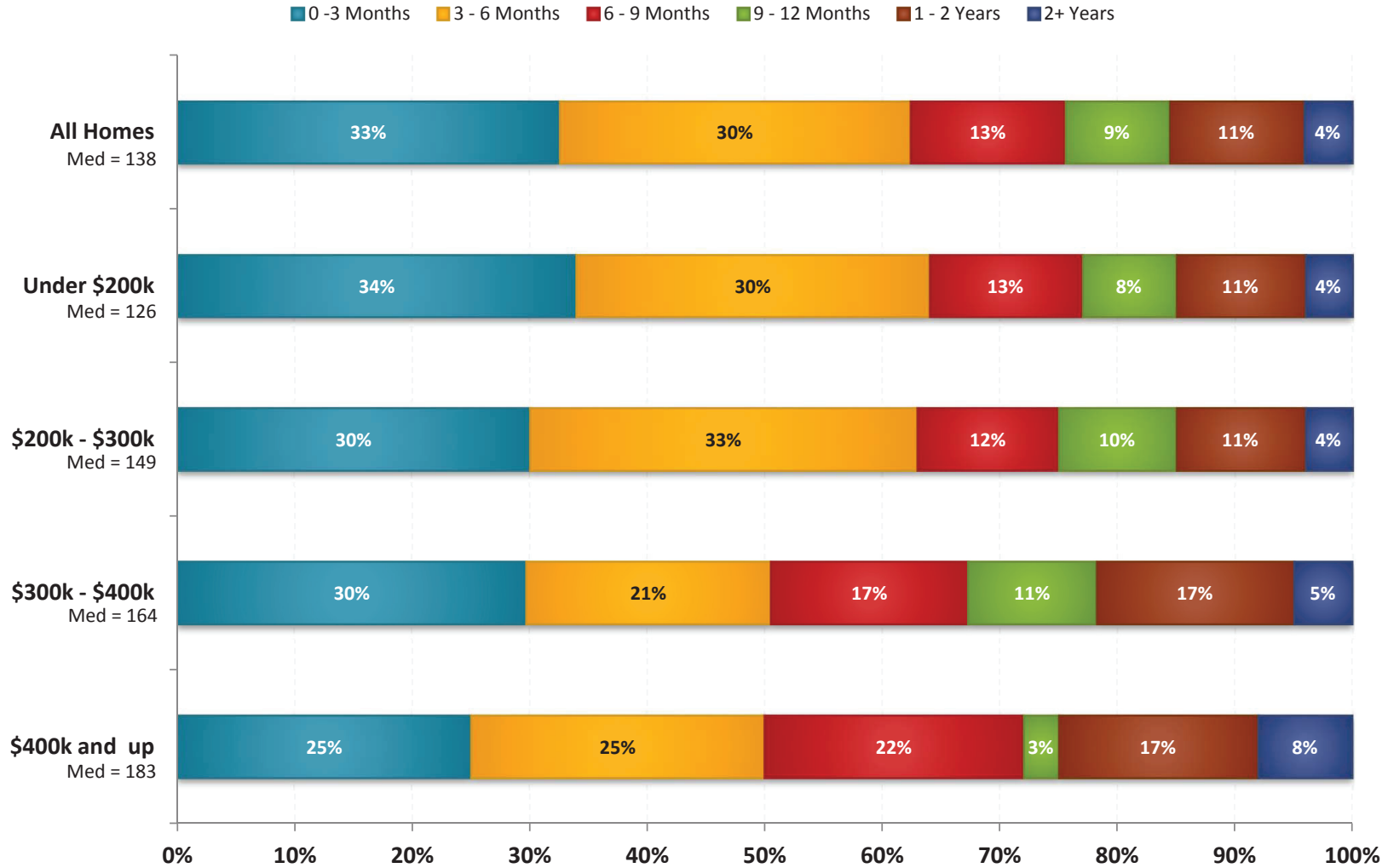


Median Days On Market: 89

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, 1 out of 3 homes (33%) 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 63% 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

