



**AUGUST 2013**

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



*An analysis of real estate activity through July 31, 2013  
provided courtesy of Scott P. Rogers, Funkhouser Real Estate Group*



Custom-Built, Energy-Efficient, Executive Home in Sunset Heights ..... [1032JamesPlace.com](http://1032JamesPlace.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: July

108 homes sold in July 2013, showing a 15% increase over July 2012 when 94 homes sold -- and a 40% increase over July 2011 when 77 homes sold.

### Home Values: July

Median sales prices and average sales prices increased 5% when comparing July 2013 to June July.

### Days on Market: July

The median time it took for a home to sell was 109 days in July 2013, a 26% decline from 147 days in July 2012 and no change from the 109 day median in July 2011.

### Foreclosures

115 trustee deeds were recorded thus far in 2013 compared to 583 total home sales reported through the HRAR MLS during the same timeframe.

### Inventory

Inventory levels increased during July 2013 to 676 residential properties currently for sale, up 15 homes from one month ago, and down 51 homes from one year ago.

### Pace of Home Sales: Year To Date

583 homes sold in the first seven months of 2013. This marks a 21% increase from the first seven months of 2012 when only 480 homes had sold.

### Home Values: Year To Date

Median sales prices increased 2.66% and average sales prices increased 3.02% 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 seven months of 2013 was 130 days, a 12% decline as compared to the first seven months of 2012.

### Supply

All price ranges still show an excess of housing supply, with 7 months under \$200k, 8 months between \$200k and \$300k, 12 months between 300k and \$400k, and 25 months above \$400k.

### Price Per Square Foot

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

### Buyer Activity

107 buyers committed to buy in July 2013, compared to 90 in July 2012 -- which marks a 19% improvement over the past year.

### Single Family Home Sales

454 single family homes sold thus far in 2013, compared to a total of 641 in 2012. The median sales price has declined to \$193,000.

### Townhouse Sales

129 townhouses sold thus far in 2013, compared to a 2012 total of 223 townhomes. The median townhome sales price has increased to \$141,700 from \$134,995 in 2012.

### Lot Sales

There have been 48 lot sales of less than an acre in 2013, compared to 61 in all of 2012. Median sales prices have declined to \$51,250 thus far in 2013 as compared to \$56,875 in 2012.

### Land Sales

36 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 \$16,166 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

August 7, 2013

| # Home Sales                  | 2010       | 2011       | 2012       | 2013       | % Change ('12 - '13) |
|-------------------------------|------------|------------|------------|------------|----------------------|
| July                          | 52         | 77         | 94         | 108        | 14.89%               |
| <b>Year-To-Date (Jan-Jun)</b> | <b>470</b> | <b>443</b> | <b>480</b> | <b>583</b> | <b>21.46%</b>        |

| Median Sales Price            | 2010             | 2011             | 2012             | 2013             | % Change ('12 - '13) |
|-------------------------------|------------------|------------------|------------------|------------------|----------------------|
| July                          | \$200,000        | \$200,000        | \$190,000        | \$199,455        | 4.98%                |
| <b>Year-To-Date (Jan-Jun)</b> | <b>\$183,950</b> | <b>\$169,900</b> | <b>\$175,000</b> | <b>\$179,650</b> | <b>2.66%</b>         |

| Average Sales Price           | 2010             | 2011             | 2012             | 2013             | % Change ('12 - '13) |
|-------------------------------|------------------|------------------|------------------|------------------|----------------------|
| July                          | \$213,225        | \$224,063        | \$207,654        | \$220,181        | 6.03%                |
| <b>Year-To-Date (Jan-Jun)</b> | <b>\$211,532</b> | <b>\$200,383</b> | <b>\$196,426</b> | <b>\$202,364</b> | <b>3.02%</b>         |

| Median Days on Market         | 2010       | 2011       | 2012       | 2013       | % Change ('12 - '13) |
|-------------------------------|------------|------------|------------|------------|----------------------|
| July                          | 120        | 109        | 147        | 109        | -25.85%              |
| <b>Year-To-Date (Jan-Jun)</b> | <b>132</b> | <b>147</b> | <b>148</b> | <b>130</b> | <b>-12.16%</b>       |

**Home Sales Strong, Prices Slowly Increasing.** July marked yet another impressive month of home sales in Harrisonburg and Rockingham County with 108 sales closing. This is the strongest month of July home sales we have seen anytime in the past three years, and contributes to the 21% YTD improvement in the pace of sales in our local

market. Home values also are showing signs of growth, with a 3% improvement in both the median sales price and average sales price when comparing the first seven months of 2013 with the first seven months of 2012. Finally, it is not taking as long for homes to sell, with a 12% decline in median days on market thus far in 2013.

# HOME SALES REPORT :: BY AREA

|              | City of Harrisonburg |      |          | Rockingham County |      |          |
|--------------|----------------------|------|----------|-------------------|------|----------|
| # Home Sales | 2012                 | 2013 | % Change | 2012              | 2013 | % Change |
| July         | 42                   | 37   | -11.90%  | 52                | 71   | 36.54%   |
| Year-To-Date | 175                  | 218  | 24.57%   | 305               | 365  | 19.67%   |

|                    | City of Harrisonburg |           |          | Rockingham County |           |          |
|--------------------|----------------------|-----------|----------|-------------------|-----------|----------|
| Median Sales Price | 2012                 | 2013      | % Change | 2012              | 2013      | % Change |
| July               | \$159,550            | \$185,000 | 15.95%   | \$223,750         | \$212,000 | -5.25%   |
| Year-To-Date       | \$161,400            | \$159,500 | -1.18%   | \$190,000         | \$193,000 | 1.58%    |

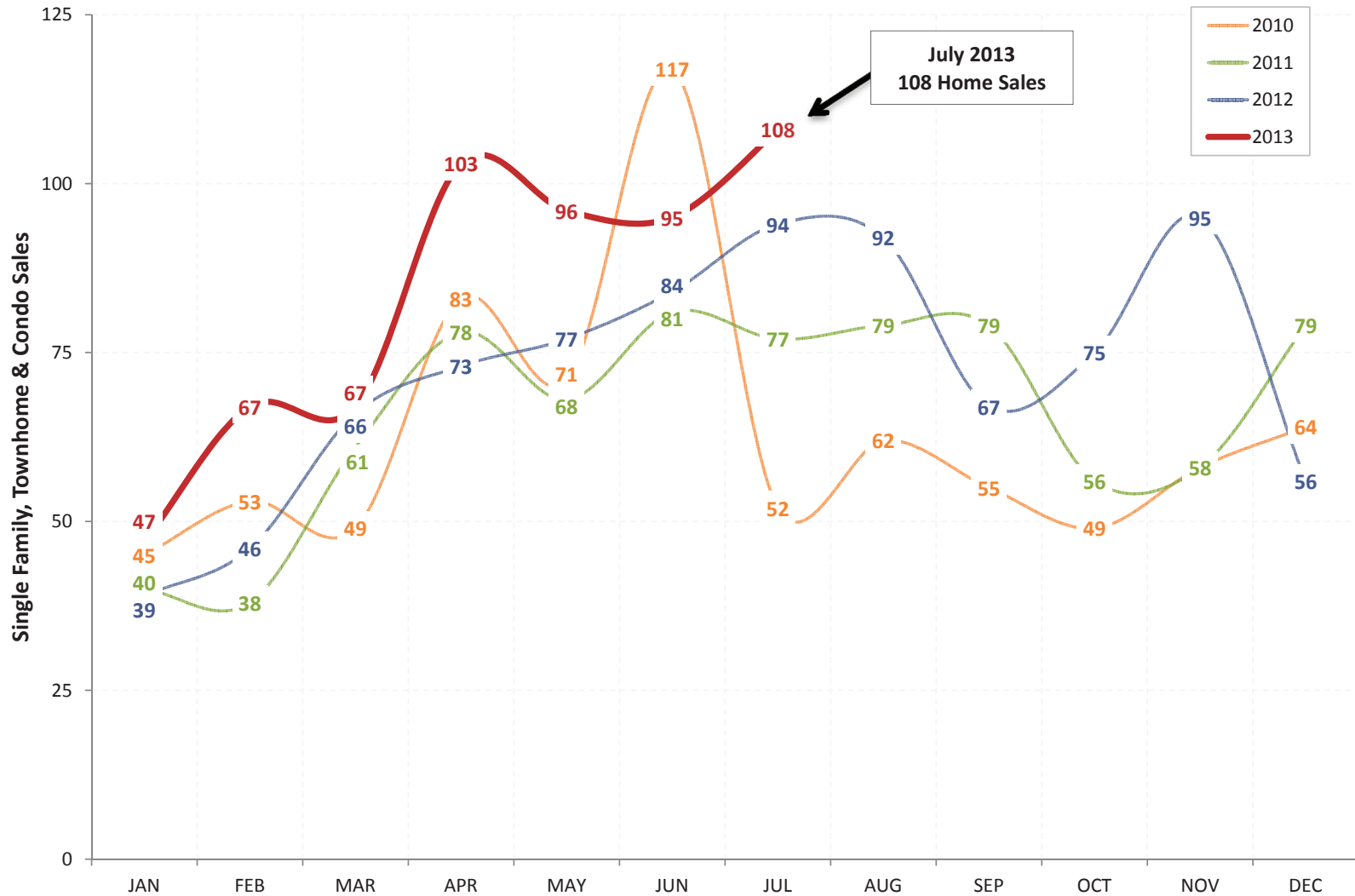
  

|                       | City of Harrisonburg |      |          | Rockingham County |      |          |
|-----------------------|----------------------|------|----------|-------------------|------|----------|
| Median Days on Market | 2012                 | 2013 | % Change | 2012              | 2013 | % Change |
| July                  | 109                  | 129  | 18.35%   | 158               | 94   | -40.51%  |
| Year-To-Date          | 150                  | 122  | -18.67%  | 148               | 132  | -10.81%  |

**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 25% increase in YTD sales as compared to only a 20% increase in the County. When it comes to prices, however, the County has seen an increase (+1.58%) compared to a decline (-1.18%) in the City.

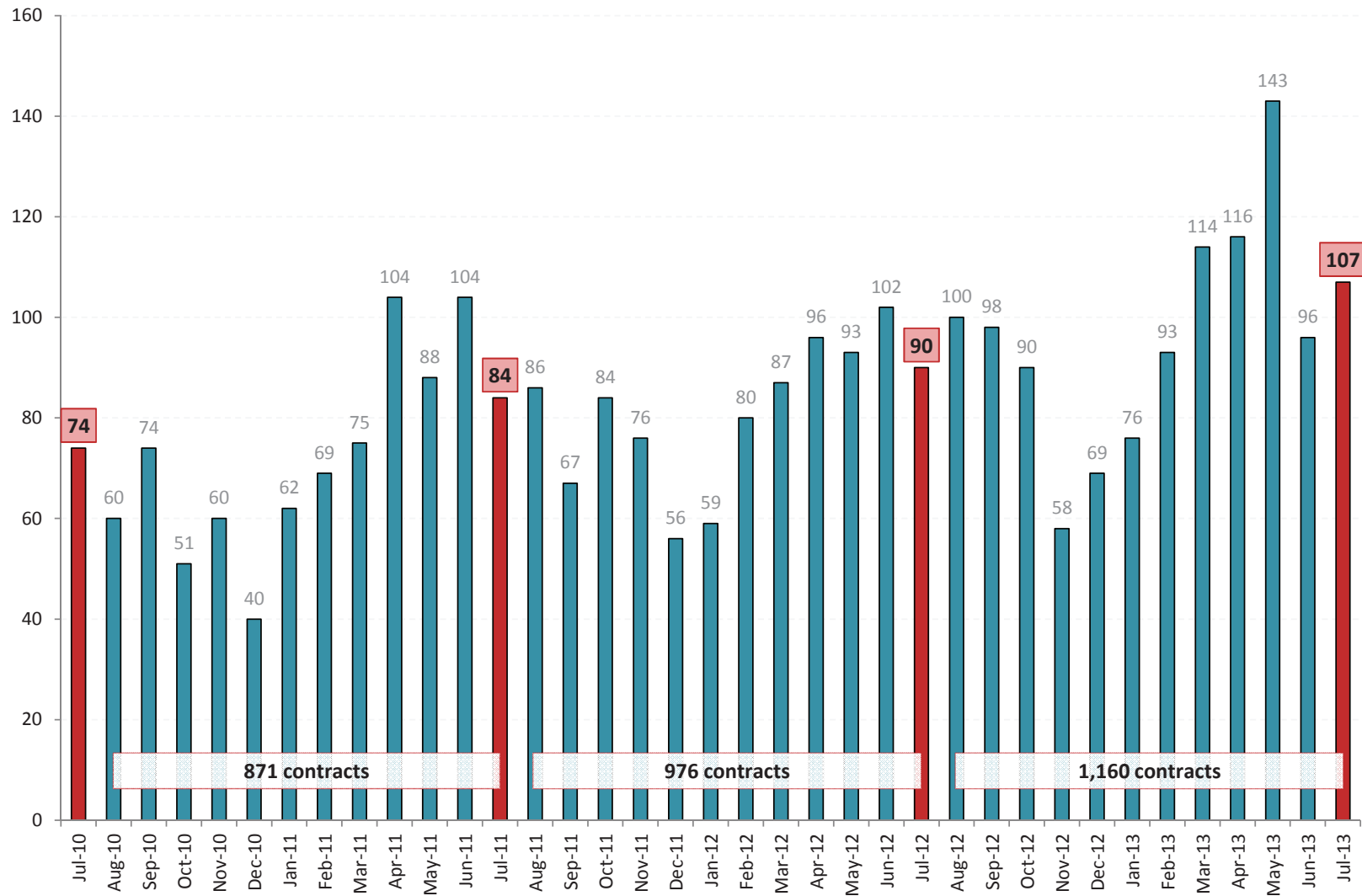
### Harrisonburg & Rockingham County Month-By-Month Home Sales History



