



APRIL 2013

Harrisonburg & Rockingham County Real Estate Market Report



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



Upscale, Five Bedroom Home in Magnolia Ridge with Many Upgrades 1920MarigoldCircle.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: March

67 homes sold in March 2013, showing a 1.5% increase over March 2012 when 66 homes sold -- and a 10% increase over March 2011 when 61 homes sold.

Home Values: March

Median sales prices increased 13% and average sales prices increased 17% when comparing March 2013 to March 2012.

Days on Market: March

The median time it took for a home to sell was 120 days in March 2013, a 27% decline from 165 days in March 2012 and a 18% decline from the 147 day median in March 2011.

Foreclosures

43 trustee deeds were recorded thus far in 2013 compared to 180 total home sales reported through the HRAR MLS during the same timeframe.

Inventory

Inventory levels declined during March 2013 to 599 residential properties currently for sale, down 6 homes from one month ago, and down 109 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

180 homes sold in the first three months of 2013. This marks a 19% increase from the first three months of 2012 when only 151 homes had sold.

Home Values: Year To Date

Median sales prices increased 6% and average sales prices declined 2% 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 three months of 2013 was 158 days, a 13% decline as compared to the first three months of 2012.

Supply

All price ranges still show an excess of housing supply, with 6 months under \$200k, 9 months between \$200k and \$300k, 9 months between 300k and \$400k, and 35 months above \$400k.

Price Per Square Foot

Median price per square foot of single family homes has declined to \$98/sf in the first quarter of 2013, as compared to \$108/sf in the 4th quarter of 2012.

Buyer Activity

114 buyers committed to buy in March 2013, compared to only 87 in March 2012 -- which marks a 31% increase.

Single Family Home Sales

143 single family homes sold thus far in 2013, compared to a total of 641 in 2012. The median sales price has declined to \$184,375.

Townhouse Sales

37 townhouses sold thus far in 2013, compared to a 2012 total of 223 townhomes. The median townhome sales price has decreased to \$127,500 from \$134,995 in 2012.

Lot Sales

There have been 15 lot sales of less than an acre in 2013, compared to 61 in all of 2012. Median sales prices have declined to \$45,900 thus far in 2013 as compared to \$56,875 in 2012.

Land Sales

9 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 declined to \$8,726 in 2013.

HOME SALES REPORT

Harrisonburg & Rockingham County

April 10, 2013

# Home Sales	2010	2011	2012	2013	% Change ('11 - '12)
March	49	61	66	67	1.52%
2013 YTD (Jan-Mar)	147	139	151	180	19.21%

Median Sales Price	2010	2011	2012	2013	% Change ('11 - '12)
March	\$194,000	\$157,900	\$157,250	\$177,500	12.88%
2013 YTD (Jan-Mar)	\$175,000	\$164,000	\$165,000	\$175,000	6.06%

Average Sales Price	2010	2011	2012	2013	% Change ('11 - '12)
March	\$240,354	\$172,048	\$169,944	\$198,982	17.09%
2013 YTD (Jan-Mar)	\$211,078	\$183,327	\$186,450	\$190,935	2.41%

Median Days on Market	2010	2011	2012	2013	% Change ('11 - '12)
March	146	147	165	120	-27.27%
2013 YTD (Jan-Mar)	138	160	182	158	-13.19%

Home Sales, Prices On The Rise. While home sales in March 2013 (67) only exceeded March 2012 sales by one home, this was the the fastest pace of March sales seen in the previous three years, and contributed to a 19% year-to-date improvement in the pace of home sales. This strong surge of buyer activity in the early months of 2013

has been accompanied by increasing (+6%) median sales prices and declining (-13%) median days on market. All three of these indicators (closed sales, median prices, median days on market) are indicators that we are seeing continued strength in our local housing market.

HOME SALES REPORT :: BY AREA

	City of Harrisonburg			Rockingham County		
# Home Sales	2012	2013	% Change	2012	2013	% Change
March	32	27	-15.63%	34	40	17.65%
Year-To-Date	56	56	0.00%	95	124	30.53%

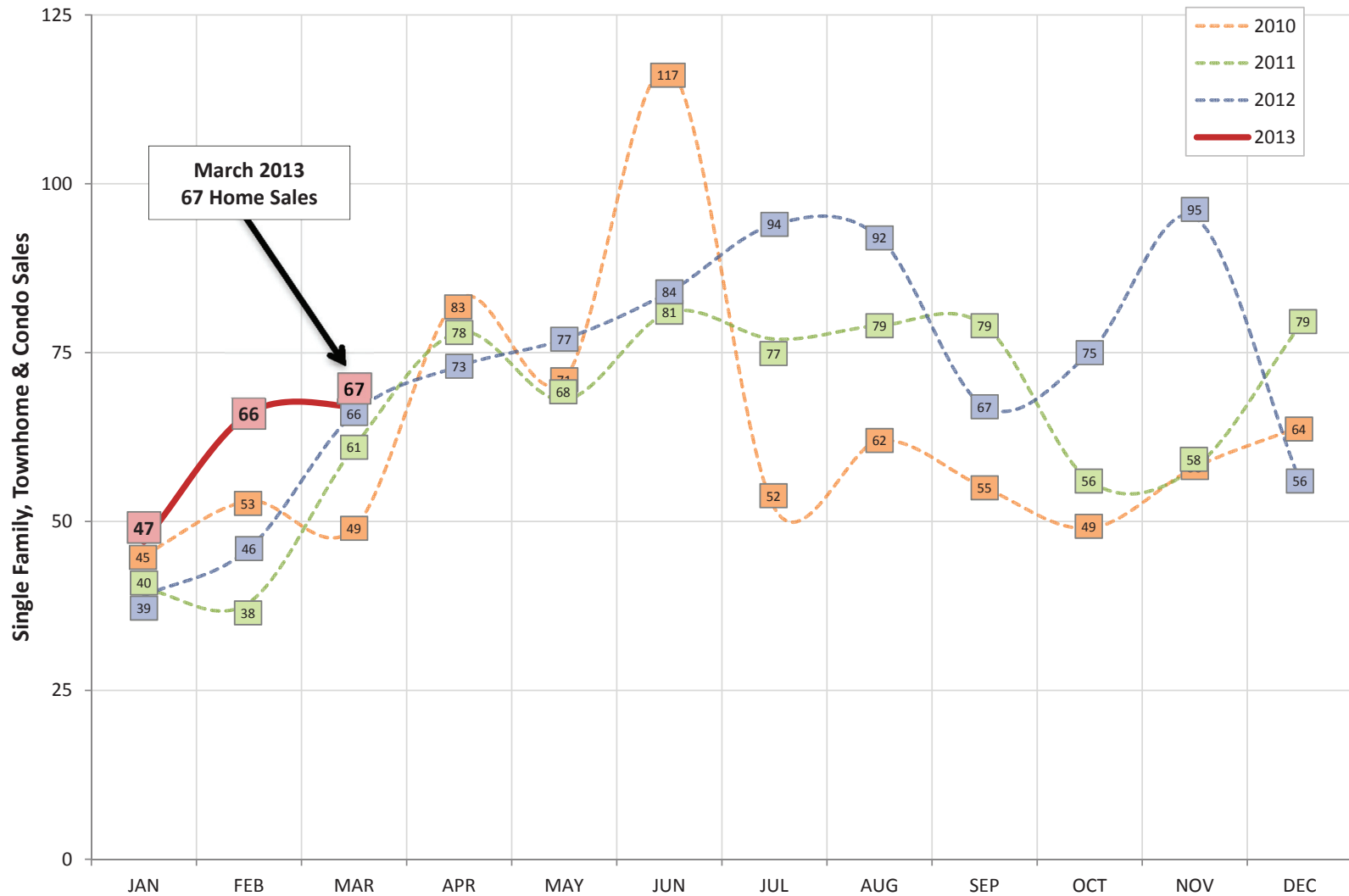
	City of Harrisonburg			Rockingham County		
Median Sales Price	2012	2013	% Change	2012	2013	% Change
March	\$156,250	\$144,500	-7.52%	\$157,900	\$189,438	19.97%
Year-To-Date	\$156,250	\$153,063	-2.04%	\$170,000	\$179,950	5.85%

	City of Harrisonburg			Rockingham County		
Median Days on Market	2012	2013	% Change	2012	2013	% Change
March	205	100	-51.22%	157	150	-4.46%
Year-To-Date	191	122	-36.13%	178	175	-1.69%

Sales stronger and prices 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 no change in the pace of YTD sales, and a 2% decline in median values, while during the same time frame the pace of County sales increased 31% and median prices increased 6%.

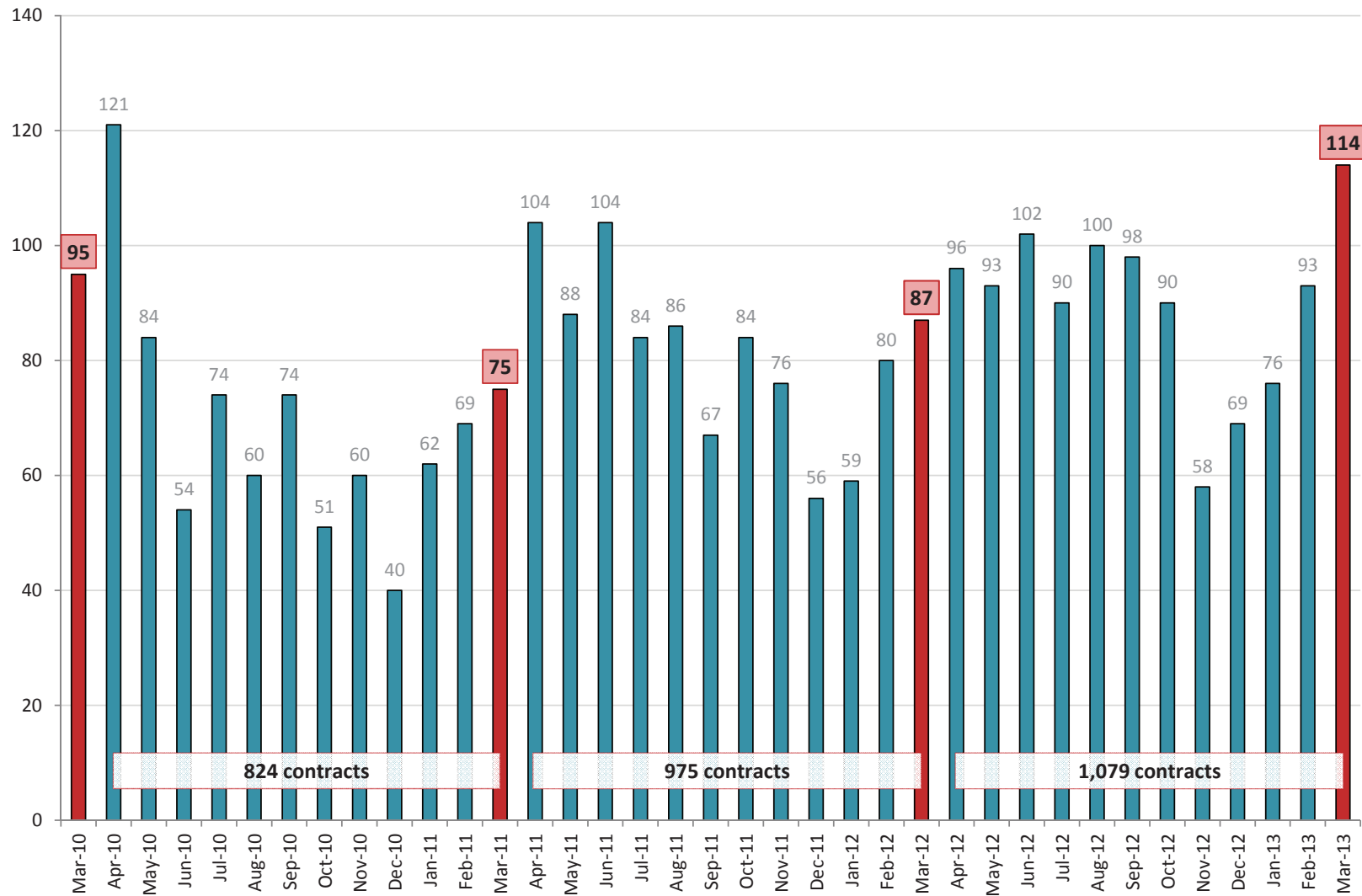
Harrisonburg & Rockingham County Month-By-Month Home Sales History



March Sales Stable in 2013. My prediction last month was that we would see 75 to 80 home sales in March 2013. Clearly, I overestimated the strength of the market, likely because of an amazingly strong month of February sales. Looking back, it seems that more Feb/Mar buyers ended up buying in February this year, where as

the ended up buying in March last year. Despite the inaccuracy of my predictions, I am going to predict that we will see 90 home sales in April 2013 -- partly because of the strong contract activity described on the next page.

