

ROCKINGHAM COUNTY MARKET REPORT

4th Quarter 2019



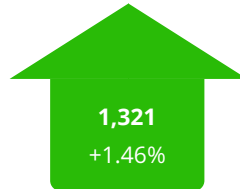
Presented by:

KLINE MAY
— Realty

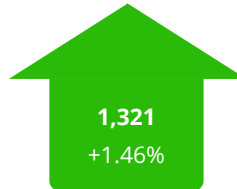
Harrisonburg and Rockingham County



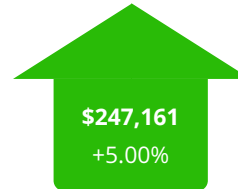
Units Sold
Year to Date



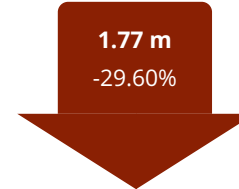
12 Month
Residential Sales



12 Month
Avg Sales Price



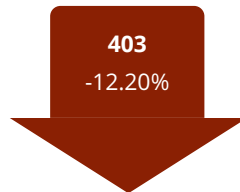
Months Supply
of Inventory



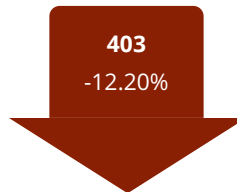
City of Harrisonburg



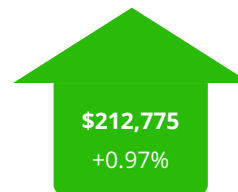
Units Sold
Year to Date



12 Month
Residential Sales



12 Month
Avg Sales Price



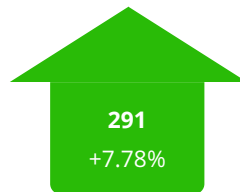
Months Supply
of Inventory



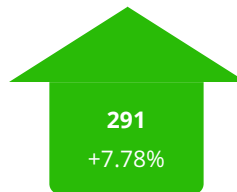
Southeast Rockingham



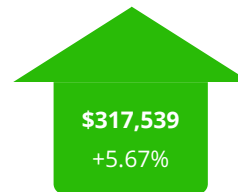
Units Sold
Year to Date



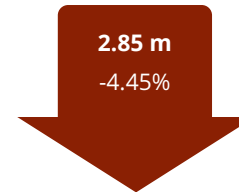
12 Month
Residential Sales



12 Month
Avg Sales Price



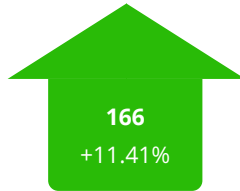
Months Supply
of Inventory



Southwest Rockingham



Units Sold
Year to Date



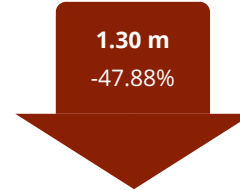
12 Month
Residential Sales



12 Month
Avg Sales Price



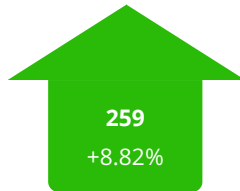
Months Supply
of Inventory



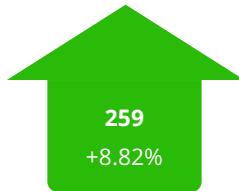
Northwest Rockingham



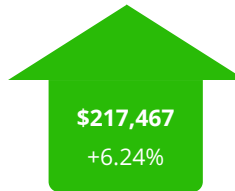
Units Sold
Year to Date



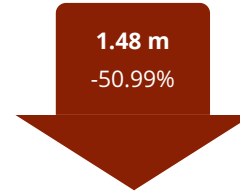
12 Month
Residential Sales



12 Month
Avg Sales Price



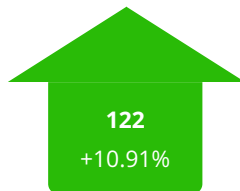
Months Supply
of Inventory



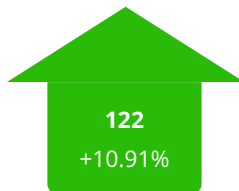
Northeast Rockingham



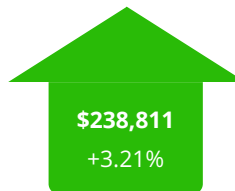
Units Sold
Year to Date



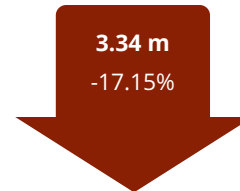
12 Month
Residential Sales



12 Month
Avg Sales Price



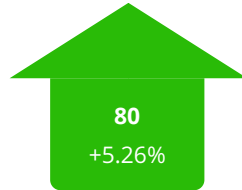
Months Supply
of Inventory



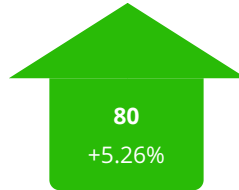


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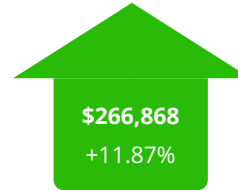
**Units Sold
Year to Date**



