

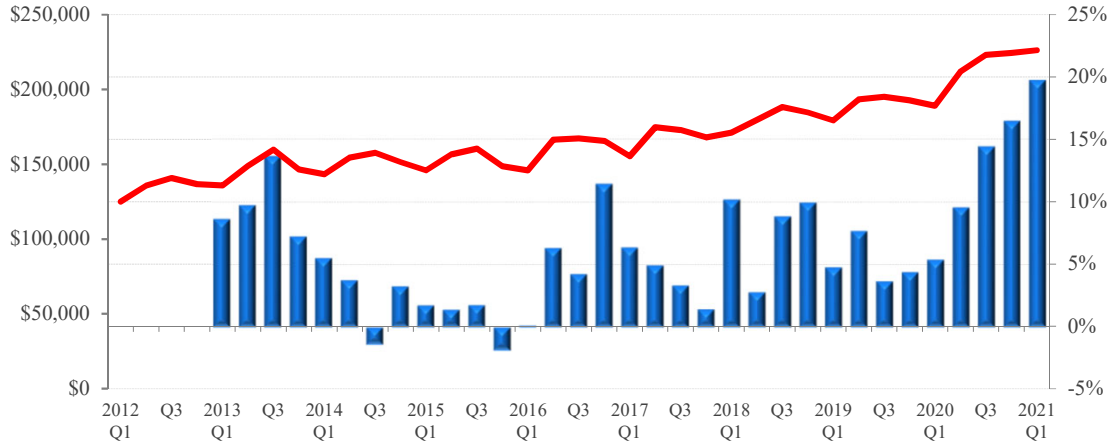
Hagerstown-Martinsburg Area

Local Market Report, First Quarter 2021

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 (2021 Q1)	\$226,200	\$313,533	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2021 Q1)	19.7%	15.1%	
3-year (12-quarter) Appreciation (2021 Q1)	32.2%	28.6%	
3-year (12-quarter) Housing Equity Gain*	\$55,100	\$69,733	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$82,900	\$122,533	
9-year (36 quarters) Housing Equity Gain*	\$101,200	\$155,200	

*Note: Equity gain reflects price appreciation only

	Hagerstown	U.S.	
Conforming Loan Limit**	\$510,400	\$765,600	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$331,760	\$765,600	
Local Median to Conforming Limit Ratio	44%	not comparable	

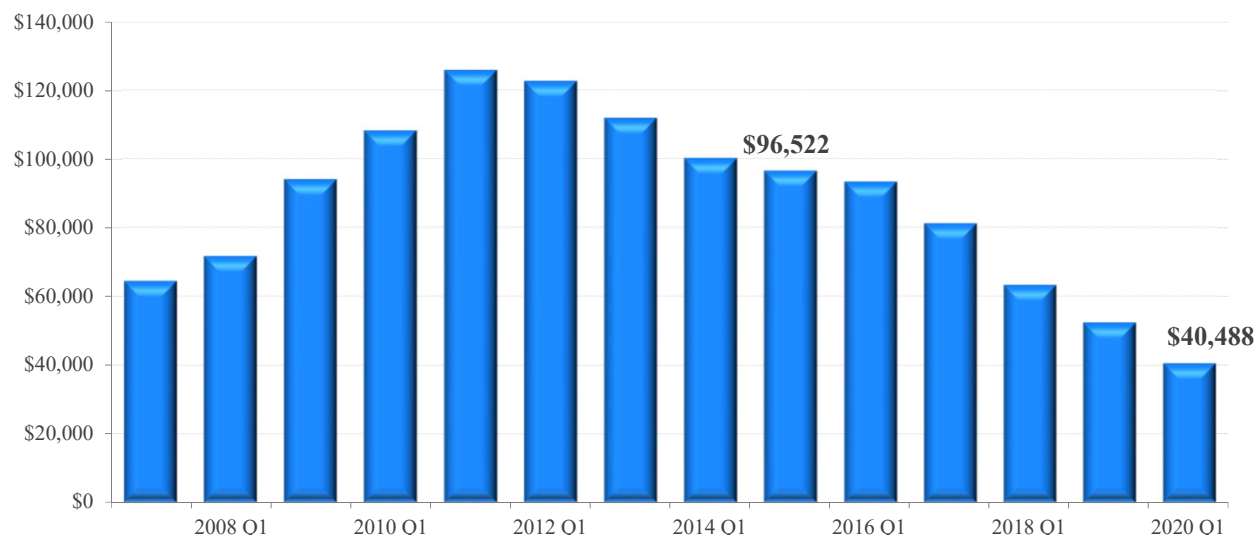
Note: limits are current and include the changes made on January 1st 2020.