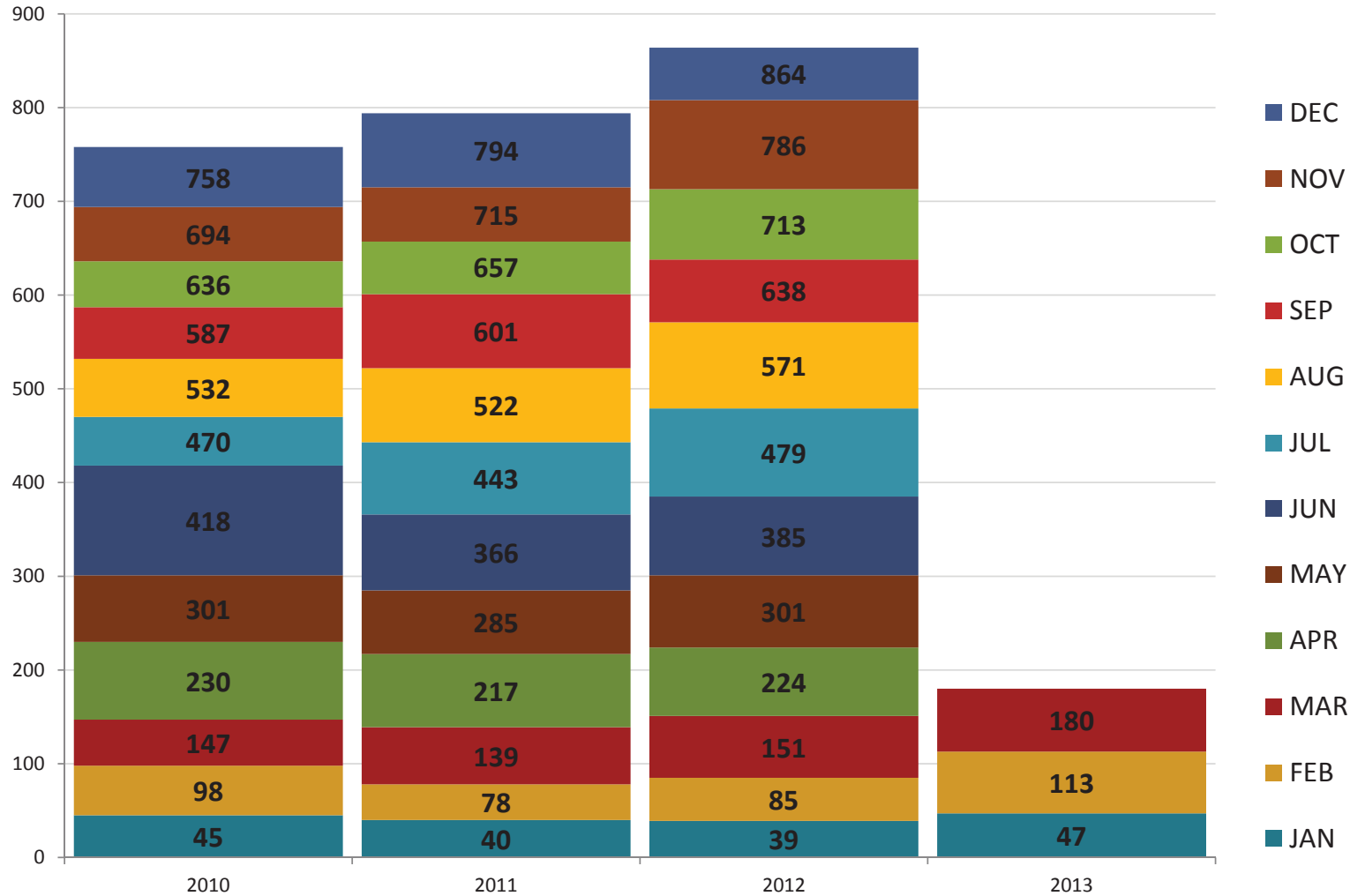
Harrisonburg & Rockingham County
Buyers Per Month Committing to Buy Properties



March 2013 shows fastest pace of contract signing since 2010 tax credit. Buyer activity has been steadily increasing since the beginning of the year (58-69-76-93-114), with March 2013 buyer activity (114 contracts) easily being the strongest month of March contracts seen in many years. In fact, the only time there were

more contracts written in a month (over the past three years) was in April 2010, in preparation for the June 30, 2010 expiration of the federal home buyer tax credit. These strong contract figures bode well for the home sales that we will see close in April and May.

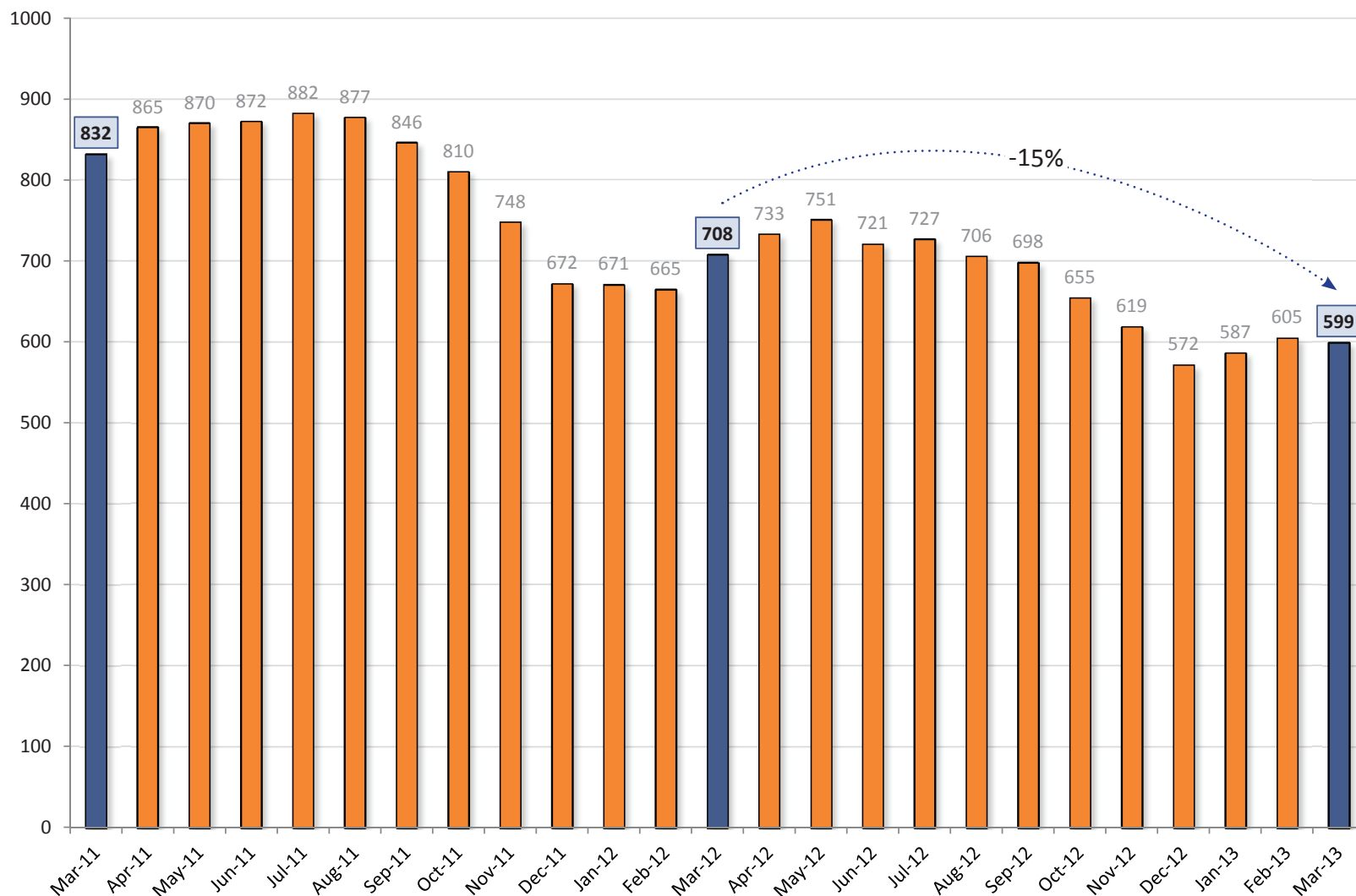
Harrisonburg & Rockingham County Monthly Cumulative Residential Sales



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 March are showing a strong start (180 sales) as compared to previous January through March sales. We are likely to see increasing sales as we head into Spring, and at the current pace we should easily surge past 900 home sales this year.

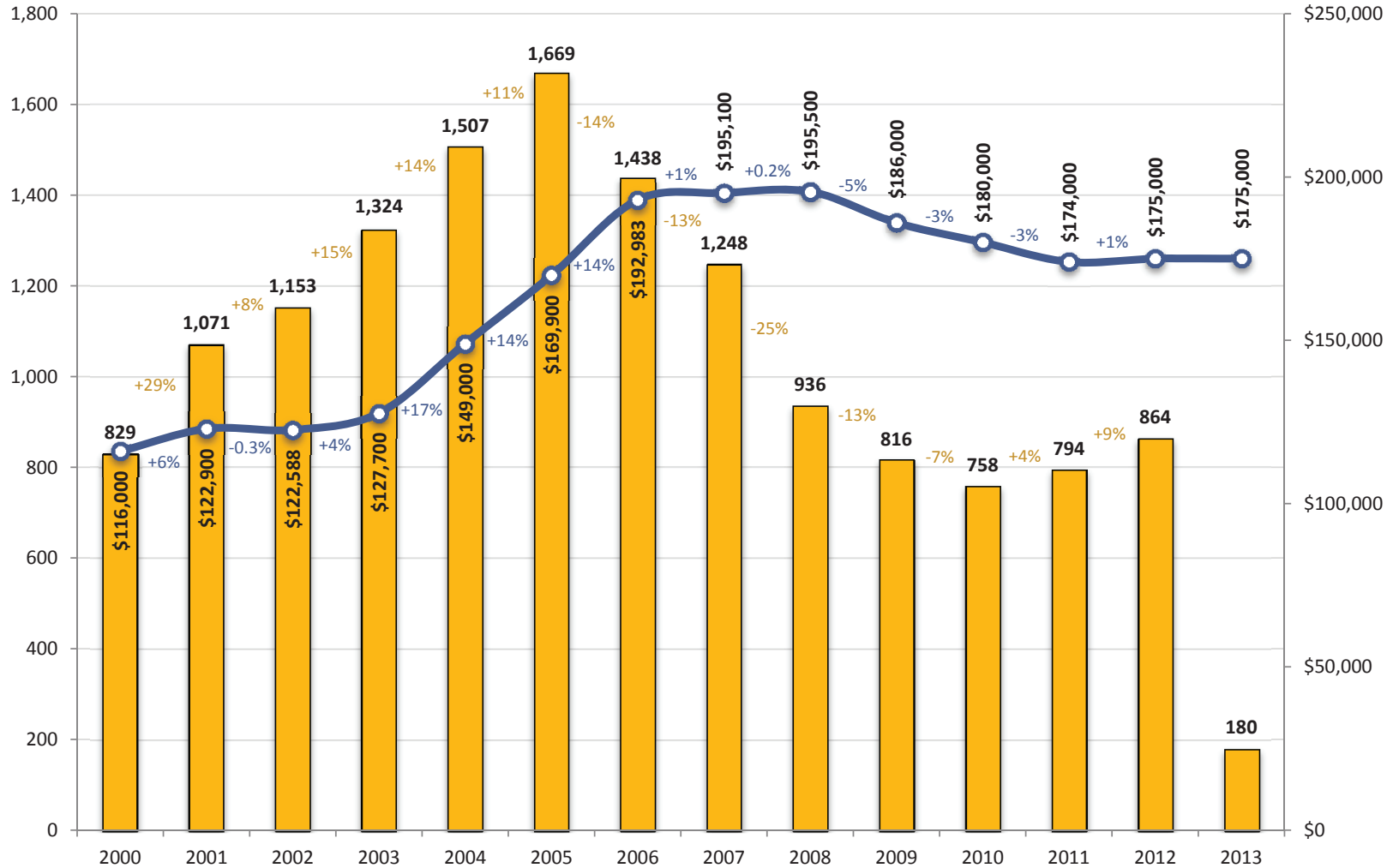
Harrisonburg & Rockingham County
Inventory Levels



Inventory levels decline again!?! Inventory levels declined in March 2013, which runs counter to what we would expect during the Spring selling season. This decline is likely related to the large number of buyers who wrote contracts during March 2013, taking active listings out of this inventory number. With an increasing sales

pace (see page 3) and inventory declining (see above) we are slowly but steadily moving towards a more balanced market in this area. We have now seen a 13% decline in inventory over the past 12 months, and an overall 28% decline over the past 24 months.

