

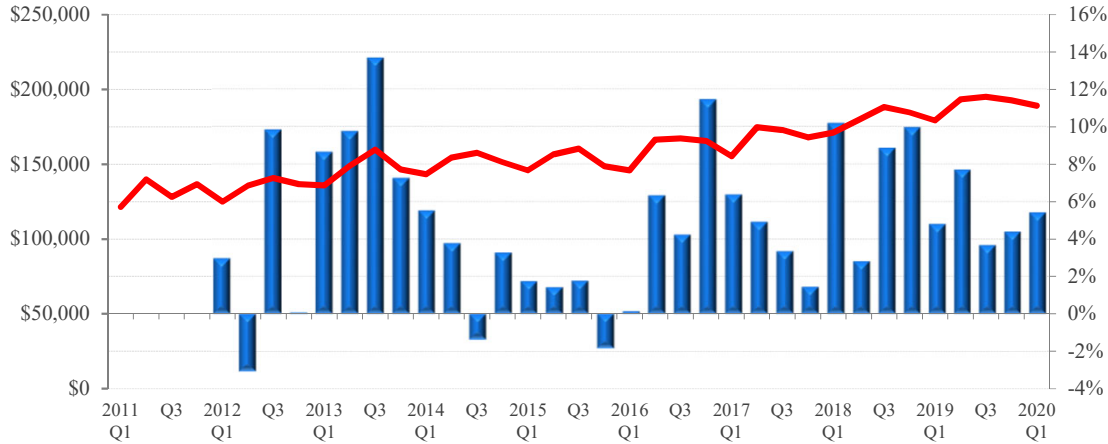
Hagerstown-Martinsburg Area

Local Market Report, First Quarter 2020

including the impact of COVID-19 on the local economy

Today's Market...

Median Price (Red Line) and One-year Price Growth



Local Price Trends			
Price Activity	Hagerstown	U.S.	Local Trend
Current Median Home Price (2020 Q1)	\$189,000	\$272,433	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2020 Q1)	5.4%	7.7%	
3-year (12-quarter) Appreciation (2020 Q1)	21.7%	18.1%	
3-year (12-quarter) Housing Equity Gain*	\$33,700	\$41,733	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$53,200	\$96,500	
9-year (36 quarters) Housing Equity Gain*	\$67,600	\$114,500	

*Note: Equity gain reflects price appreciation only

	Hagerstown	U.S.	
Conforming Loan Limit**	\$484,350	\$726,525	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$314,827	\$726,525	
Local Median to Conforming Limit Ratio	39%	not comparable	

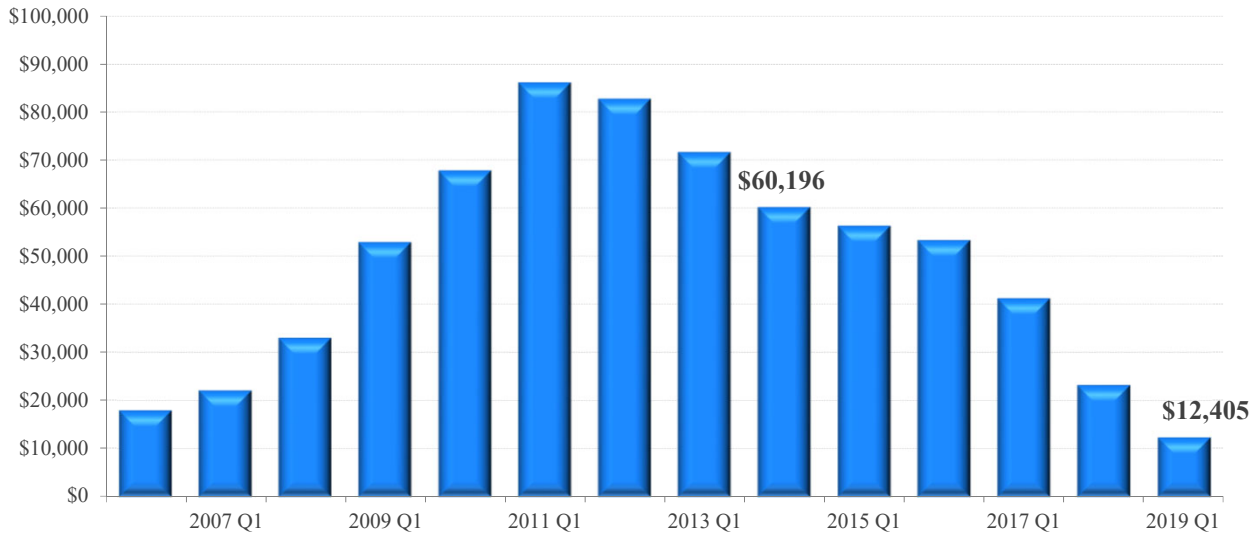
Note: limits are current and include the changes made on January 1st 2019.

