



# DECEMBER 2012 Harrisonburg & Rockingham County Real Estate Market Report



*An analysis of real estate activity through November 30, 2012  
provided courtesy of Scott P. Rogers, Funkhouser Real Estate Group*



Exquisite 5 Bedroom Brick Colonial in Crossroads Farm ..... [135BedfordPlace.com](http://135BedfordPlace.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: November

73 homes sold in November 2012, showing a 26% increase over November 2011 when 58 homes sold -- and a 26% increase from November 2010 when 58 homes sold.

### Home Values: November

Median sales prices increased 2.7% but average sales prices decreased 3.4% when comparing November 2012 to November 2011.

### Days on Market: November

Homes sold in an average of 257 days in November 2012, a 21% increase from 212 days in November 2011 and a 24% increase from the 208 day average in November 2010.

### Foreclosures

225 trustee deeds have been recorded thus far in 2012 compared to 786 home sales reported through the HRAR MLS.

### Inventory

Inventory levels decreased during November 2012 to 619 residential properties currently for sale, down from 655 one month ago, and down from 748 one year ago.

### Pace of Home Sales: Year to Date

786 homes sold in the first eleven months of 2012. This is a 10% increase from 2011 when 715 homes had sold, and a 13% increase as compared to 2010 when 694 homes sold.

### Home Values: Year to Date

Median sales prices increased 0.06% and average sales prices increased 1% when comparing 2012 YTD values to 2011 YTD.

### Days on Market: Year to Date

The length of time on the market for homes selling in 2012 (223 days) increased 7% since 2011 when the average was 209 days on the market.

### Supply

All price ranges still show an excess of housing supply, with 7 months under \$200k, 9 months between \$200k and \$300k, 8 months between 300k and \$400k, and 34 months above \$400k.

### Price Per Square Foot

Median price per square foot of single family homes has increased to \$111/sf in the 4th quarter of 2012, as compared to \$101/sf in the 3rd quarter of 2012.

### Buyer Activity

58 buyers committed to buy in November 2012, compared to 76 in November 2011 -- which is a 24% decline.

### Single Family Home Sales

595 single family homes sold thus far in 2012, compared to a total of 622 in 2011. The median sales price has increased to \$195,000.

### Townhouse Sales

191 townhouses sold thus far in 2012, compared to a 2011 total of 169 townhomes. The median townhome sales price has declined to \$139,500 in 2012 from \$144,000 in 2011.

### Lot Sales

54 lots of less than an acre sold thus far in 2012, compared to a 2011 total of 60 lots. Median lot sales prices have risen to \$56,688 from \$54,500 during 2011.

### Land Sales

43 parcels of land greater than an acre sold thus far in 2012 compared to 49 land sales during all of 2011. The median price per acre has decreased to \$12,887 in 2012.

**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. I believe that entering this single transaction as 22 separate sales is quite misleading, and it certainly wreaks havoc with our understanding of trends in the Harrisonburg and Rockingham County residential real estate market. As such, I have excluded these 22 sales (1 transaction) from the analysis in this housing market report.

# HOME SALES REPORT

Harrisonburg &amp; Rockingham County

December 11, 2012

# Home Sales	2009	2010	2011	2012	% Change ('11 - '12)
November	84	58	58	73	25.86%
<b>Year-To-Date</b>	<b>749</b>	<b>694</b>	<b>715</b>	<b>786</b>	<b>9.93%</b>

Median Sales Price	2009	2010	2011	2012	% Change ('11 - '12)
November	\$177,000	\$187,250	\$174,950	\$179,650	2.69%
<b>Year-To-Date</b>	<b>\$187,900</b>	<b>\$181,750</b>	<b>\$174,900</b>	<b>\$175,000</b>	<b>0.06%</b>

Average Sales Price	2009	2010	2011	2012	% Change ('11 - '12)
November	\$204,866	\$217,626	\$196,334	\$189,694	-3.38%
<b>Year-To-Date</b>	<b>\$216,612</b>	<b>\$209,831</b>	<b>\$195,915</b>	<b>\$197,898</b>	<b>1.01%</b>

Average Days on Market	2009	2010	2011	2012	% Change ('11 - '12)
November	187	208	212	257	21.23%
<b>Year-To-Date</b>	<b>188</b>	<b>195</b>	<b>209</b>	<b>223</b>	<b>6.70%</b>

**Brisk November sales add to 2012 home sales surge.** November 2012 home sales (73) marked an impressive 26% improvement over the prior November, and contributed significantly to the 10% year-to-date improvement in the pace of homes sales in Harrisonburg and Rockingham County. Home values have remained

relatively stable over the past year, with a 0.06% increase in the YTD median sales price and a 1% increase in the YTD average sales price. Despite stronger sales and stable prices, the average time that it takes to sell a home has increased further to 223 days during 2012.

# HOME SALES REPORT :: BY AREA

	City of Harrisonburg			Rockingham County		
# Home Sales	2011	2012	% Change	2011	2012	% Change
November	16	29	81.25%	42	44	4.76%
<b>Year-To-Date</b>	<b>247</b>	<b>284</b>	<b>14.98%</b>	<b>468</b>	<b>502</b>	<b>7.26%</b>

	City of Harrisonburg			Rockingham County		
Median Sales Price	2011	2012	% Change	2011	2012	% Change
November	\$148,900	\$160,000	7.45%	\$187,500	\$188,500	0.53%
<b>Year-To-Date</b>	<b>\$164,300</b>	<b>\$160,613</b>	<b>-2.24%</b>	<b>\$183,000</b>	<b>\$191,283</b>	<b>4.53%</b>

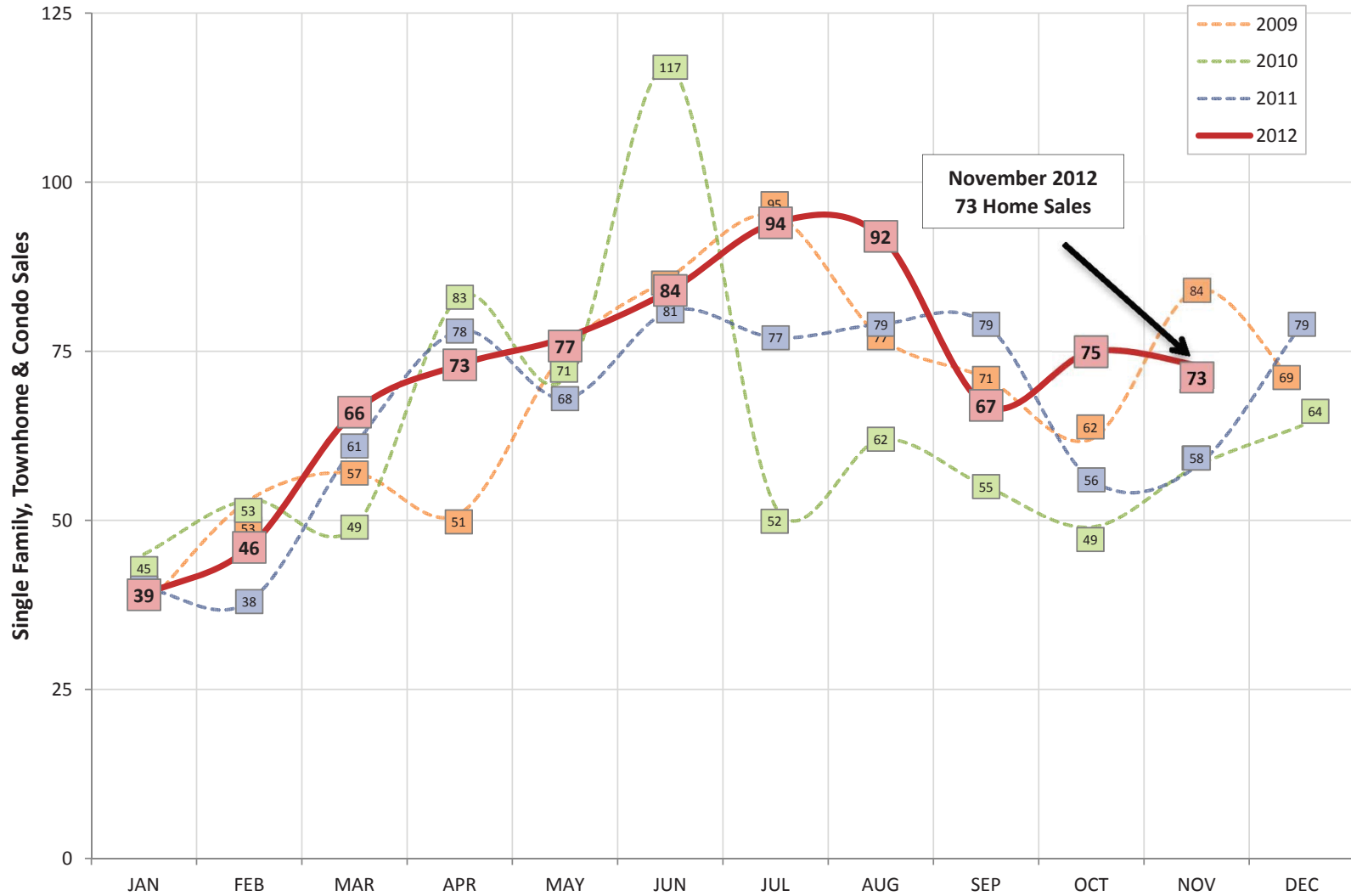
  

	City of Harrisonburg			Rockingham County		
Average Days on Market	2011	2012	% Change	2011	2012	% Change
November	204	326	59.80%	215	211	-1.86%
<b>Year-To-Date</b>	<b>219</b>	<b>239</b>	<b>9.13%</b>	<b>203</b>	<b>214</b>	<b>5.42%</b>

**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 YTD

changes in the metrics noted above. For example, the County has seen an increase (+4.53%) in year-to-date median sales price over the past year, while the City has seen a decline (-2.24%) in the same metric. The rate of increase in sales, however, is stronger in the City (+14.98%) as compared to the County (+7.26%).

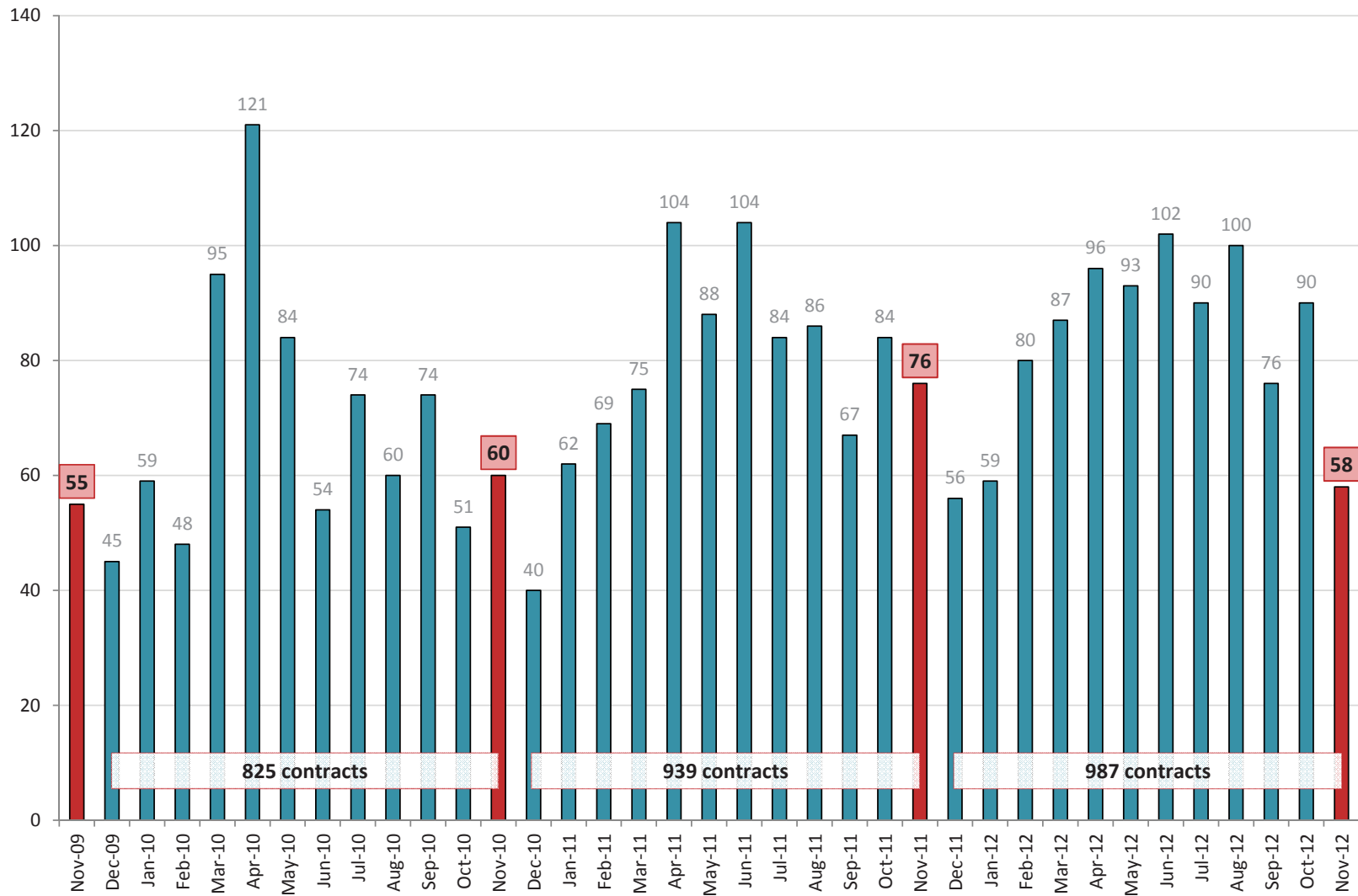
### Harrisonburg & Rockingham County Month-By-Month Home Sales History



**November home sales easily surpasses prior years' norm!** The energetic November of 2009 (84 home sales) was related to a tax credit deadline, so the more normal November sales figures seem to be in the high 50's. This year, however, November surged ahead with 73 home sales --- a 26% improvement over the past two

Novembers --- as well as only a marginal decline from October 2012. As can be seen above, most months during 20122 showed a strong improvement over the same month during 2011.

