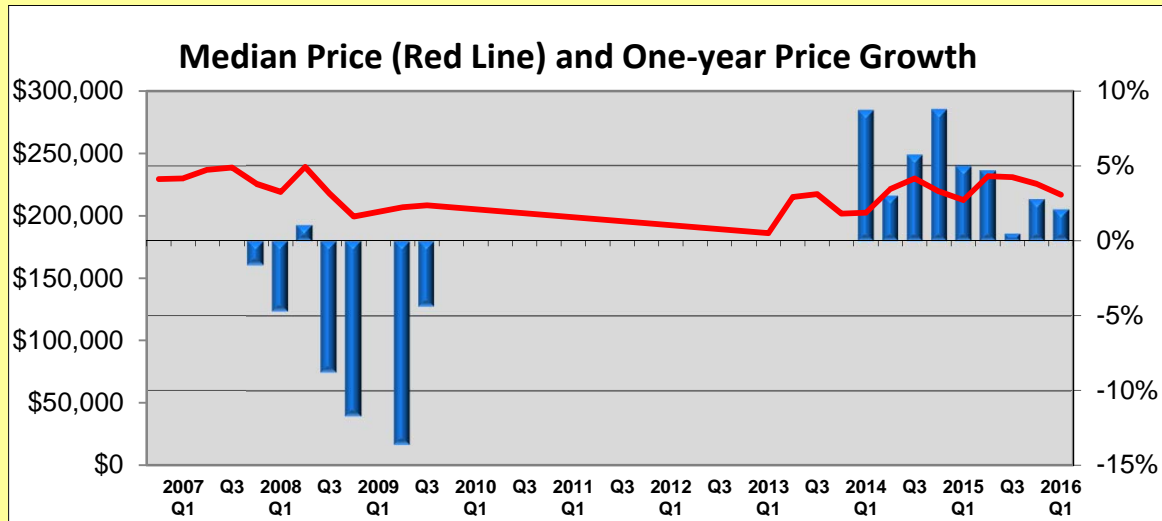


Richmond Area Local Market Report, First Quarter 2016

Today's Market...



| Local Price Trends | | | |
|--|-----------|-----------|--|
| Price Activity | Richmond | U.S. | Local Trend |
| Current Median Home Price (2016 Q1) | \$217,000 | \$215,767 | Prices are up from a year ago, but price growth is slowing |
| 1-year (4-quarter) Appreciation (2016 Q1) | 2.1% | 6.1% | |
| 3-year (12-quarter) Appreciation (2016 Q1) | 16.5% | 22.6% | |
| 3-year (12-quarter) Housing Equity Gain* | \$30,800 | \$39,833 | Information on the long-term trend is not available |
| 7-year (28 quarters) Housing Equity Gain* | NA | \$48,200 | |
| 9-year (36 quarters) Housing Equity Gain* | -\$12,900 | \$1,667 | |

