Residential Market Review

Hampton Roads Residential Housing Market

- Inventory: 12.3%
- Existing Home Closings: 7.6%
- Existing Home Average Price: 2.0%
- New Home Closings: 15.7%
- New Home Average Price: -1.1%
- Building Permits: 18.5%
- Interest Rates: -3.3%
- New Home Traffic: 9.7%

Hampton Roads Residential Inventory

- January: 8,000
- December: 15,000

2012 Existing Home Detached Sales

- No. of Closings
- Months to absorb inventory

2012 New Construction Detached Sales

- No. of Closings
- Months to absorb inventory

Improvements in Compromised Sales

- Foreclosures: 4,024, -15%
- Short Sales: 1,638, +45%
Lot Costs Normalizing

- Virginia Beach Community:
  Was: $255,000, Now: $100,000
- Chesapeake Community:
  Was: $110,000, Now: $80,000
- Suffolk Community:
  Was: $157,000, Now: $87,500

New Detached Homes Are Smaller

- 2003: 2,559 sf, $105/sf
- 2007: 2,746 sf, $154/sf
- 2012: 2,428 sf, $134/sf

Hampton Roads 2012 Existing Home Average Price & Payment at 3.5%

<table>
<thead>
<tr>
<th>Type</th>
<th>Price</th>
<th>Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Types</td>
<td>$213,919</td>
<td>$961</td>
</tr>
<tr>
<td>Detached</td>
<td>$228,882</td>
<td>$1,028</td>
</tr>
<tr>
<td>Attached</td>
<td>$160,687</td>
<td>$722</td>
</tr>
</tbody>
</table>

Hampton Roads 2012 New Home Average Price & Payment at 3.5%

<table>
<thead>
<tr>
<th>Type</th>
<th>Price</th>
<th>Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Types</td>
<td>$306,341</td>
<td>$1,376</td>
</tr>
<tr>
<td>Detached</td>
<td>$335,452</td>
<td>$1,506</td>
</tr>
<tr>
<td>Multistory</td>
<td>$273,065</td>
<td>$1,226</td>
</tr>
<tr>
<td>Multiplex</td>
<td>$225,474</td>
<td>$1,013</td>
</tr>
<tr>
<td>Townhome</td>
<td>$248,287</td>
<td>$1,115</td>
</tr>
</tbody>
</table>

New Homes Are Affordable Again!

- 48% of Households Can Afford This Home!
  - $306,300
  - 2,400 sf, $128/sf
  - 4 Bedrooms

- 62% of Households Can Afford This Home!
  - $214,900
  - 1,496 sf, $144/sf
  - 3 Bedrooms
New Homes Are Affordable Again!

71% of Households Can Afford This Home!

$150,900
1,300 sf, $116/sf
2 Bedrooms

3 Points:
Subject to Sequestration...

Low Inventory Makes a Seller’s Market, Prices Will Rise

3 Points:
Subject to Sequestration...

Builders:
Detached Homes
$200k to $450k

If You Build It, They Will Come!

3 Points:
Subject to Sequestration...

At Current Interest Rates:
70% of Households Can Afford a New Home in Hampton Roads

TAKE THAT DWIGHT!