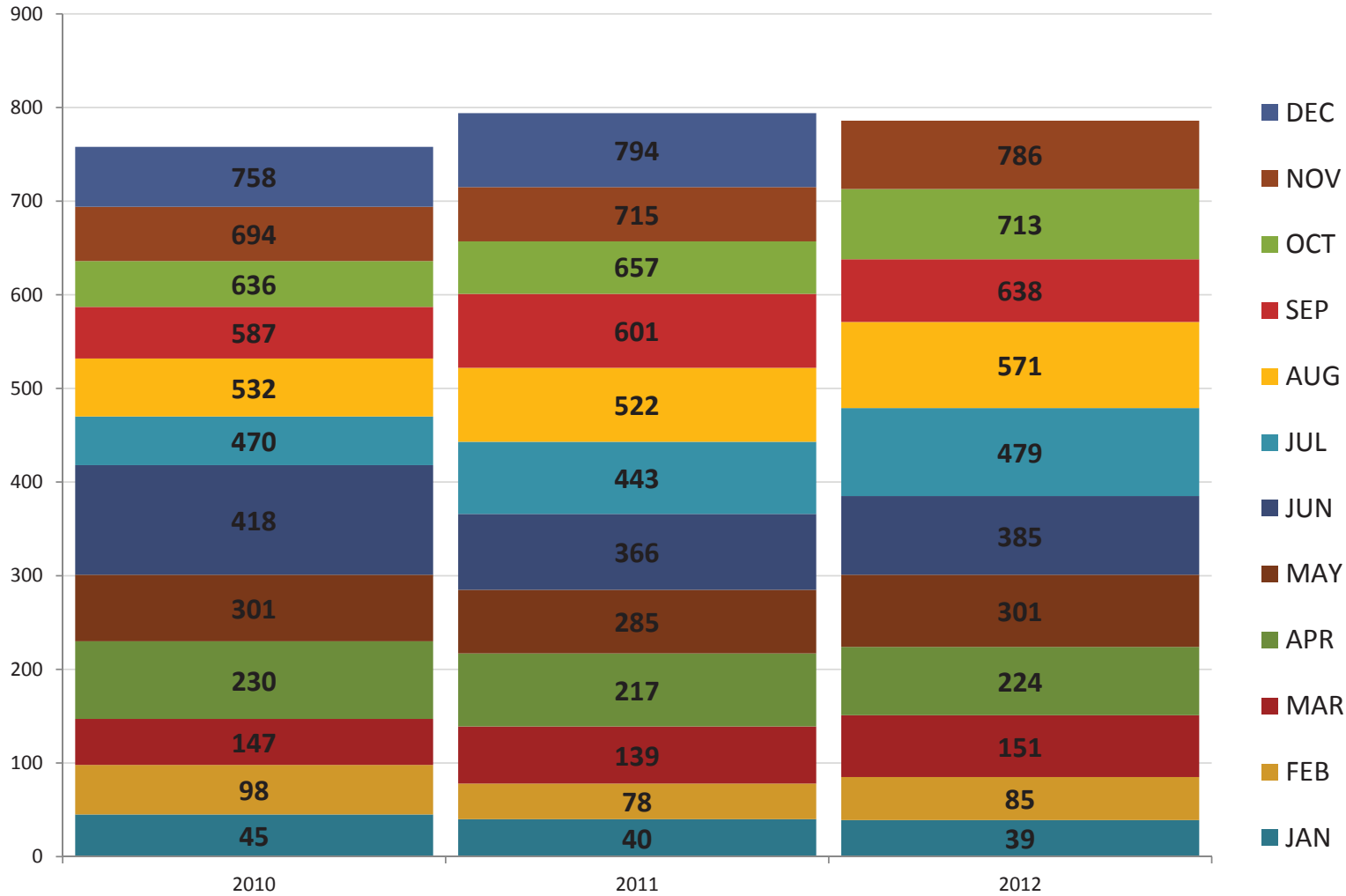
Harrisonburg & Rockingham County  
**Buyers Per Month Committing to Buy Properties**



**Contracts slow in November 2012.** After an incredibly strong pace of contracts during the spring and summer of 2012, buyers seemed to slow down a bit in November with only 58 contracts ratified. The combined September-November contract pace of 224 contracts during 2012, however, was only slightly lower than

last year's Fall pace of 227 contracts -- and still a sizable improvement over the Fall 2010 pace of only 185 contracts. The annual pace of buyers committing to buy properties (987) is also still increasing.

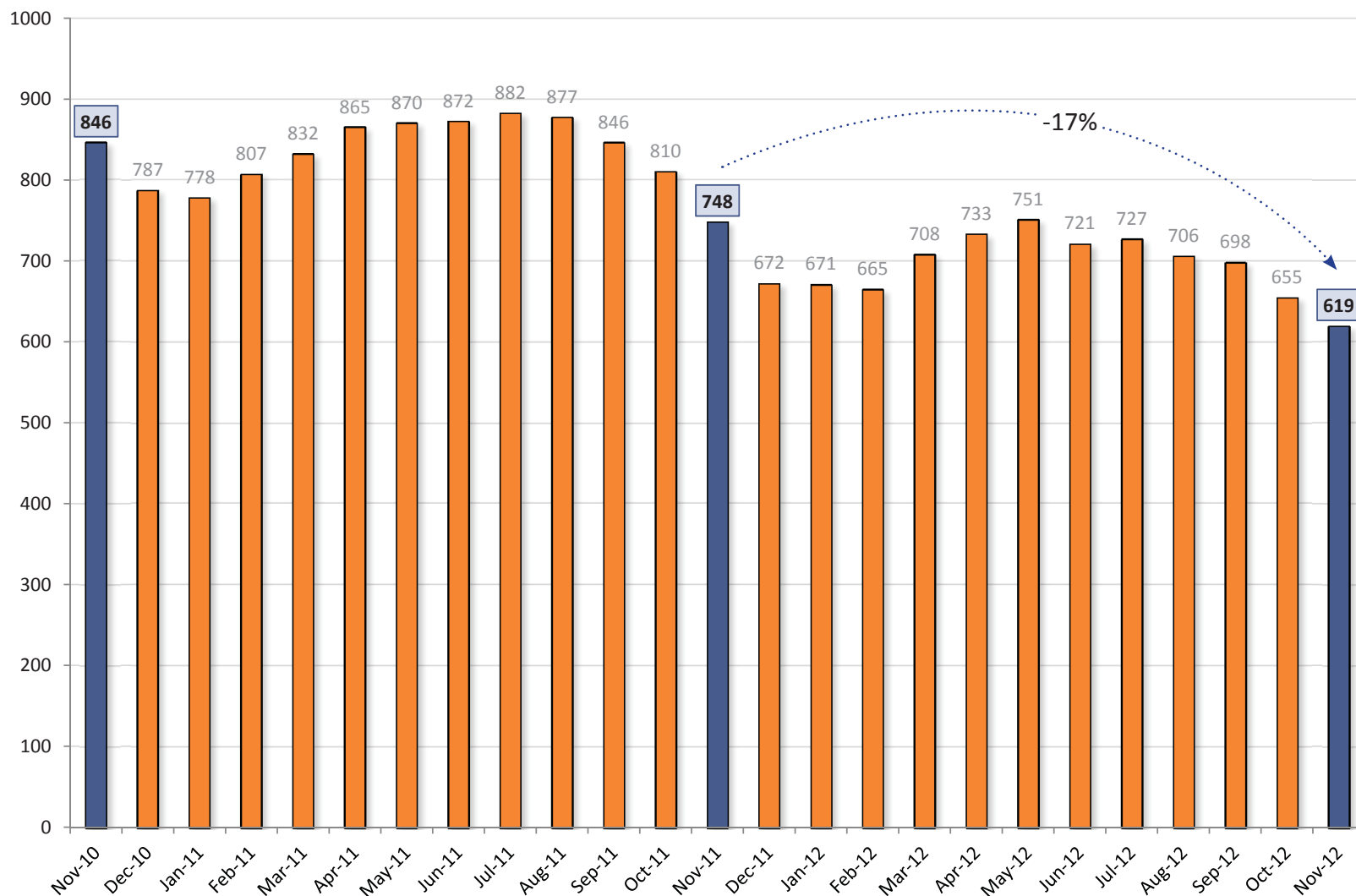
### Harrisonburg & Rockingham County Monthly Cumulative Residential Sales



**We've already exceeded 2010 sales, and almost met 2011 sales.** This graph shows the month by month cumulative count of residential sales in Harrisonburg and Rockingham County. Last year's home sales (794) exceeded 2010 home sales (758), and this year is off to a good start with stronger year-to-date sales (786) as

compared to 2011 (715) during the same time period. We only need 9 sales during December (obviously we'll have more) in order to surpass last year's home sales levels.

### Harrisonburg & Rockingham County Inventory Levels

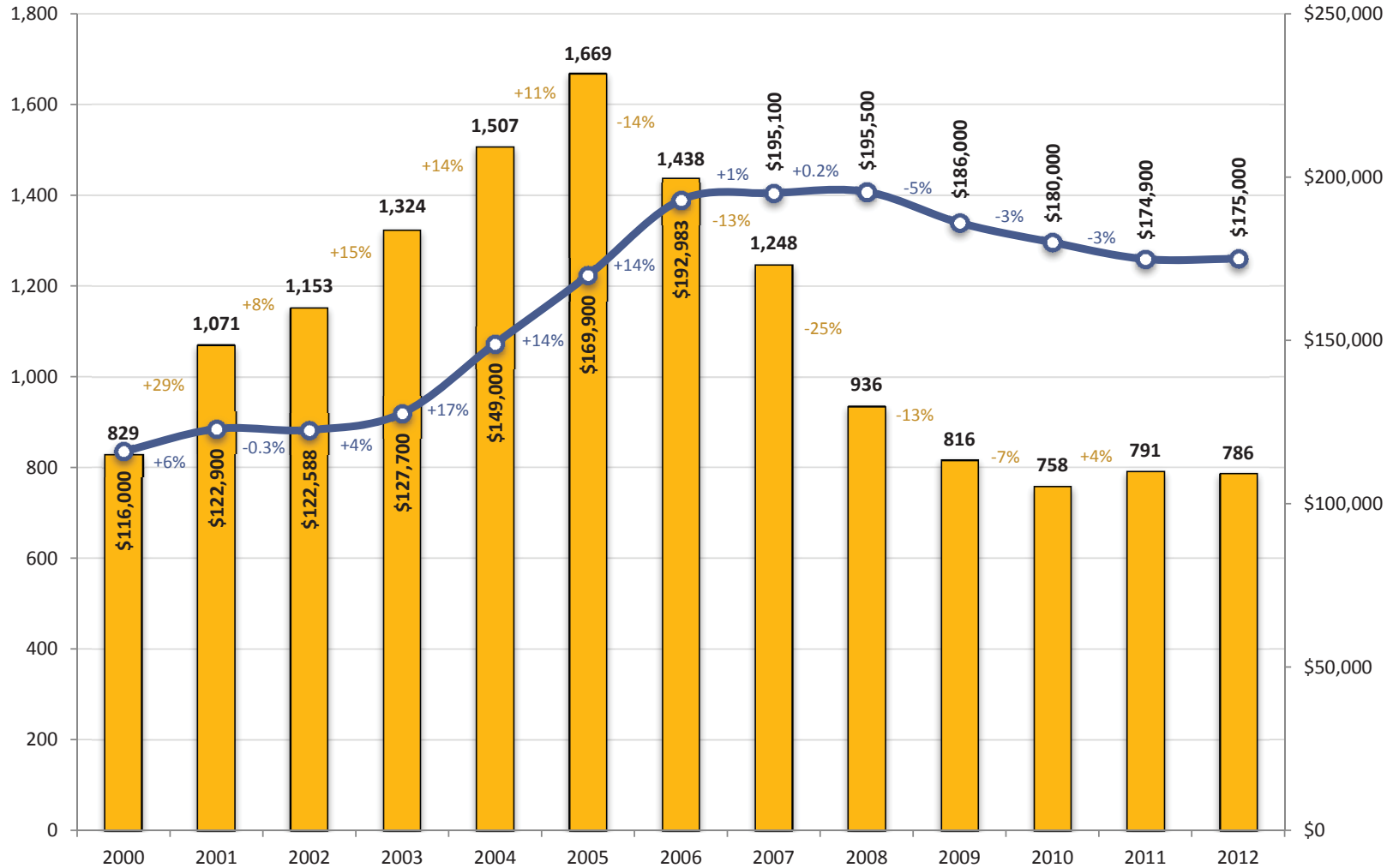


**Inventory levels continue to decline.** The declines in median sales price seen over the past several years are partly due to the imbalance in the market between the number of sellers (too many) and the number of buyers (too few). With an increasing sales pace (see page 3) and inventory declining (see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

but steadily moving towards a more balanced market. We have now seen a 17% decline in inventory over the past 12 months, and an overall 27% decline over the past 24 months. We are likely to see inventory levels continue to taper off over the next several months.