Local NAR Leadership

The Hagerstown-Martinsburg market is part of region 3 in the NAR governance system, which includes all of Delaware, Maryland, District of Columbia, Virginia, and West Virginia. The 2020 NAR Regional Vice President representing region 3 is Deborah Baisden.

Benefits of Ownership: Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained through 2020 Q1 from quarter in which home was of purchased**

Price Activity	Hagerstown	U.S.	Local Trend
1-year (4-quarter)	\$12,405	\$23,185	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$41,270	\$52,978	
5-year (20-quarter)*	\$56,383	\$87,425	
7-year (28 quarters)*	\$71,610	\$120,351	
9-year (36 quarters)*	\$86,091	\$138,556	

*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

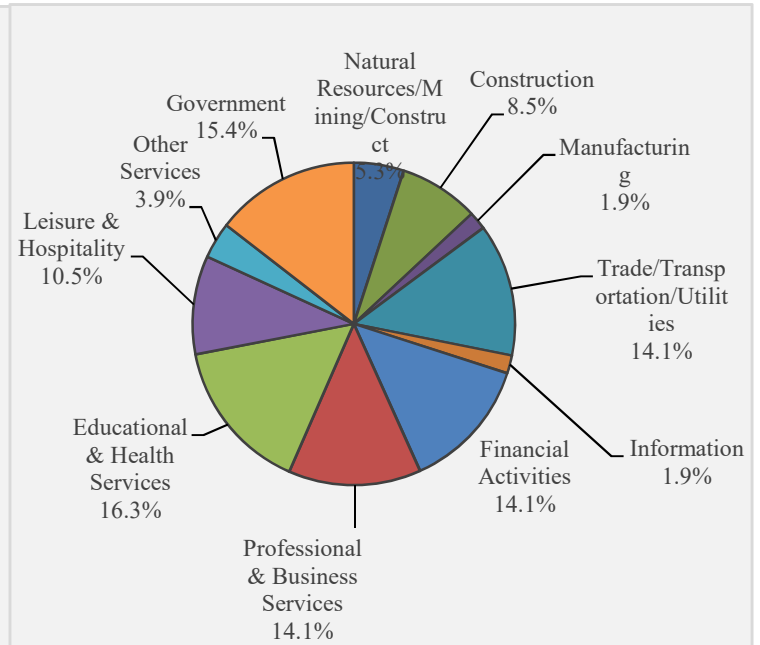
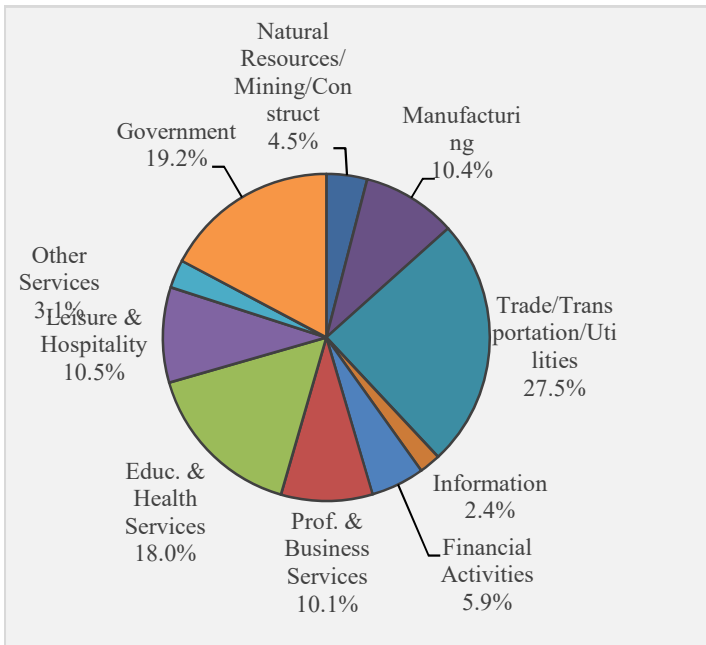
Drivers of Local Supply and Demand...