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

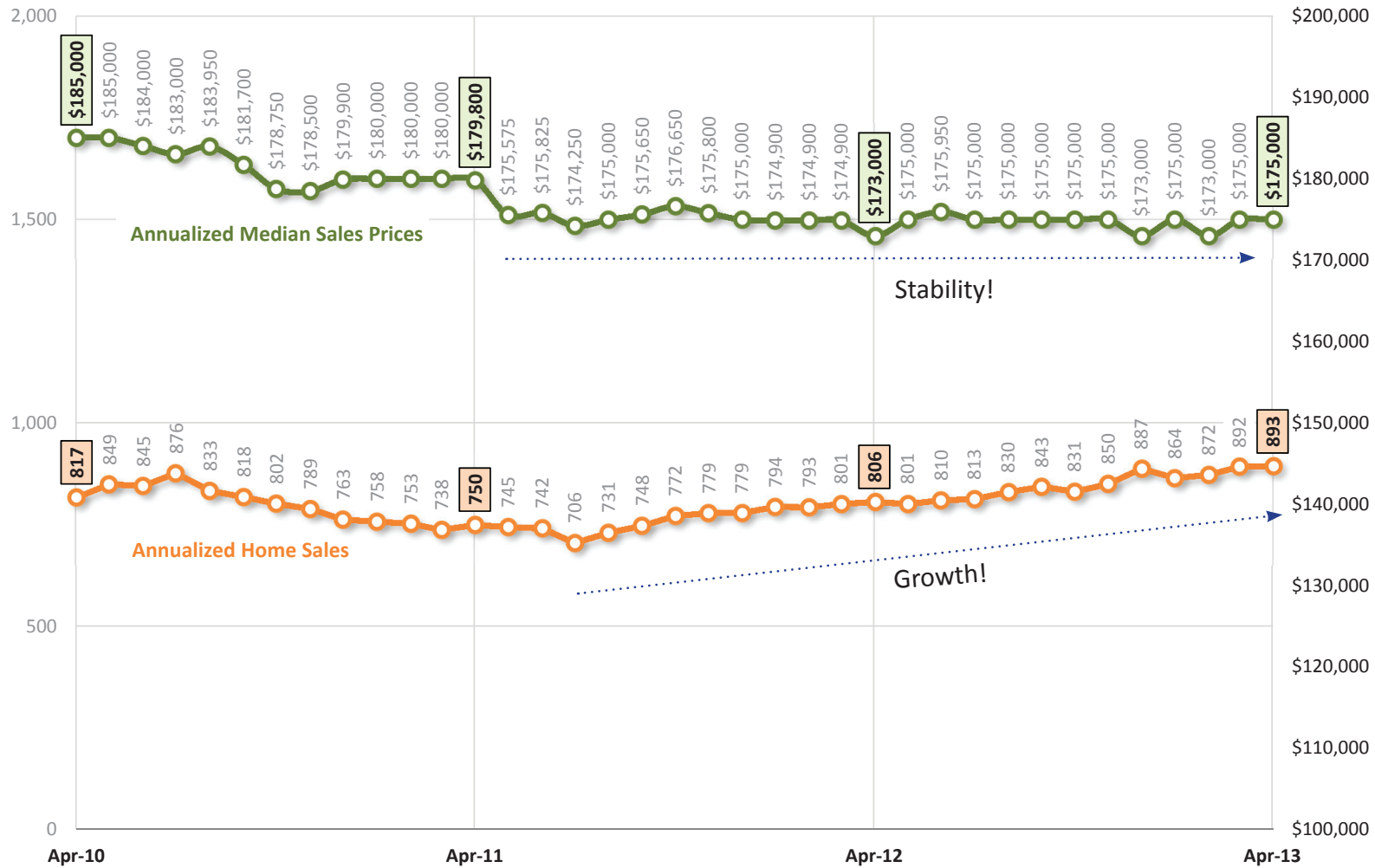


Buyer activity increasing; home prices relatively steady. This graph provides an overall indicator of the state of our housing market, showing both the number of homes being sold each year since 2000 (yellow bars) as well as changes in the median sales price during the same time period (blue line). After 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 remained steady at \$175,000 this year.

Harrisonburg & Rockingham County Time-Adjusted Home Sales Trends :: All Homes

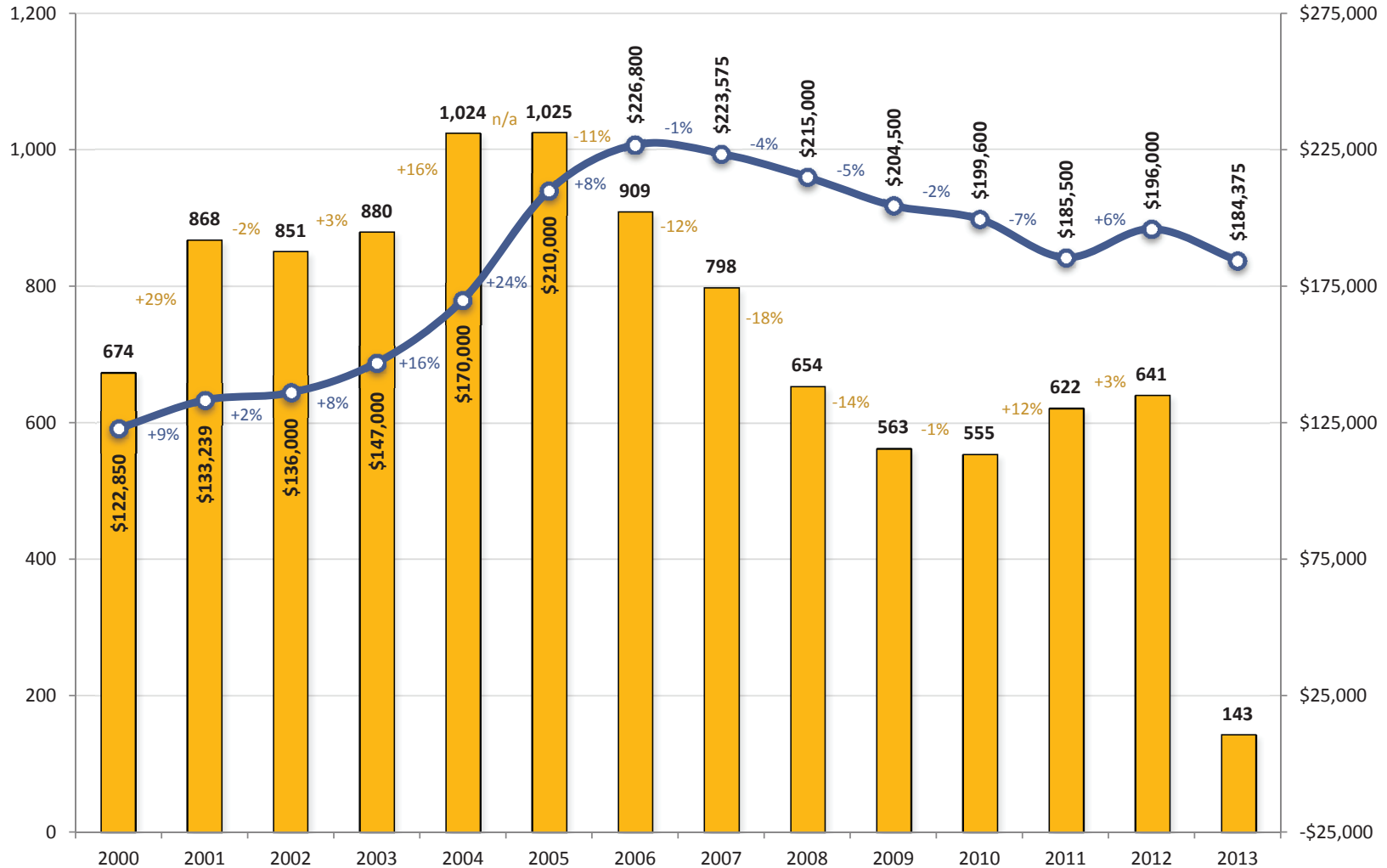
Home Sales, Median Sales Price in each 12 Month Period



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. The annualized pace of home sales continues to climb (up to 893 now from 706 just 21 months ago) and median sales prices continue to stay steadily around \$175,000 --- where they have been for almost two years now.

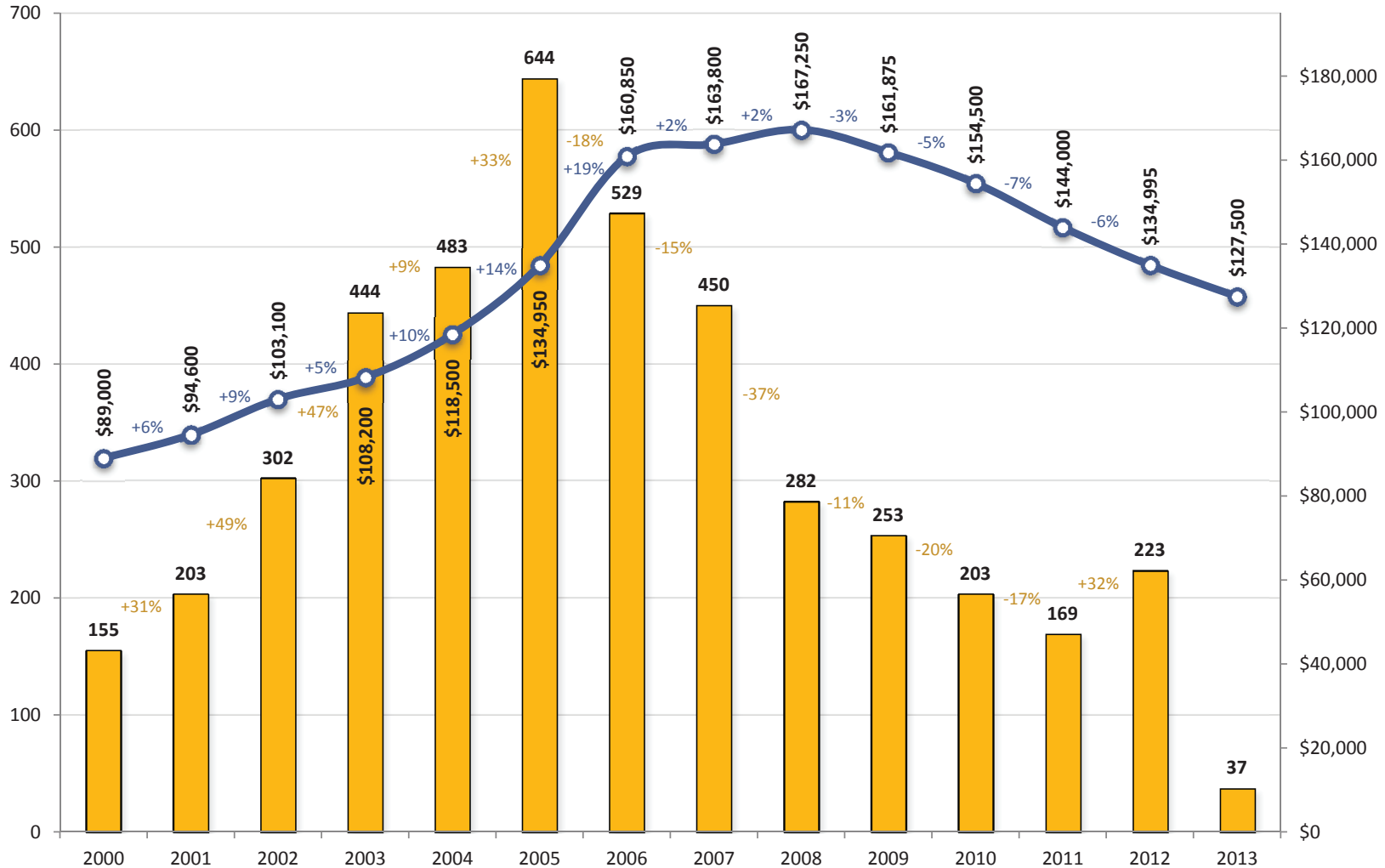
Harrisonburg & Rockingham County Home Sales & Price Trends Single Family Homes



Prices of single family homes increase. The single family home market in Harrisonburg and 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 low 2013 median sales price is likely due to a small data set in January-March 2013.