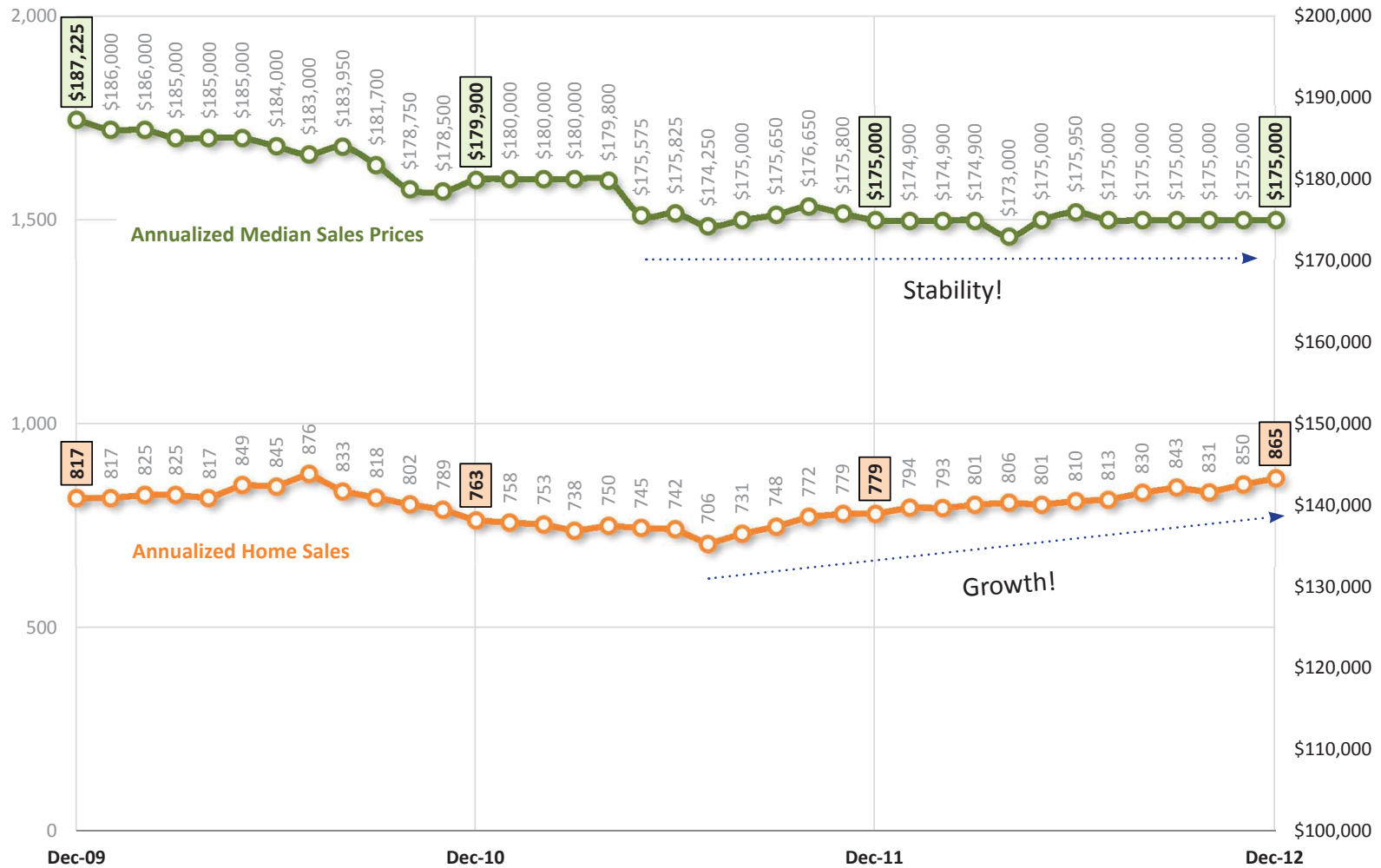
### Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes & Townhomes



**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 with a 4% year-over-year increase. With stronger YTD sales in 2012 (+9.9%) we will likely see further improvement in the pace of home sales this year, and it seems quite possible that home values (as measured by median price) will level off this year around \$175,000.

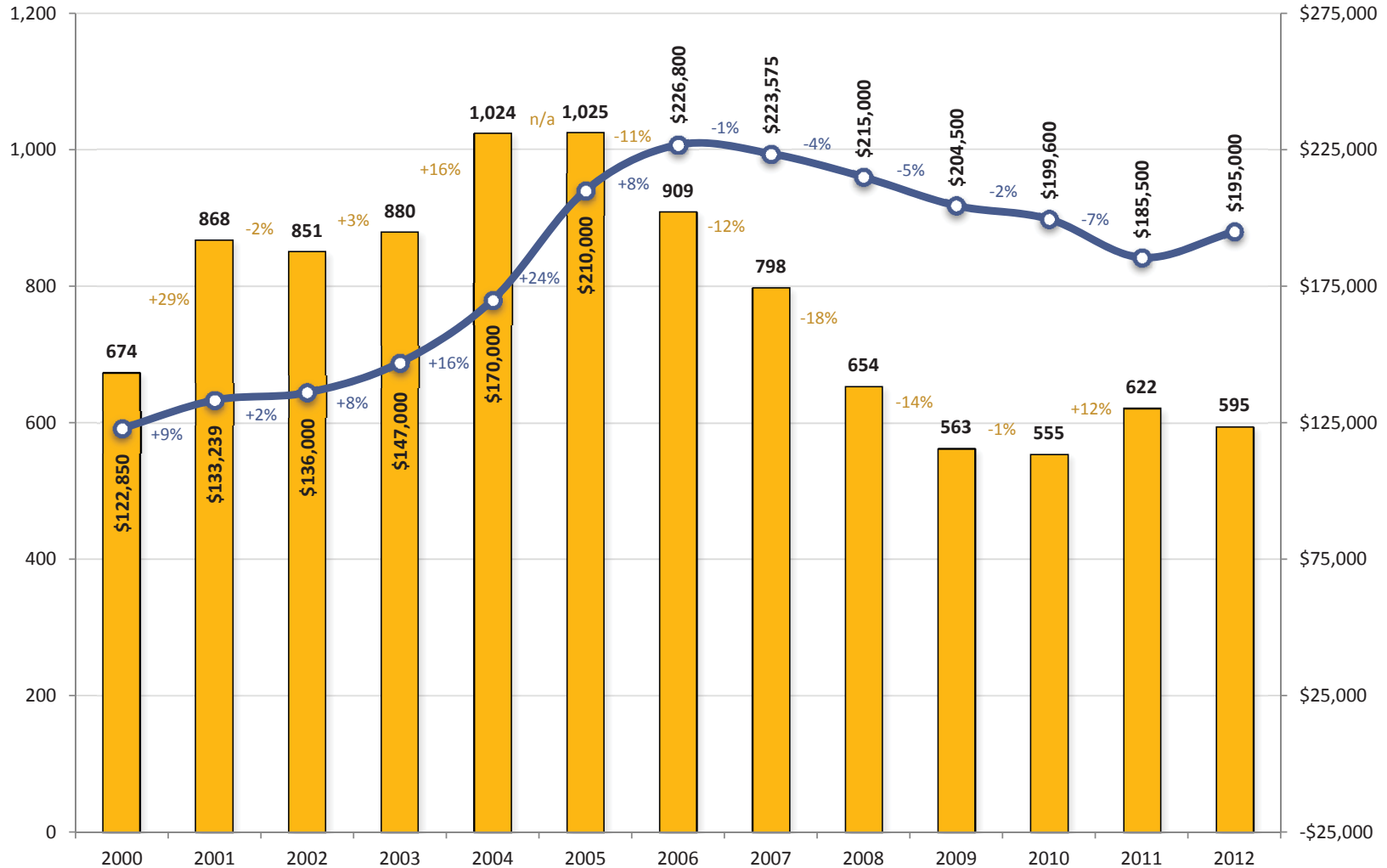
### Harrisonburg & Rockingham County Time-Adjusted Home Sales Trends :: All Homes # Home Sales, Median Sales Price in each 12 Month Period



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

evaluating sales figures on a month-by-month basis. After a slight dip in September, the annualized pace of home sales continues to increase, now to 865 sales per year. Median sales prices continue to stay steadily around \$175,000 --- where they have been for over a year now.

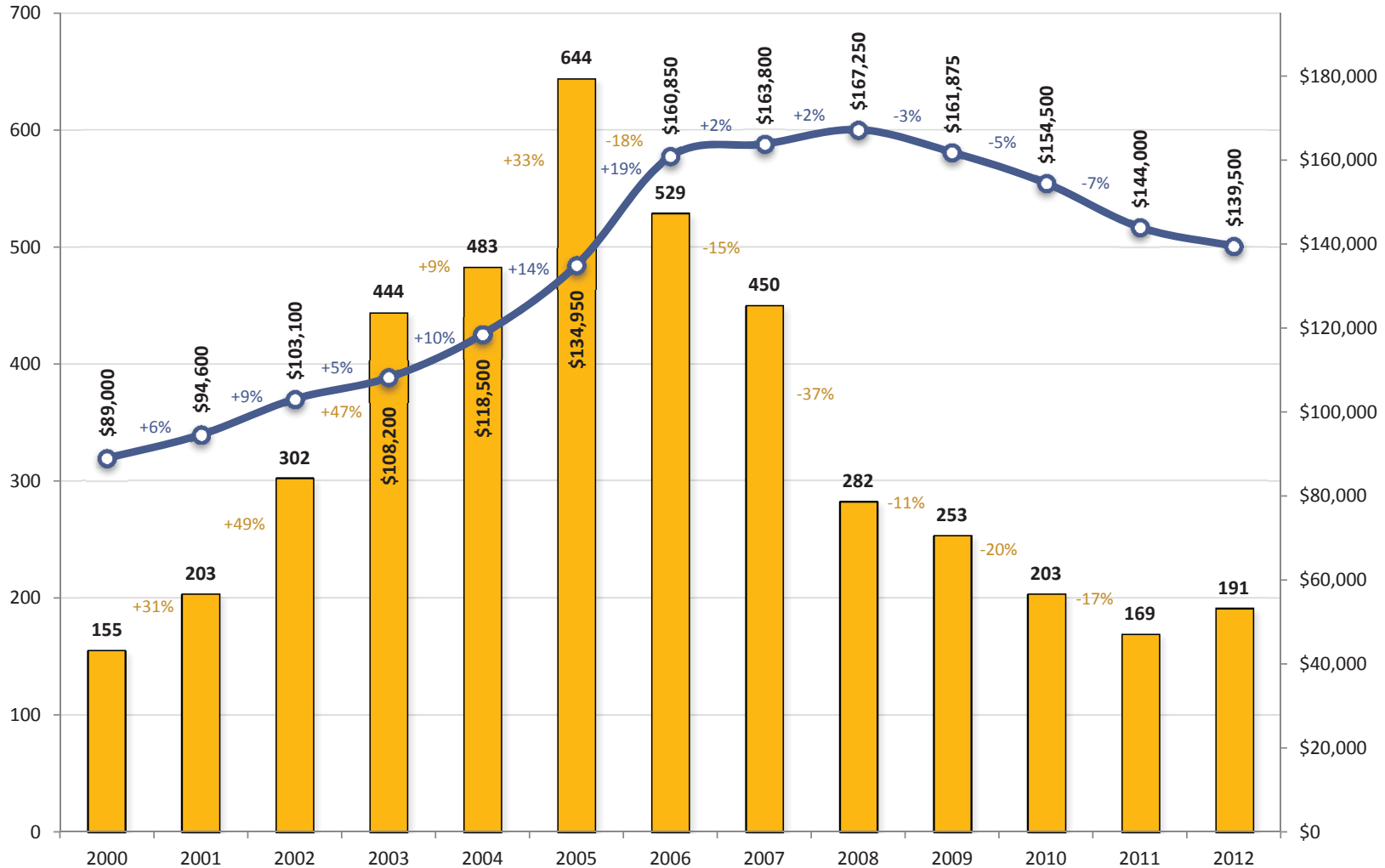
Harrisonburg & Rockingham County  
**Home Sales & Price Trends**  
 Single Family Homes



**Prices of single family homes increase.** The single family home market in Harrisonburg and Rockingham County seems to be recovering quite nicely compared to the overall market. Last year, the pace of home sales in the single family home

market increased by 12% -- nearing 2008 sales levels with 622 sales. Single family homes are performing well again in 2012, and median prices are currently showing an increase from \$185,500 (2011) to \$195,000 for the first eleven months of 2012.