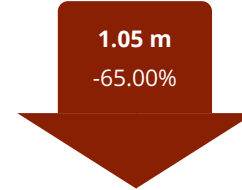
**12 Month
Residential Sales**



**12 Month
Avg Sales Price**

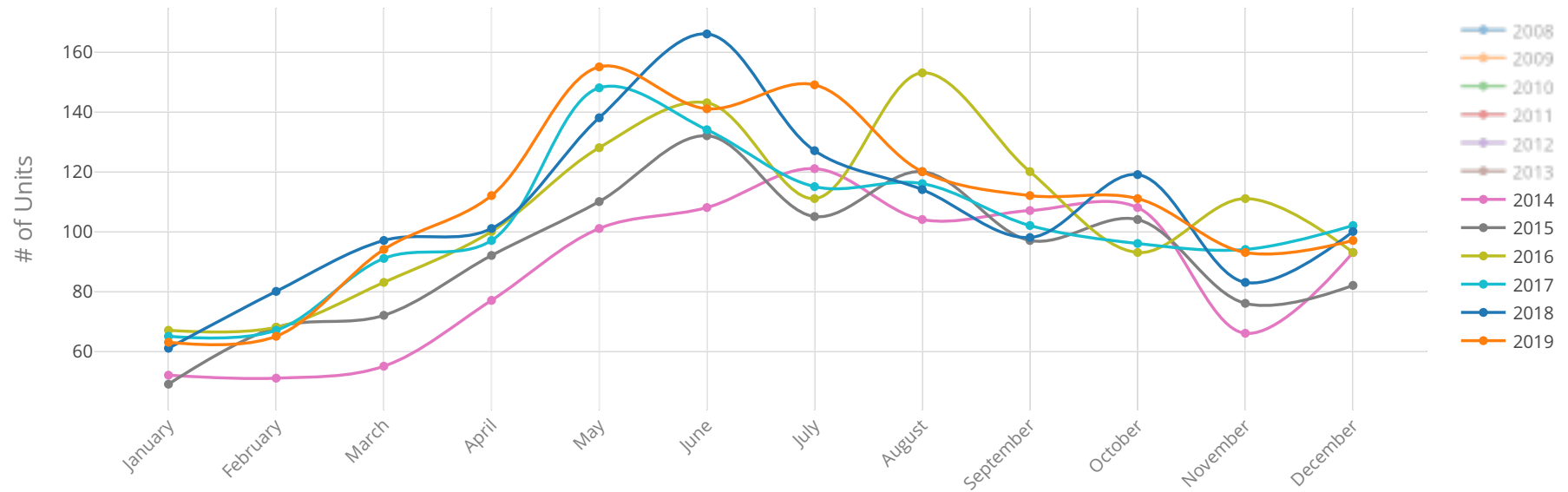


**Months Supply
of Inventory**



Residential Sales By Month

Harrisonburg and Rockingham County



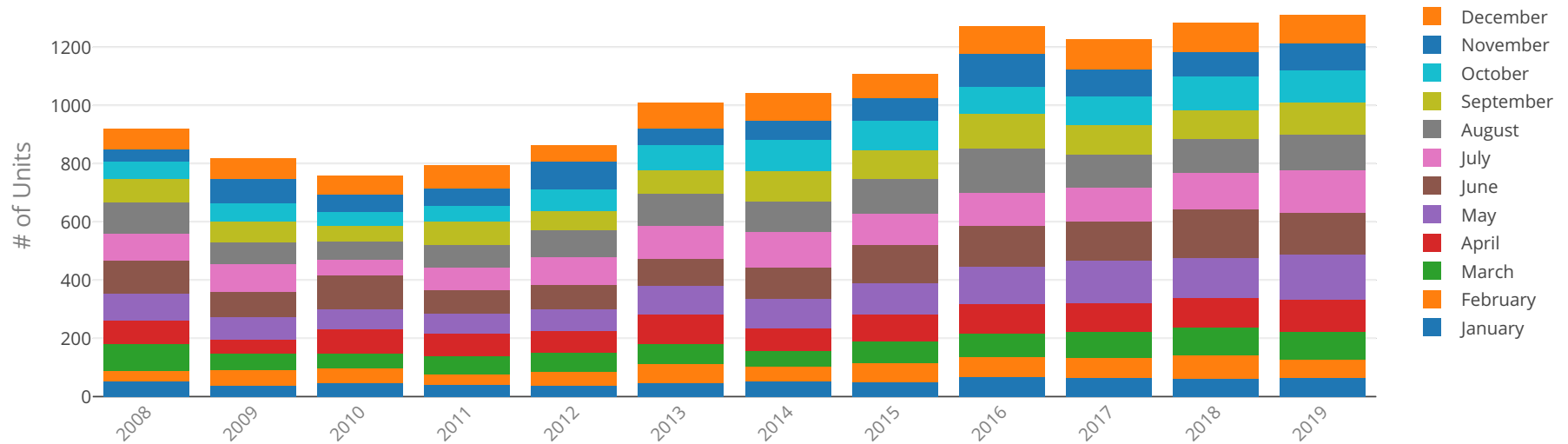
What This Chart Shows:

Residential home sales by month, since 2008. This chart helps show seasonal trends in home sales.

Bottom Line:

Residential sales in the 4th quarter of 2019 generally followed our typical seasonal patterns, including the December upswing. With the exception of 2016, the fourth quarter generally sees a strong October, somewhat weaker November, and then a rebound in December as Buyers and Sellers push to complete transactions prior to the end of the year.