*Note: Equity gain reflects price appreciation only

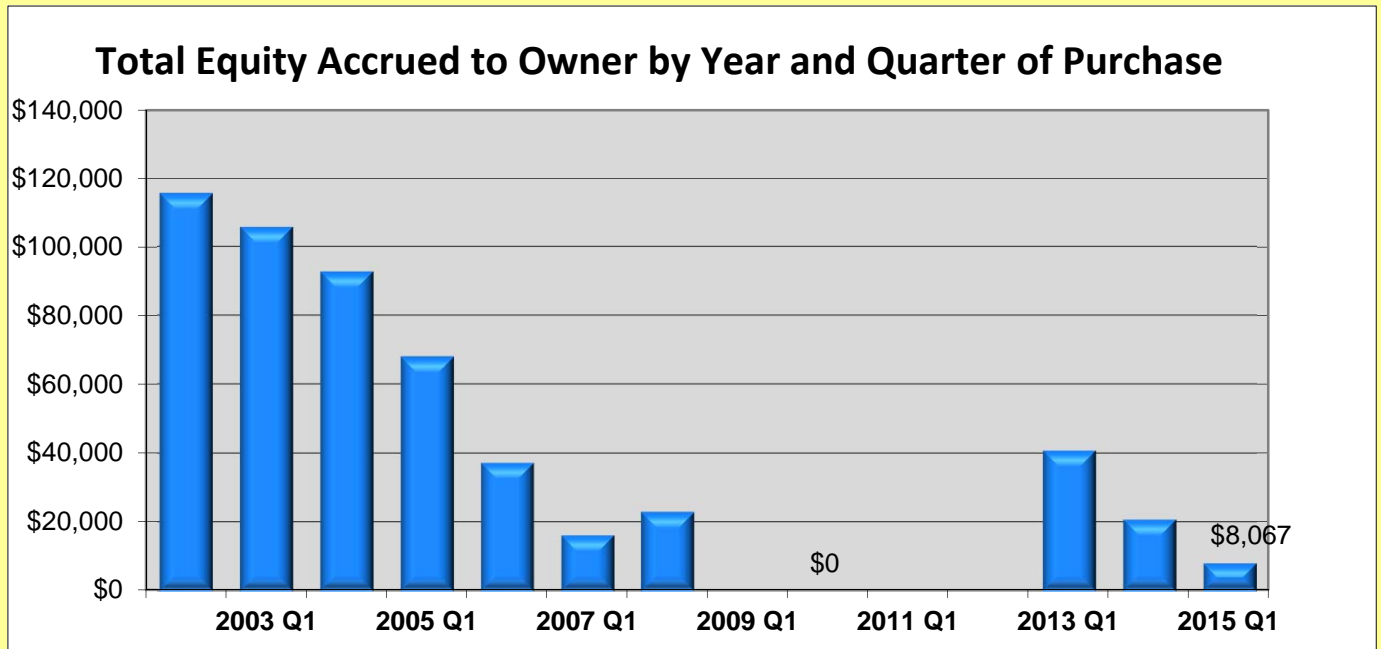
| | Richmond | U.S. | |
|--|-----------|----------------|---|
| Conforming Loan Limit** | \$535,900 | \$625,500 | Most buyers in this market have access to government-backed financing |
| FHA Loan Limit | \$535,900 | \$625,500 | |
| Local Median to Conforming Limit Ratio | 40% | not comparable | |

Note: limits are current and include the changes made in November of 2012 and extended in November of 2013

Local NAR Leadership

The Richmond 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 2016 NAR Regional Vice President representing region 3 is JoAnne Poole.

Benefits of Ownership: Total Equity Appreciation



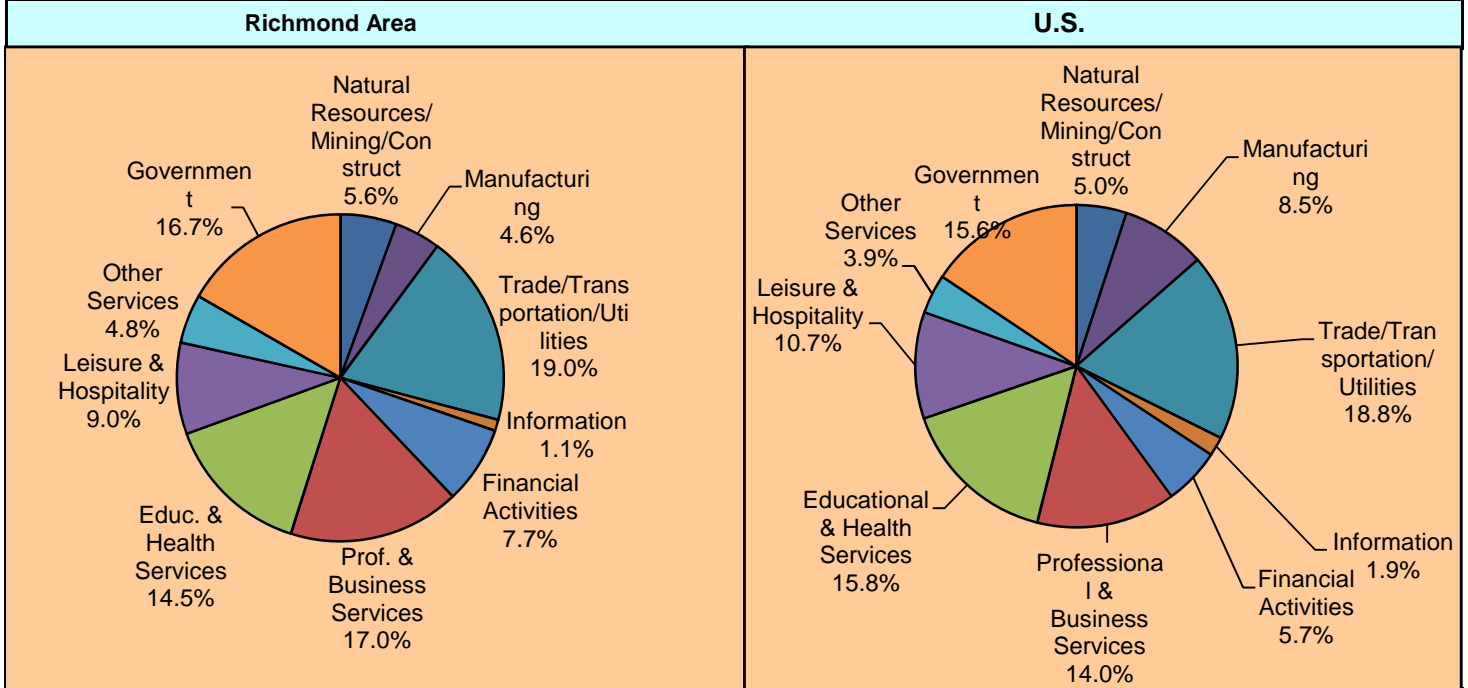
| Total Equity Gained** through 2016 Q1 from quarter in which home was of purchased | | | |
|---|----------|----------|--|
| Price Activity | Richmond | U.S. | Local Trend |
| 1-year (4-quarter) | \$8,067 | \$15,781 | Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession |
| 3-year (12-quarter)* | \$40,878 | \$49,356 | |
| 5-year (20-quarter)* | NA | \$68,727 | |
| 7-year (28 quarters)* | NA | \$59,758 | |
| 9-year (36 quarters)* | \$16,281 | \$16,435 | |
| If purchase in 2005, the national price peak | \$68,198 | \$30,059 | |