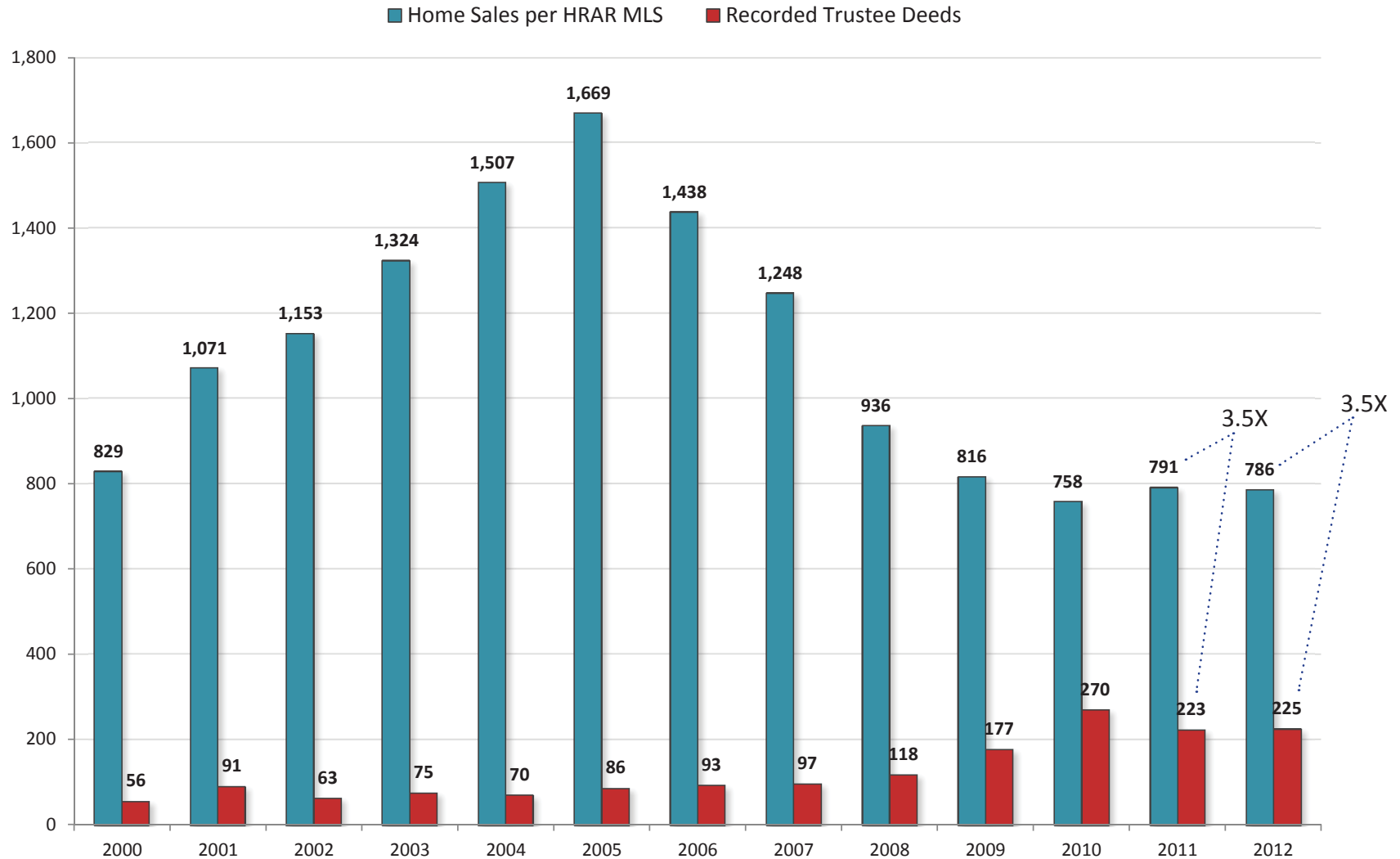
### Harrisonburg & Rockingham County Home Sales & Price Trends Duplexes, Townhomes & Condos



**Townhouse sales picking up pace (compared to last year).** After six years of rapid declines in the pace of townhouse sales in Harrisonburg and Rockingham County, the pace of sales has finally rebounded. There were only 169 townhouse sales

during 2011, and we have already seen 191 townhouse sales in the first eleven months of 2012. This is, of course, with a trade off on prices, which continue to decline, though not quite as rapidly as they had for the past several years.

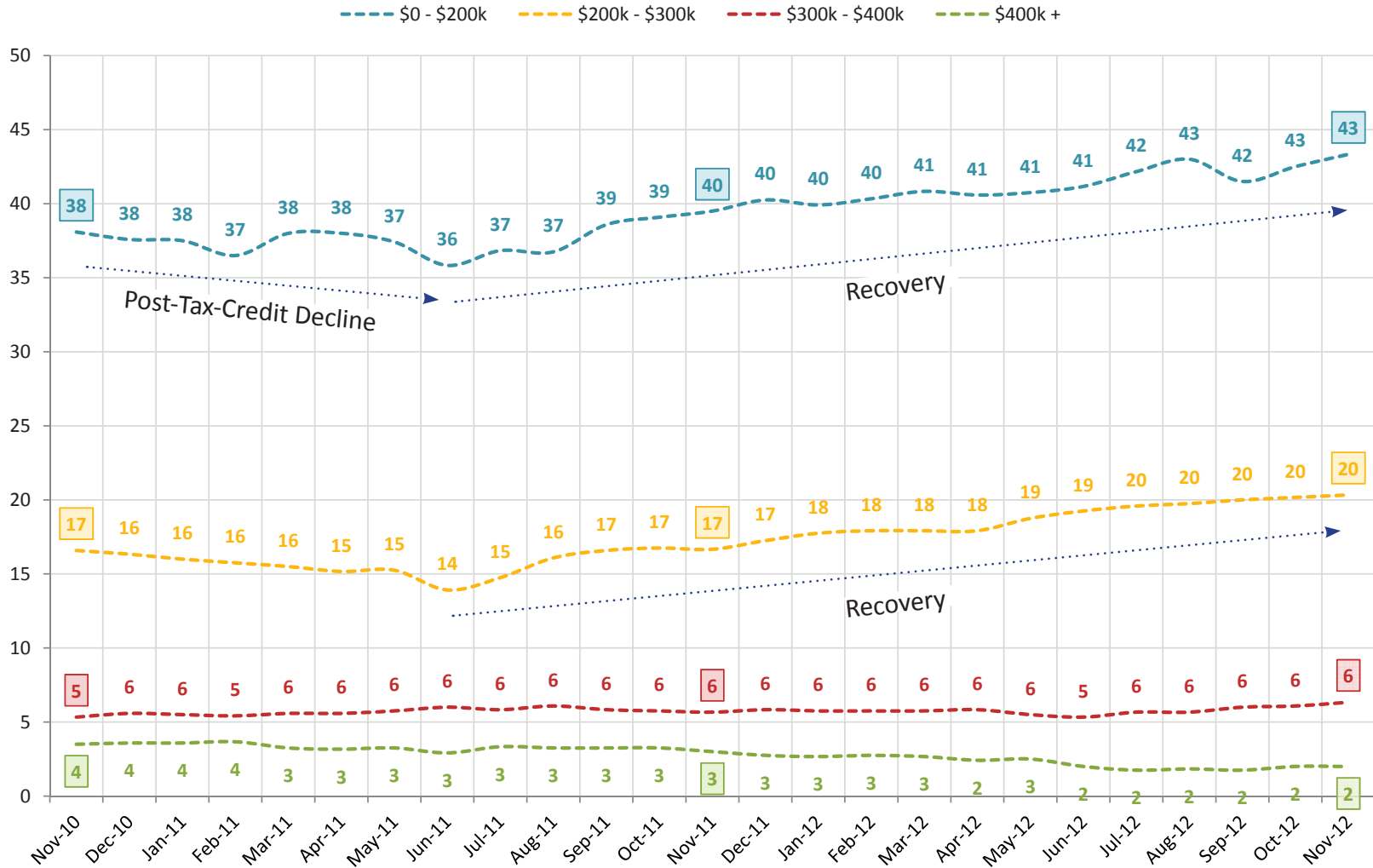
### Harrisonburg & Rockingham County Home Sales vs. Trustee Sales



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

red bars show the number of Trustee Deeds. Some foreclosed properties then show up again as REO properties. The foreclosure rate in 2012 is roughly the same as in 2011, as there were 3.5 times as many home sales as foreclosures during 2011 and 3.5 times as many home sales as foreclosures thus far in 2012.

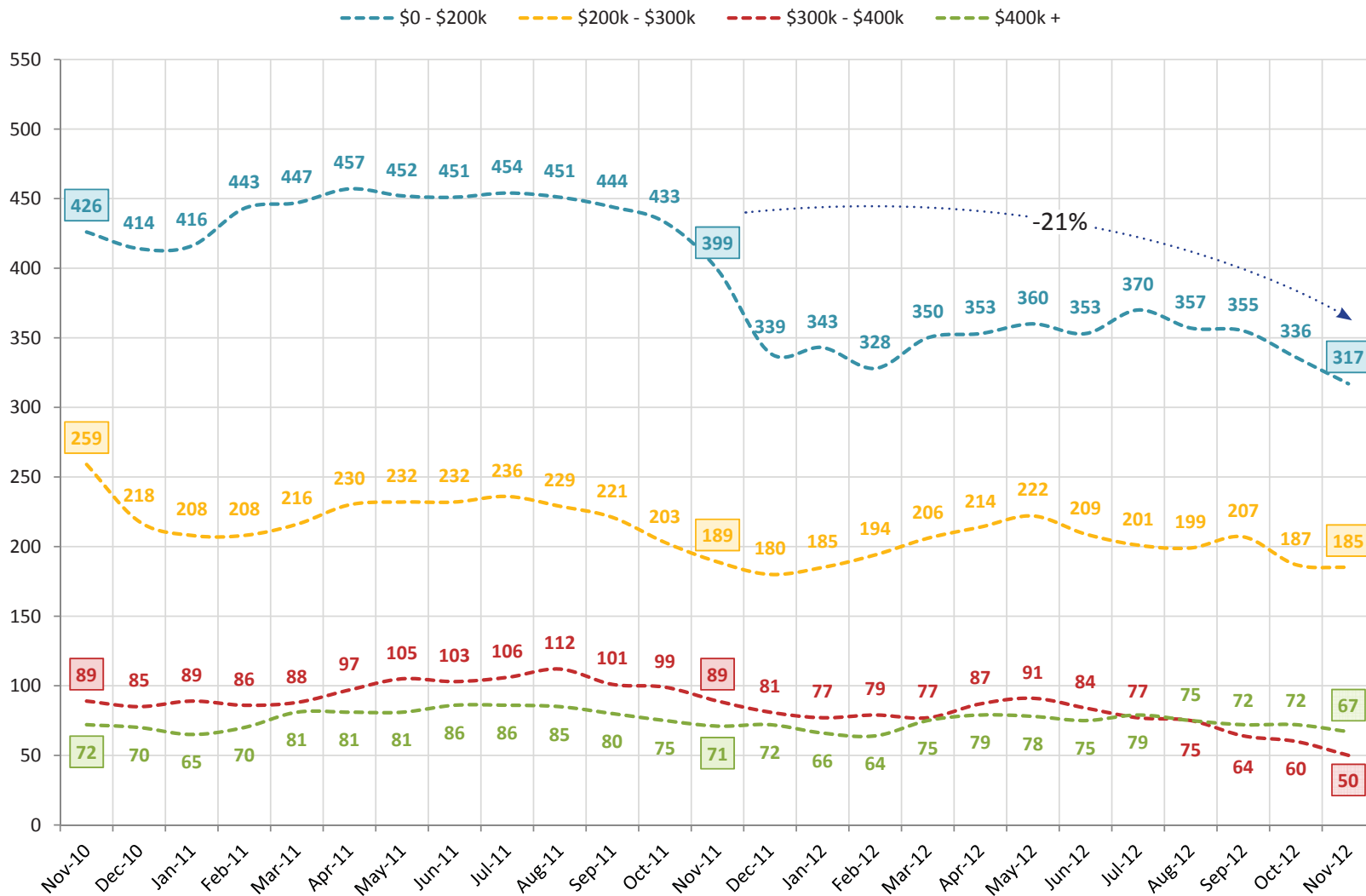
### Harrisonburg & Rockingham County Home Sales by Price Range (Average of Past 12 Months)



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

years. Home sales under \$200,000 have increased for the past year (and then some), as have sales between \$200,000 and \$300,000. The pace of home sales between \$300,000 and \$400,000 has been relatively steady, and the highest price range (\$400,000 and up) has seen slower sales over the past two years.