**Strongest\* Month of Home Sales in 3+ Years.** The record 117 home sales seen in June 2010 were a result of the expiration of the federal home buyer tax credit. If we ignore that spike in home sales then this past month (July 2013) showed the highest number of home sales (108) seen anytime in the previous three years. As you can

see, the past four months (April, May, June, July) have all been remarkably strong months for home sales as compared to the previous three years (2010, 2011, 2012). With the exception of the June 2010 anomaly, every month thus far in 2013 has shown stronger home sales than in the same month for the previous three years.

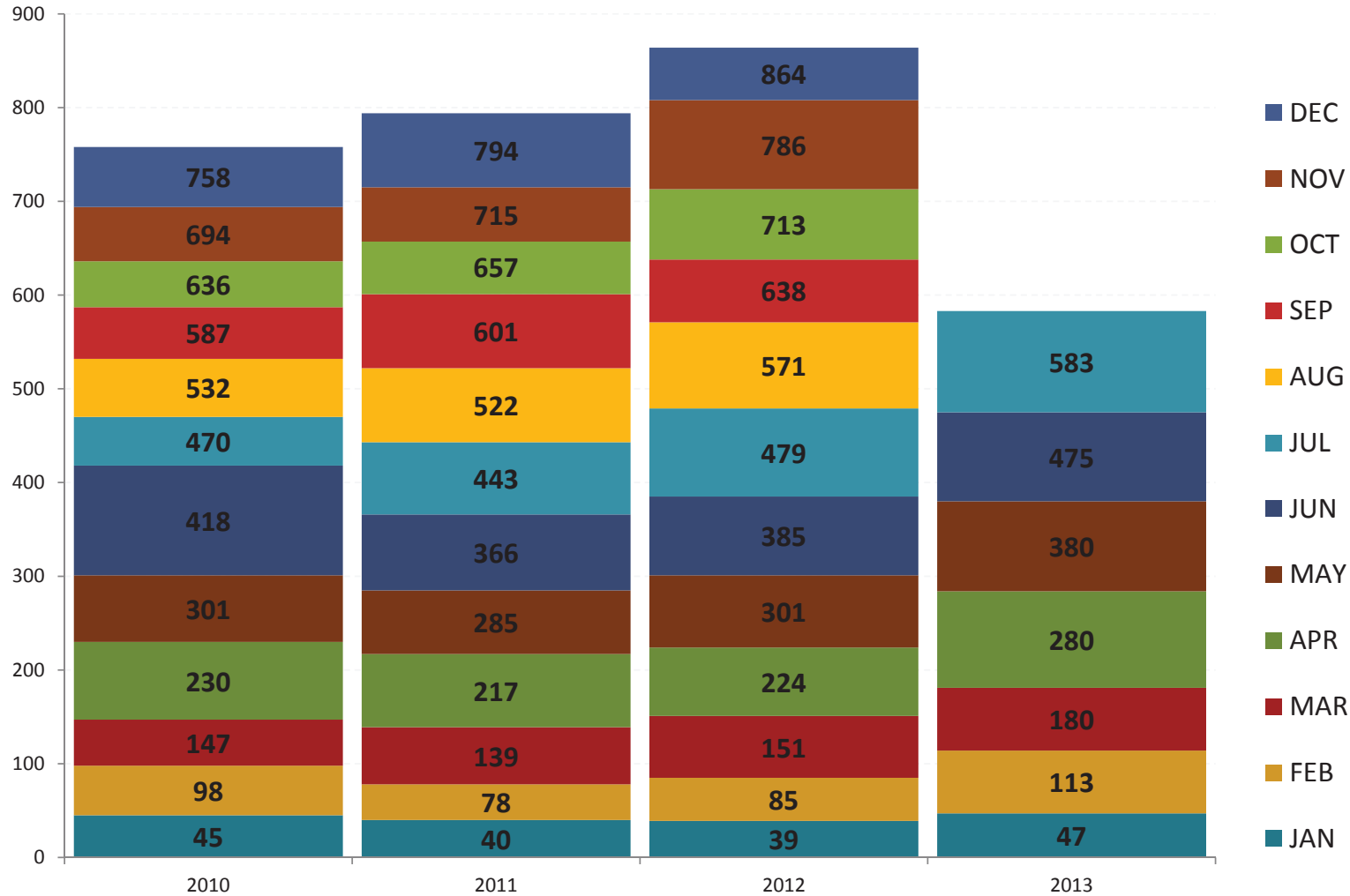
Harrisonburg & Rockingham County  
**Buyers Per Month Committing to Buy Properties**



**Strong Buyer Activity in July 2013.** Over the past several years, it has been typical to see a decline in contracts between June and July -- not so this year. Buyers signed 107 contracts in July 2013 as compared to only 96 in June 2013. This marks a 19% improvement over last July, and a steady improvement over the past several months

of July. Of note, the lower month of contracts in June 2013 could have been related to rising interest rates that surprised some buyers and slowed them down a bit in their excitement to purchase a home. Interest rates then declined again (somewhat) in July 2013, which could have helped the contract numbers for this past month.

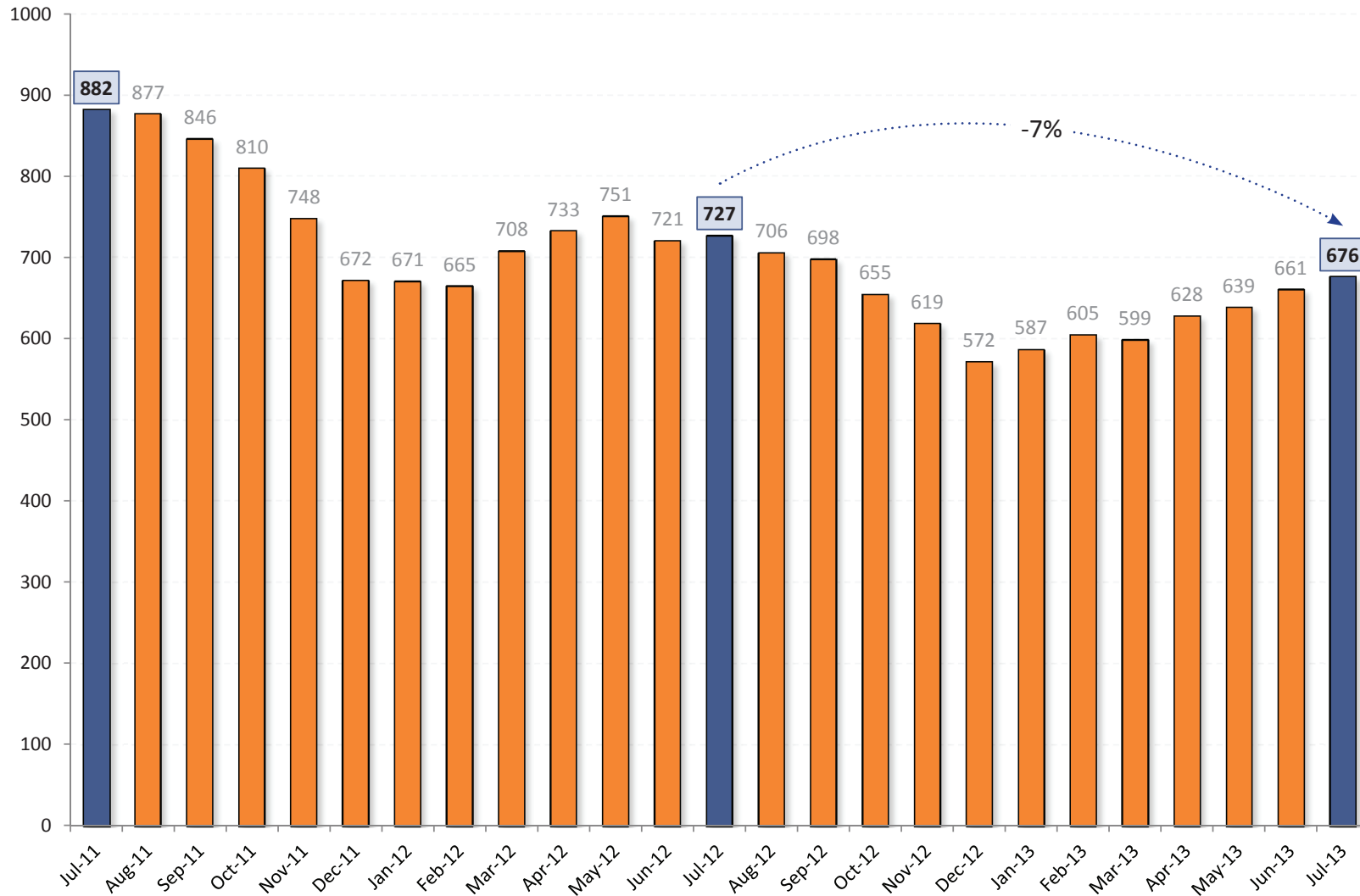
### Harrisonburg & Rockingham County Monthly Cumulative Residential Sales



**2013 will easily break previous home sales highs.** 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 July are showing an incredibly strong start (583 sales) as compared

to previous January through July sales. At the current pace we should easily surge past 900 home sales this year, as we have already surged past the first eight months of sales in 2012 with only the first seven months of sales in 2013.