*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 | Richmond | U.S. | |
|-----------------------------------|----------|----------------|--|
| 12-month Job Change (Mar) | 30,200 | Not Comparable | Employment has held up and is on an upward trend |
| 12-month Job Change (Feb) | 28,400 | Not Comparable | |
| 36-month Job Change (Mar) | 50,300 | Not Comparable | Unemployment in Richmond is better than the national average and improving |
| Current Unemployment Rate (Mar) | 4.2% | 5.0% | |
| Year-ago Unemployment Rate | 4.9% | 5.5% | Local employment growth is strong compared to other markets |
| 1-year (12 month) Job Growth Rate | 4.7% | 2.0% | |

Share of Total Employment by Industry



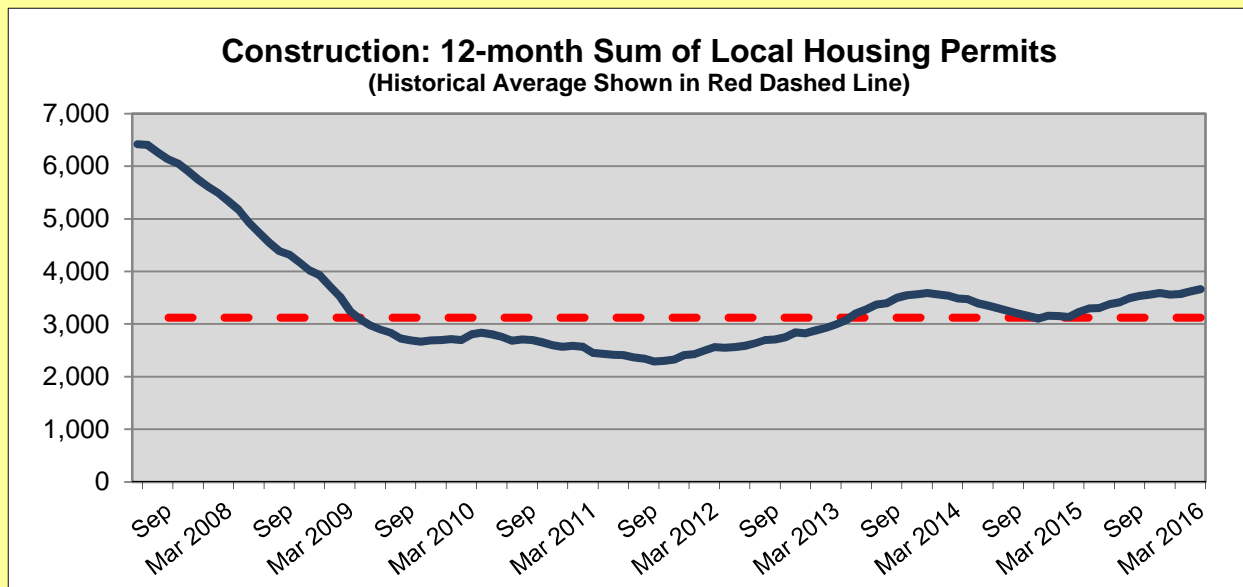
12-month Employment Change by Industry in the Richmond Area (Mar - 2016)