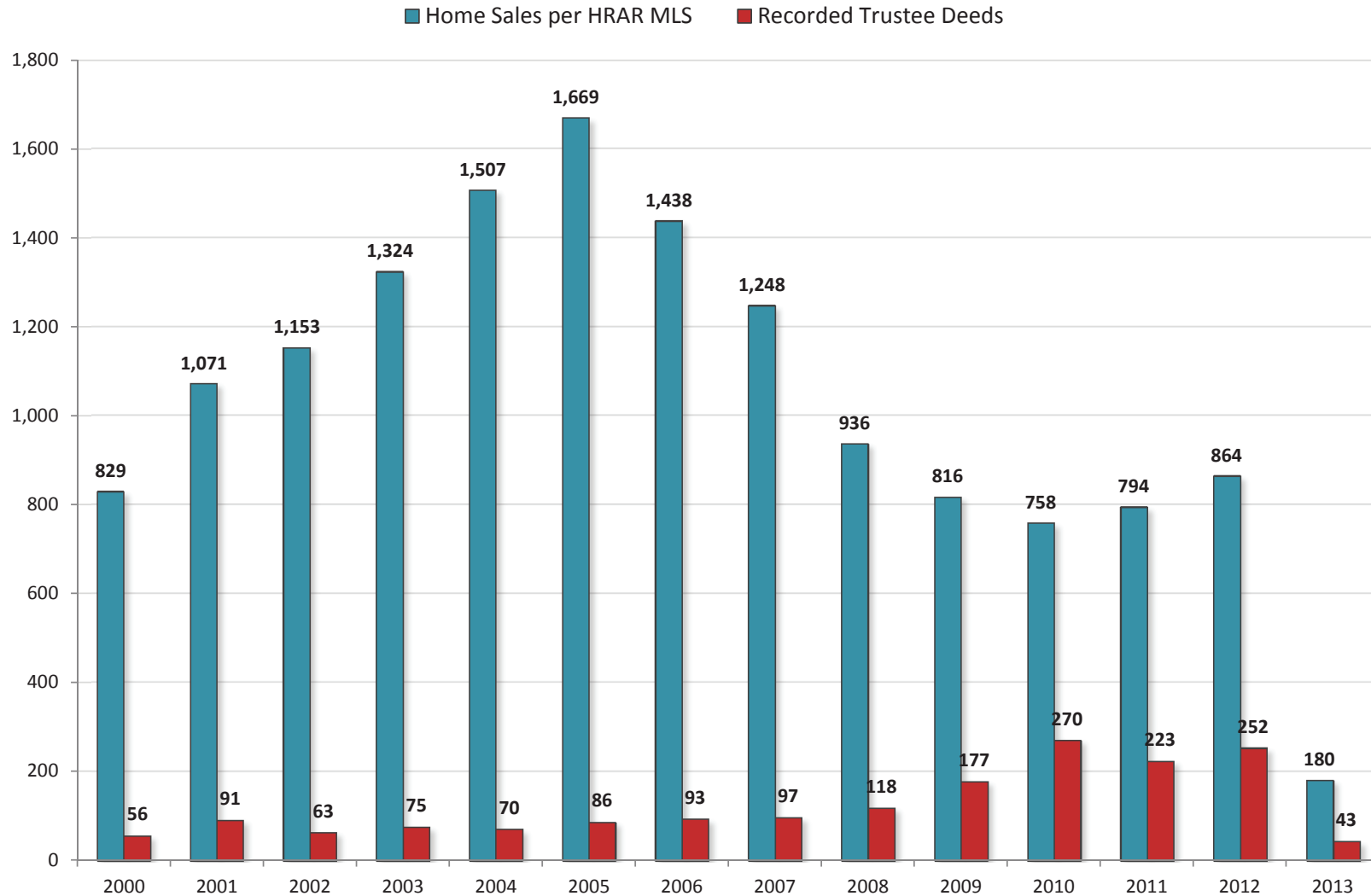
Harrisonburg & Rockingham County Home Sales & Price Trends Duplexes, Townhomes & Condos



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 -- with three months of data in thus far, prices are not yet showing signs of stabilization.

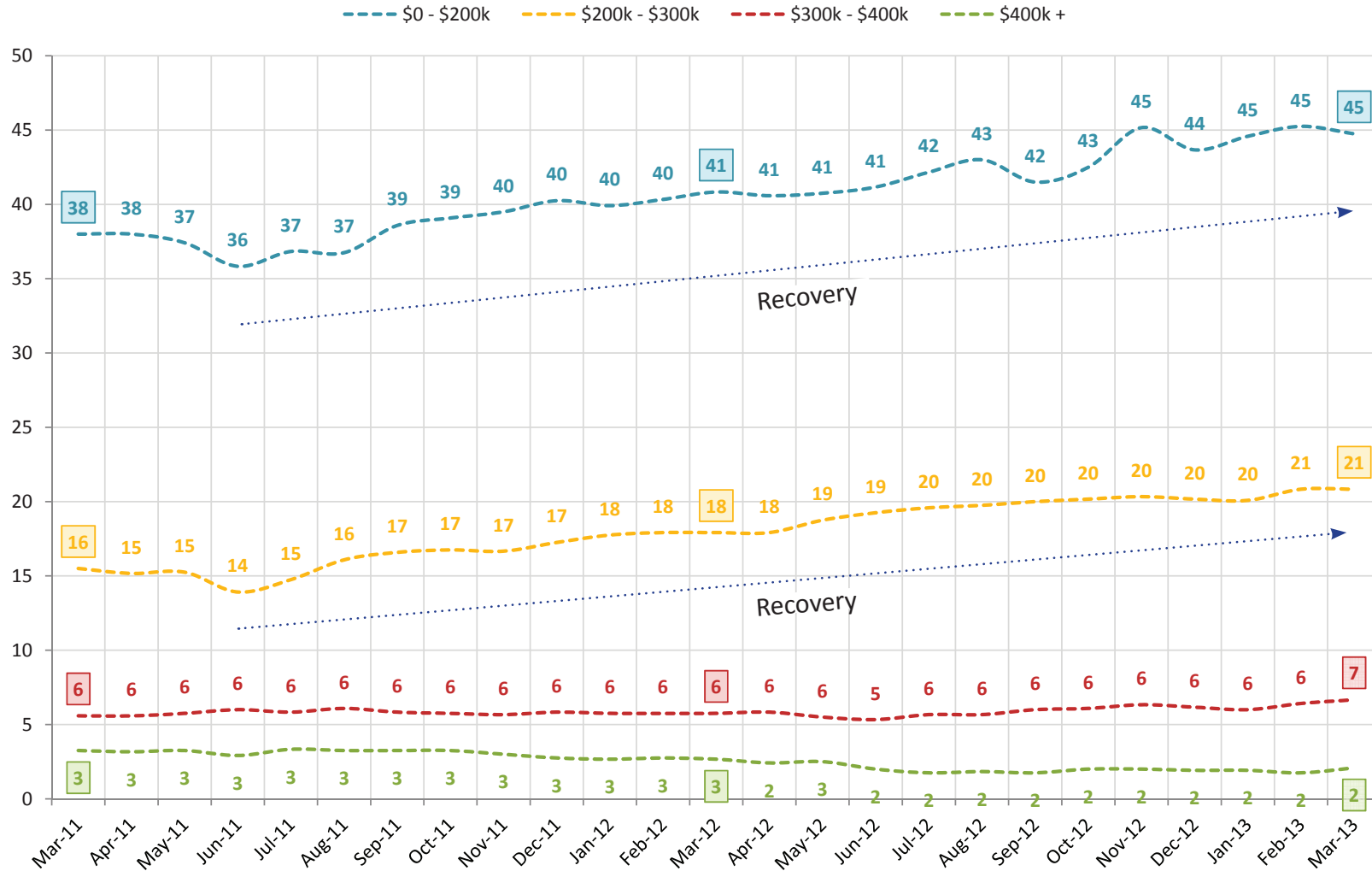
Harrisonburg & Rockingham County Home Sales vs. Trustee Sales



Foreclosures down (slightly) 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 slightly lower as it was in 2012, as there were 3.4 times as many home sales as foreclosures during 2012 and 4.2 times as many home sales as foreclosures in 2013.

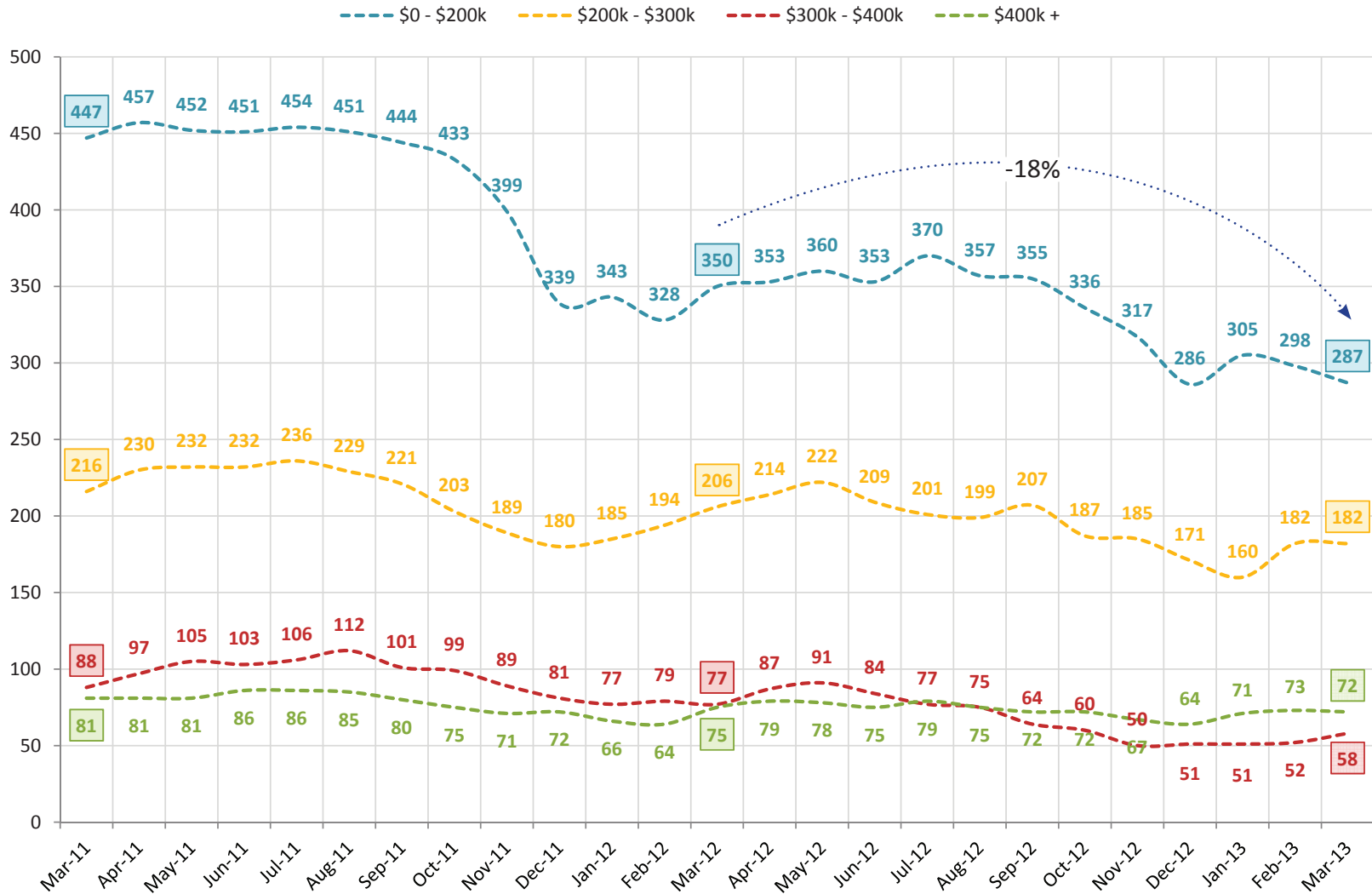
Harrisonburg & Rockingham County Home Sales by Price Range (Average of Past 12 Months)



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 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.