Residential Units Sold Year To Date *Harrisonburg and Rockingham County*



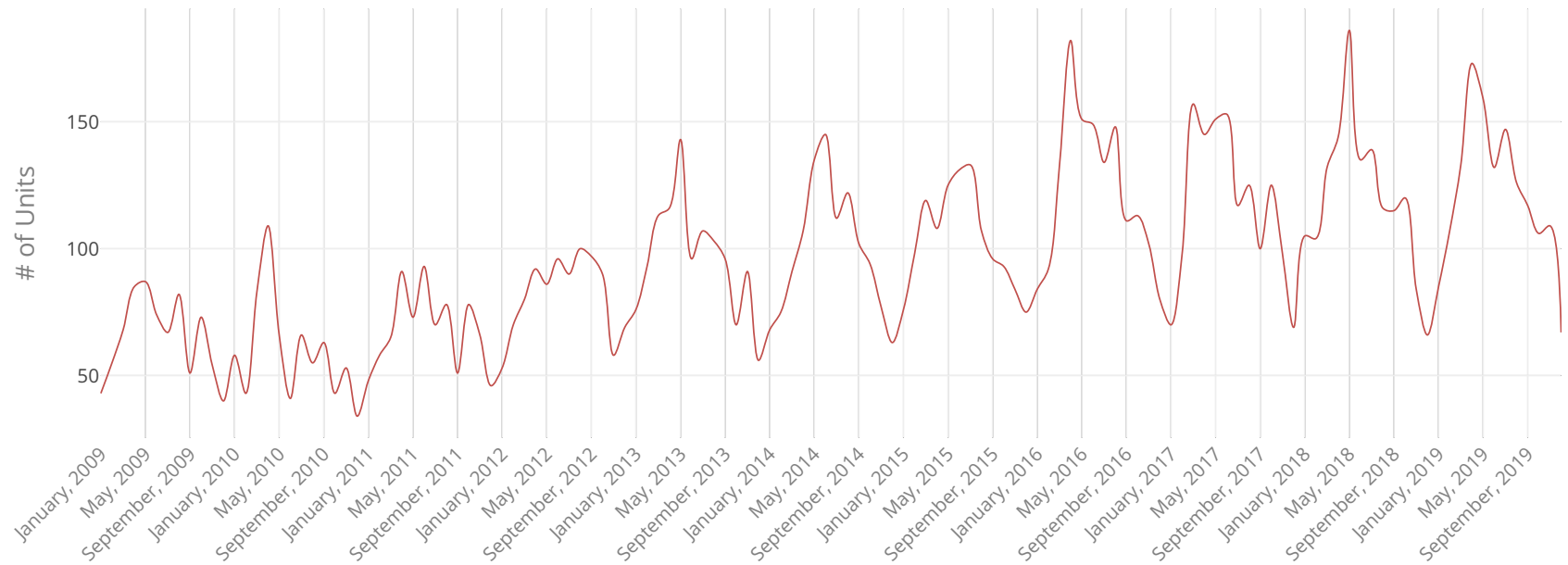
What This Chart Shows:

Total residential sales from January 1 until the date on this chart, since 2008.

Bottom Line:

Despite a slightly slower December than last