| | | | |
|--|-------|---------------------------|-------|
| Goods Producing | NA | Information | 0 |
| Natural Resources/Mining/Construction | 2,600 | Financial Activities | 1,200 |
| Natural Resources and Mining | NA | Prof. & Business Services | 9,700 |
| Construction | NA | Educ. & Health Services | 2,100 |
| Manufacturing | -200 | Leisure & Hospitality | 2,900 |
| Service Providing Excluding Government | NA | Other Services | 1,200 |
| Trade/Transportation/Utilities | 9,900 | Government | 800 |

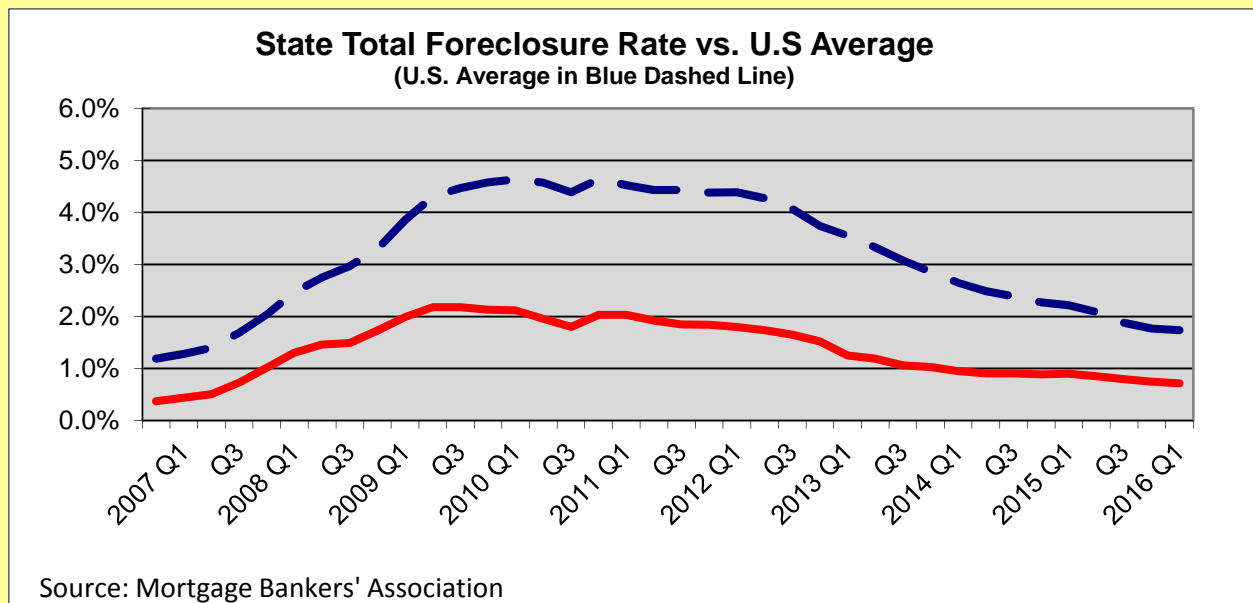
| State Economic Activity Index | Virginia | U.S. | |
|-------------------------------|----------|-------|--|
| 12-month change (2016 - Mar) | 4.5% | 3.1% | The economy of Virginia has outpaced the rest of the nation and improved modestly from last month's 4.46% change |
| 36-month change (2016 - Mar) | 8.3% | 10.5% | |

