

THE NEST REPORT

New River Valley

2012 Annual Overview

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2012: A Good Year for New River Valley Real Estate

We very well may look back at 2012 as the year that the national and local real estate market officially rebounded. After a roller coaster ride during the last several years, the regional and local real estate market showed signs of stability and improvement in 2012.

We've all been following the historic real estate bust that's been occurring in many different points of the country since 2006. After major run ups (nationally) in sales and values in the early 2000s, many major U.S. market suffered through an epic correction between 2006 and 2011. However, the New River Valley market never saw major run-ups in values during the early 2000s...and, thus, we haven't suffered through any type of major real estate collapse that most major cities have experienced. 'Slow and steady wins the race' has been the tone of the local market for much of the last decade.

That being said, the local market did go through some struggles over the past 5 years. Sales were down, inventory levels rose, and consumers were not confident in purchasing real estate. But 2012 offered us fairly consistent, positive news across the board.

Overall, the New River Valley MSA experienced a 4% increase in total sales, a 4.38% increase in median prices, a 3% reduction in overall days on market for sold homes, an 11.26% increase in total volume, a 14.17% reduction in year-end inventory levels, and a 19.10% drop in year-end months of inventory. Not bad.

Digging in a little more, Blacksburg saw an overall 12.23% increase in sales, a 1.98% increase in median prices, and a 12.43% drop in year-end inventory levels. In Christiansburg, total sales were up 1.51%, median prices were flat at \$160,000, and total year-end inventory levels were 16.08% less than 2011. When you are looking for a market recovery, you first need to look at the core markets of a region. In the New River Valley, Blacksburg and Christiansburg are the core markets and each had a solid 2012.

The only potential concern that we've uncovered in this report was the almost consistent, across-the-board reduction in Q4 2012 contracts written. Every major New River Valley sub-market experienced a drop in Q4 contracts written...and the drop was fairly significant in some areas. This could, however, be completely tied to the lower inventory levels. In other words, buyers just aren't finding the right home because the inventory levels and selection just are not there. We will be keeping a close eye on this as we progress throughout 2013.

But overall, 2012 will be looked on fondly from a real estate perspective in the New River Valley. If the current trends continue (increased demand, decreased inventory), 2013 could be another year on the path towards strong sales and a true real estate recovery.

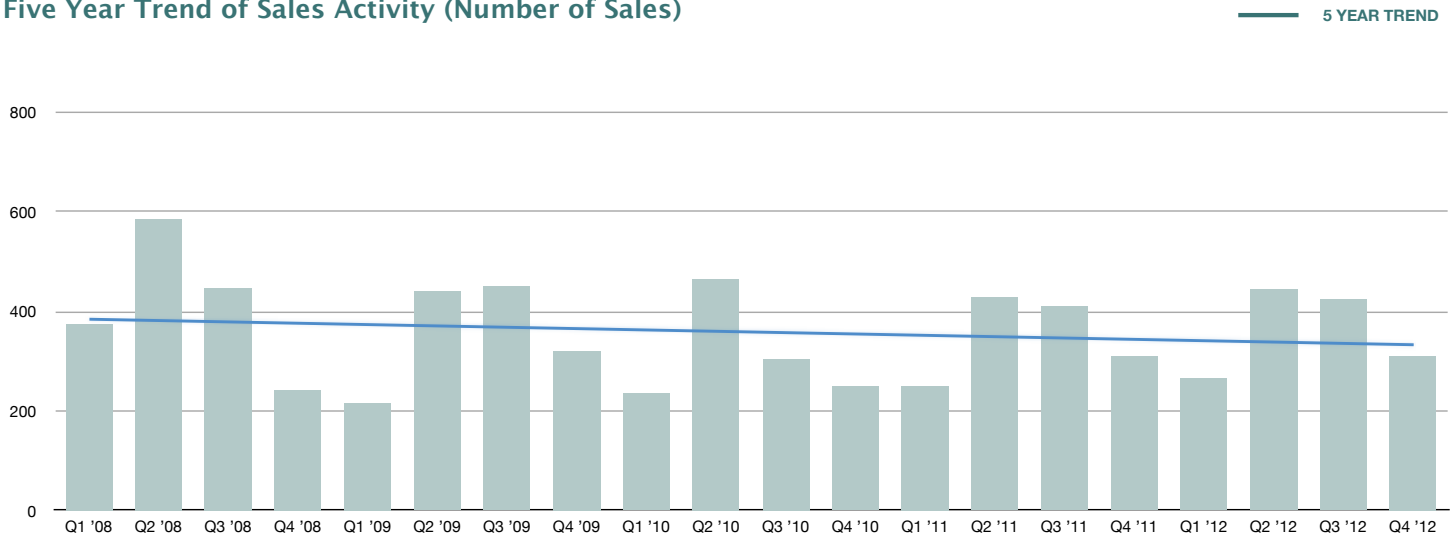
Now let's hope the Hokie football team recovers as well in 2013 as the local real estate market did in 2012!