year (97 sales this year vs 100 in December, 2018), calendar year 2019 finished 1.5% ahead of 2018 in terms of total homes sold.

Residential Properties Placed Under Contract *Harrisonburg and Rockingham County*



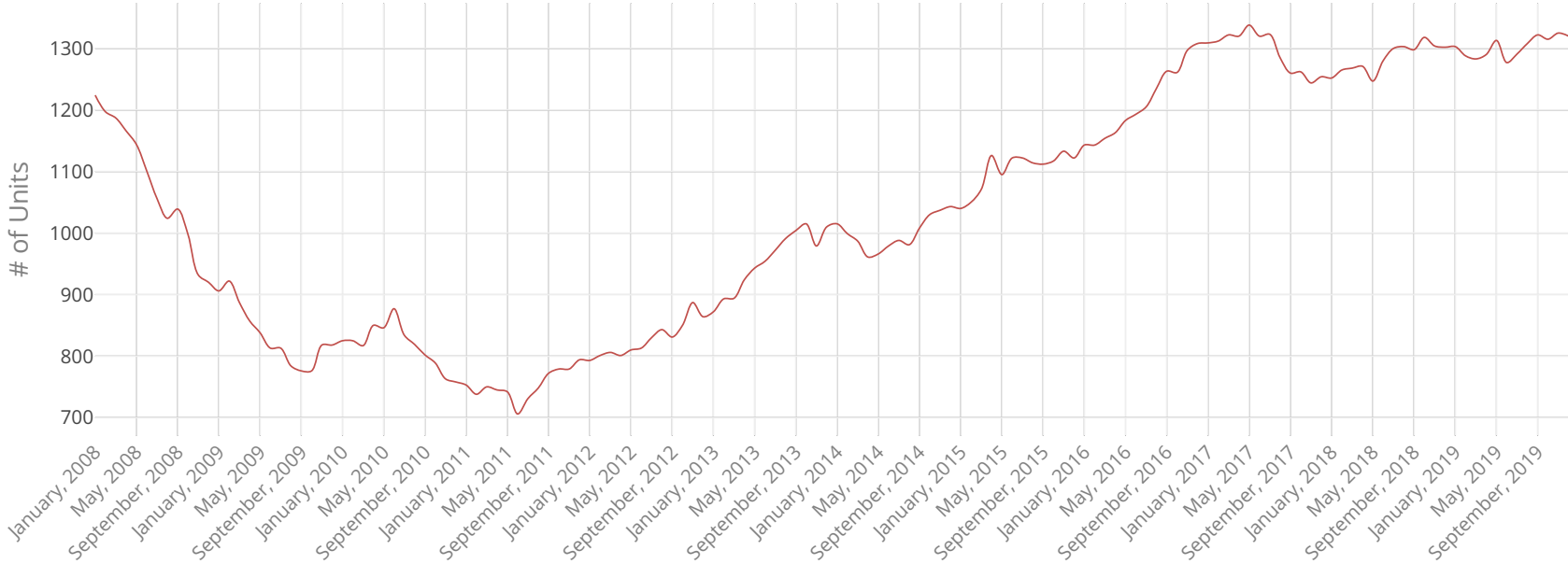
What This Chart Shows:

The number of residential properties on which Buyers and Sellers entered into contracts each month since 2009. This is an excellent indicator of future sales.

Bottom Line:

Buyers ratified contracts on 283 homes during the last three months of 2019, an increase of 13 homes over 2018's fourth quarter total of 270 homes. Although not a big increase, it is significant given the lower inventory than last year, and is an indication of the number of Buyers in the market competing for a fewer number of homes for sale.

Residential Sales, Past 12 Months *Harrisonburg and Rockingham County*



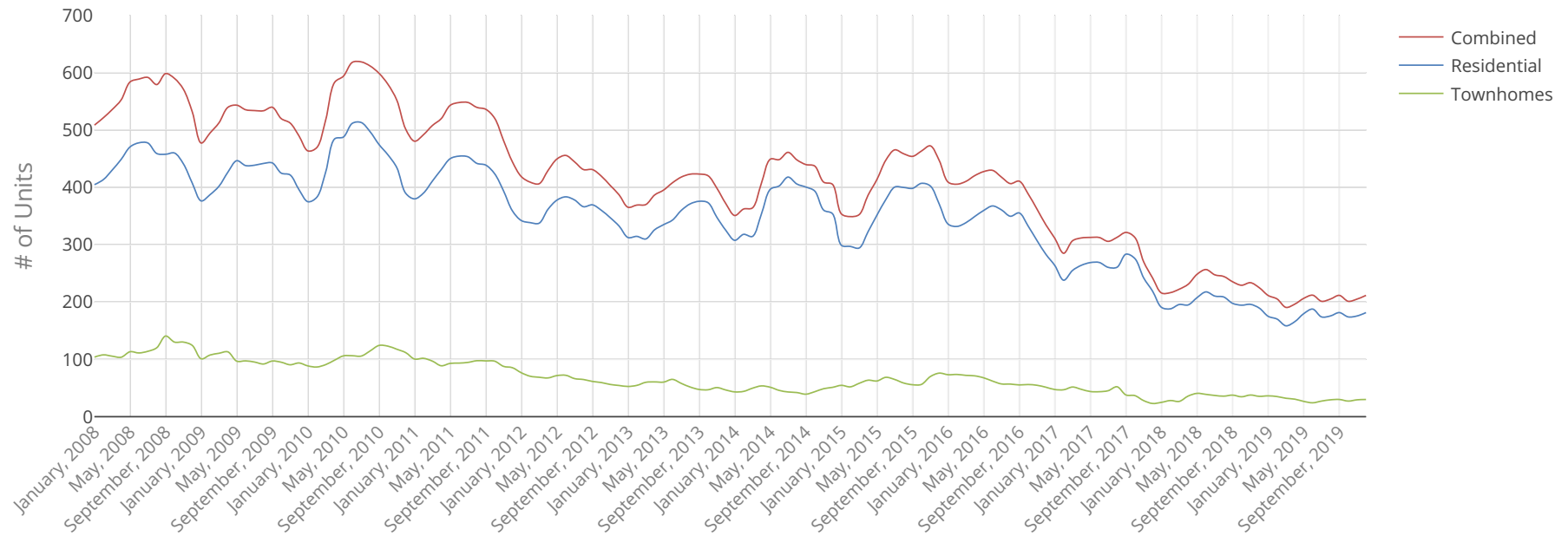
What This Chart Shows:

The past twelve months sales, for this month and each month since 2008. This is one of the best ways to see the true long term trend in the market.