New Housing Construction

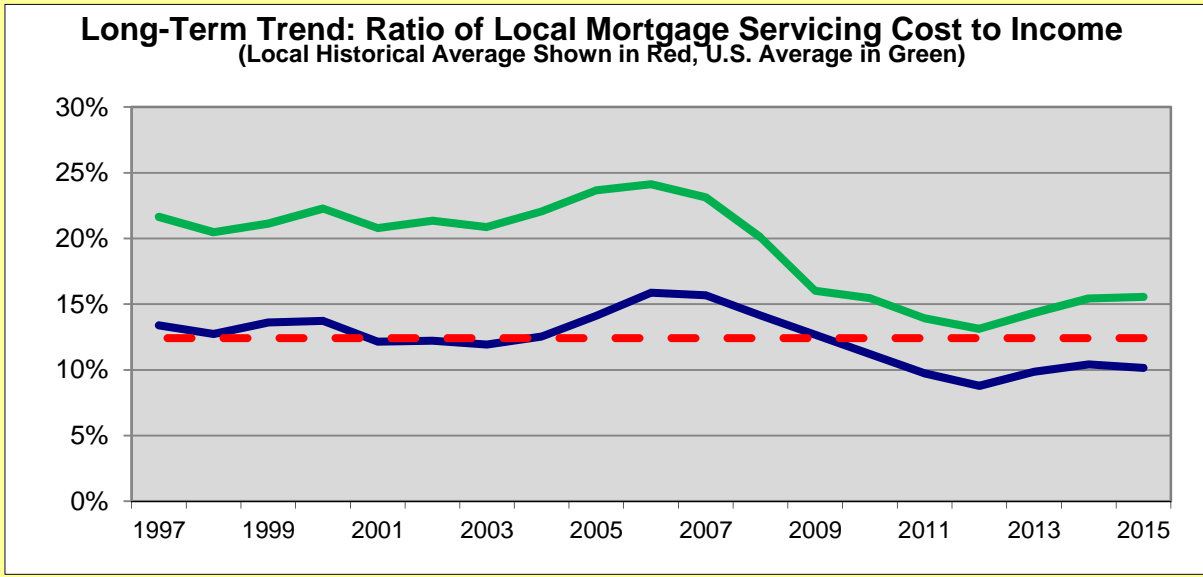
| Local Fundamentals | Richmond | U.S. | |
|--|----------|----------------|--|
| 12-month Sum of 1-unit Building Permits through Mar 2016 | 3,660 | not comparable | The current level of construction is 17.2% above the long-term average |
| 8-year average for 12-month Sum of 1-Unit Building Permits | 3,123 | not comparable | Production above trend for an extended period of time could cause prices to moderate as inventory is built |
| Single-Family Housing Permits (Mar 2016) 12-month sum vs. a year ago | 13.2% | 11.3% | Construction is on the rise relative to last year, suggesting that the local inventory has stabilized |



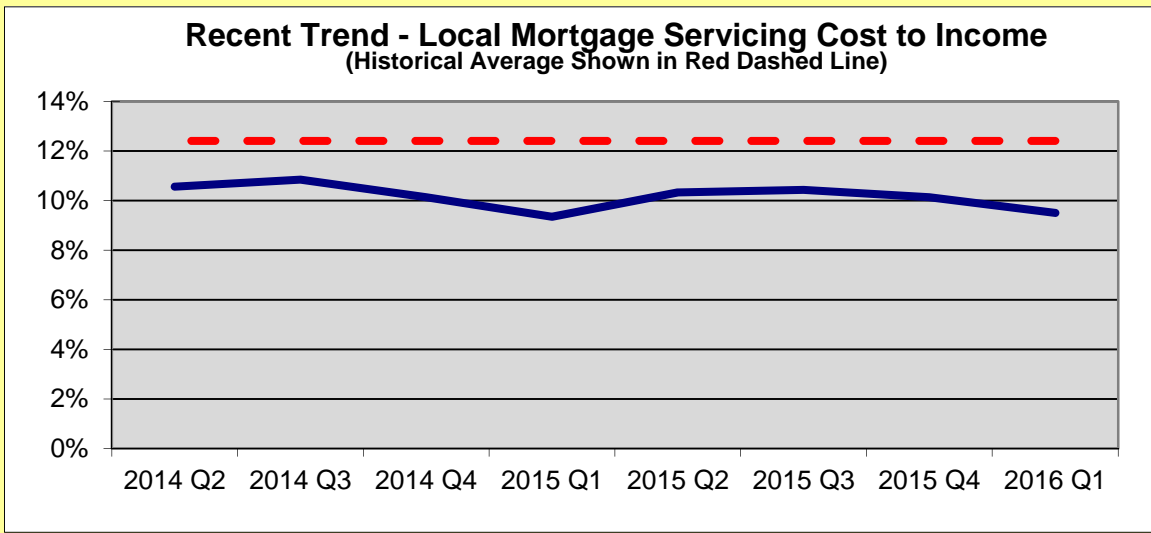
While new construction is the traditional driver of supply in real estate, foreclosures and short-sales now have a strong impact on inventories, particularly at the local level. Rising inventories, through construction or distressed sales, place downward pressure on the median home prices.