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 2021 NAR Regional Vice President representing region 3 is Bonnie Roberts-Burke.

Benefits of Ownership: Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained** through 2021 Q1 from quarter in which home was of purchased

Price Activity	Hagerstown	U.S.	Local Trend
1-year (4-quarter)	\$40,488	\$45,806	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$63,318	\$81,443	
5-year (20-quarter)*	\$93,382	\$117,278	
7-year (28 quarters)*	\$100,193	\$145,583	
9-year (36 quarters)*	\$122,643	\$182,361	

*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...

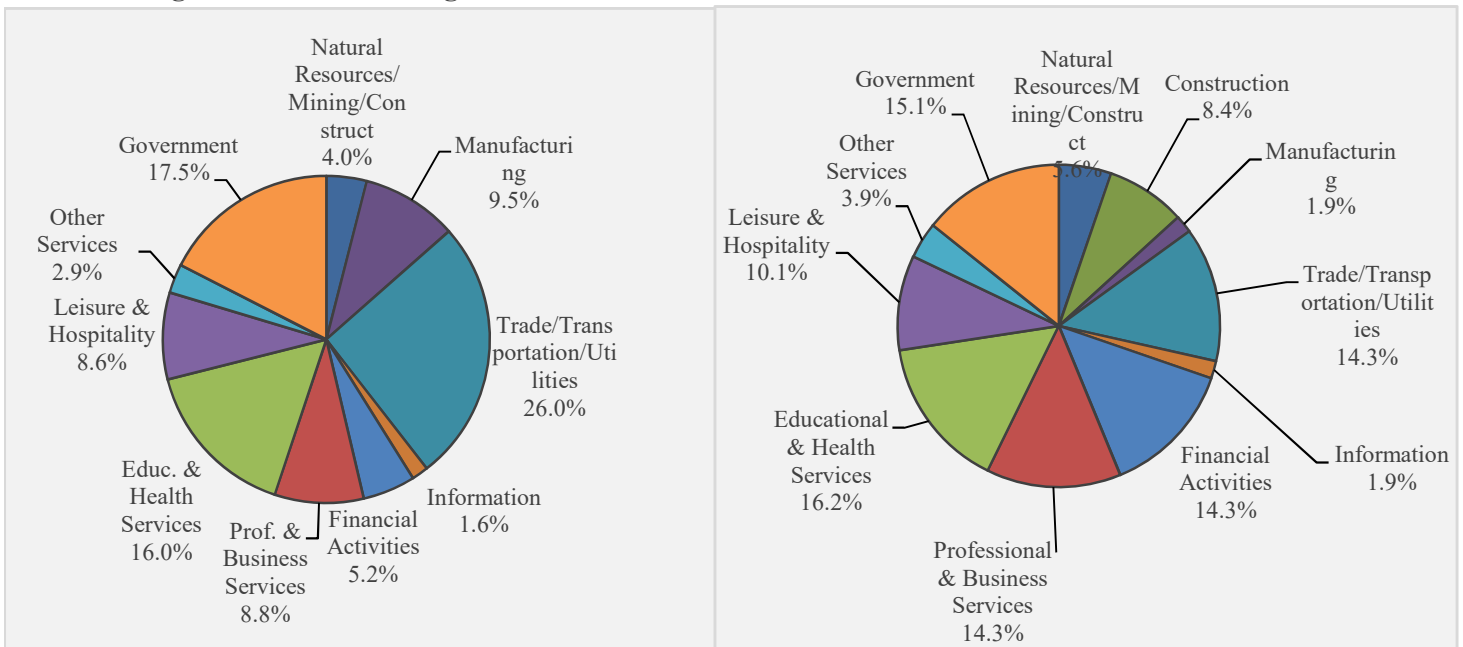


Local Economic Outlook	Hagerstown	U.S.	
12-month Job Change (May)	6,500	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Apr)	7,900	Not Comparable	
36-month Job Change (May)	-6,200	Not Comparable	Unemployment in Hagerstown is better than the national average and improving
Current Unemployment Rate (May)	4.6%	5.8%	
Year-ago Unemployment Rate	10.0%	13.3%	Local employment growth is strong compared to other markets
1-year (12 month) Job Growth Rate	7.0%	-4.0%	

Share of Total Employment by Industry

Hagerstown-Martinsburg Area

U.S.