Local Economic Outlook	Hagerstown	U.S.	
12-month Job Change (Mar)	-200	Not Comparable	Employment continues to decline and will weigh on demand in some areas
12-month Job Change (Feb)	1,000	Not Comparable	
36-month Job Change (Mar)	500	Not Comparable	Unemployment in Hagerstown is better than the national average and improving
Current Unemployment Rate (Mar)	3.9%	4.4%	
Year-ago Unemployment Rate	4.2%	3.8%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	-0.2%	1.3%	

Share of Total Employment by Industry

Hagerstown-Martinsburg Area

U.S.



12-month Employment Change by Industry in the Hagerstown-Martinsburg Area (Mar - 2020)

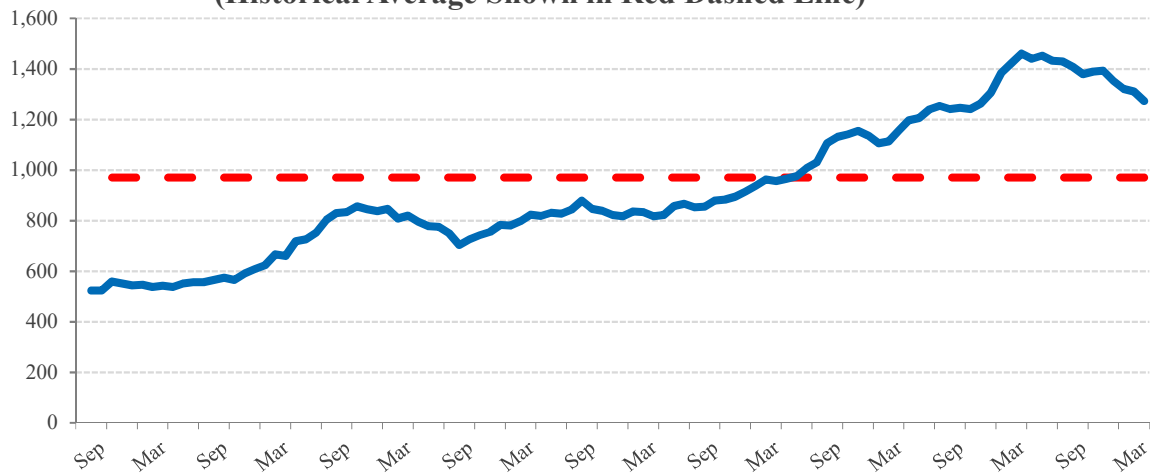
Goods Producing	NA	Information	100
Natural Resources/Mining/Construction	200	Financial Activities	-500
Natural Resources and Mining	NA	Prof. & Business Services	-100
Construction	NA	Educ. & Health Services	300
Manufacturing	500	Leisure & Hospitality	100
Service Providing Excluding Government	NA	Other Services	100
Trade/Transportation/Utilities	-100	Government	400