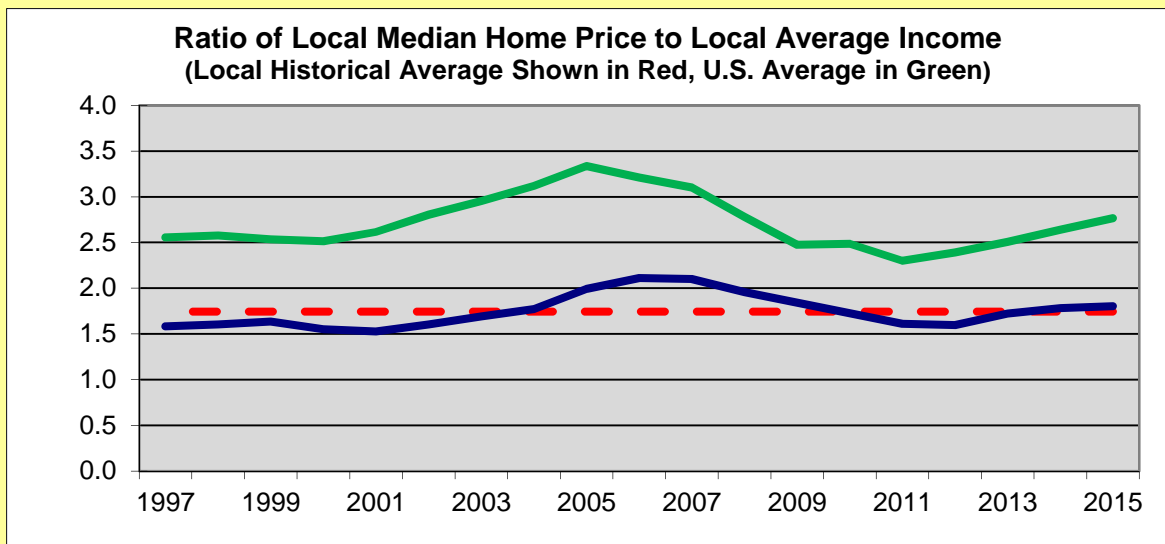
Affordability



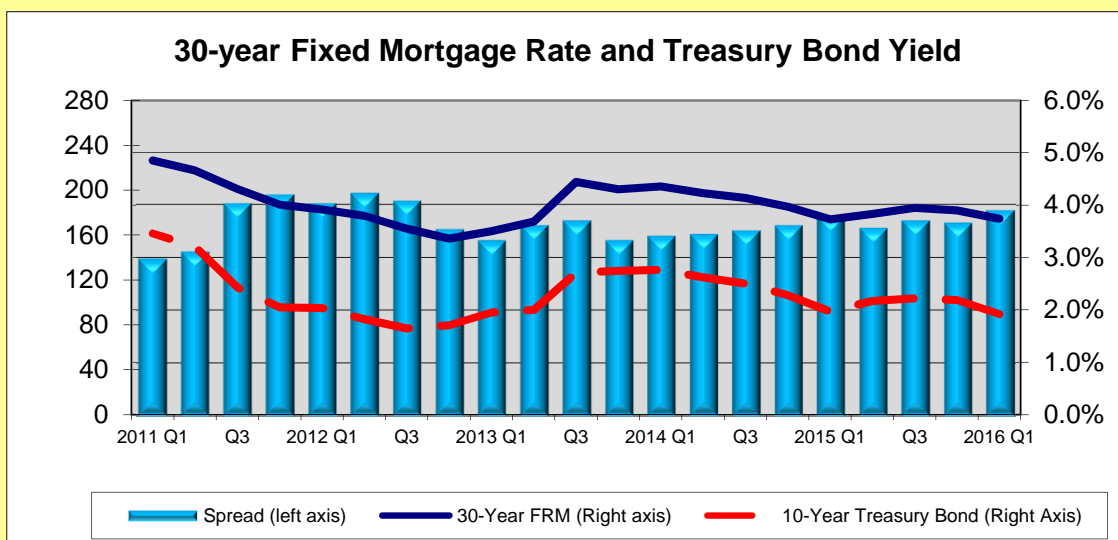
| Monthly Mortgage Payment to Income | Richmond | U.S. | |
|------------------------------------|----------|-------|--|
| Ratio for 2015 | 10.2% | 15.6% | Historically strong and an improvement over the fourth quarter of 2015 |
| Ratio for 2016 Q1 | 9.5% | 14.5% | |
| Historical Average | 12.4% | 19.5% | More affordable than most markets |