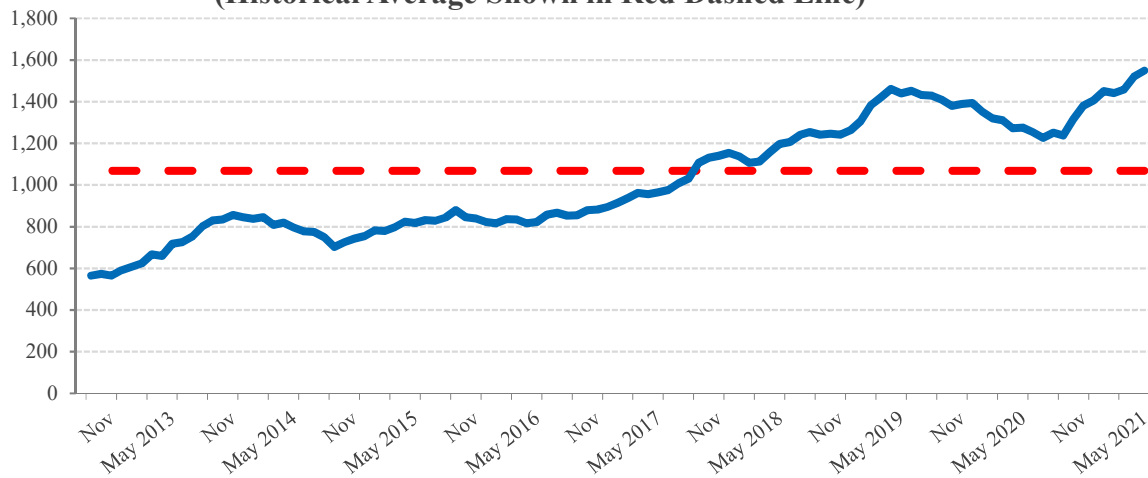
12-month Employment Change by Industry in the Hagerstown-Martinsburg Area (May - 2021)

Goods Producing	NA	Information	-100
Natural Resources/Mining/Construction	100	Financial Activities	0
Natural Resources and Mining	NA	Prof. & Business Services	-900
Construction	NA	Educ. & Health Services	900
Manufacturing	800	Leisure & Hospitality	2,800
Service Providing Excluding Government	NA	Other Services	1,000
Trade/Transportation/Utilities	2,800	Government	500

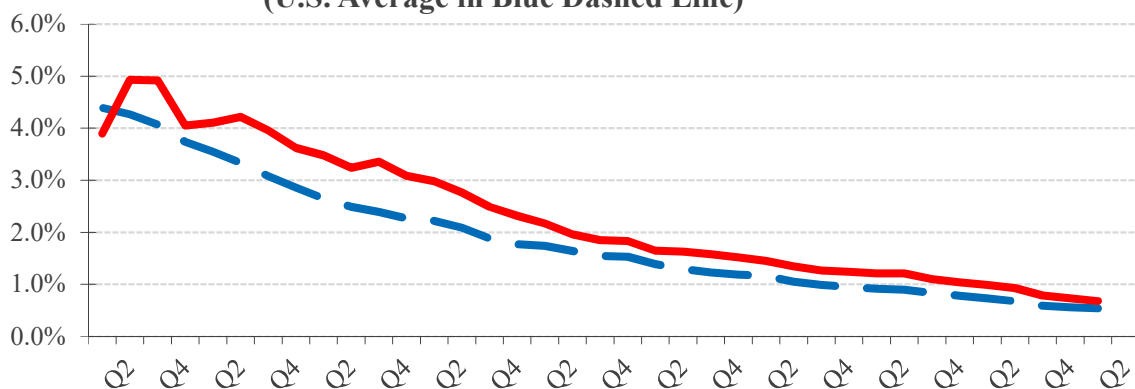
State Economic Activity Index	Maryland	U.S.	
12-month change (2021 - May)	14.1%	7.7%	The economy of Maryland has outpaced the rest of the nation and improved modestly from last month's 12.23% change
36-month change (2021 - May)	0.4%	1.8%	