Harrisonburg & Rockingham County  
**Inventory Levels**

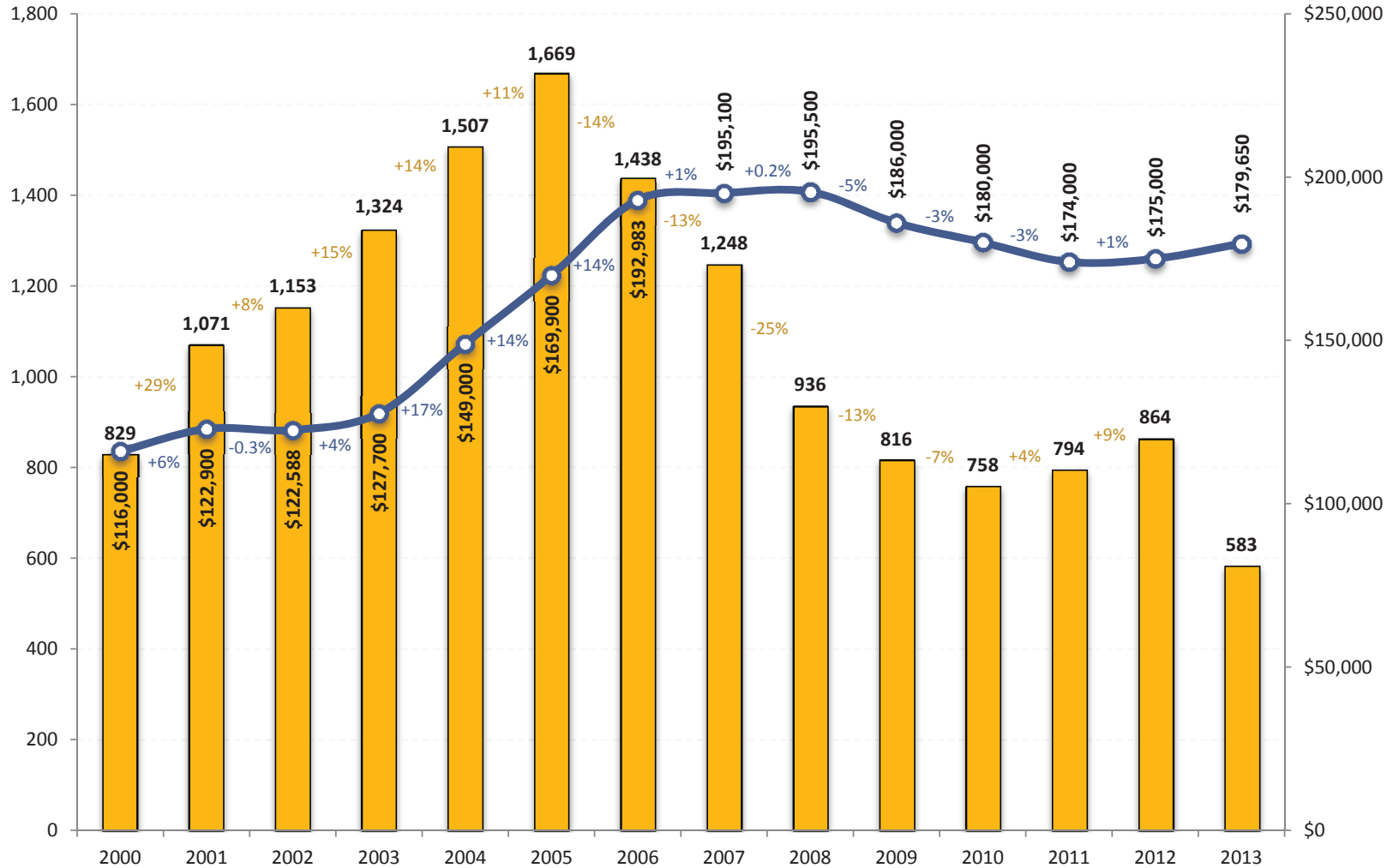


**Inventory rises in July, but still shows long term declines.** Inventory levels rose in July 2013 to 676 homes on the market, up from only 661 homes one month ago. The long term trends, however, still show a 7% decline over the past year and a 23%

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.



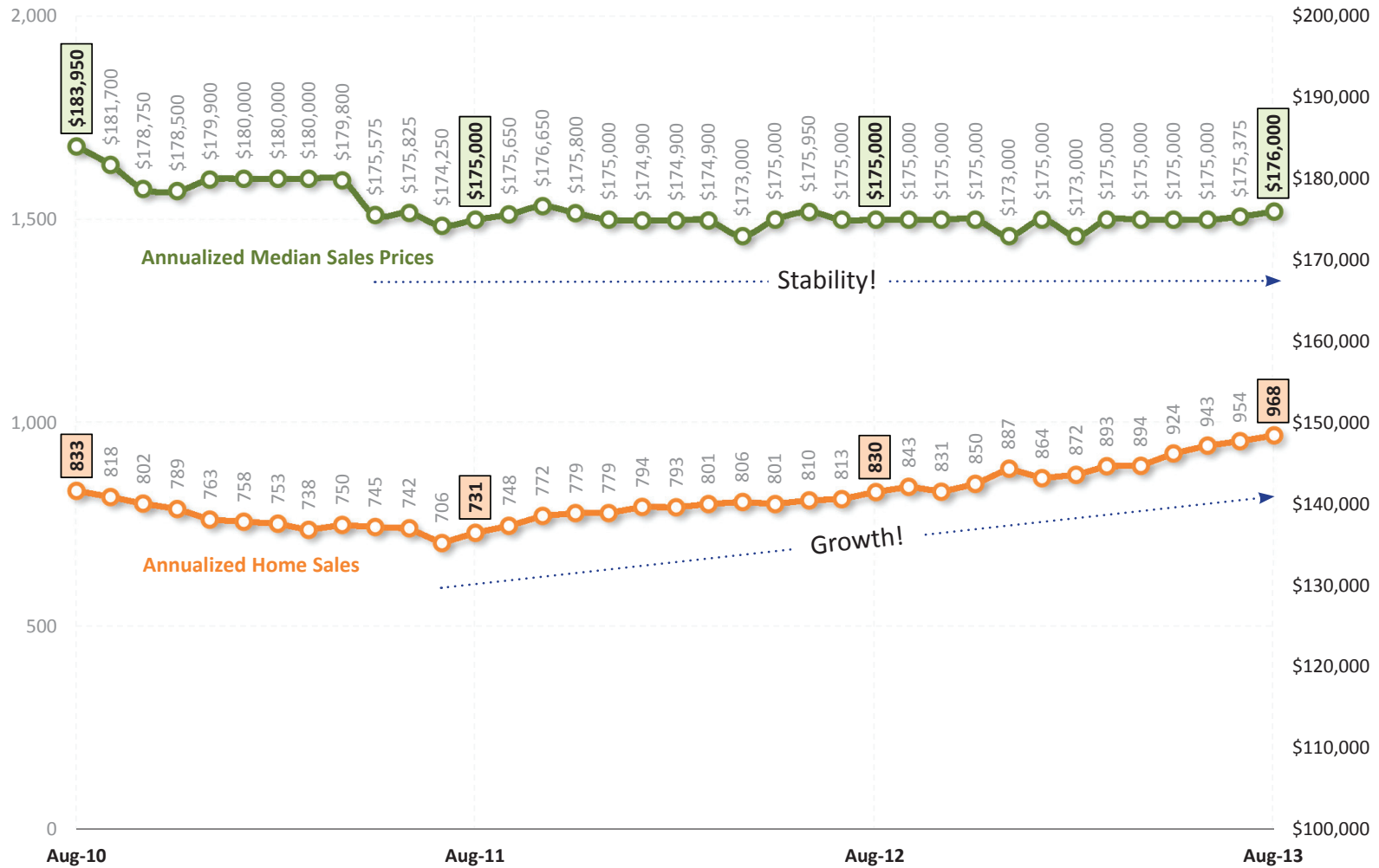
Harrisonburg & Rockingham County  
**Home Sales & Price Trends**  
 Single Family Homes & Townhomes



**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 even further thus far in 2013 to \$179,650.

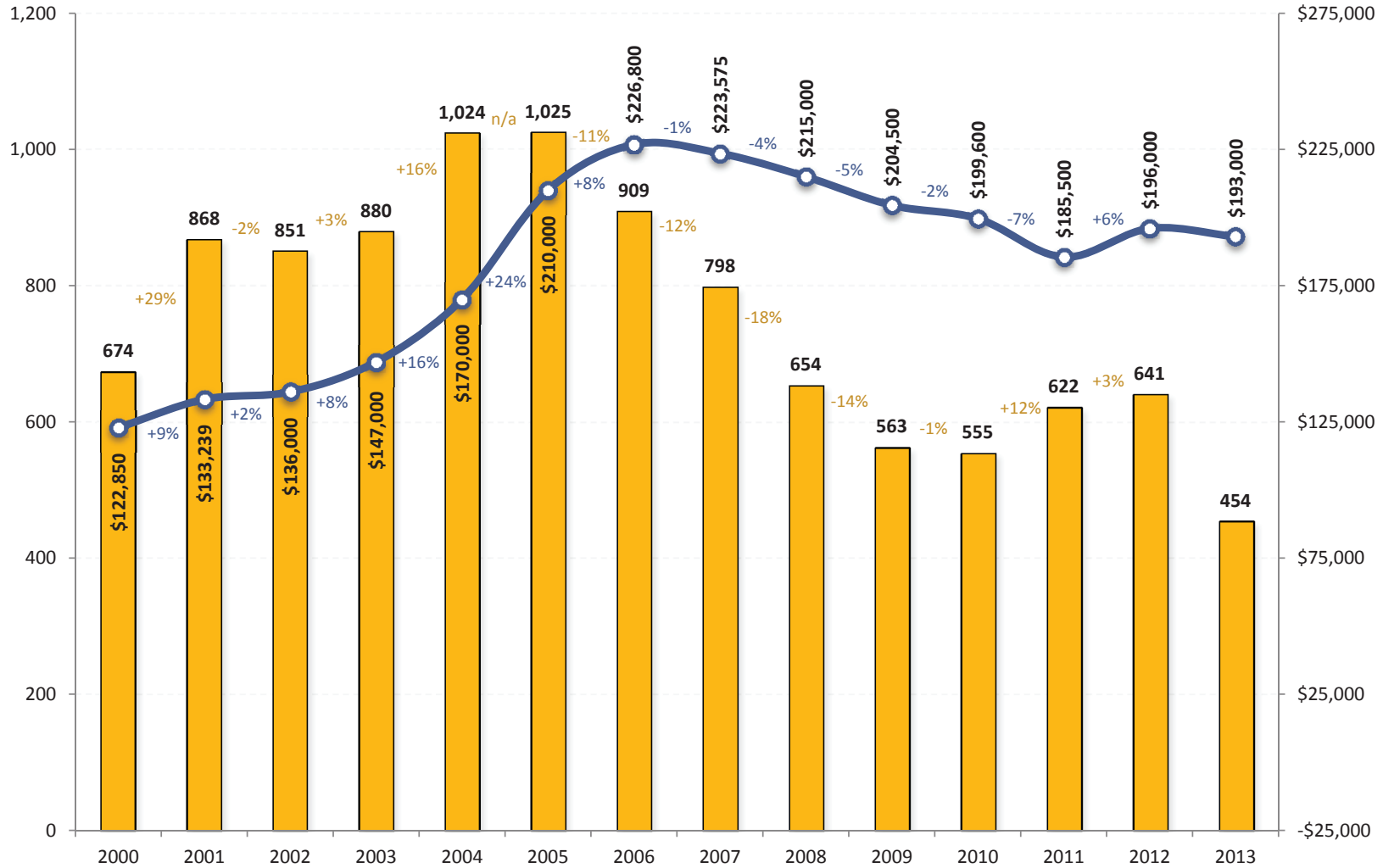
Harrisonburg & Rockingham County  
**Time-Adjusted Home Sales Trends :: All Homes**  
 # Home Sales, Median Sales Price in each 12 Month Period



**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 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 968 now from 706 just 25 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.