Bottom Line:

Residential sales in Rockingham County have been generally flat for the past 18 months, largely due to the shortage of homes for sale. Buyers continue to enter the market, but inventory remains extraordinarily low, so the pace of sales is slowed down. We believe sales would be increasing at 5% or more per year if adequate inventory existed.

Single Family and Townhome Listing Inventory Rockingham County



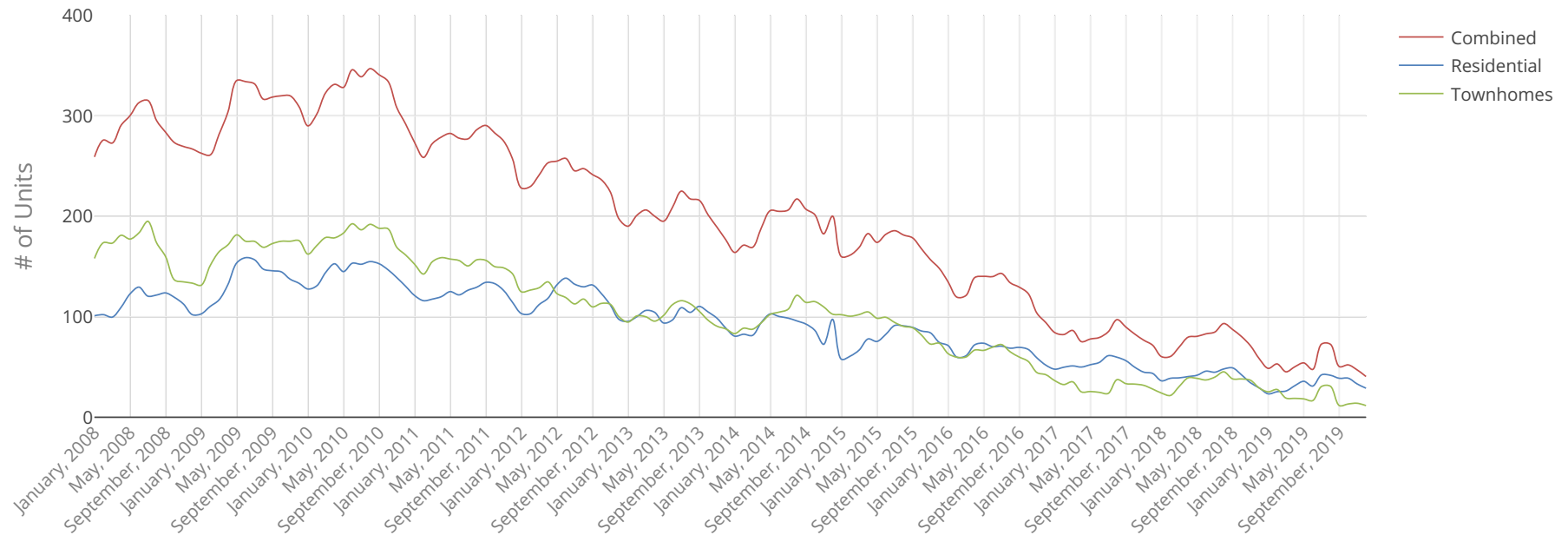
What This Chart Shows:

The long term inventory trend in Rockingham County, with Single Family homes separated from Townhomes.

Bottom Line:

The inventory of homes for sale in Rockingham County during 2019 remained fairly steady, varying for the typical seasonal increase during the Spring and Summer months. We believe this is simply due to Buyers scooping up new listings so quickly that even during the heaviest listing months the market did not see an increase in standing inventory. This signifies an extreme shortage of homes for sale, the likes of which we have not experienced before.