New Housing Construction			
Local Fundamentals	Hagerstown	U.S.	
12-month Sum of 1-unit Building Permits through May 2021	1,584	not comparable	The current level of construction is 48.3% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	1,068	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 (May 2021) 12-month sum vs. a year ago	26.3%	29.0%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized

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

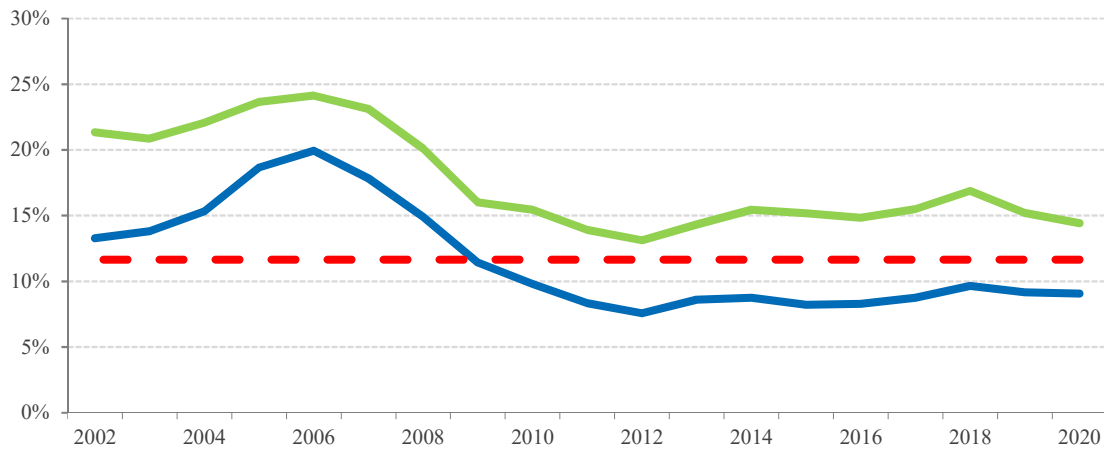


State Total Foreclosure Rate vs. U.S Average
(U.S. Average in Blue Dashed Line)