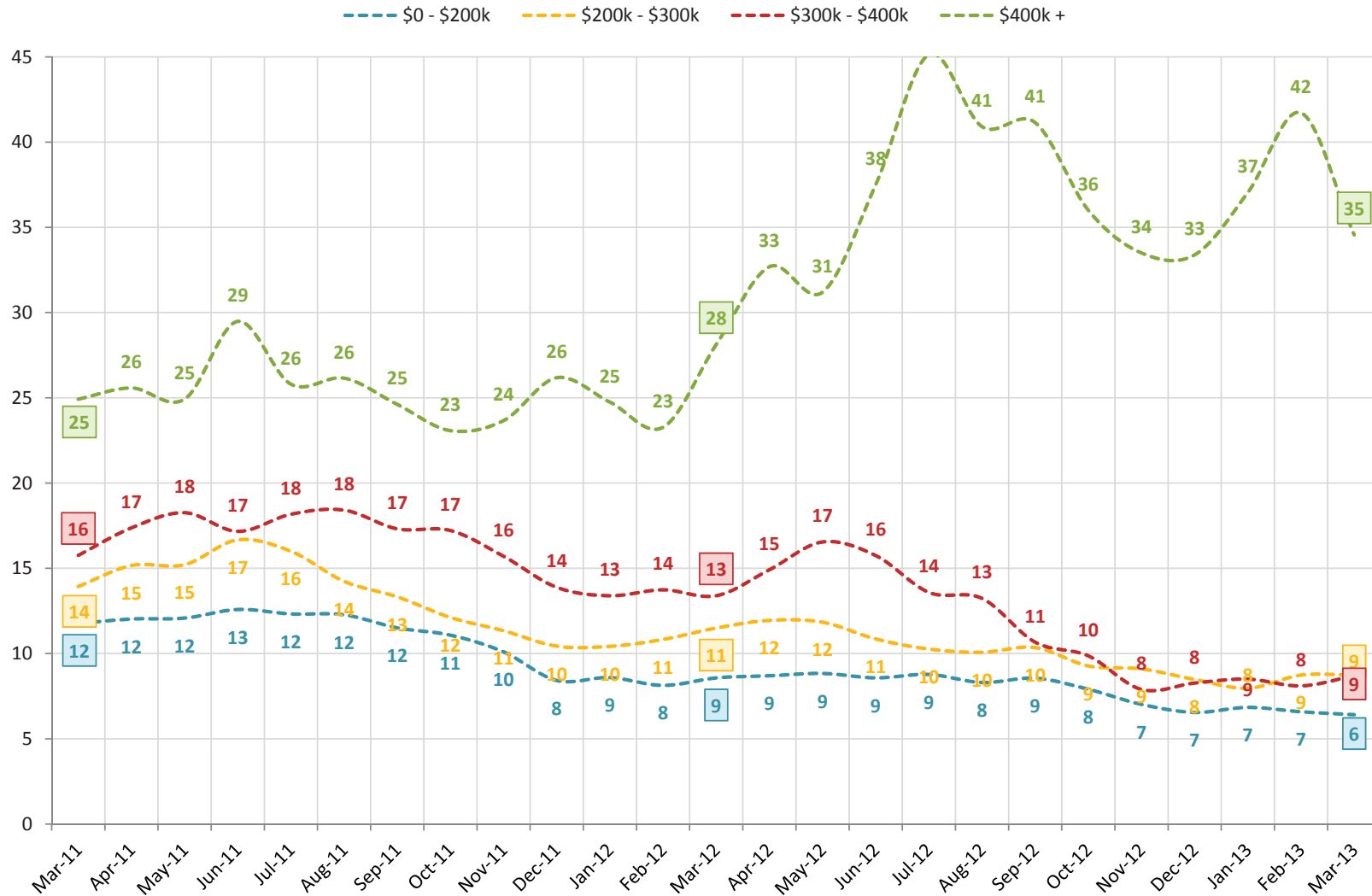
Harrisonburg & Rockingham County Inventory Levels by Price Range



Biggest drop in inventory in lowest price segment. 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. The most significant change has been in homes under \$200,000 -- just 12 months ago there were 350 such properties for sale, and

today there are only 287 for sale -- this marks an 18% 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.

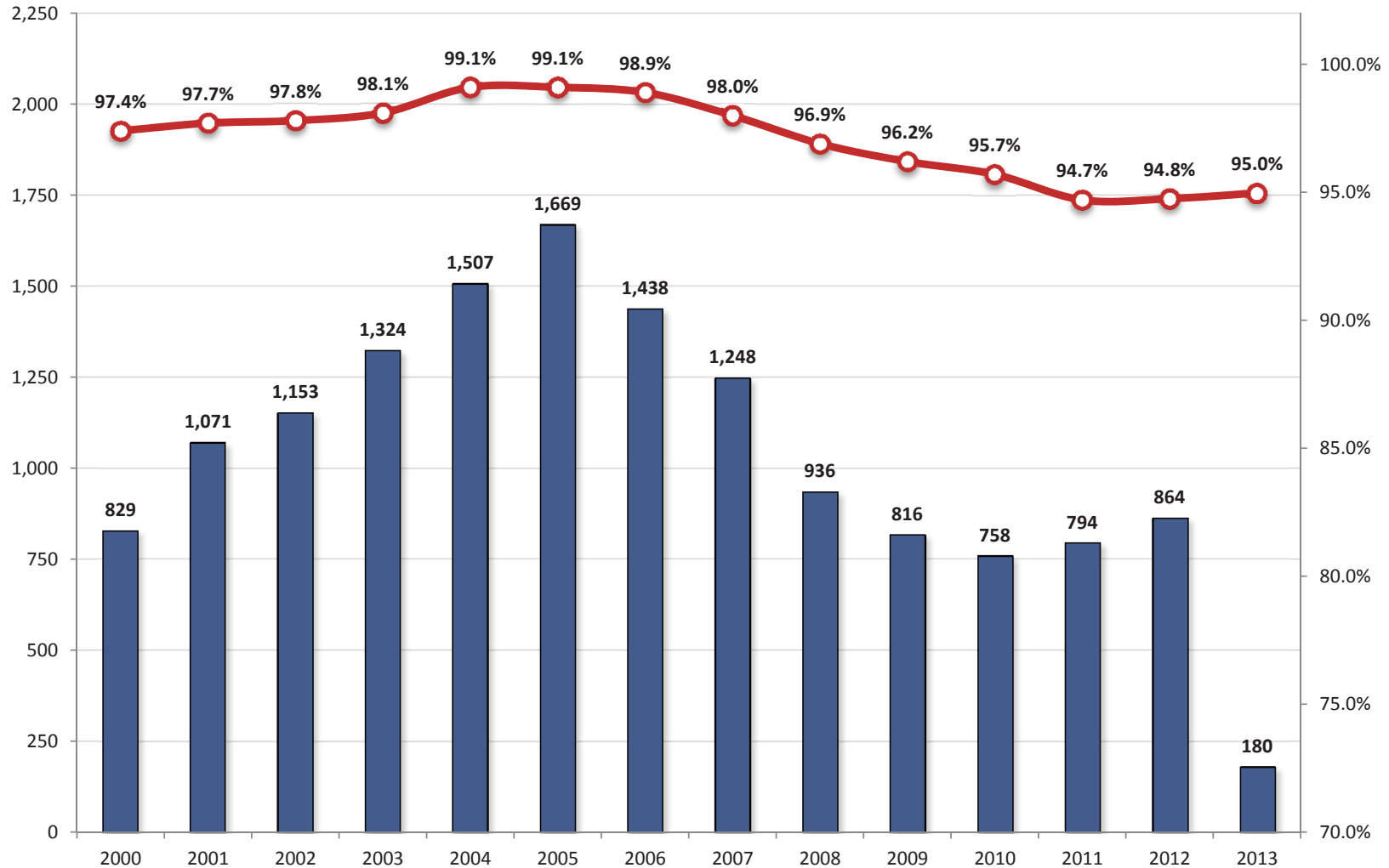
Harrisonburg & Rockingham County Months of Housing Supply by Price Range



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 35 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 finally reached that balance in the under \$200k price range.

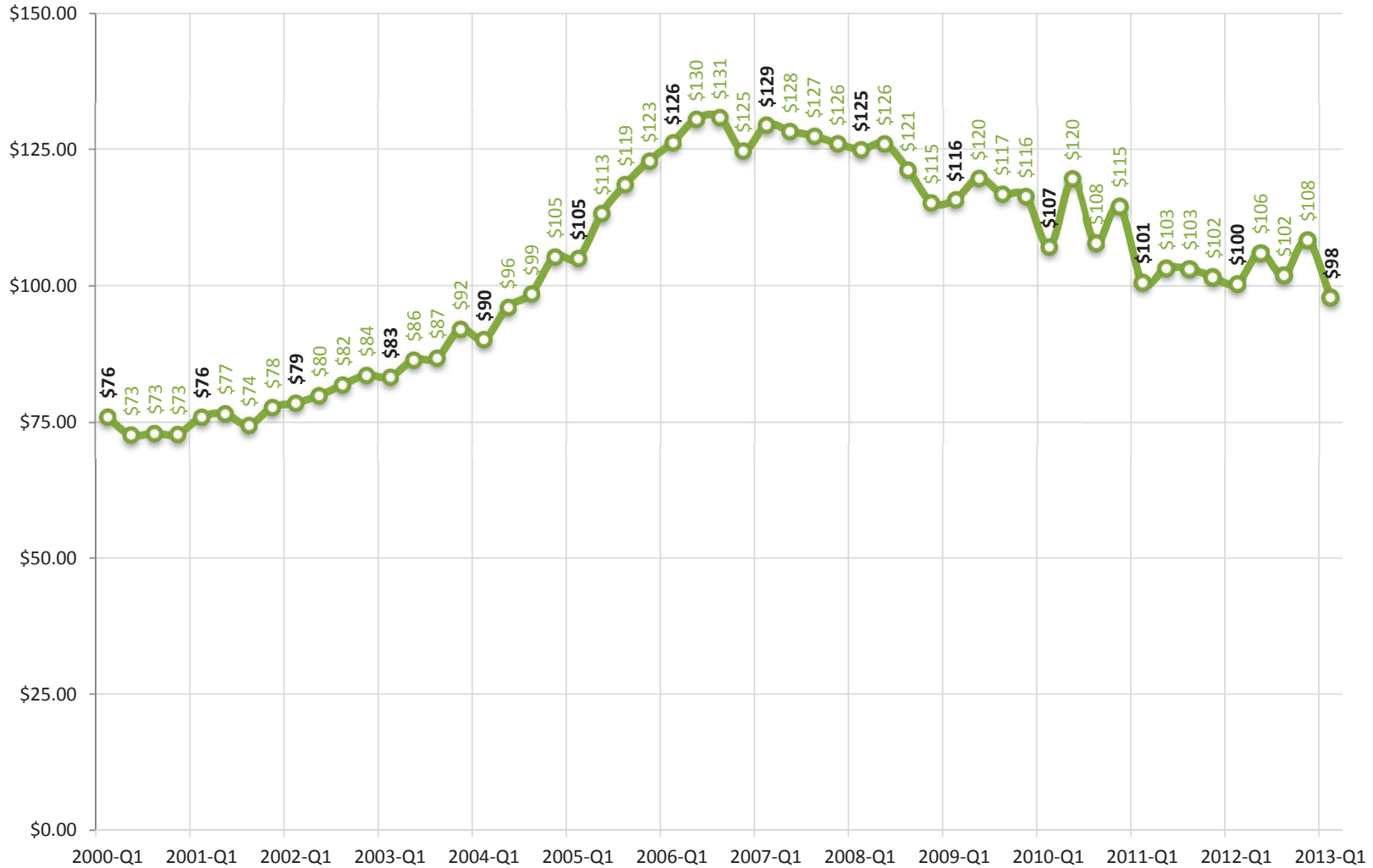
Harrisonburg & Rockingham County
List Price to Sales Price Ratio
 within the context of Home Sales Pace



Buyers 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. 2011 may have offered the most flexibility for buyers --- with homes selling at an average of 94.7% of their asking prices --- this metric then showed a (tiny) improvement to 94.8% during 2012, and has increased further (to 95.0%) thus far in 2013.