State Economic Activity Index	Maryland	U.S.	
12-month change (2020 - Mar)	2.7%	1.2%	The economy of Maryland has outpaced the rest of the nation and improved modestly from last month's -19.51% change
36-month change (2020 - Mar)	NA	7.0%	

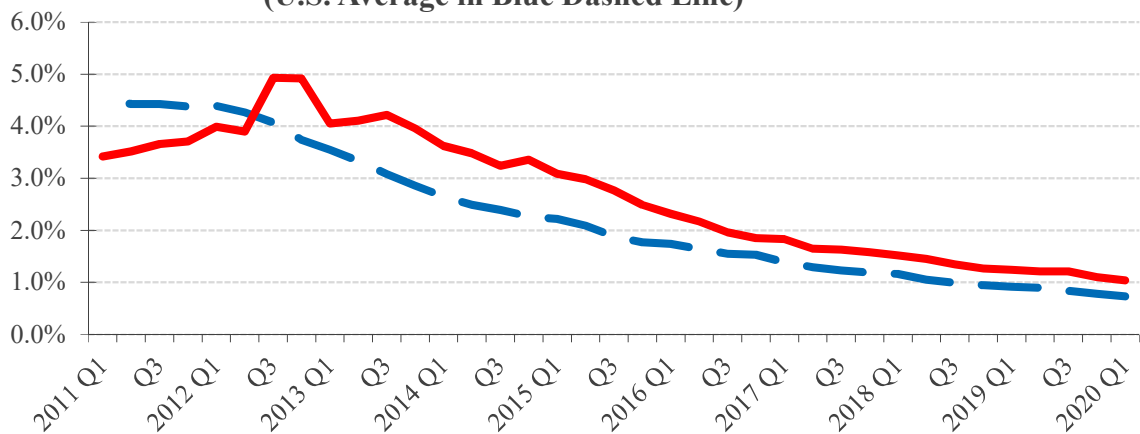
New Housing Construction

Local Fundamentals	Hagerstown	U.S.	
12-month Sum of 1-unit Building Permits through Mar	1,273	not comparable	The current level of construction is 31.2% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	970	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built up.
Single-Family Housing Permits (Mar) 12-month sum vs. a year ago	-12.9%	5.5%	Construction continues to decline from last year

Construction: 12-month Sum of Local Housing Permits
(Historical Average Shown in Red Dashed Line)



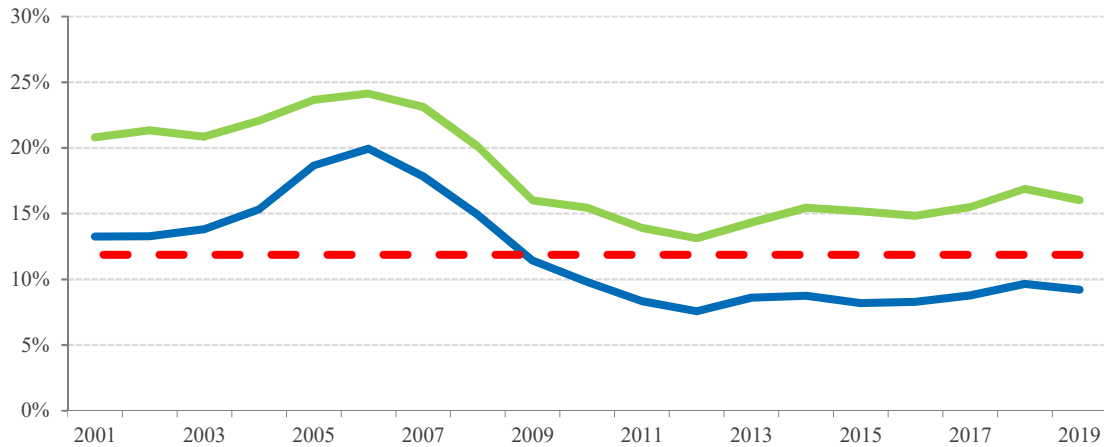
State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Blue Dashed Line)