THE NEST REPORT

New River Valley MSA Market Snapshot

For the second straight year, total sales in the New River Valley experienced an annual increase. In 2012, there were a total of 1456 sales. This represents an increase in 4% over 2011. Total volume of closings was also up by 11.28% to \$259,466,551. The median price in the NRV MSA also bumped upward (+4.38%) to \$155,000. While the overall 5-Year sales trend still continues to be slightly downward, the market continues to move in a positive direction.

Five Year Trend of Sales Activity (Number of Sales)



Single family homes in the NRV performed well in 2012. Overall, median prices of single family homes increased almost 5%. In addition, total sales of single family homes edged slightly higher to 1244. This represents a 2.6% increase over 2011's total of 1212. Attached home sales also did well with a 2.2% increase in median price and an 8.3% increase in total sales. But best of all, overall inventory levels continued to fall in 2012. End of the year inventory levels were 1127 units and there were 9.19 months of inventory at the end of December.

MSA (Entire New River Valley MSA)

Single Family		Total Sold Volume	Average Sale Price	Median Sale Price	Total Sales
	2012	\$224,843,696	\$180,743	\$155,000	1244
	Change	10.9%	8.1%	4.9%	2.6%
	2011	\$202,666,282	\$167,216	\$147,750	1212
	Change	9.9%	-1.8%	0.5%	11.9%
2010	\$184,331,473	\$170,204	\$147,000	1083	

Attached		Average List Price	Average Sale Price	Median Sale Price	Total Sales
	2012	\$25,741,755	\$165,011	\$161,500	156
	Change	8.0%	-0.3%	2.2%	8.3%
	2011	\$23,830,138	\$165,487	\$158,000	144
	Change	3.6%	-5.7%	-7.4%	9.9%
2010	\$22,998,077	\$175,558	\$170,705	131	

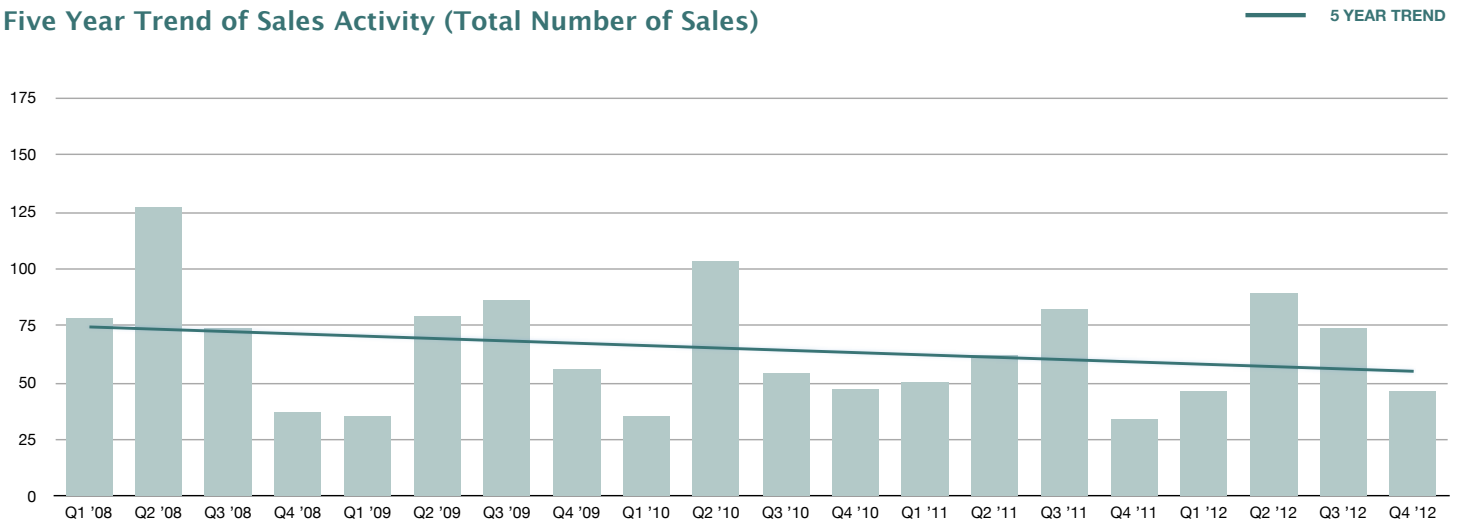
Total MSA End of Year Months of Inventory	
2012	9.19
2011	11.36
2010	14.73

THE NEST REPORT

Blacksburg (In Town Limits) Market Snapshot

As with the overall NRV MSA, the Blacksburg 5-year trend line shows a slight decline. However, Blacksburg home sales in 2012 were up over 12% from 2011 (257 in 2012 vs. 229 in 2011). Overall, 2012 was a strong year for real estate in Blacksburg. In addition to sales increasing, median prices edged higher by 1.98% to \$220,000 and year-end inventory levels fell by 12.43%. The combination of more sales and lower inventory lead to the months of inventory in Blacksburg falling by 20.98% to 5.31 months.