Single Family and Townhome Listing Inventory *City of Harrisonburg*



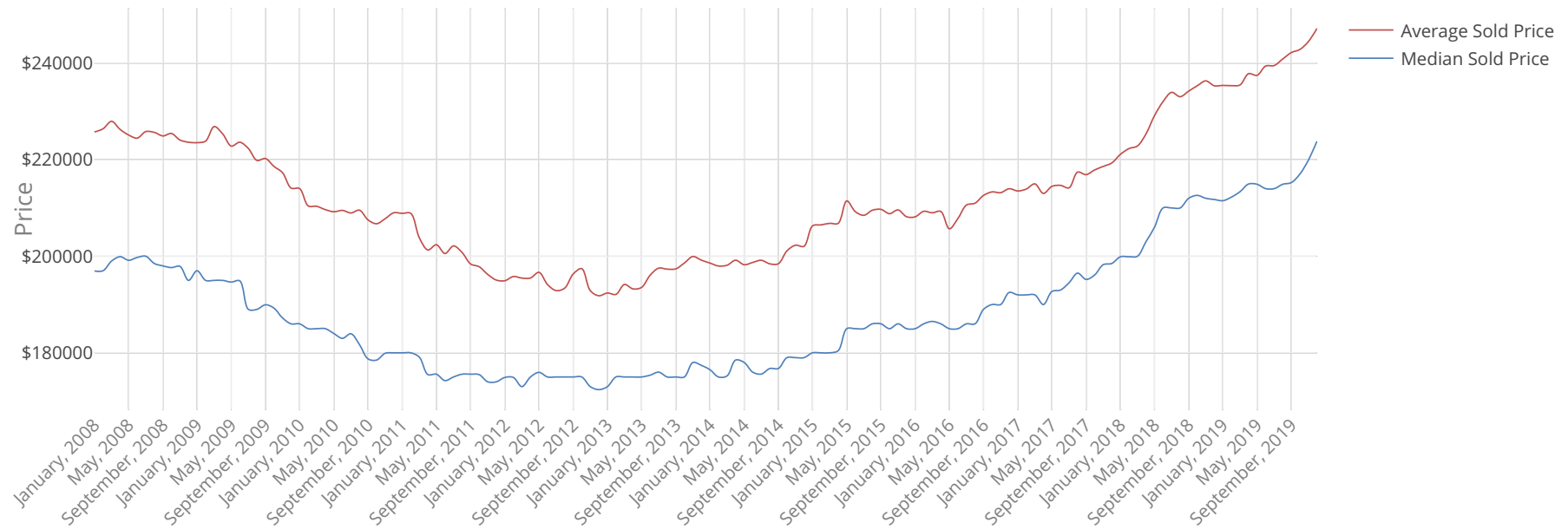
What This Chart Shows:

The long term inventory trend in the City of Harrisonburg, with Single Family homes separated from Townhomes.

Bottom Line:

The inventory situation in Harrisonburg is dire. We have now experienced our tenth consecutive year of declining inventory, and the number of homes for sale represents only 1.5 months of sales. This persistent shortage of homes for sale has created an environment in which Buyers feel tremendous pressure to move quickly and make very strong offers. This sometimes creates a stronger than normal feeling of "Buyer's remorse", resulting in a higher percentage of failed contracts than is typical. These are different times for our market, but they have become our "new normal".

Average and Median Sold Price *Harrisonburg and Rockingham County*



What This Chart Shows:

The long term trend in average and median sales prices for homes.

Bottom Line:

Home prices on average rose about 5% in 2019, indicating the competition for homes is fierce. A rate of increase in the 3% range is considered healthy for a market like ours, with higher rates proving unsustainable over time. This is something we will need to watch carefully in 2020, as the market continues to experience more Buyers and fewer Sellers, potentially driving prices even higher. Historically low interest rates on mortgages have balanced out the increasing prices to some extent, but a bump in interest rates would dramatically damage housing affordability for some Buyers.