Affordability

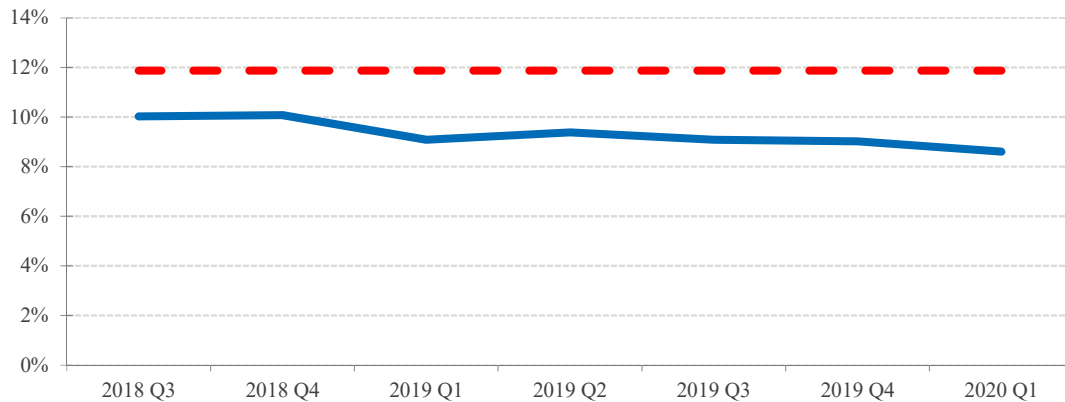


Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)



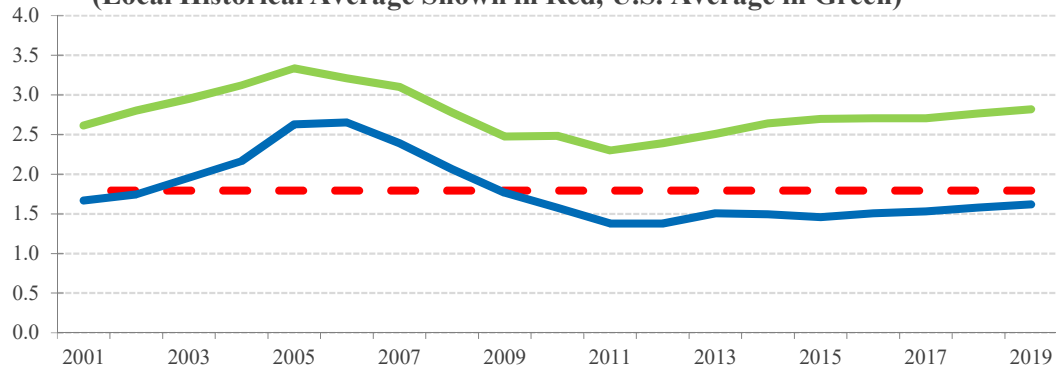
Monthly Mortgage Payment to Income	Hagerstown	U.S.	
Ratio for 2019	9.2%	16.0%	Historically strong, but weaker than the fourth quarter of 2019
Ratio for 2020 Q1	8.6%	14.6%	
Historical Average	11.9%	18.4%	More affordable than most markets

Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



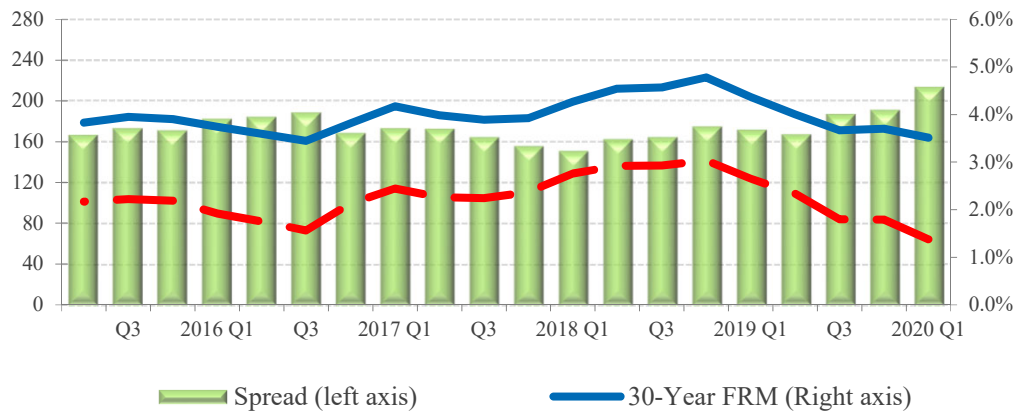
Median Home Price to Income	Hagerstown	U.S.	
Ratio for 2019	1.6	2.8	The price-to-income ratio rose, but is better than the historic average
Ratio for 2020 Q1	1.6	2.7	
Historical Average	1.8	2.7	Affordable compared to most markets