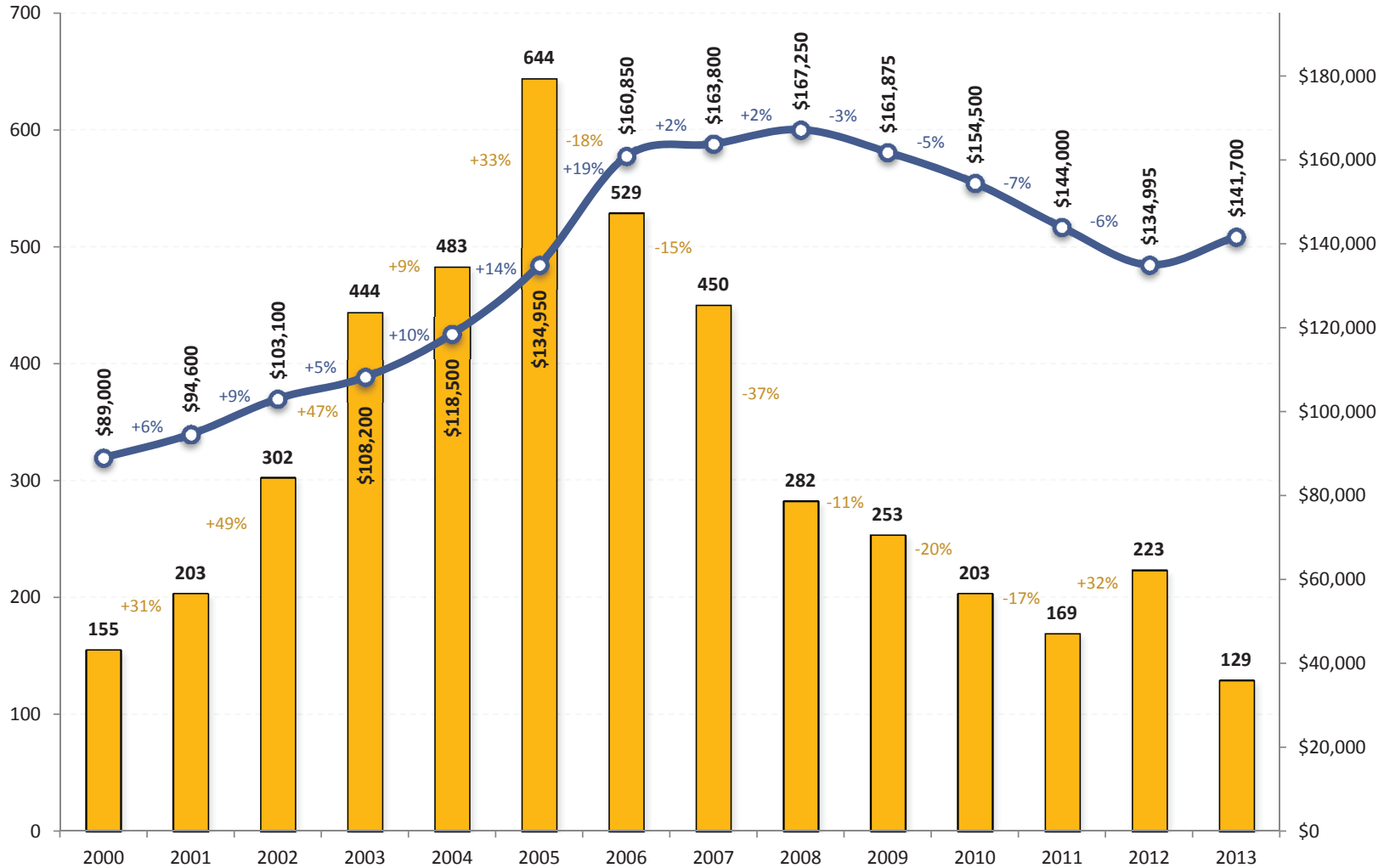
### Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes



**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 five months of sales data may bring it back up.

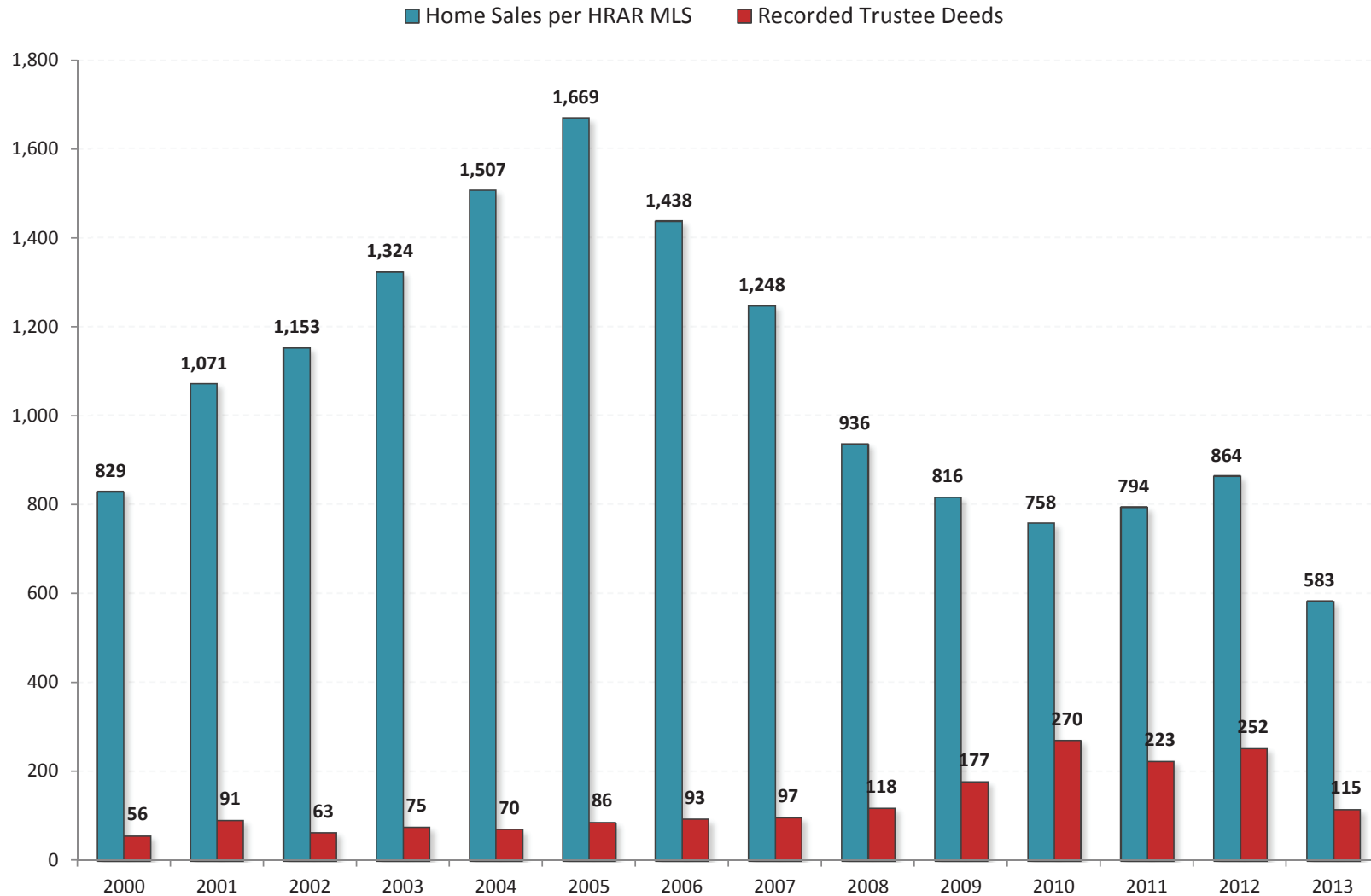
### Harrisonburg & Rockingham County Home Sales & Price Trends Duplexes, Townhomes & Condos



**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 seven months of data on the books.

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

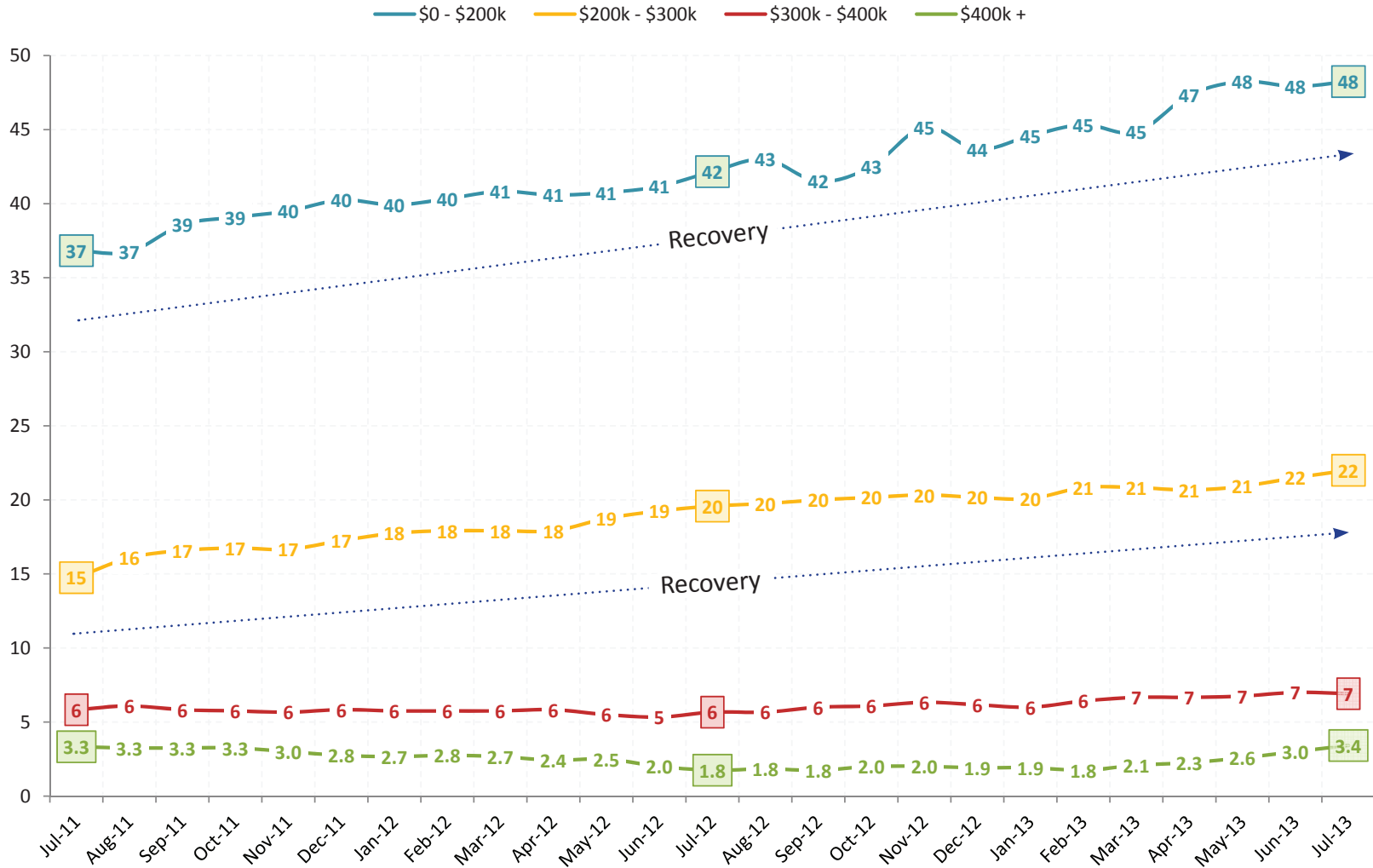


**Foreclosures down in 2013.** The graph above is a comparison of two imprecise measures -- but the comparison can still be helpful. The blue bars show the number of home sales recorded in the HRAR MLS -- this does not include private sales (without a Realtor), nor new home sales directly from a builder. 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 5.1 times as many home sales as foreclosures in 2013.

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

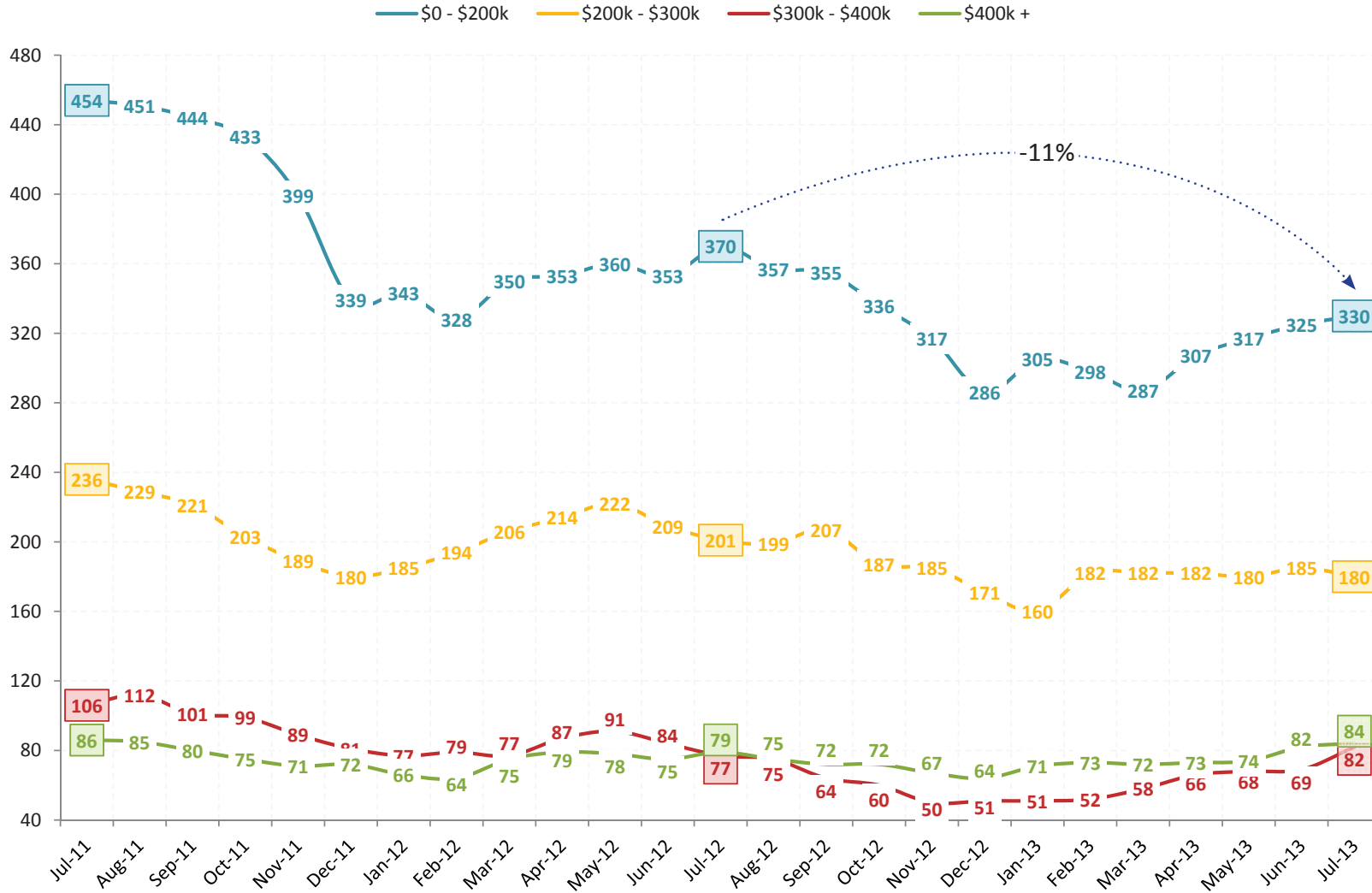
(Average of Past 12 Months)