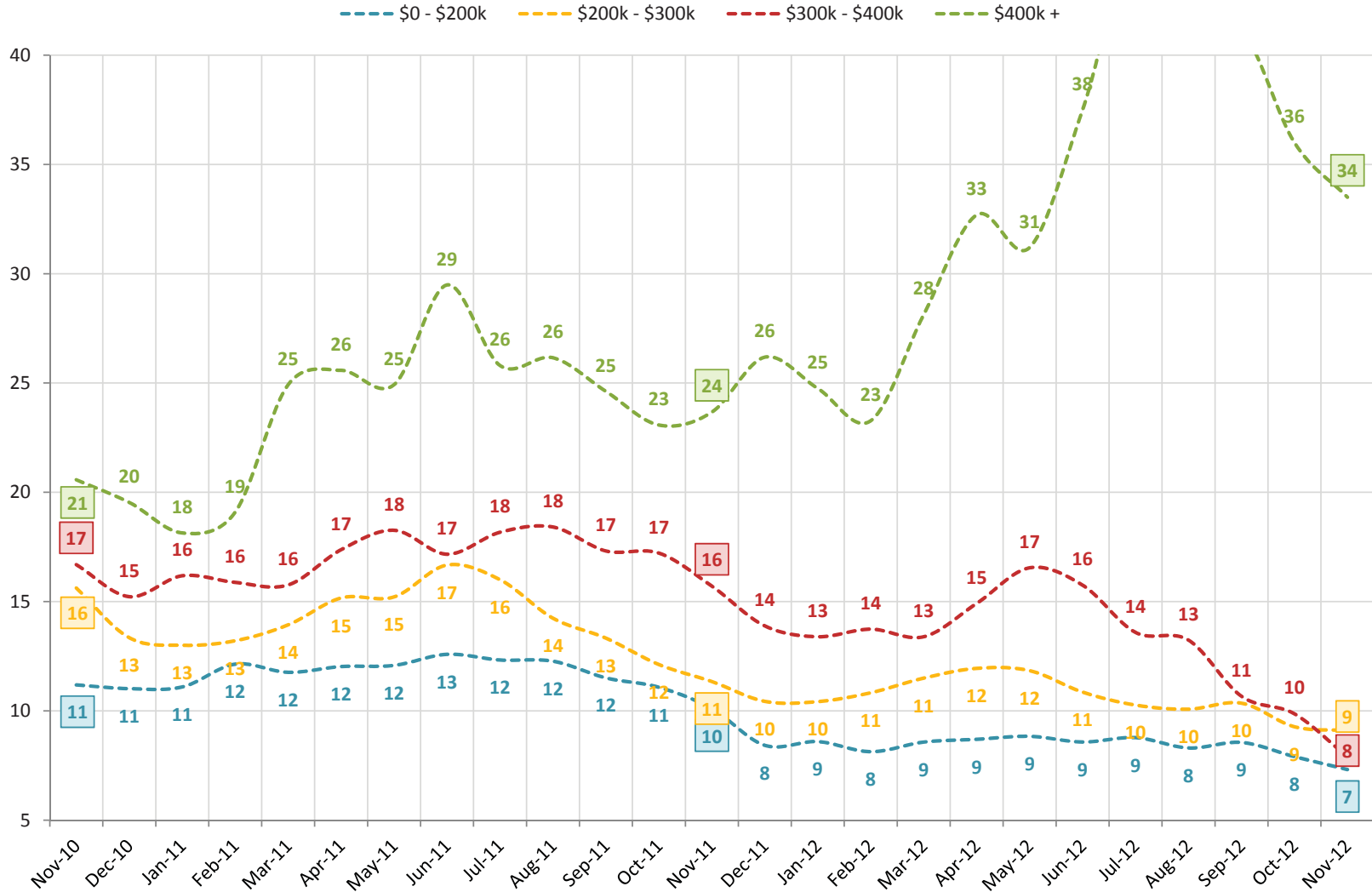
### Harrisonburg & Rockingham County Inventory Levels by Price Range



**Big drop in inventory in lowest price segment.** Inventory levels have declined across the board over the past two years, but the changes have been quite different based on list prices. The most significant change has been in homes under \$200,000 -- just 12 months ago there were 399 such properties for sale, and today there are only

317 for sale -- this marks a 21% decline in inventory. These declines in inventory over the past two years are definitely making a difference in helping to return us to greater balance in the local housing market.

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

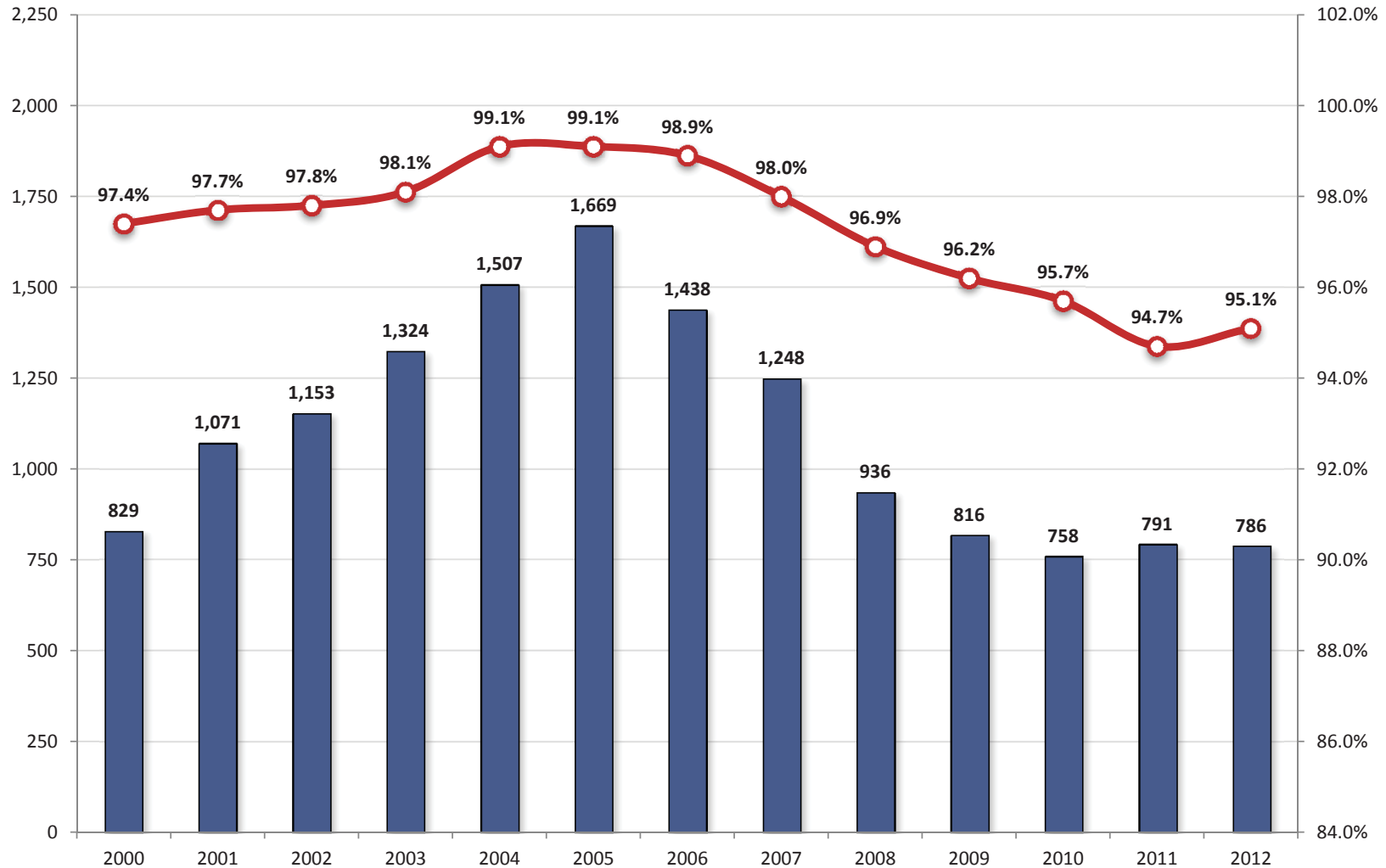


**Housing supply spikes in high price ranges.** With so many homes on the market (lots of sellers) and so few home sales (not so many buyers), there are very high levels of supply in our local real estate market. The graph above illustrates that it would take 34 months to sell all of the homes currently 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 in the market, and it is remarkable to note that we are finally starting to approach that balance in the under \$200K market.



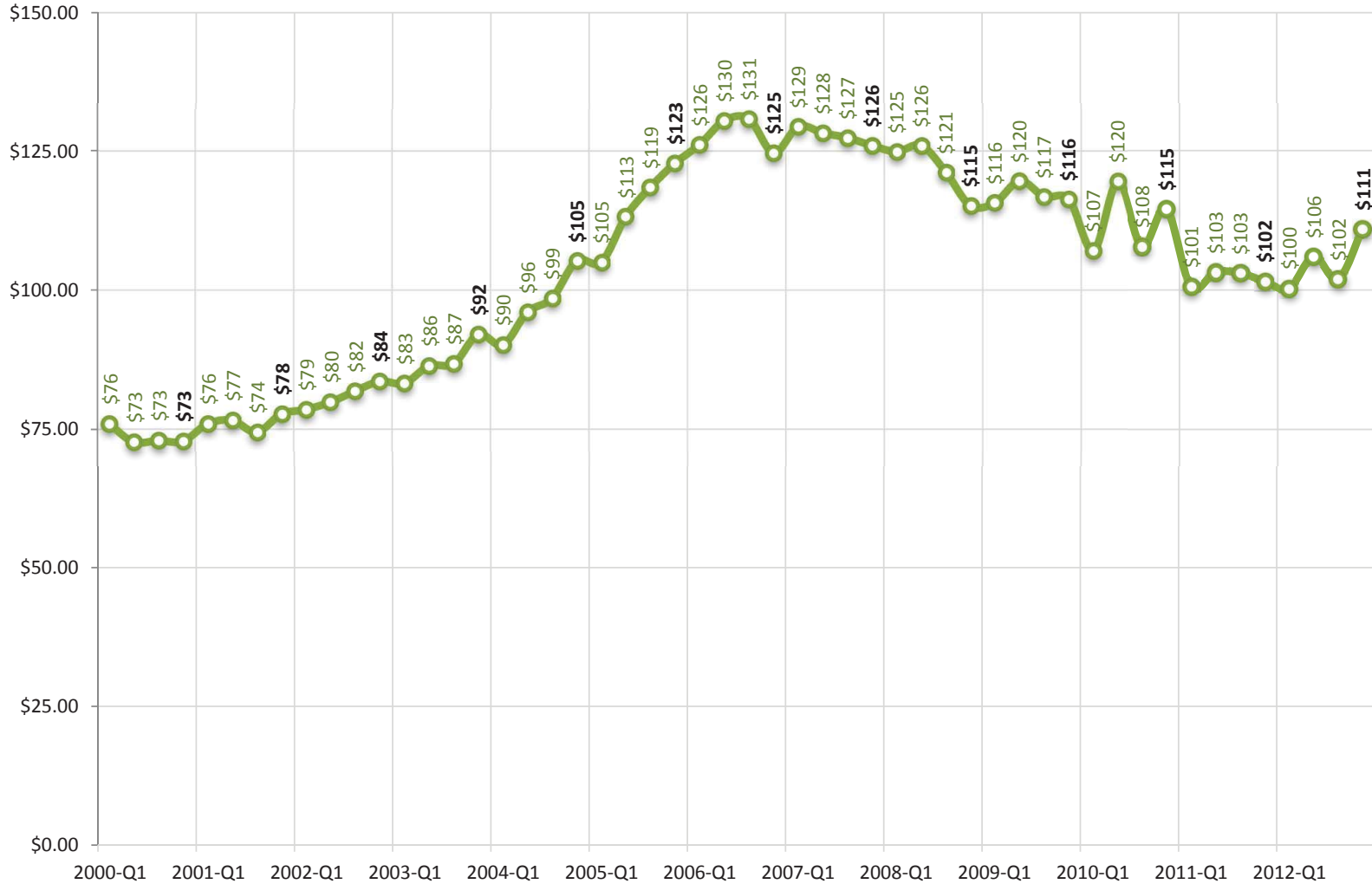
Harrisonburg & Rockingham County  
**List Price to Sales Price Ratio**  
 within the context of Home Sales Pace



**Buyers experiencing slightly less flexibility on pricing.** This graph shows the average list price to sales price ratio (red line) over the past 12+ years as compared to the overall pace of home sales. At the peak of the housing boom (2004-2006) sellers were able to obtain an average of 99% of their asking price --- up from an average

of 97.4% in 2000 before home sales started escalating. Last year may have offered the most flexibility for buyers --- with homes selling at an average of 94.7% of their asking prices --- this metric now shows an improvement to 95.1% of the asking price for home sales during the first ten months of 2012.