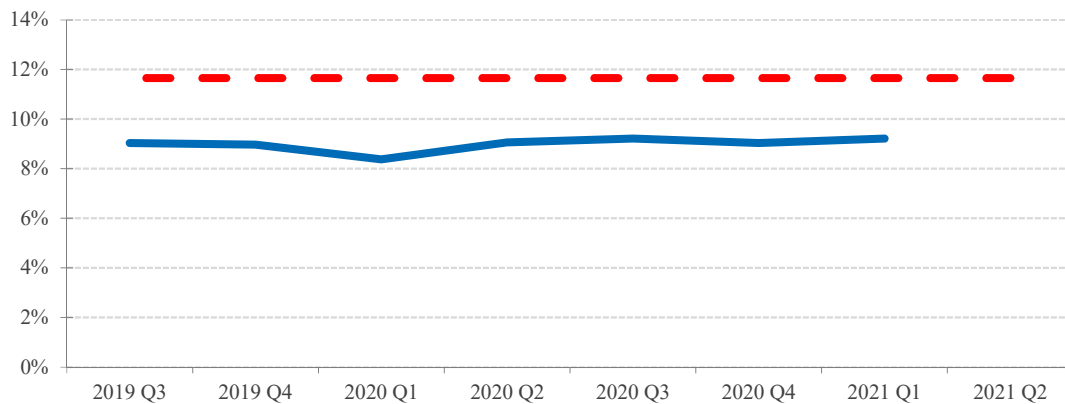
Affordability

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

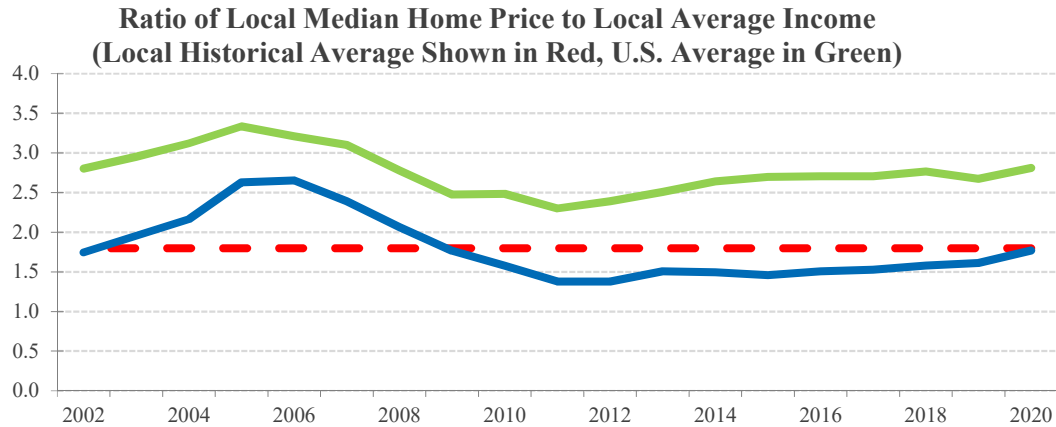


Monthly Mortgage Payment to Income	Hagerstown	U.S.	
Ratio for 2020	9.1%	14.4%	Historically strong, but weaker than the fourth quarter of 2020
Ratio for 2021 Q1	9.2%	14.0%	
Historical Average	11.7%	18.0%	More affordable than most markets

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 2020	1.8	2.8	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2021 Q1	1.9	2.8	
Historical Average	1.8	2.7	Affordable compared to most markets



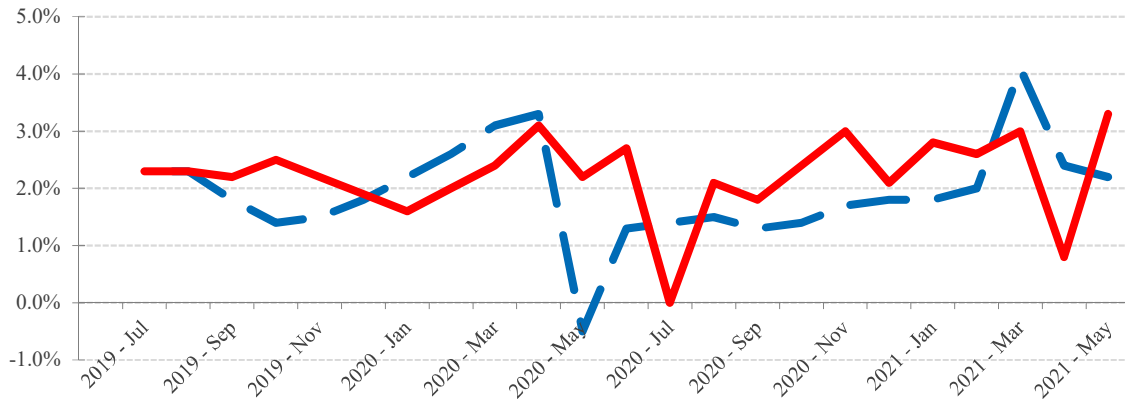
The Mortgage Market



Mortgage rates kicked off 2021 with a new record low. Nevertheless, rates were trending upward for the rest of the first quarter as COVID-19 vaccine became available to more Americans and millions of people received stimulus payments. According to the mortgage finance provider Freddie Mac, the 30-year fixed mortgage rate was 2.88 percent in Q1 2021 compared to 3.51 percent a year earlier. Thus, homebuyers have excellent purchasing power at these historically low mortgage rates. What to expect about mortgage rates in the upcoming quarters? Rates are more likely to rise than fall as inflation will pick up in the following months. NAR is forecasting the 30-year mortgage rate to average 3.1% for the second quarter of 2021.

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.	
2021 - May	0.9%	1.8%	REALTORS® expect weaker price growth in Maryland than in the U.S. in the next 12 months although their local expectations are higher than a year ago.
Prior 12 months	0.0%	1.4%	

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/