| Median Home Price to Income | Richmond | U.S. | |
|-----------------------------|----------|------|--|
| Ratio for 2015 | 1.8 | 2.8 | The price-to-income ratio has fallen and is below the historical average |
| Ratio for 2016 Q1 | 1.7 | 2.6 | |
| Historical Average | 1.7 | 2.7 | Affordable compared to most markets |

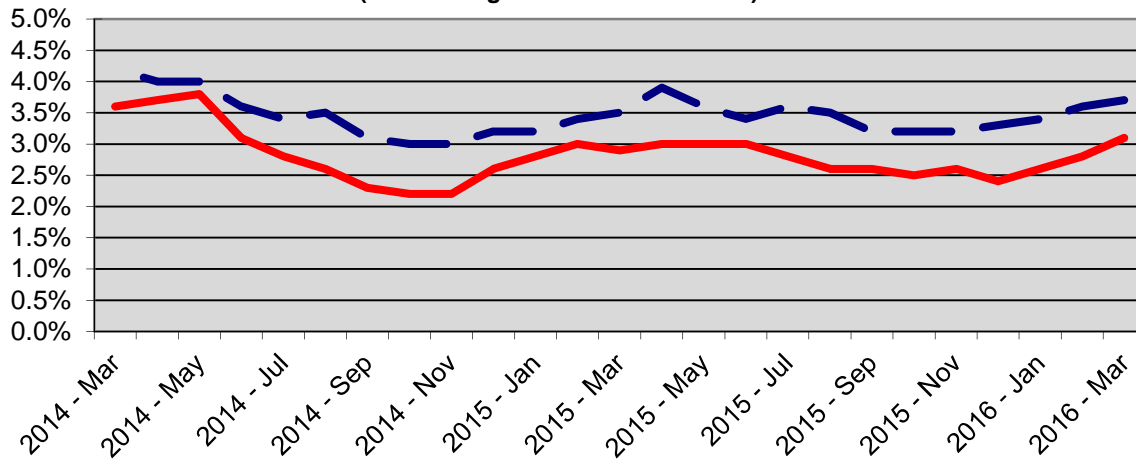


The Mortgage Market



The first quarter of 2016 was marked by paroxysms in financial, energy, and commodity markets. The uncertainty in China and the emerging-market economies, the gathering doubt about the sustainability of the modern European project, and weakness in domestic growth were the issues of the early days of 2016. With regard to the mortgage market, the year began after the FED started its tightening cycle with the first rate hike this past December. However, since the start of the year mortgage rates have dropped as the FED held off on expected rate hikes. The 30-year fixed-rate mortgages eased from 3.9 percent in the 4th quarter of 2015 to 3.7 percent in the first quarter of 2016. The 10-year Treasury fell to 1.92 percent which is the lowest rate after Q4 2012. Rates are likely to remain low through the spring as the market deals with international instability and mixed signals for the domestic economy. NAR is now forecasting fewer rate hikes by the FED in 2016 and as a result the 30-year fixed rate mortgage is now expected to average just 4.3 percent for 2016."

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



Source: NAR

| REALTOR® Price Expectations | Virginia | U.S. | |
|-----------------------------|----------|------|---|
| 2016 - Apr | 3.2% | 3.8% | REALTORS® expect weaker price growth in Virginia than in the U.S. in the next 12 months although their local expectations are higher than a year ago. |
| Prior 12 months | 3.0% | 3.9% | |



Geographic Coverage for this Report

The Richmond area referred to in this report covers the geographic area of the Richmond 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:

Amelia County, Caroline County, Charles City County, Chesterfield County, Colonial Heights city, Cumberland County, Dinwiddie County, Goochland County, Hanover County, Henrico County, Hopewell city, King William County, King and Queen County, Louisa County, New Kent County, Petersburg city, Powhatan County, Prince George County, Richmond city, and Sussex County

More information on the OMB's geographic definitions can be found at http://www.whitehouse.gov/omb/inforeg_statpolicy/