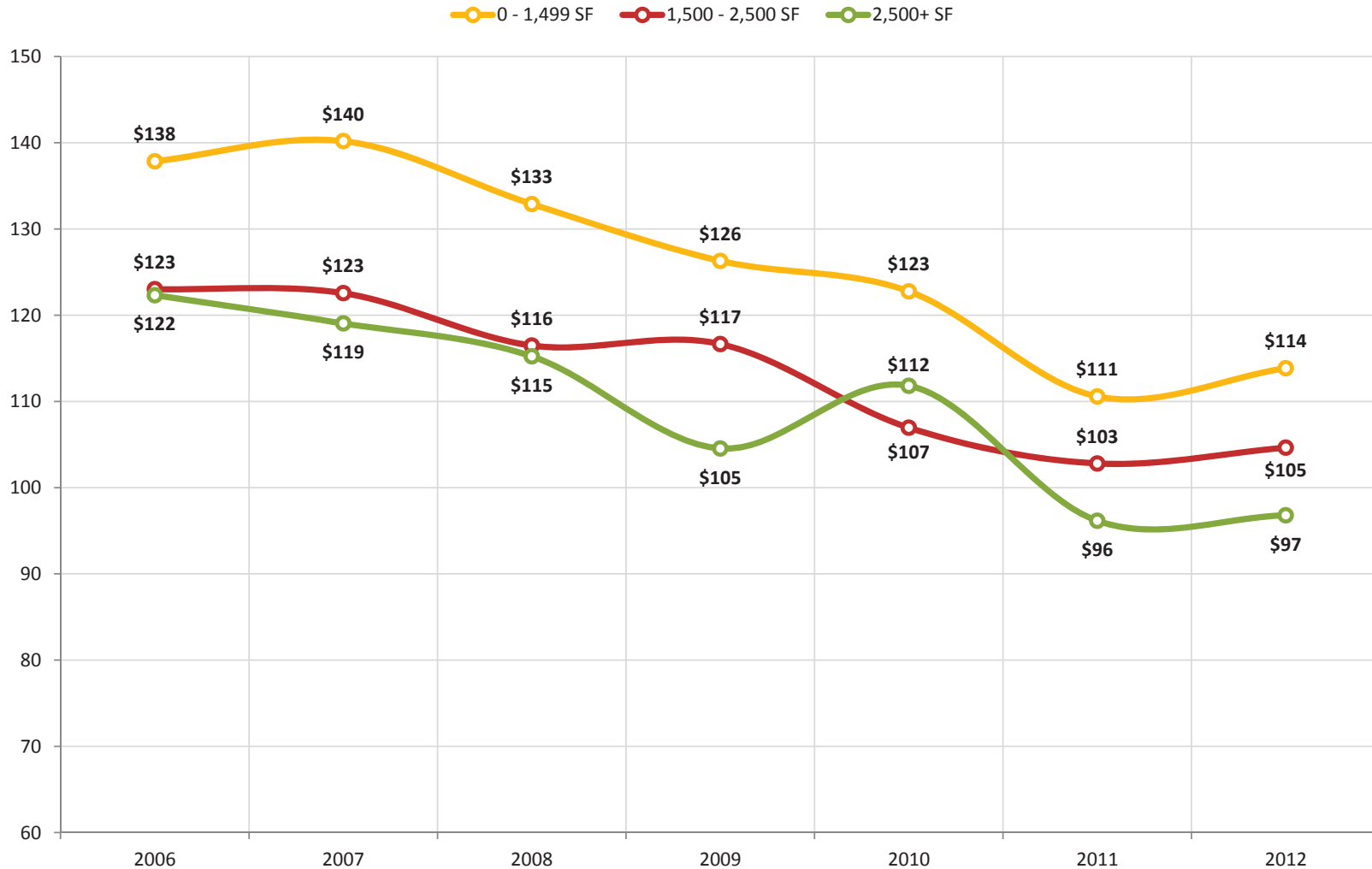
Harrisonburg & Rockingham County  
**Median Price Per Square Foot Trends**  
 Single Family Homes



**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. Of late, however, the price per square foot has shown signs of stabilization.

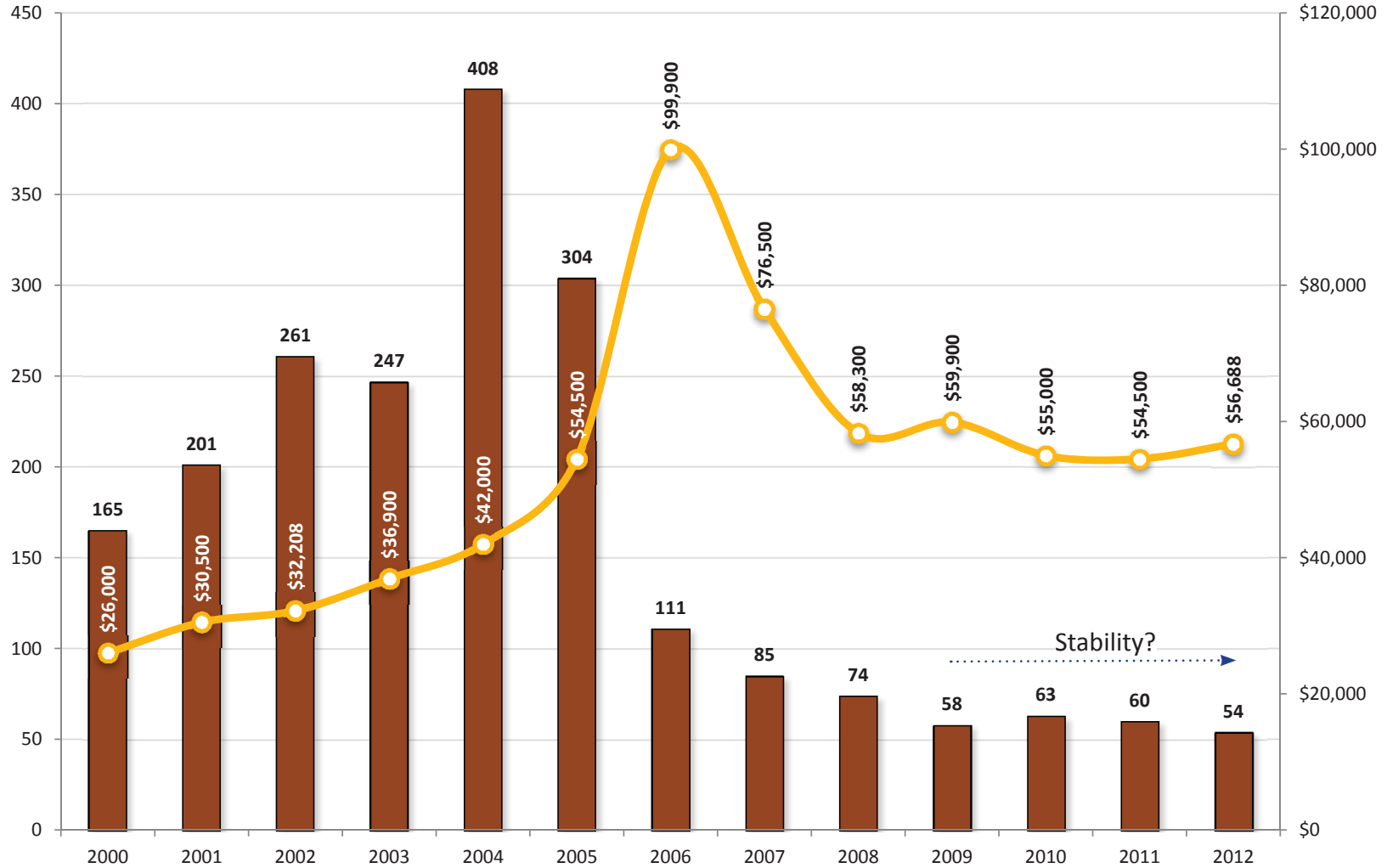
Harrisonburg & Rockingham County  
**Median Price Per Square Foot by Home Size**  
 Single Family Homes



**Prices edge up in all price ranges.** Price per square foot of single family homes certainly varies for many reasons, including the age, location, lot size and structural characteristics of each home sold. However, there are some similarities in homes of a similar size. This graph illustrates that the median price per square foot of

larger homes (2500+ SF) is a good bit lower (\$97/SF) than homes that offer less than 1500 SF (\$114/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.

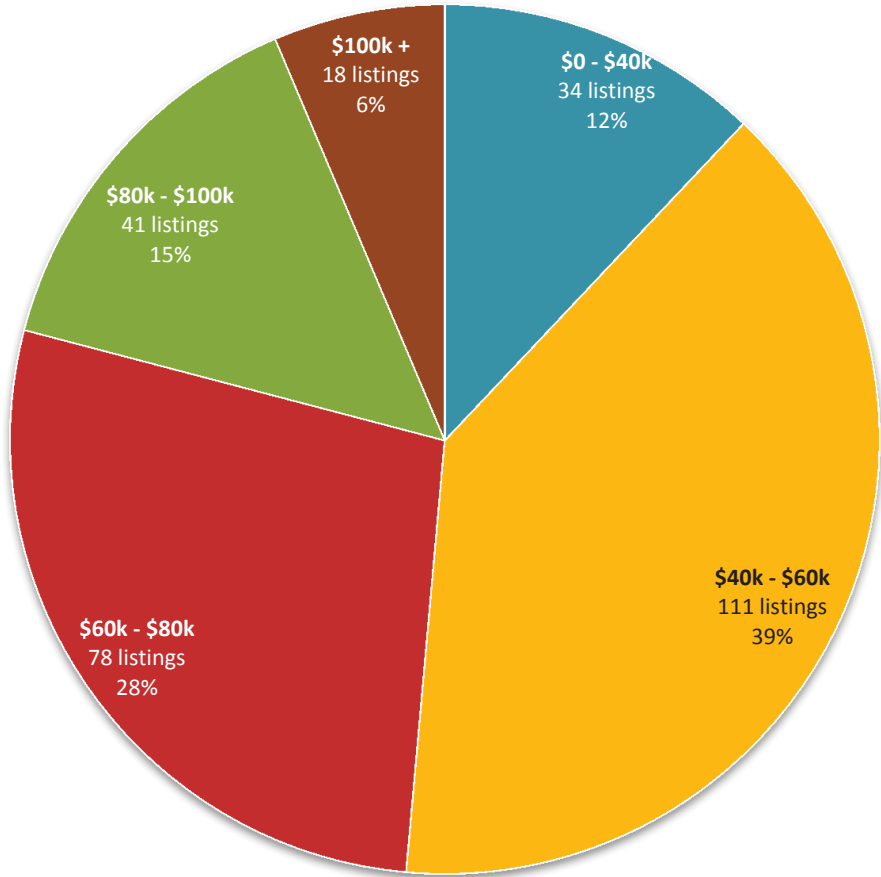
Harrisonburg & Rockingham County  
**Lot Sales & Median Prices**  
 less than 1 acre



**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 in 2011. In 2009, there were 58 lot sales of less than an acre, in

2010 that increased to 63 sales, and 2011 finished out with 60 sales. The median sales price of these lots under one acre may also be stabilizing between \$55,000 and \$60,000.