**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.

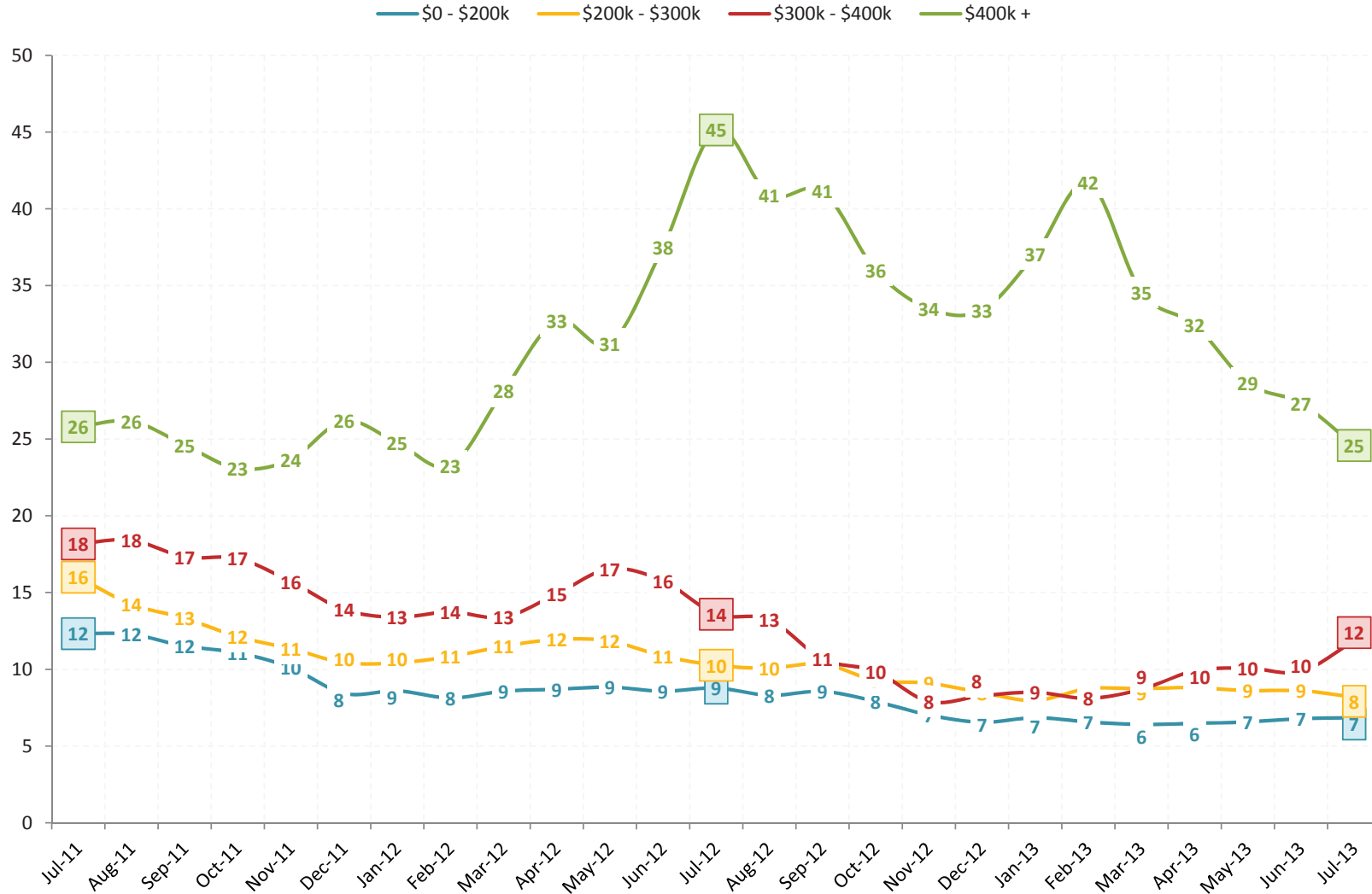
### Harrisonburg & Rockingham County Inventory Levels by Price Range



**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 11% in the under \$200K

price range and 10% in the \$200K-\$300K price range. Both the \$300K - \$400K and the \$400K and up price ranges have seen an increase in inventory levels over the past 12 months.

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

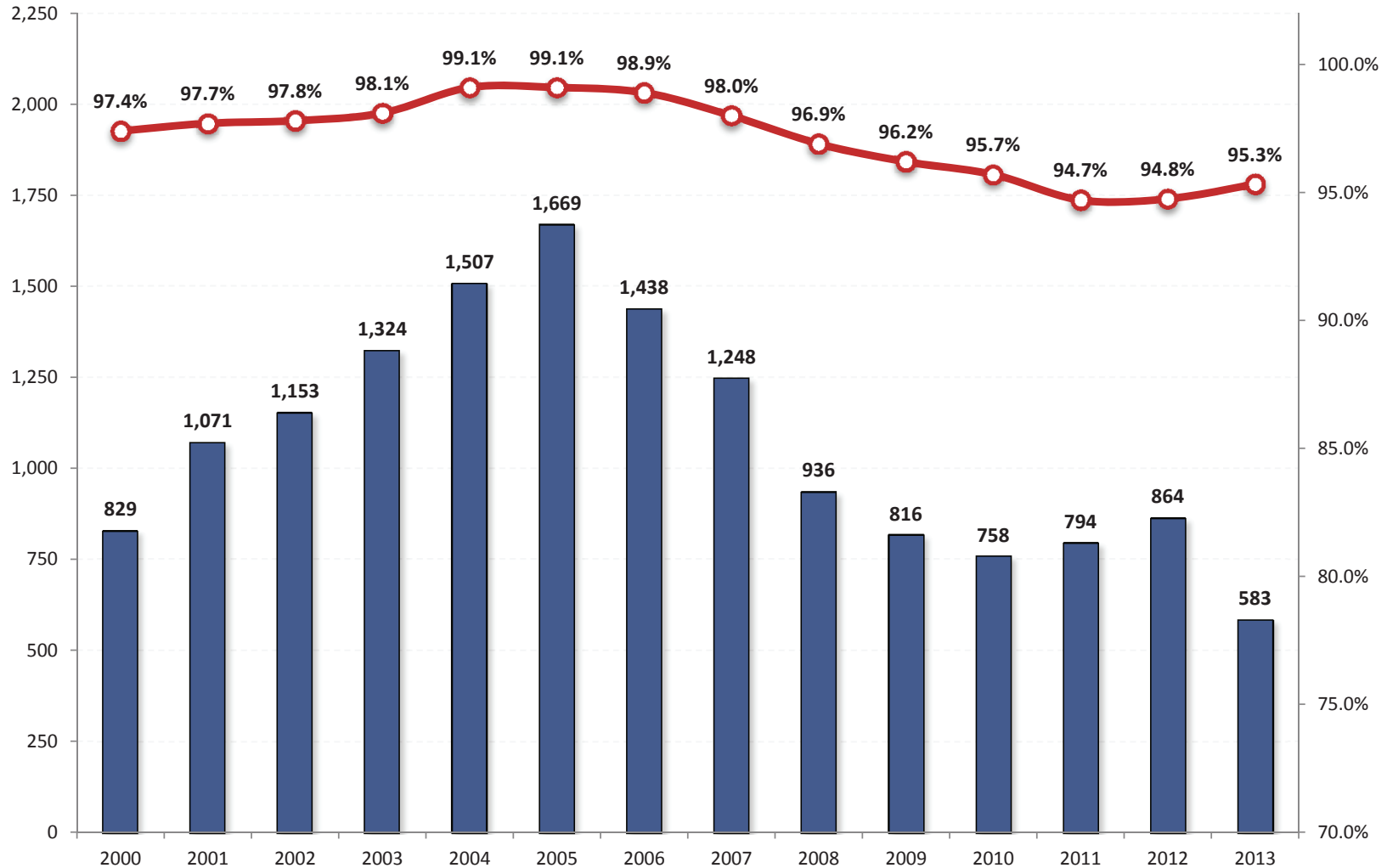


**Housing supply spikes in high price ranges.** With so many homes on the market (lots of sellers) and so few home sales (not so many buyers), there are very high levels of supply in our local real estate market. The graph above illustrates that it would take 25 months to sell all of the homes currently 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.



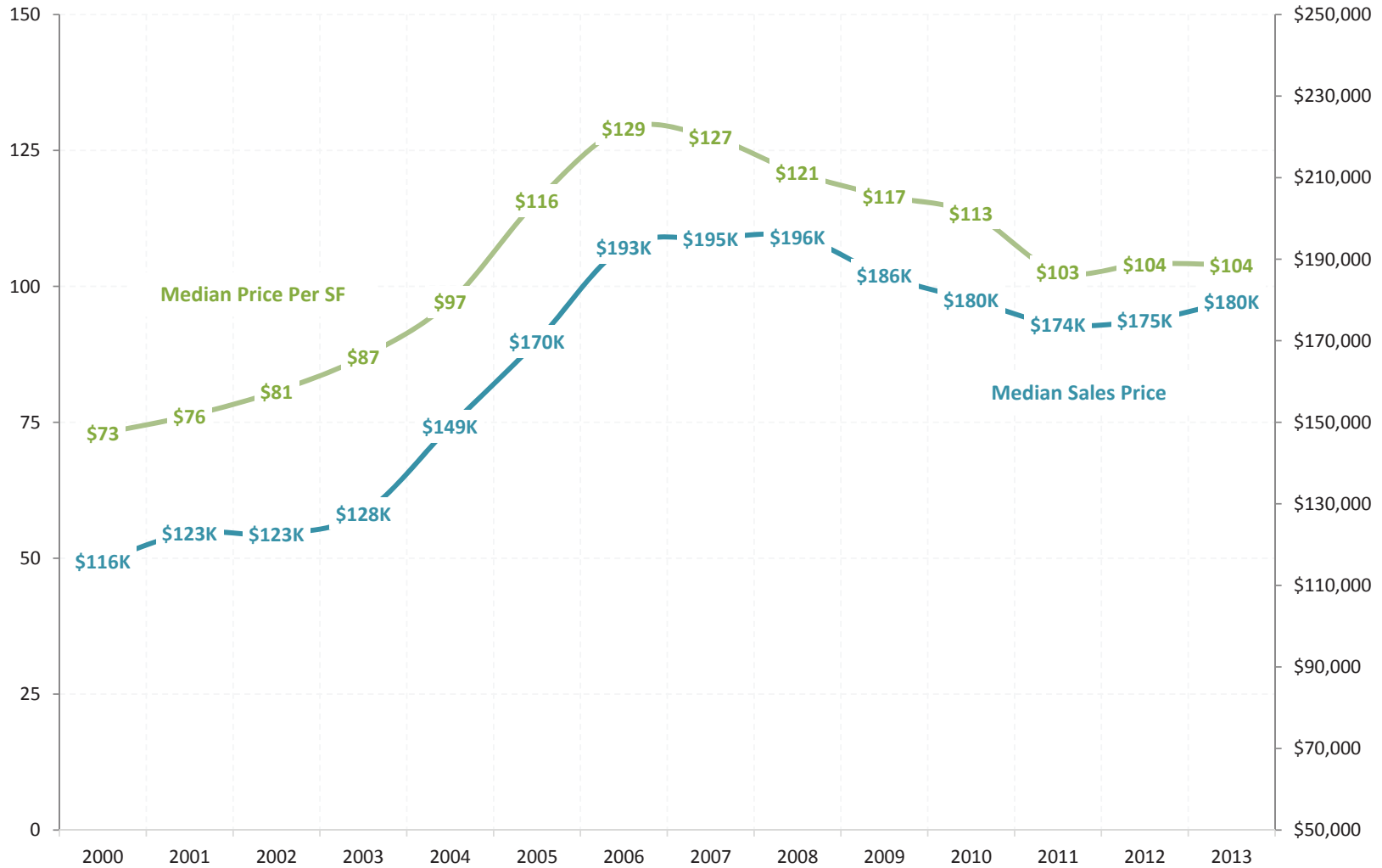
Harrisonburg & Rockingham County  
**List Price to Sales Price Ratio**  
 within the context of Home Sales Pace