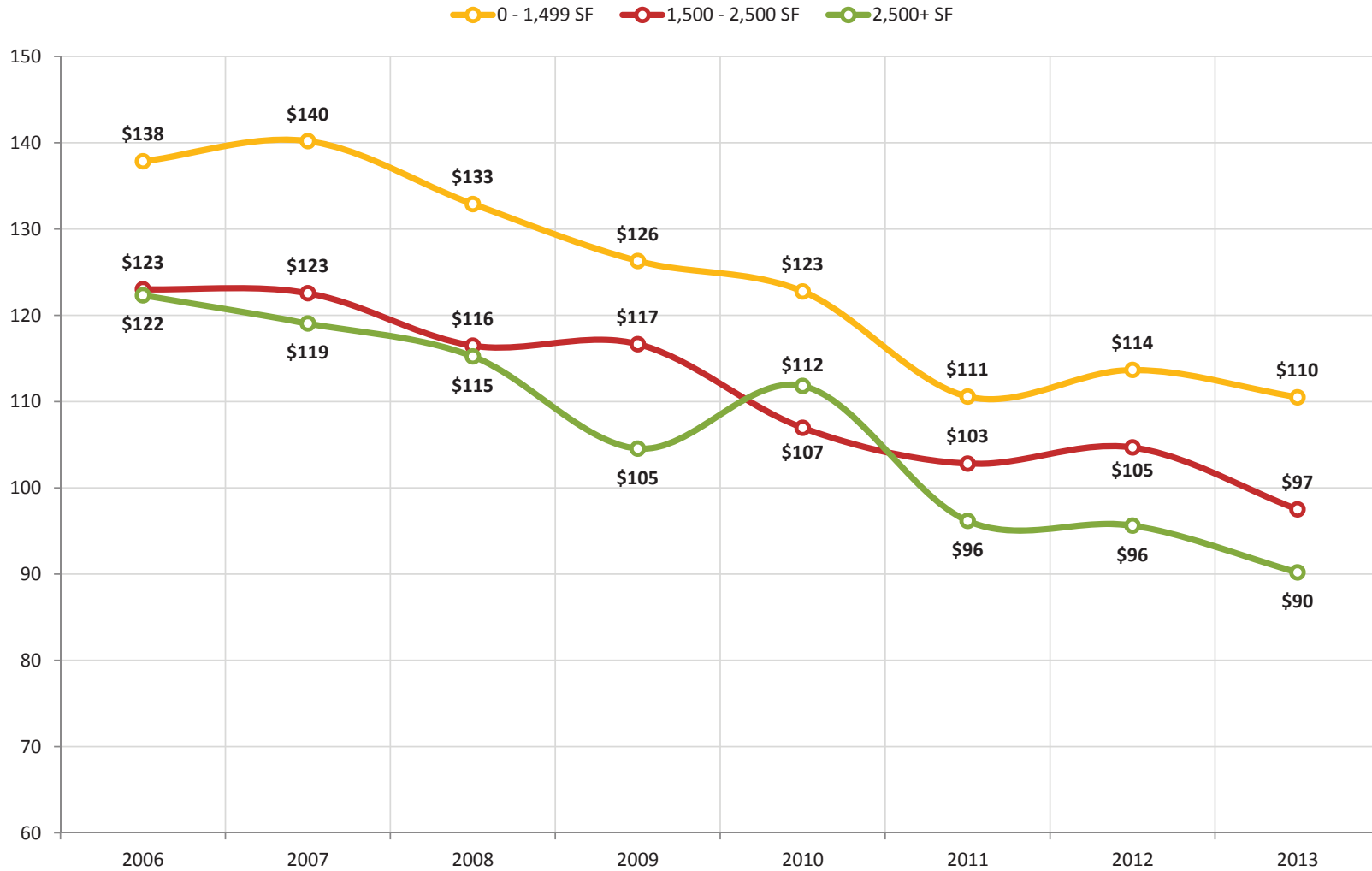
Harrisonburg & Rockingham County
Median Price Per Square Foot Trends
 Single Family Homes



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.

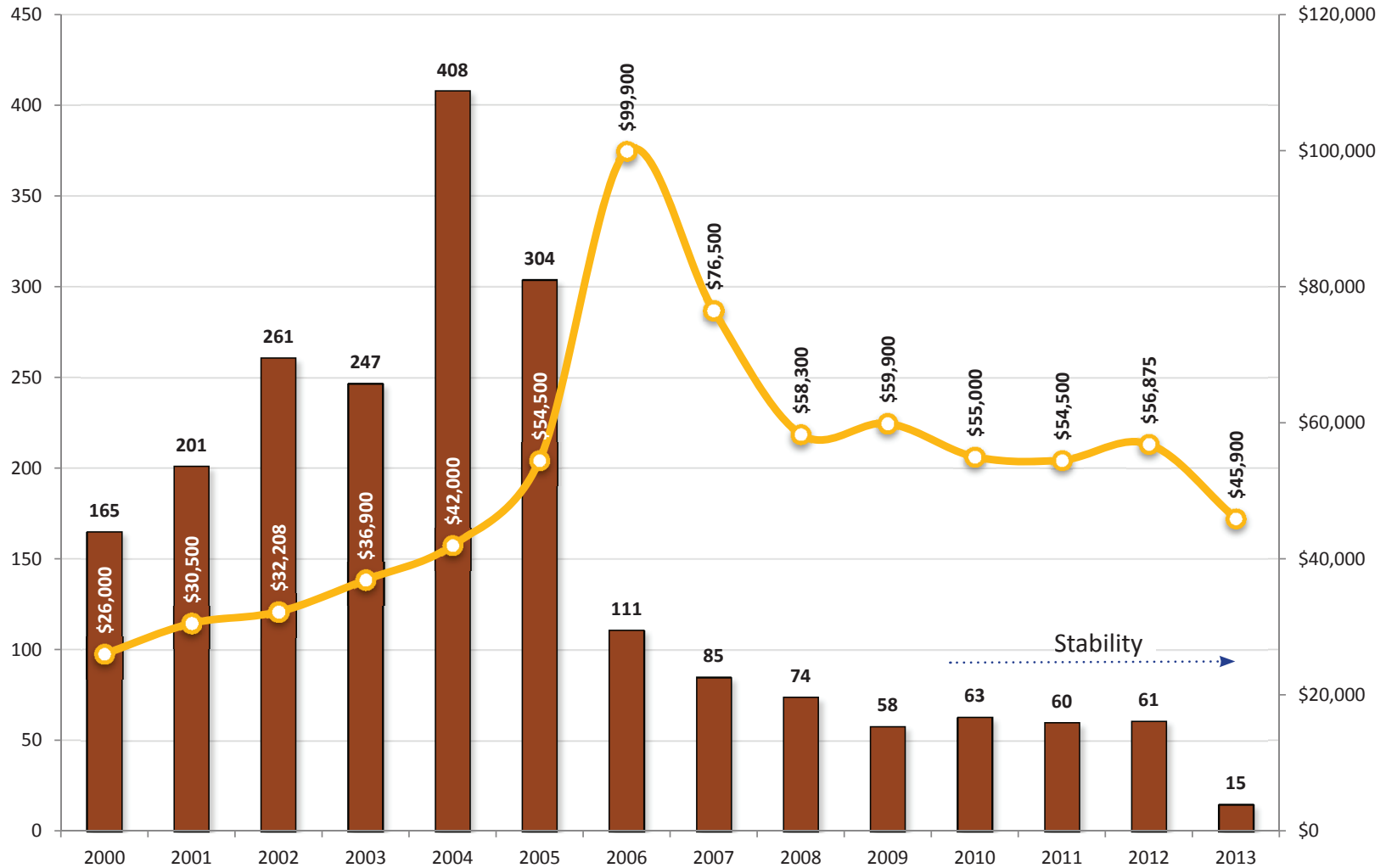
Harrisonburg & Rockingham County
Median Price Per Square Foot by Home Size
 Single Family Homes



Prices 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 (\$90/SF) than homes that offer less than 1500 SF (\$110v/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.

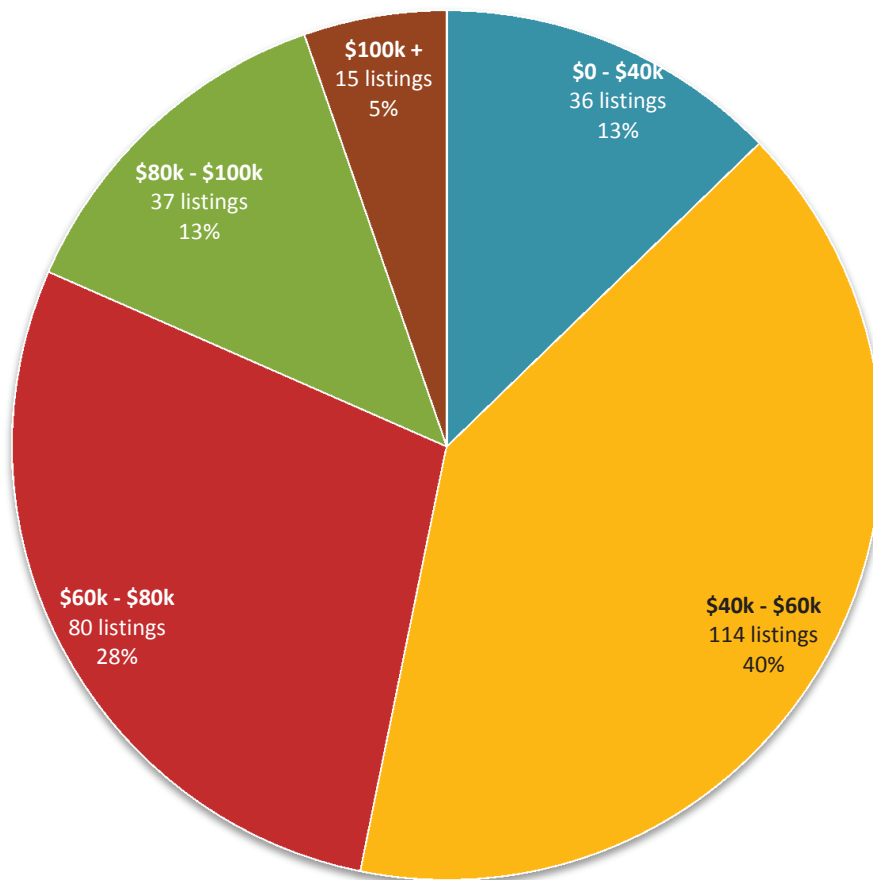
Harrisonburg & Rockingham County
Lot Sales & Median Prices
 less than 1 acre



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 \$45,900 YTD median sales price.