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

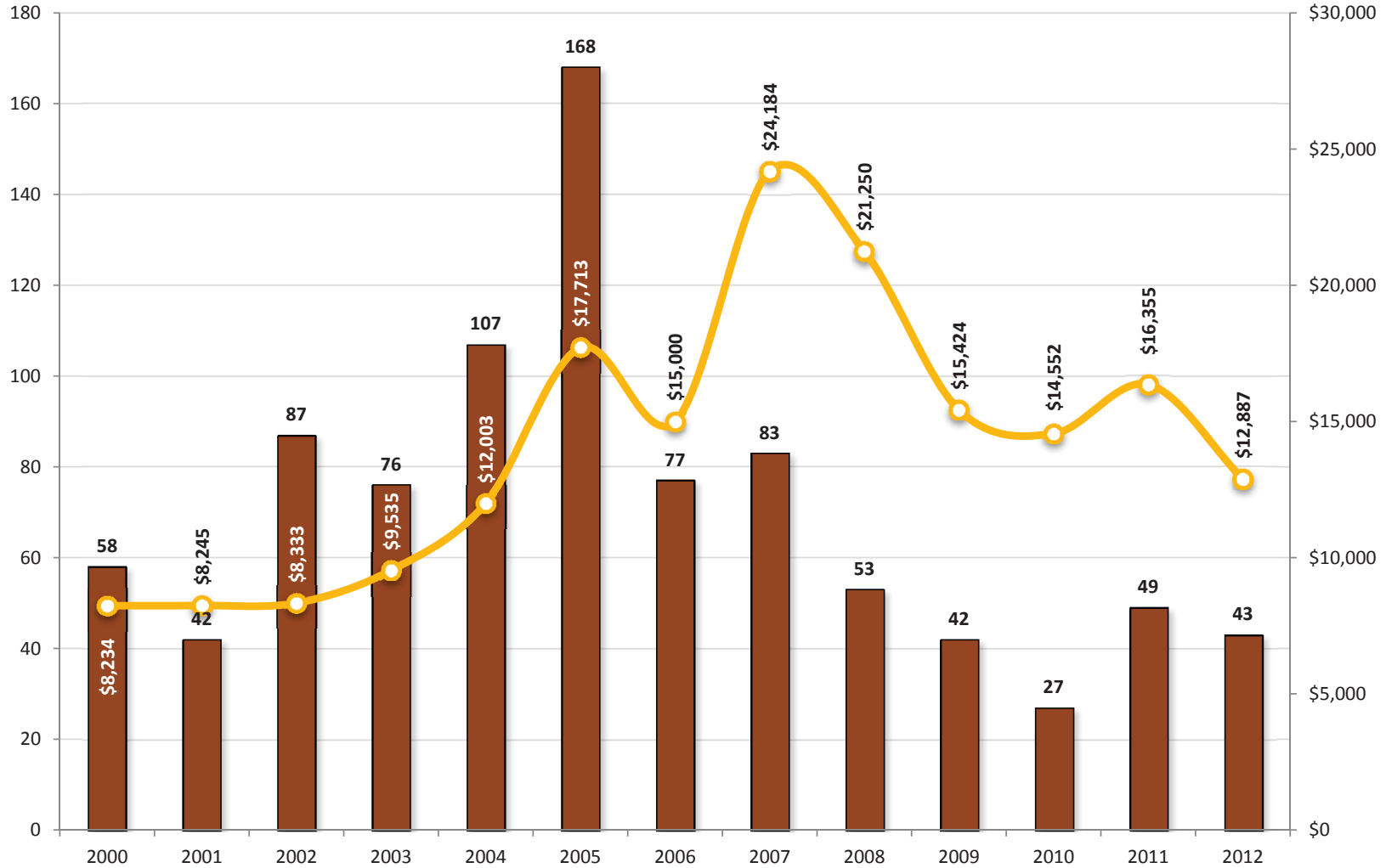


**282 Active Lot Listings; Median List Price: \$60,000**

**Many (many) lots for sale.** Despite the fact that only 60 lots (of less than an acre) sold in all of 2011, there are a remarkable 282 lots currently for sale. Some sanity exists in this listing market, however, as the median list price of lots for sale (\$60,000) is only slightly higher than the 2012 YTD median sales price of \$56,000. Given last

year's 60 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.

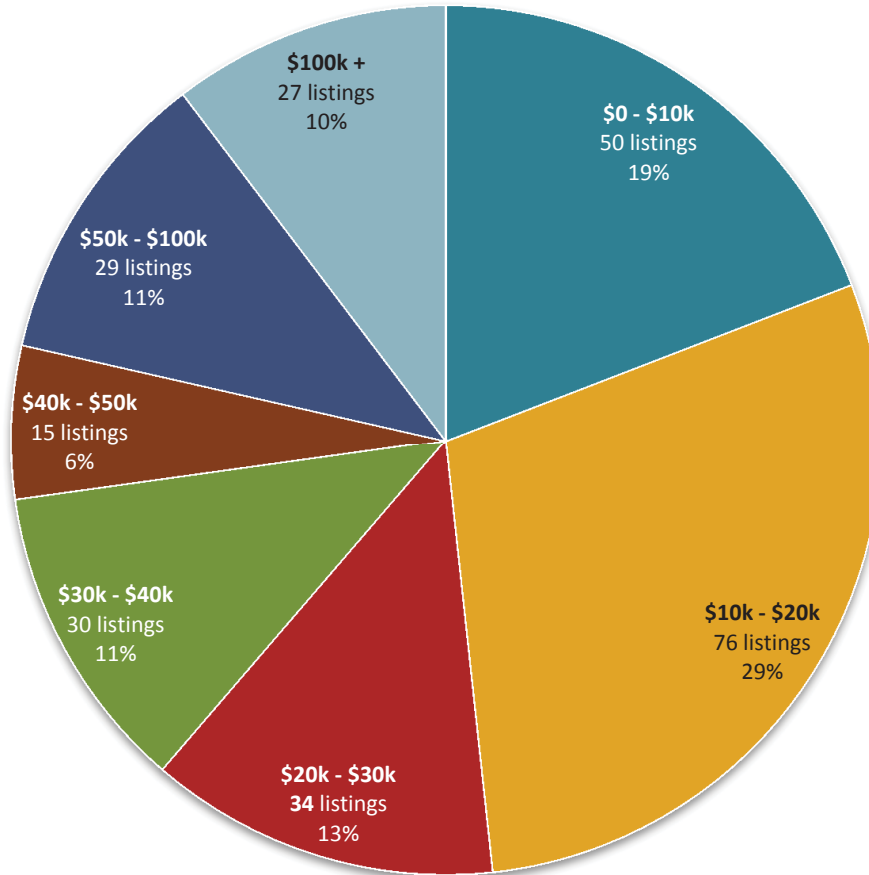
Harrisonburg & Rockingham County  
**Land Sales & Median Price Per Acre**  
 1 acre or more



**Larger lot sales to slow again in 2012?** Parcels of land larger than one acre in Harrisonburg or Rockingham County sold quite quickly in 2011 as compared to both 2009 and 2010. During all of 2010, only 27 such land sales were recorded in the HRAR MLS, but there were a total of 49 such sales during 2011. This increase in the

pace of sales is very likely causing the increase in median price per acre that was experienced between 2010 and 2011. This year, however we are seeing a slightly slower pace (43) of sales, and the median price per acre has fallen back down to \$12,887.

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

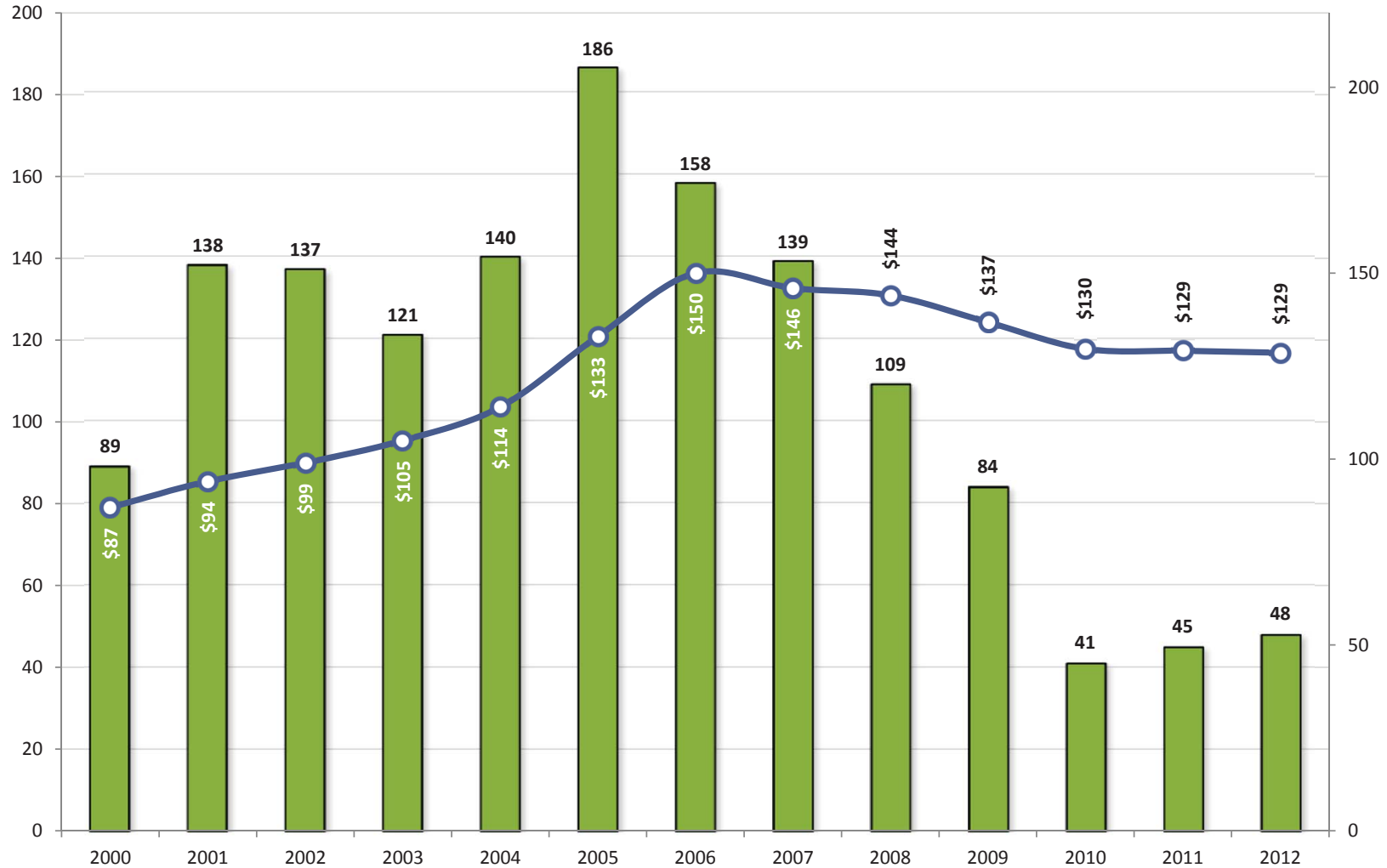


**261 Active Land Listing; Median List Price: \$21,600 / Acre**

**High (really high) levels of lot inventory.** Despite the fact that only 49 parcels of land (of one acre or more) sold in all of 2011, there are a remarkable 261 parcels of land currently for sale. Furthermore, despite the fact that the median sales price of land is hovering around \$13,000 per acre, the median list price of the 261 parcels

for sale is currently \$21,600 per acre. Given last year's 49 land sales, if no other land is listed for sale, it would take over five 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

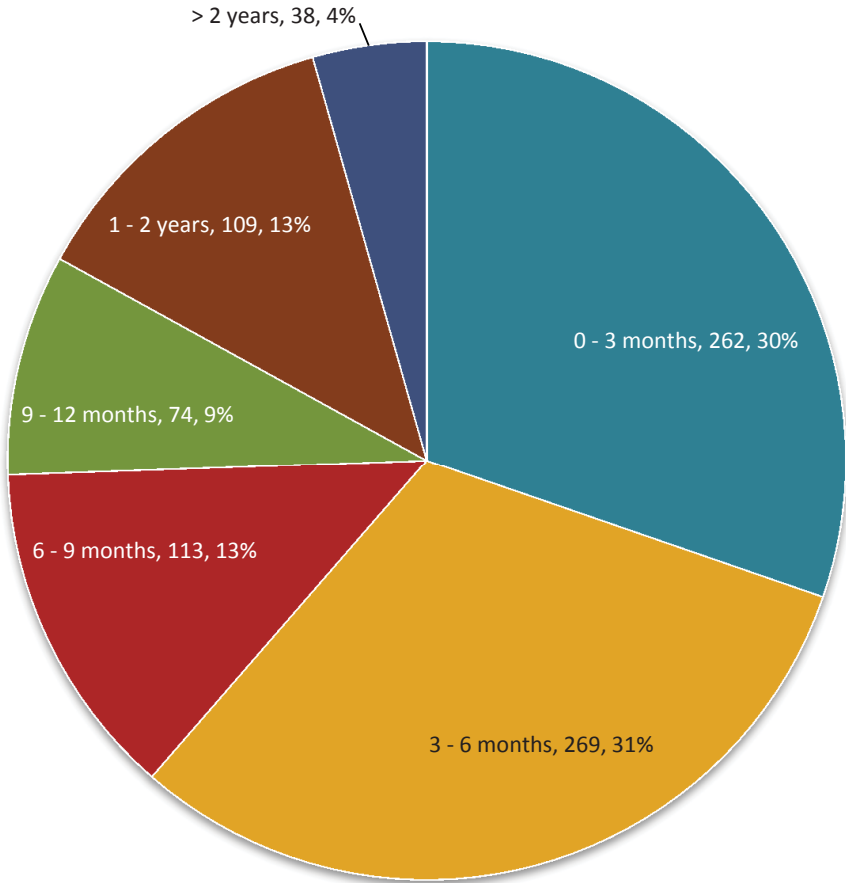


**New home sales stabilizing, prices steady.** New home builders finally saw an increase in the pace of new home sales during 2011 -- after a steady decline since 2005. This small increase (42 to 45), however, still leaves plenty of room for improvement -- though we have seen a further increase in 2012. The median price

per square foot is also showing signs of steadying, with only a very small decline between 2010 and 2011 (and no decline in 2012). As the inventory of re-sale homes slims down, the sales of new homes should continue to increase.