**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 4.7% - 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.

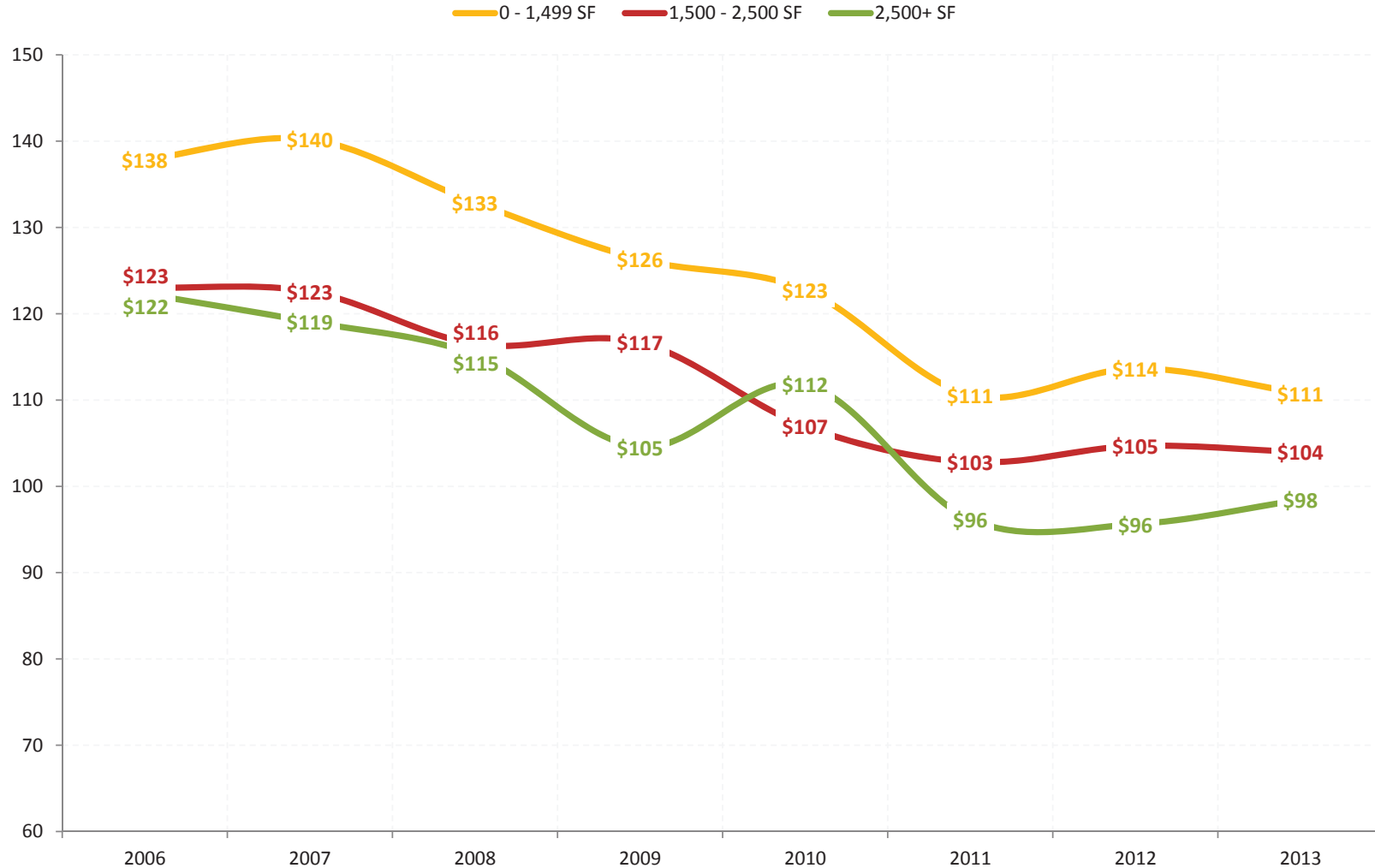
### Harrisonburg & Rockingham County Median Price Per Square Foot Trends Single Family Homes



**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.

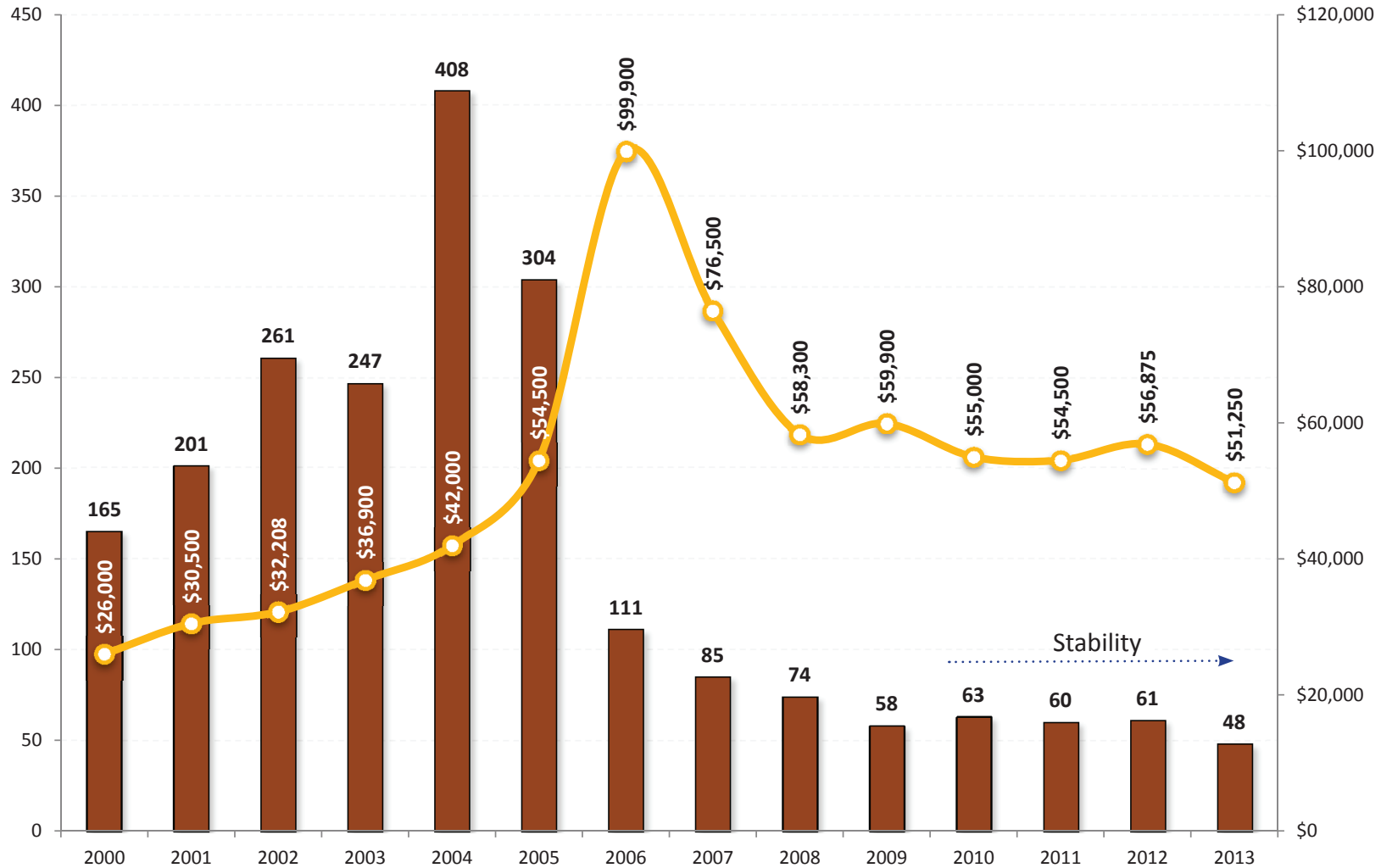
Harrisonburg & Rockingham County  
**Median Price Per Square Foot by Home Size**  
 Single Family Homes



**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 (\$98/SF) than homes that offer less than 1500 SF (\$111/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.

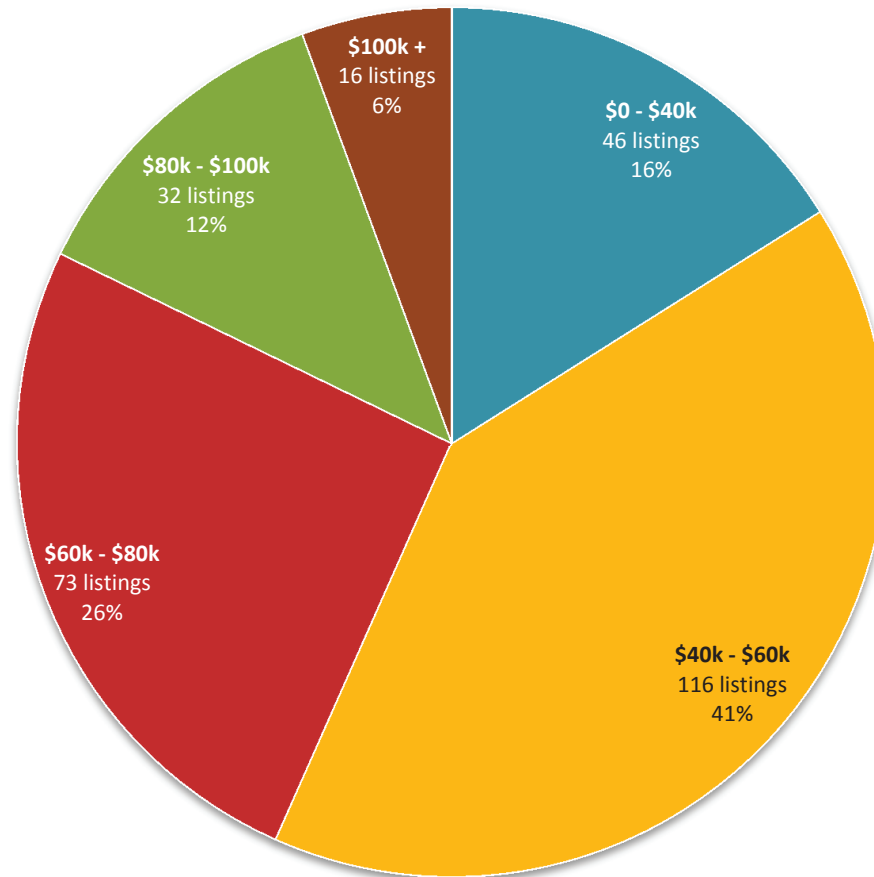
Harrisonburg & Rockingham County  
**Lot Sales & Median Prices**  
 less than 1 acre