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

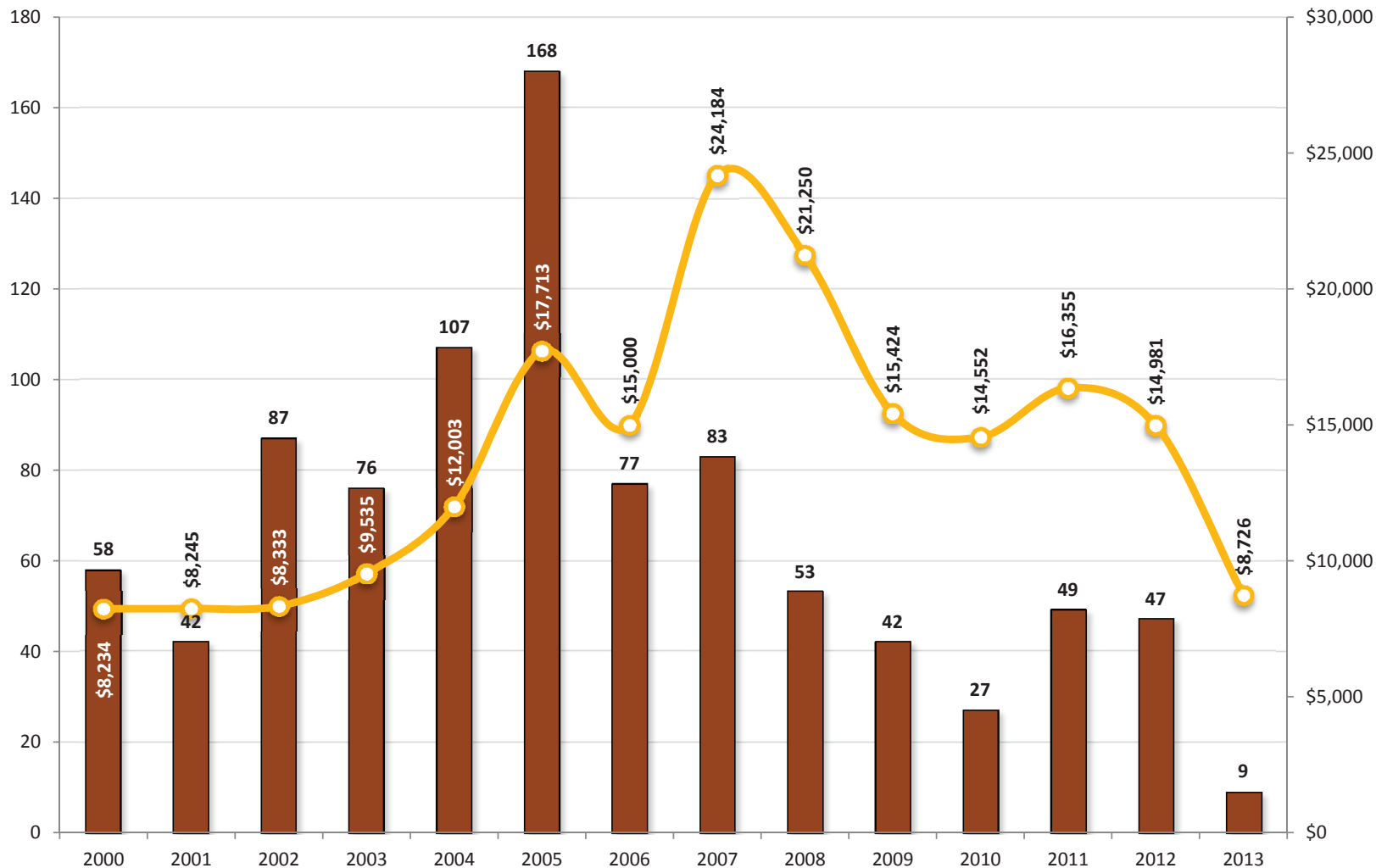


282 Active Lot Listings; Median List Price: \$59,948

Many (many) lots for sale. Despite the fact that only 61 lots (of less than an acre) sold in all of 2012, 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 (\$59,948) is only slightly higher than 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 4.6 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.

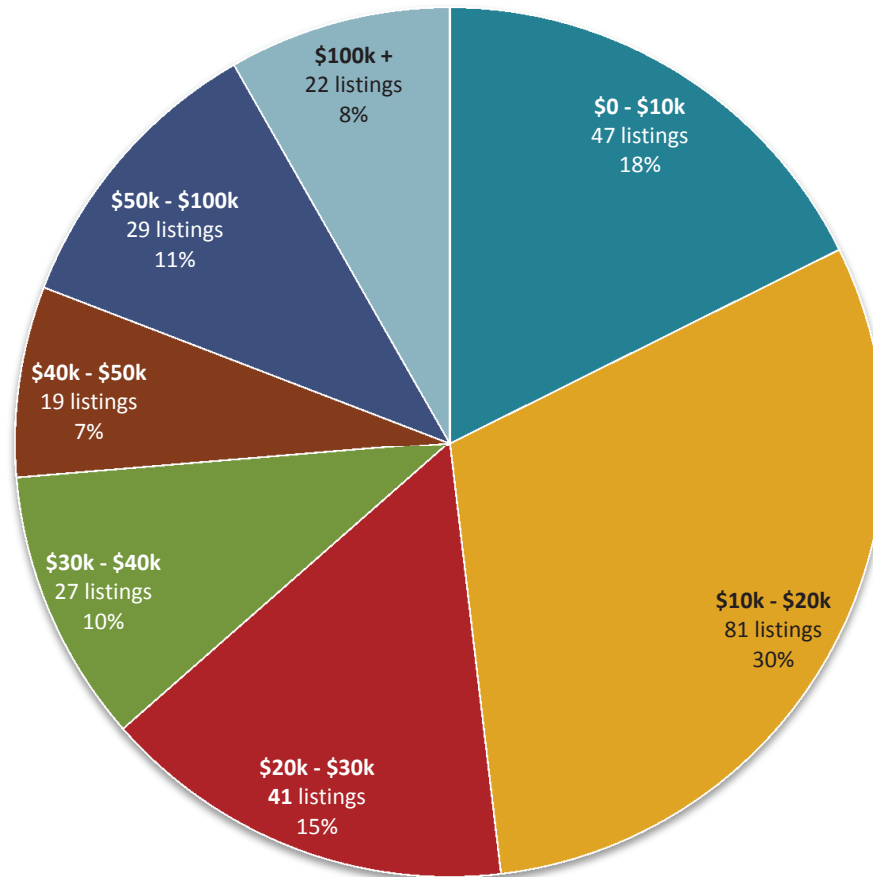
Harrisonburg & Rockingham County
Land Sales & Median Price Per Acre
 1 acre or more



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, and the small sample size of 2013 shows it declining even further.

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

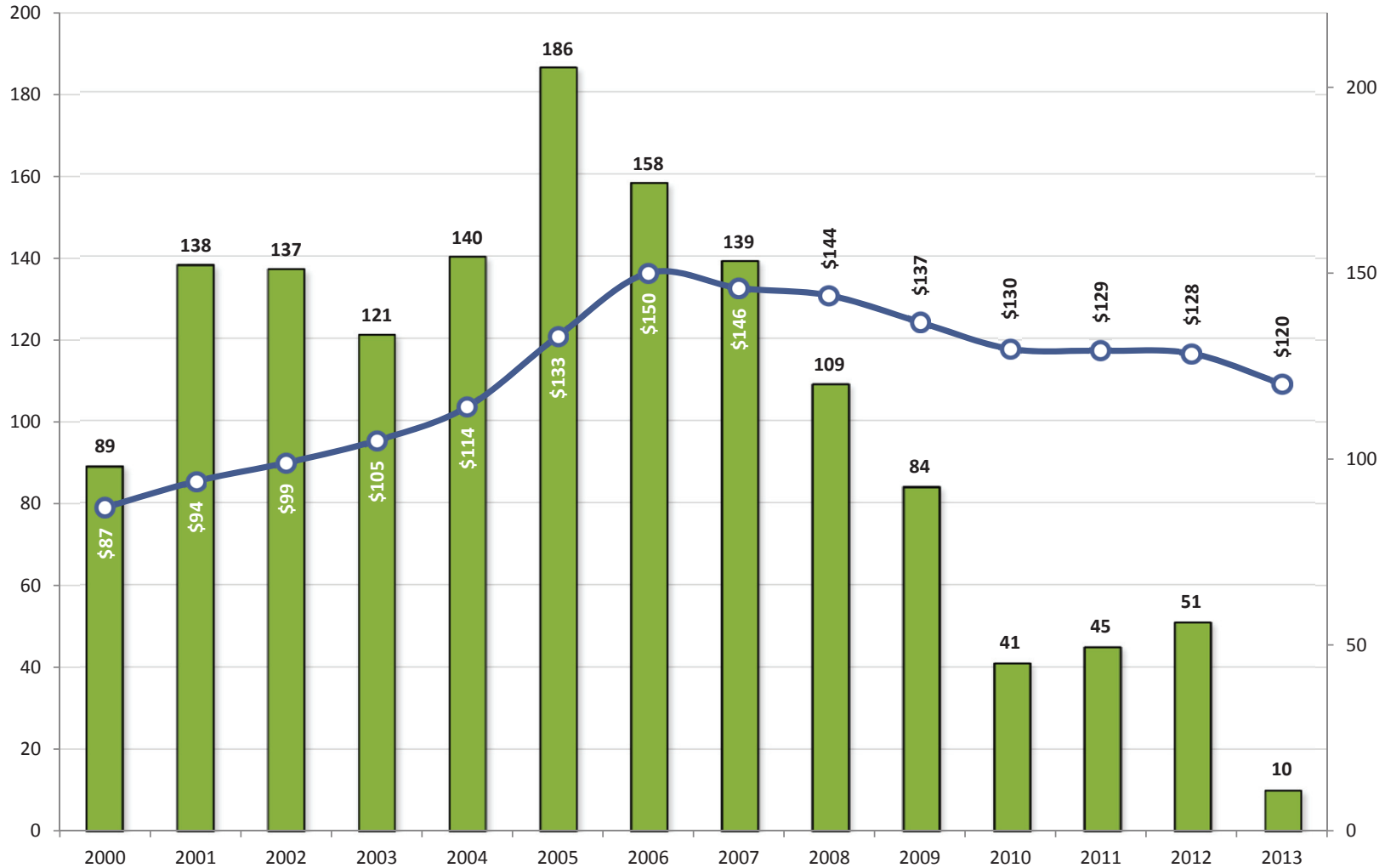


266 Active Land Listing; Median List Price: \$22,172 / Acre

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 266 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 \$22,172 per acre. Given last year's 47 land sales, if no other land is listed for sale, it would take 5.7 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.

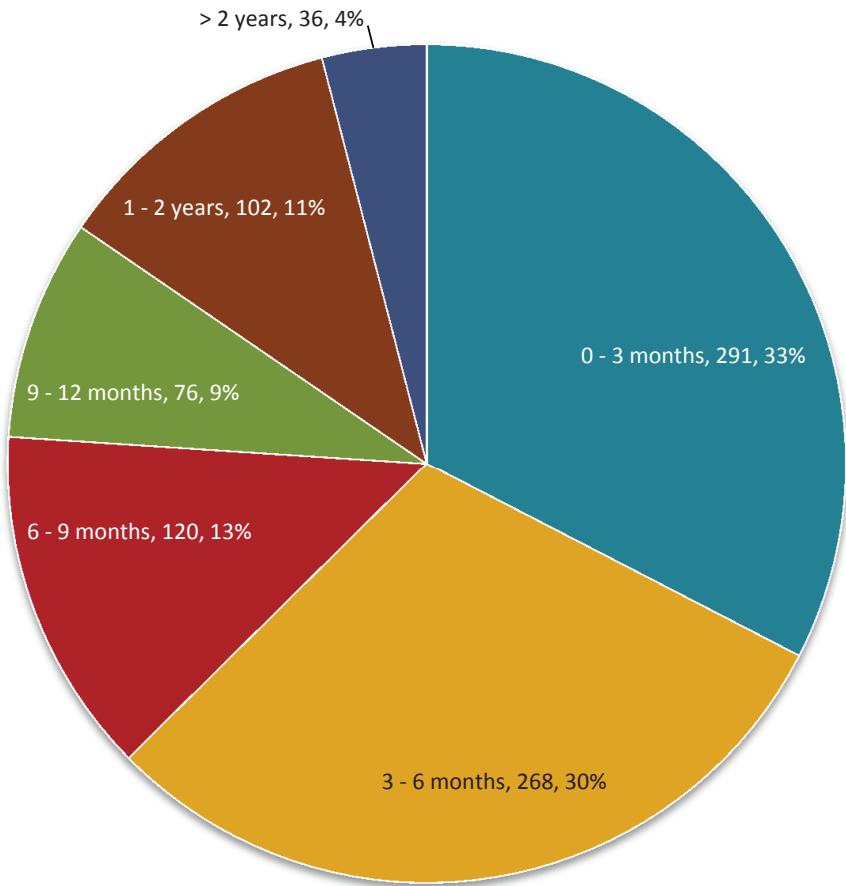
Harrisonburg & Rockingham County
New Construction Single Family Home Sales Trends
 Number of Sales, Median Price Per Square Foot