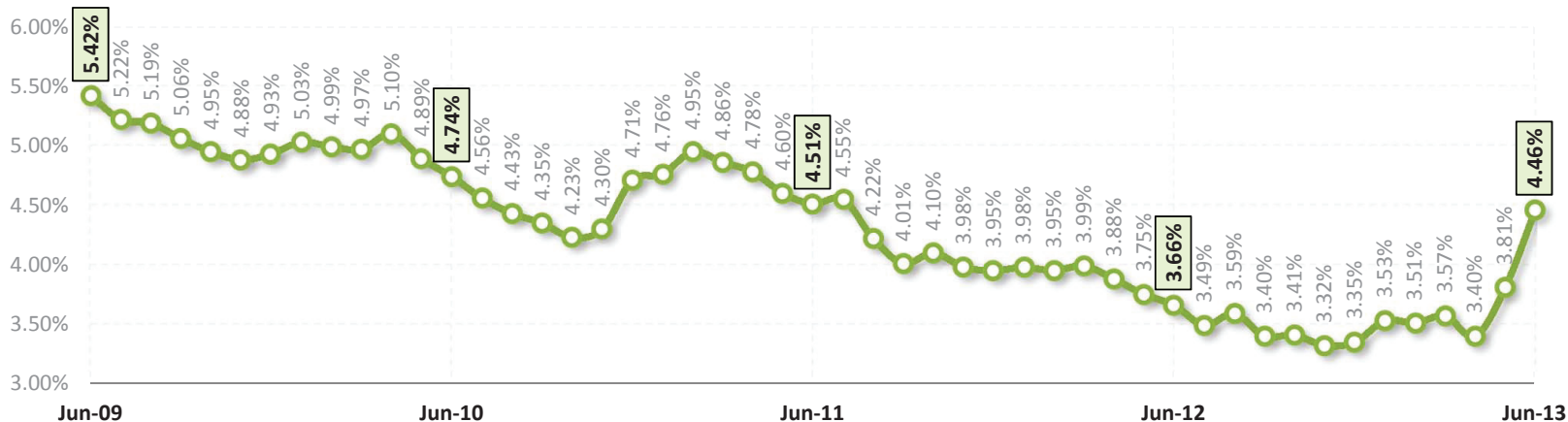


Sales pace varies by price range. The time that it takes to sell a home in today's market varies based on the price range of the home in question. For example, 67% of homes that sold under \$200K sold in the first six months of being on the

market, while only 50% of homes over \$400,000 were able to sell in that same time period. The difference in median values between price ranges is also indicative of market challenges for higher priced listings.

Average 30-Year Fixed Mortgage Interest Rate

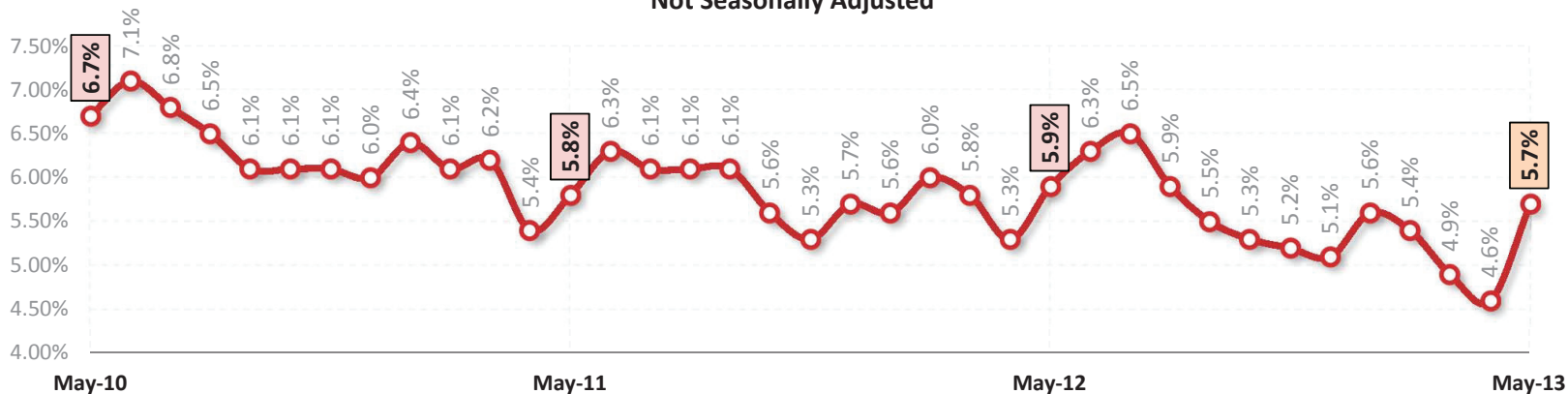
Source: Freddie Mac



Harrisonburg-Rockingham MSA

Unemployment Rate

Not Seasonally Adjusted



Mortgage interest rates up, unemployment rate up. As shown in the top graph above, home buyers have seen rapid increases in interest rates on 30-year fixed rate mortgages (4.46%) though these rates are still remarkably low by any long term perspective. The second graph above illustrates trends in the local unemployment

rate -- which rose in May to 5.7%, which is a typical April to May trend as seen over the past several years. A stable local job market and relatively low long-term interest rates are certainly helping our local real estate market to stabilize and grow.

Scott P. Rogers, Associate Broker



Scott P. Rogers, has built a successful real estate career around providing valuable market data, insight and analysis to buyers, sellers, investors and developers. From first time home buyers to condo developers, Scott provides exceptional and comprehensive service before, during and after the real estate transaction.

Scott earned a B.A. and M.Ed. from James Madison University, providing him formal education in graphic design, management and counseling -- all of which he leverages on a daily basis to the benefit of his clients. Scott's graphic design and web development background allows him to create and leverage high caliber technology and marketing solutions.

In 2007, Scott began providing in depth analysis and insight into the local real estate market via his real estate blog, at HarrisonburgHousingToday.com.

Scott serves on the Board of Directors for the Shenandoah Valley Builders Association, Harrisonburg Children's Museum and the James Madison University Alumni Association. Tambien, Scott habla espanol, y puede ayudar gente y familias quien quisiera utilizar un Realtor bilingue. Si usted necesita servicio en espanol, llamar a Scott. Scott puede ayudarle a comprar o vender casas.

In 2010, 2011, and 2012 Scott was recognized by the Harrisonburg / Rockingham Association of Realtors as being in the top 1% of all area Realtors.

For more information, or with questions, contact:

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Guiding you through every move

Local Online Real Estate Resources

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

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

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

Comprehensive Data on Harrisonburg Townhouse Communities
<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
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