**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 \$51,250 YTD median sales price.

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

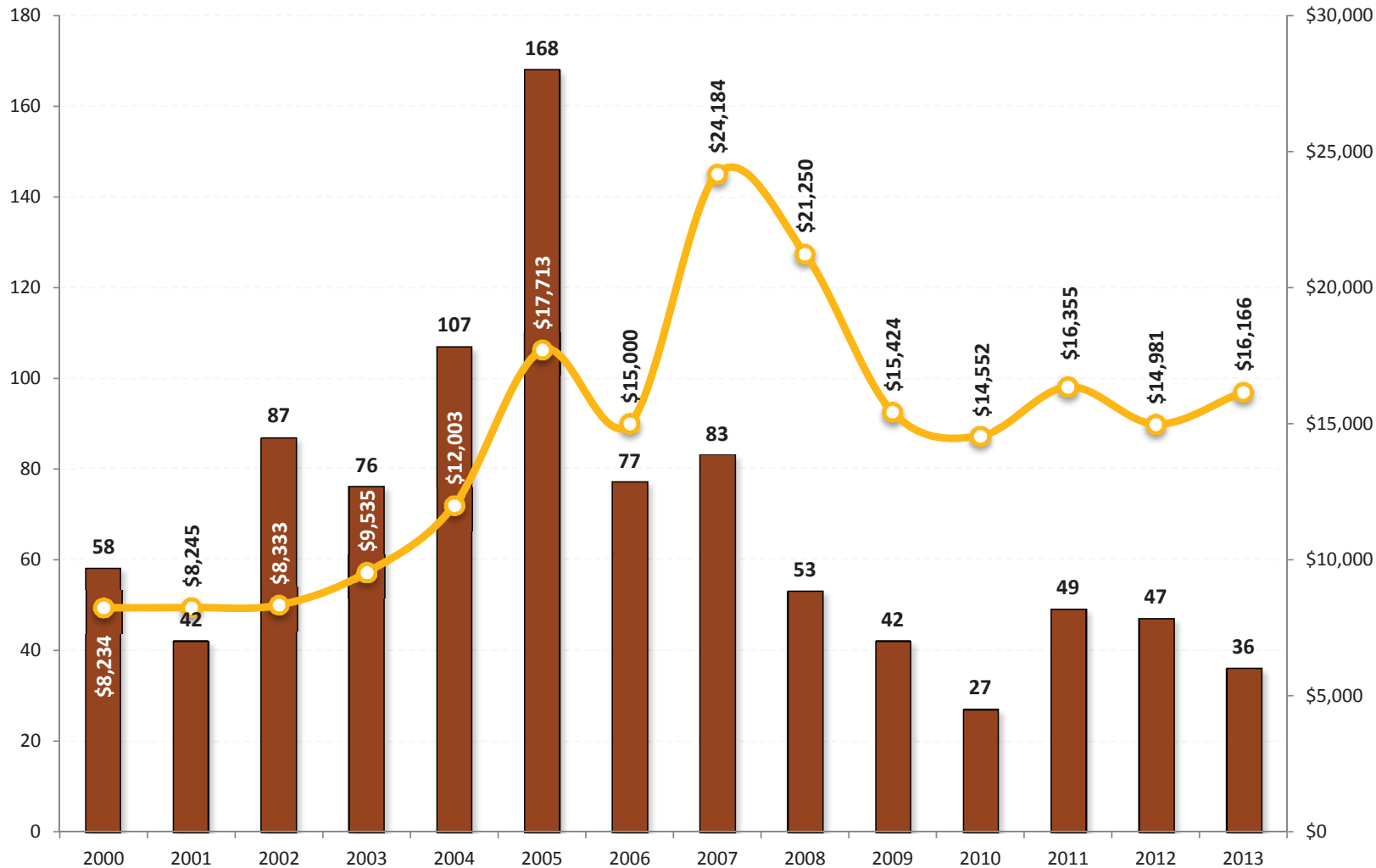


**286 Active Lot Listings; Median List Price: \$57,900**

**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 286 lots currently for sale. Some sanity exists in this listing market, however, as the median list price of lots for sale (\$57,900) 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 4.7 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.

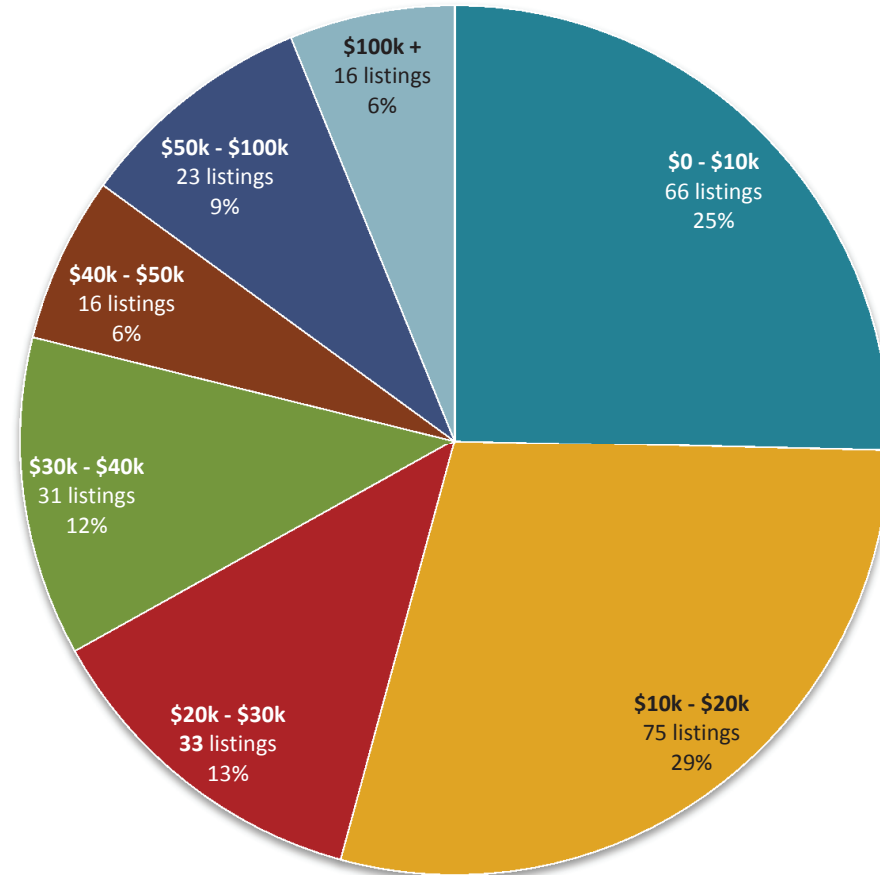
### Harrisonburg & Rockingham County Land Sales & Median Price Per Acre 1 acre or more



**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 \$16,166.

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

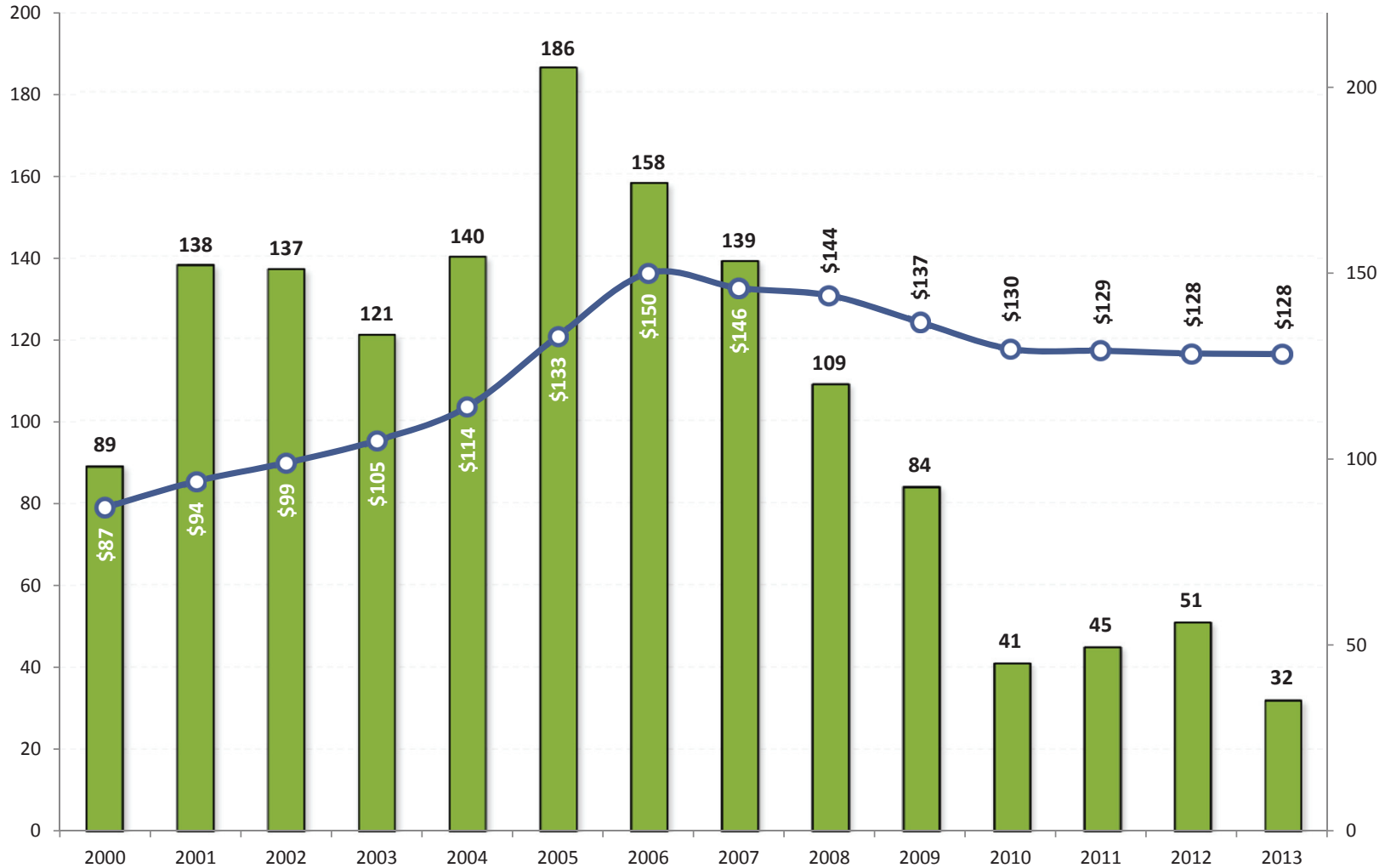


**260 Active Land Listing; Median List Price: \$18,534 / Acre**

**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 \$18,534 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

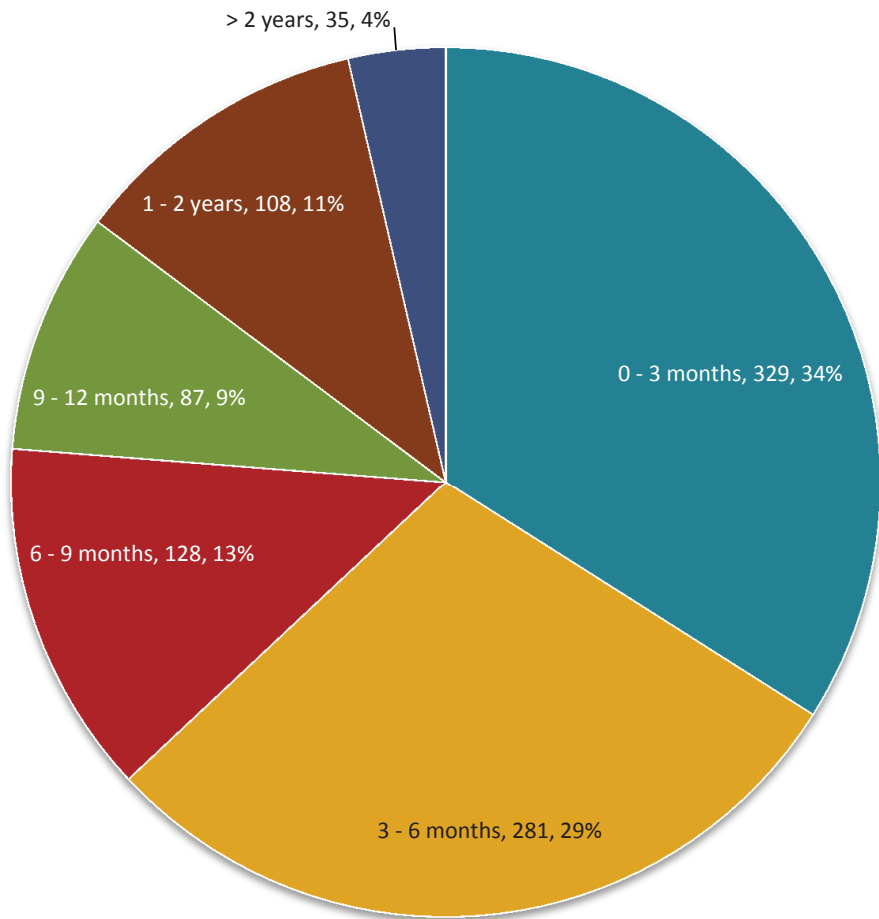


**New home sales somewhat stable, prices still edging downward?** New home builders experienced an increase in the pace of new home sales between 2010 and 2012 -- after steady declines since 2005. These increases (41 to 45 to 51) in sales pace, however, still leave plenty of room for improvement. The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