New home sales increasing, prices stable. New home builders experienced an increase in the pace of new home sales between 2011 and 2012 -- after a 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

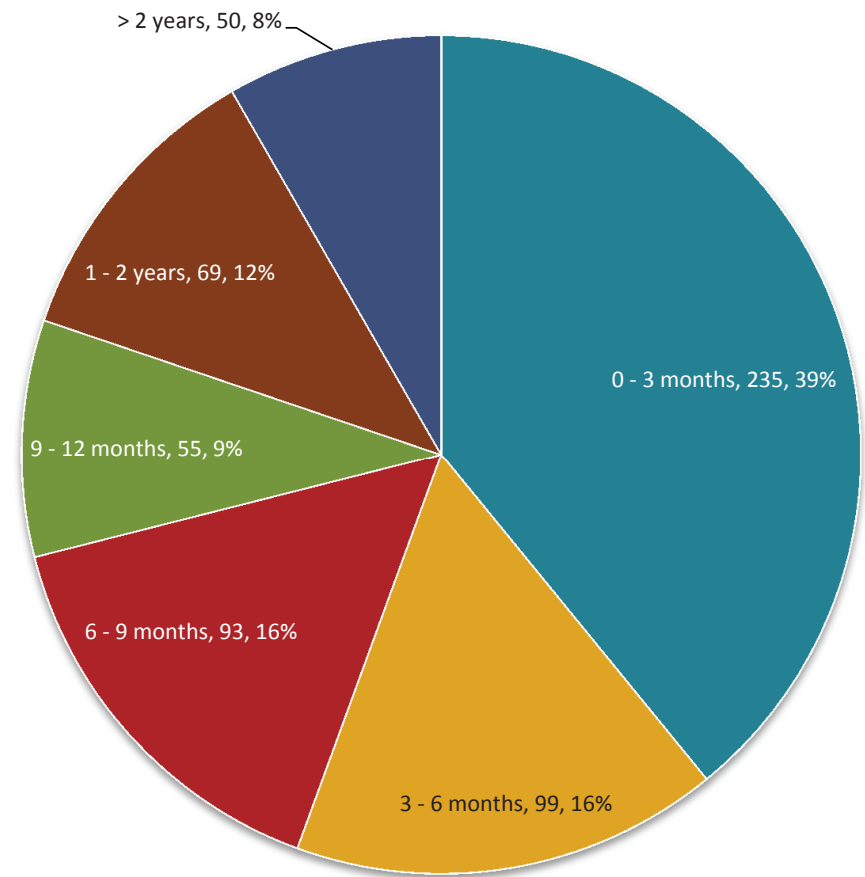
stabilized around \$128/SF last year, down only slightly over the previous two years. As the inventory of re-sale homes slims down, the sales of new homes should continue to increase.

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



Median Days On Market: 139

Harrisonburg & Rockingham County Days on Market Analysis Active Listings

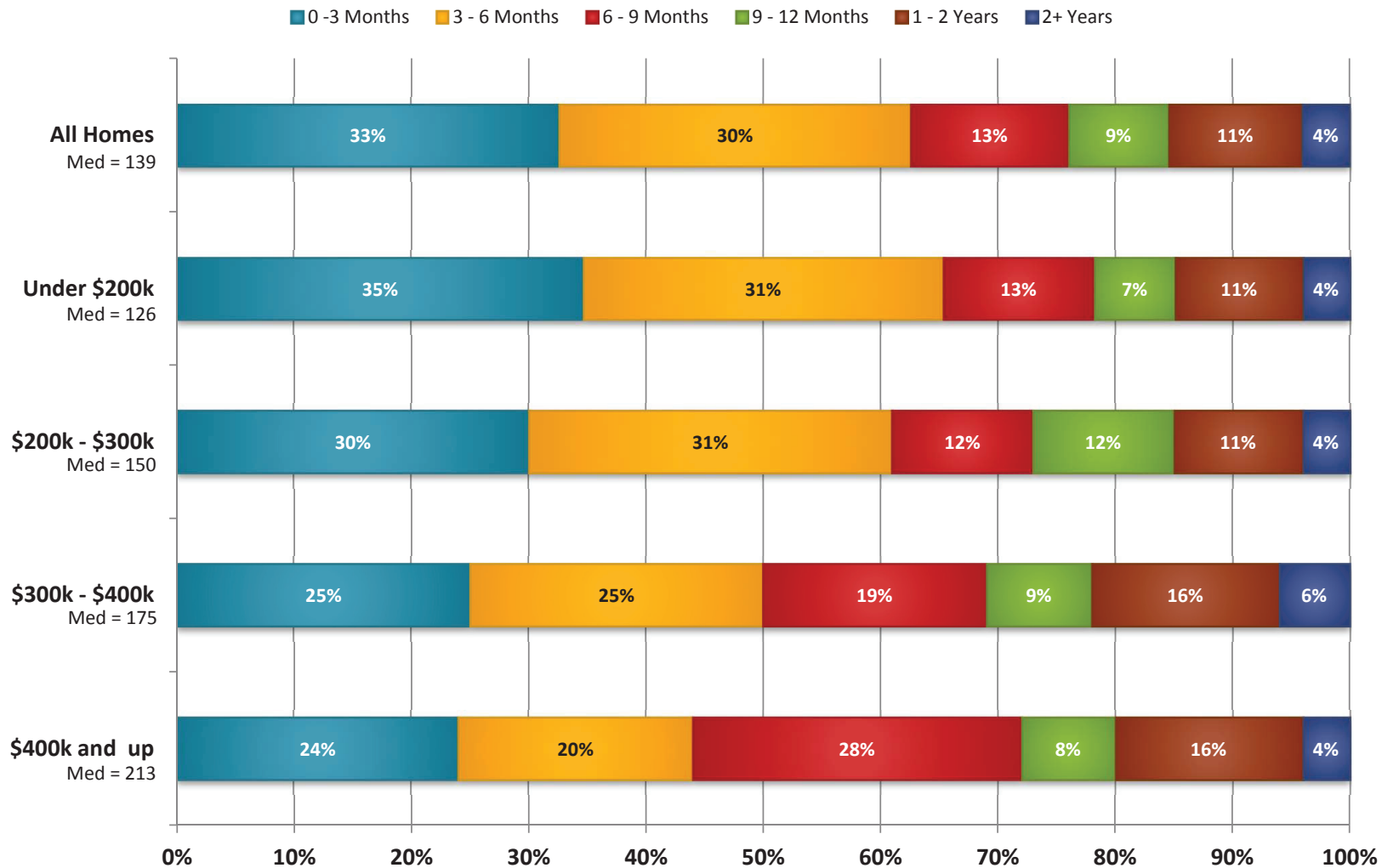


Median Days On Market: 155

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 (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

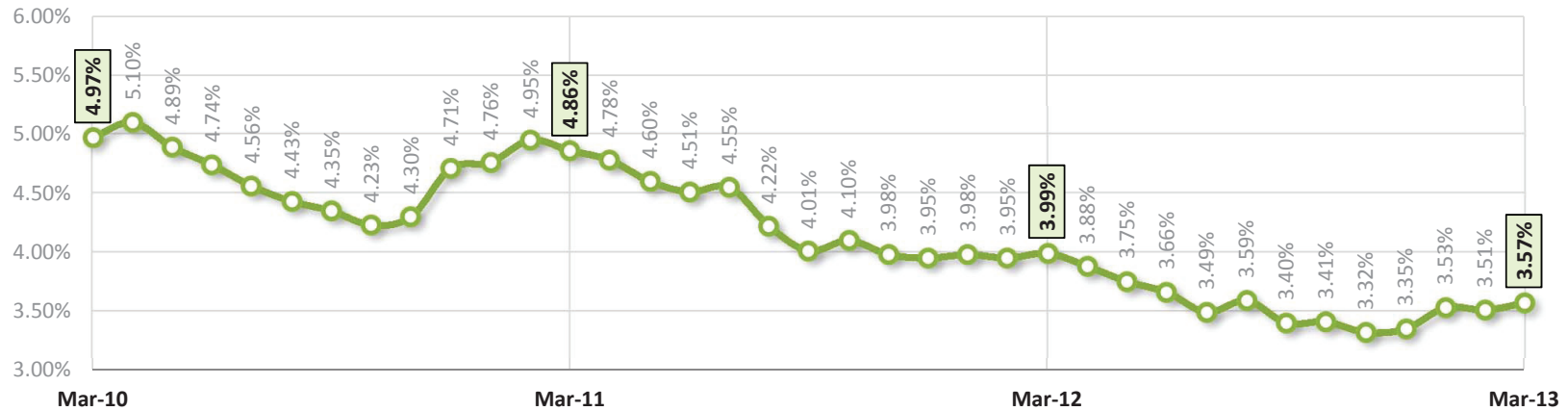


Sales pace varies by price range. The time that it takes to sell a home in today's market varies based on the price range of the home in question. For example, 66% of homes that sold under \$200K sold in the first six months of being on the

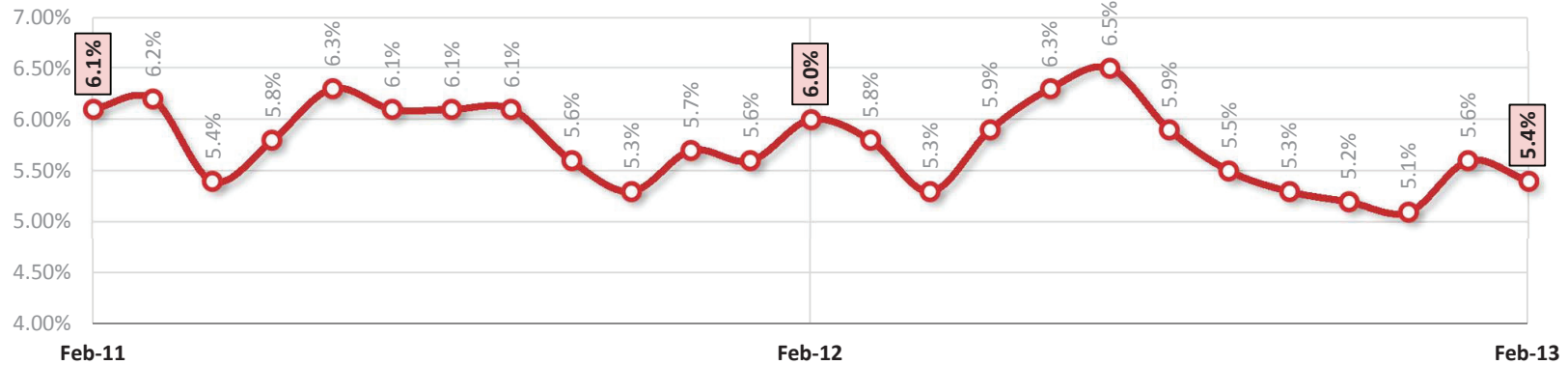
market, while only 44% of homes over \$400,000 were able to sell in that same time period.

Average 30-Year Fixed Mortgage Interest Rate

Source: Freddie Mac



Harrisonburg-Rockingham MSA Unemployment Rate Not Seasonally Adjusted



Mortgage interest rates up, unemployment rate down. As shown in the top graph above, home buyers continue to find amazingly low interest rates on 30-year fixed rate mortgages, however these rates have started to increase over the past several

months. The second graph above illustrates trends in the local unemployment rate -- which declined in February to 5.4%, after having increased between December 2012 and January 2013.

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, Harrisonburg's Ten Thousand Villages 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:

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



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

<http://www.HarrisonburgPropertyTransfers.com>