**Ratio of Local Median Home Price to Local Average Income
(Local Historical Average Shown in Red, U.S. Average in Green)**



The Mortgage Market

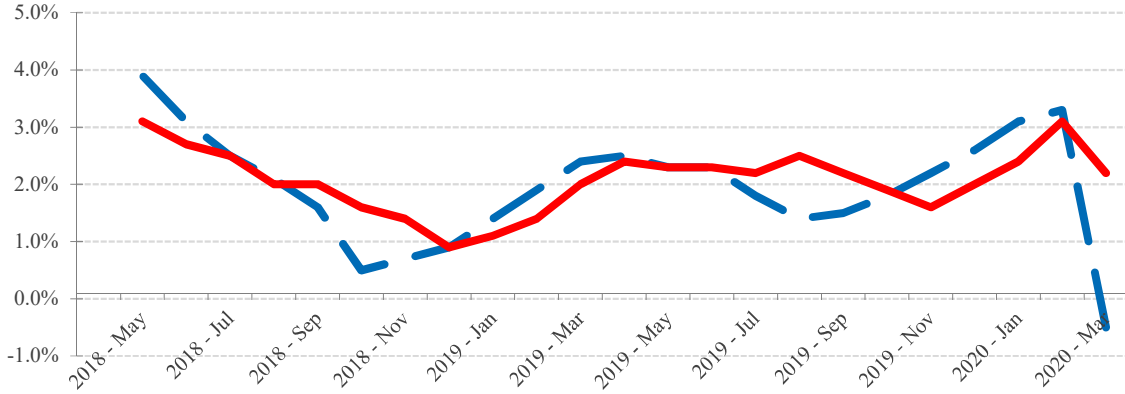
30-year Fixed Mortgage Rate and Treasury Bond Yield



The first quarter of the year mostly encompassed a pre-pandemic economy that was characterized by low unemployment and a robust economy. Nevertheless, as a result of the COVID-19 outbreak, mortgage rates reached a then-historical low in March of 2020 fueling an increase in refinance activities. Specifically, at the end of the first quarter, mortgage rates declined 90 basis points compared to a year earlier. According to the mortgage finance provider Freddie Mac, the 30-year fixed rate mortgage dropped to 3.51 percent in Q1 2020 from 4.37 percent in Q1 2019. Looking ahead, NAR is forecasting the 30-year fixed rate mortgage to average 3.20 percent for 2020.

REALTOR® Price Expectations

REALTOR® Price Expectations for the Next 12 Months
(U.S. Average in Blue Dashed Line)



Source: NAR

REALTOR® Price Expectations	Maryland	U.S.	
2020 - Mar	2.2%	-0.5%	REALTORS® expect higher price growth in Maryland than in the U.S. in the next 12 months. Their price expectations are also higher than a year ago.
Prior 12 months	2.0%	2.4%	

Geographic Coverage for this Report

The Hagerstown area referred to in this report covers the geographic area of the Hagerstown-Martinsburg metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

Berkeley County, WV and Washington County, MD

More information on the OMB's geographic definitions can be found at https://obamawhitehouse.archives.gov/omb/bulletins_default/