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

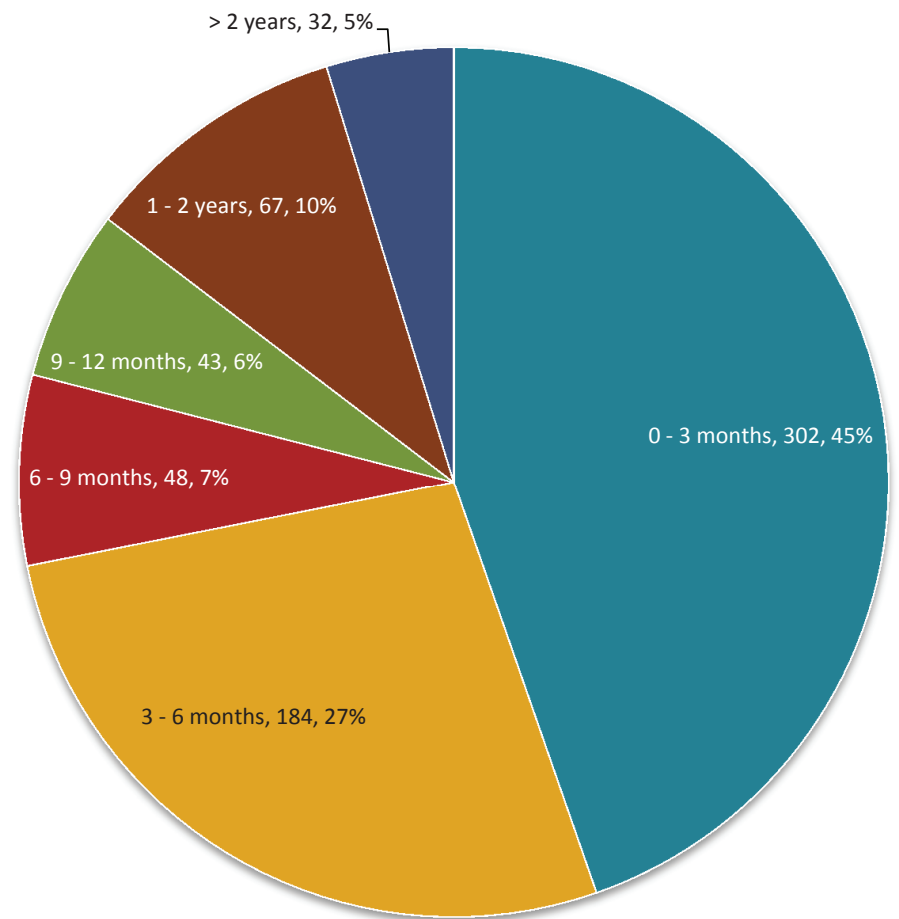


Harrisonburg & Rockingham County  
**Days on Market Analysis of Sold Properties**  
 Residential Listings Sold in the Past 12 Months



**Median Days On Market: 132**

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

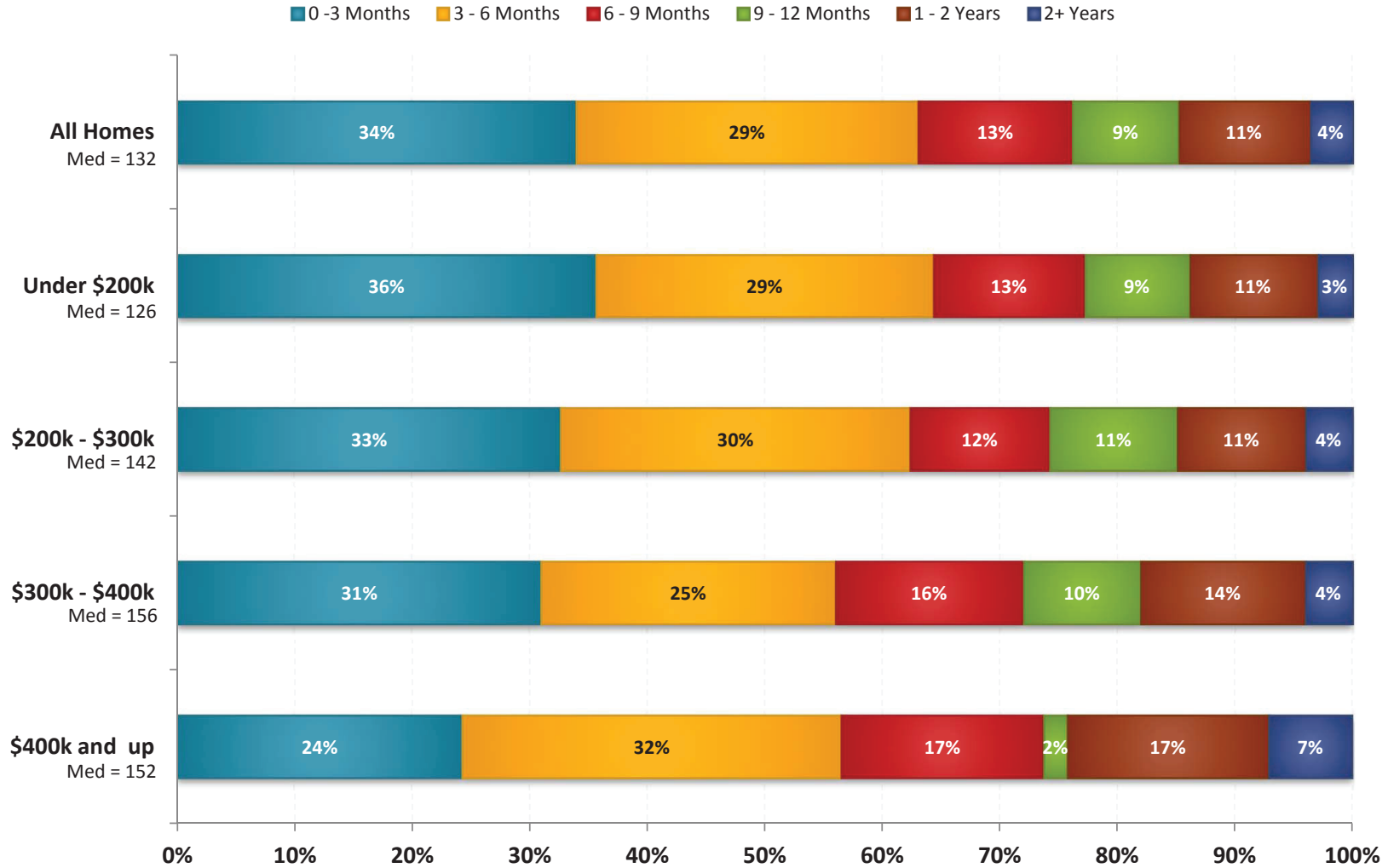


**Median Days On Market: 104**

**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 (34%) 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

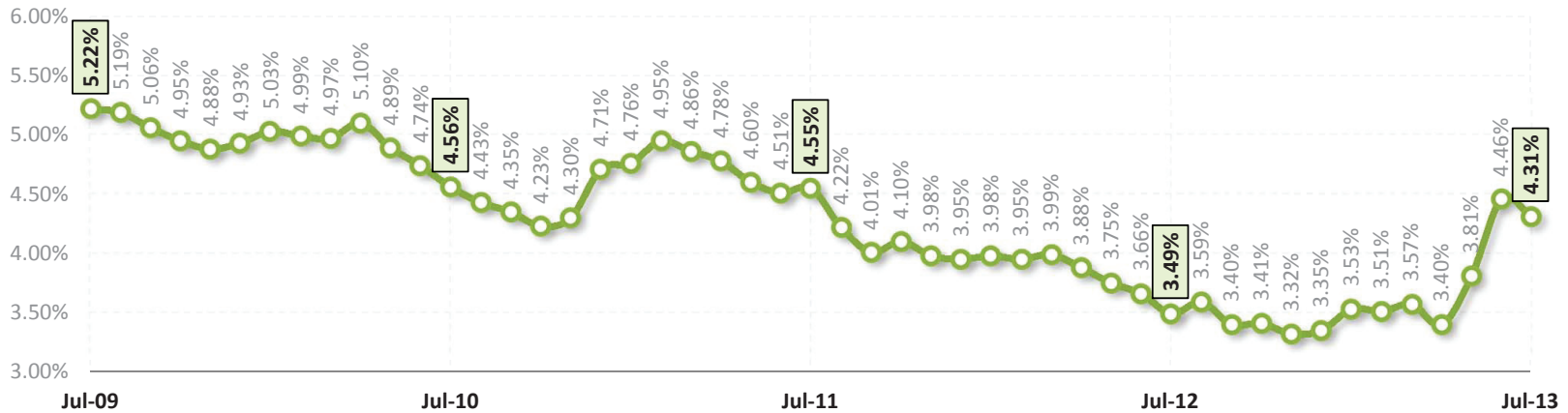


**Sales pace varies by price range.** The time that it takes to sell a home in today's market varies based on the price range of the home in question. For example, 65% of homes that sold under \$200K sold in the first six months of being on the

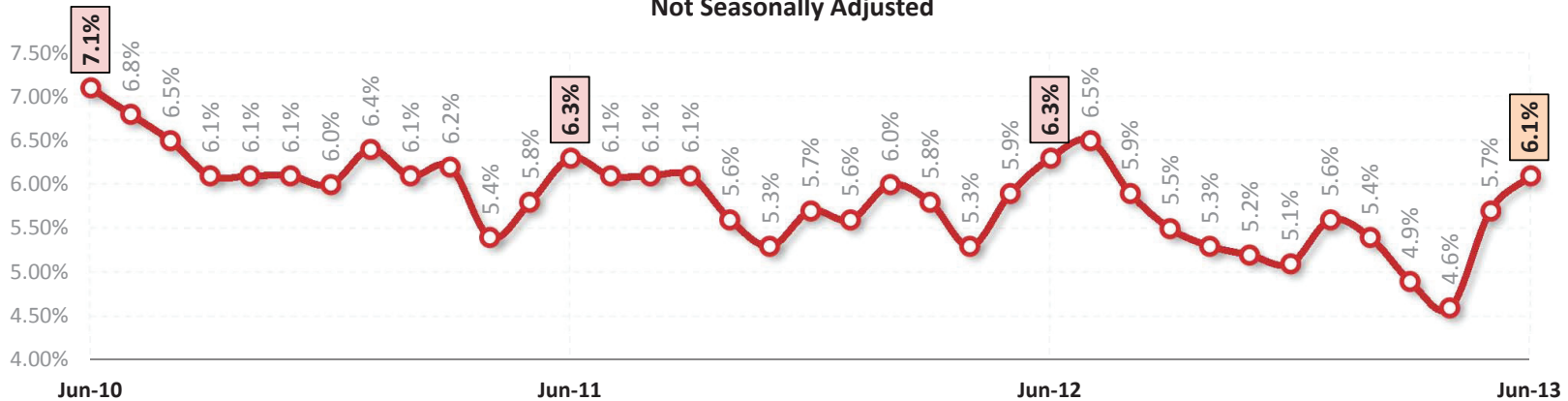
market, while only 56% of homes over \$400,000 were able to sell in that same time period. The difference in median values between price ranges is also indicative of market challenges for higher priced listings.

### Average 30-Year Fixed Mortgage Interest Rate

Source: Freddie Mac



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



**Mortgage interest rates back down a bit, 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 in many recent, though the average rate ticked back downward in July 2013 to 4.31%. The second graph above illustrates trends in

the local unemployment rate -- which rose in June to 6.1%, which is a typical May to June 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](http://HarrisonburgHousingToday.com).

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

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

### For more information, or with questions, contact:

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## 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>