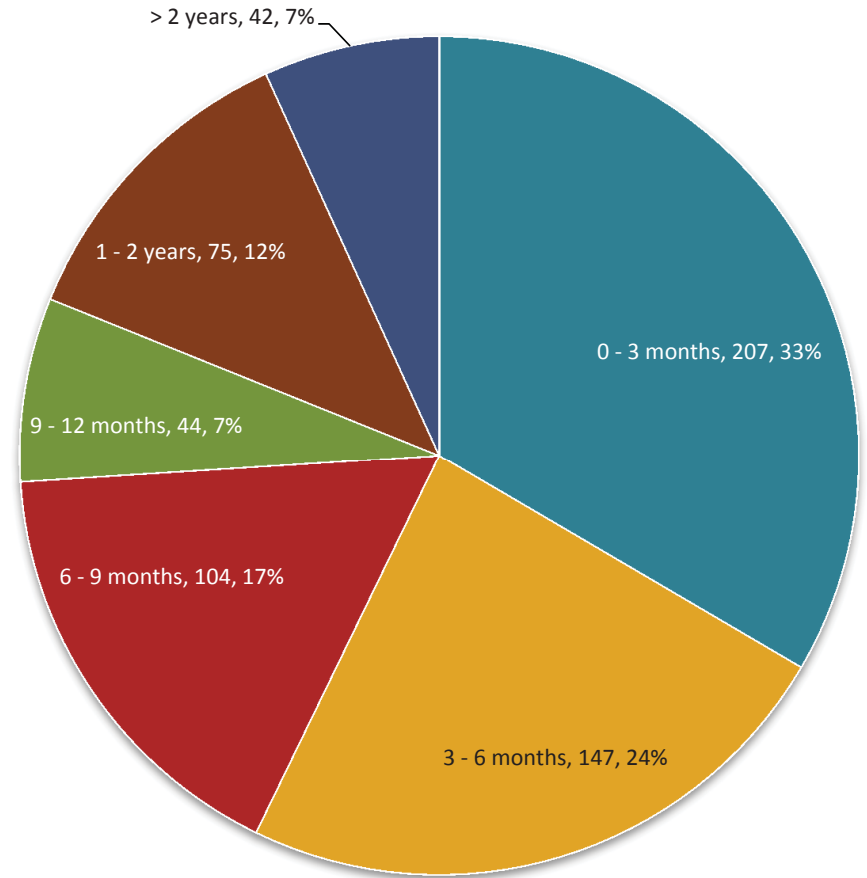


### Harrisonburg & Rockingham County Days on Market Analysis Residential Listings Sold in the Past 12 Months



**Average Days On Market: 220**

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

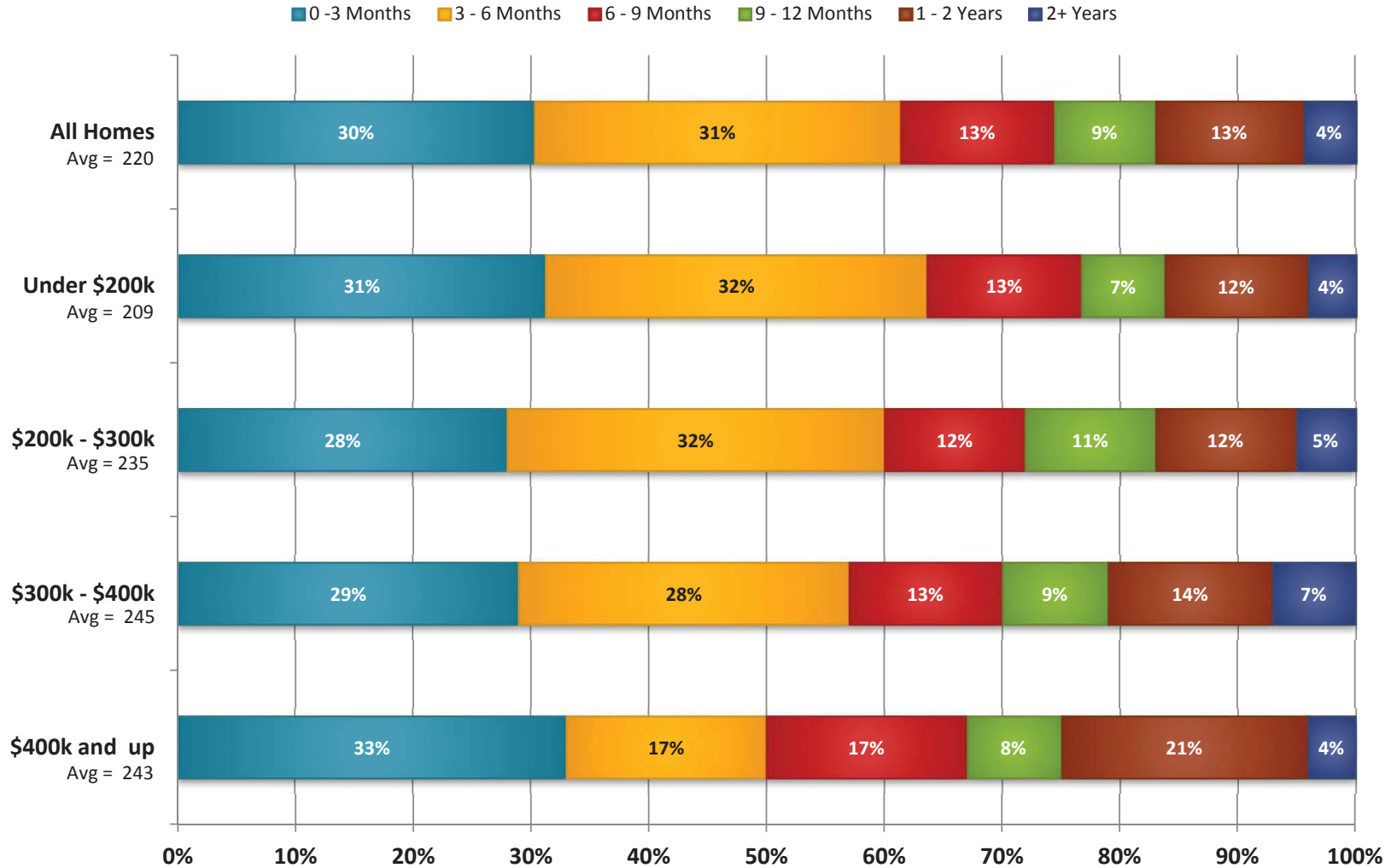


**Average Days On Market: 247**

**Days on market relatively low amongst many homes that actually slow.** Despite high inventory levels, and low numbers of buyers in the market, the homes that are actually selling are selling rather quickly. In fact, nearly 1 out of 3 homes (30%) 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 61% 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

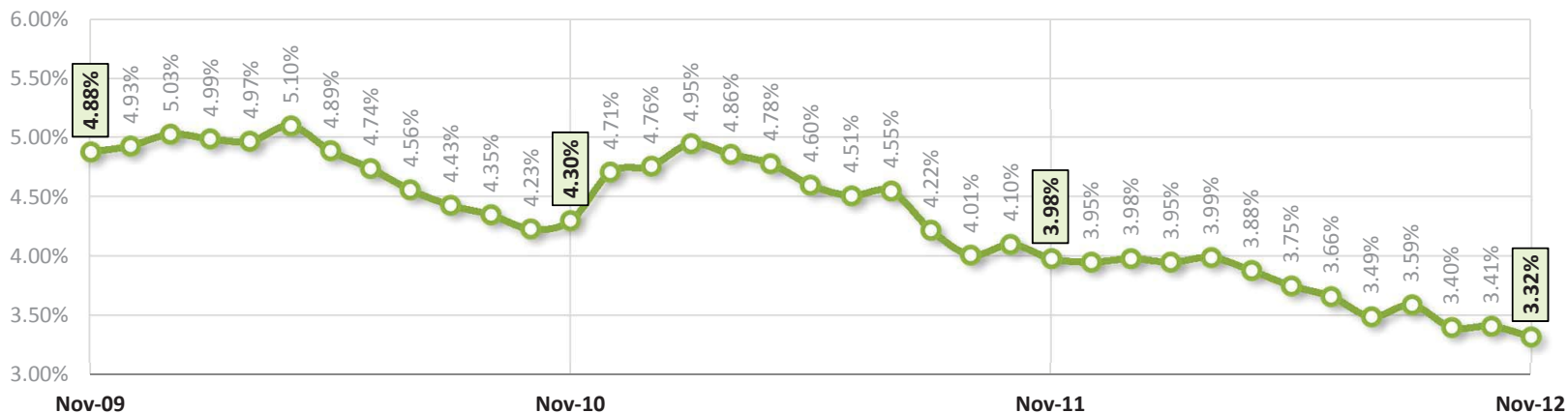


**Sales pace varies by price range.** The time that it takes to sell a home in today's market varies based on the price range of the home in question. For example, 63% of homes that sold under \$200K sold in the first six months of being on the

market, while only 50% of homes over \$400,000 were able to sell in that same time period.

### Average 30-Year Fixed Mortgage Interest Rate

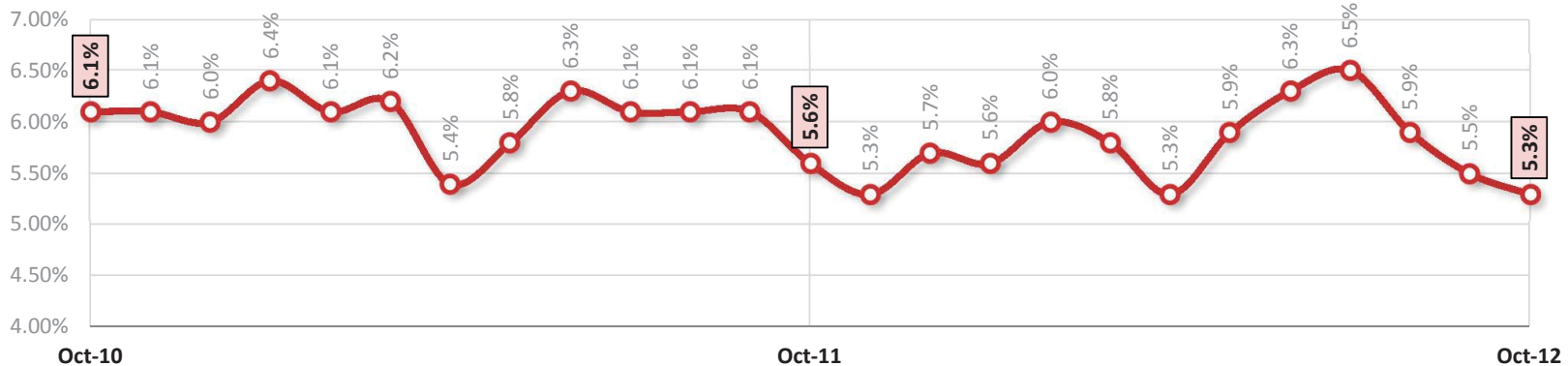
Source: Freddie Mac



### Harrisonburg-Rockingham MSA

### Unemployment Rate

Not Seasonally Adjusted



**Mortgage rates, unemployment levels continue to decline.** As shown in the top graph above, home buyers continue to find amazingly low interest rates on 30-year fixed rate mortgages. After a brief spike in August 2012, average interest rates are now back to their pattern of breaking all-time historic lows, with a current average

of 3.32%. The second graph above illustrates trends in the local unemployment rate -- which dropped yet again in October, down to 5.3% --- the lowest level on record in the past two years.

## Scott P. Rogers, Associate Broker



Scott P. Rogers, an Associate Broker with Funkhouser Real Estate Group, 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 sellers of luxury homes and builder/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).

In both 2010 and 2011, 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 Home Communities**  
<http://www.HarrisonburgNewHomes.com>

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

**Bank Owned Properties in Harrisonburg & Rockingham**  
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