Five Year Trend of Sales Activity (Total Number of Sales)



Single family home sales jumped 5.8% in 2012 to 164 total single family homes sold. However, attached (+20.5%) and condominium (+33.3%) sales fared even better in 2012. Median prices for single family (+1.5%), attached (+0.6%) and condominiums (+33.3%) also fared well as compared to 2011. However, contracts written in Q4 were mixed as both single family (-32.1%) and condos (-66.7%) dropped from Q4 2011.

Single Family		Total Sales Volume	Average Sale Price	Median Sale Price	Total Sales #
	2012	45,615,267	278,142	253,750	164
Change	12.1%	-1.6%	-1.8%	13.9%	
2010	40,707,368	282,690	258,450	144	
2012	45,615,267	278,142	253,750	164	
Change	9.0%	3.0%	1.5%	5.8%	
2011	41,847,784	269,986	250,000	155	

Attached		Total Sales Volume	Average Sale Price	Median Sale Price	Total Sales #
	2012	10,038,680	189,409	175,000	53
Change	-12.5%	-2.6%	-4.4%	-10.2%	
2010	11,470,963	194,423	183,000	59	
2012	10,038,680	189,409	175,000	53	
Change	19.7%	-0.6%	0.6%	20.5%	
2011	8,387,710	190,630	174,000	44	

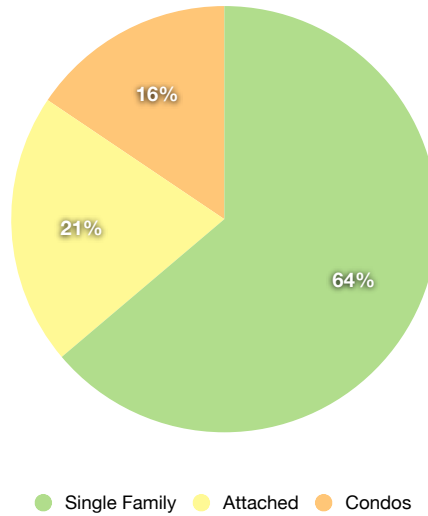
Condos		Total Sales Volume	Average Sale Price	Median Sale Price	Total Sales #
	2012	5,455,750	136,394	124,500	40
Change	13.6%	-3.5%	-0.6%	17.6%	
2010	4,804,338	141,304	125,250	34	
2012	5,455,750	136,394	124,500	40	
Change	38.7%	4.0%	3.3%	33.3%	
2011	3,932,700	131,090	120,500	30	

Contracts Written

	Q4 2011	Q4 2012	Change
Single Family	28	19	-32.1%
Attached	7	8	14.3%
Condos	9	3	-66.7%

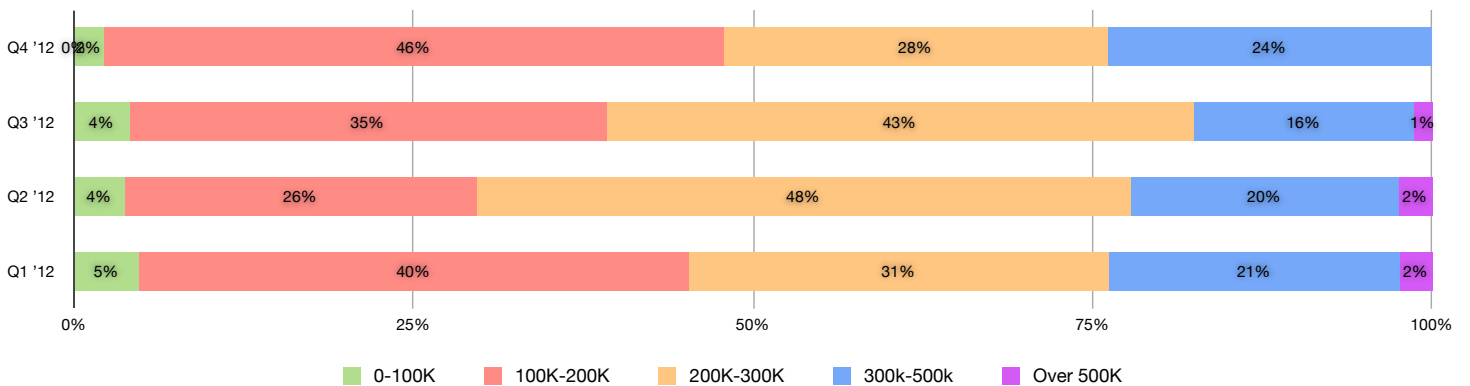
Blacksburg (In Town Limits) Market Snapshot (Part 2)

Blacksburg (In Town Limits) Sales by Type



Single family homes continue to make up the largest percentage of sales within Blacksburg Town Limits. 64% of all sales in Blacksburg in 2012 were single family homes. Attached homes made up 21% of the market, while condominium sales were 16% of the total Blacksburg market. As condominium financing becomes easier and as investors re-enter the market, there is a chance that condominiums and attached homes may make up a slightly larger piece of the market in 2013.

Blacksburg In Town Limits Percent of Sales by Price Range



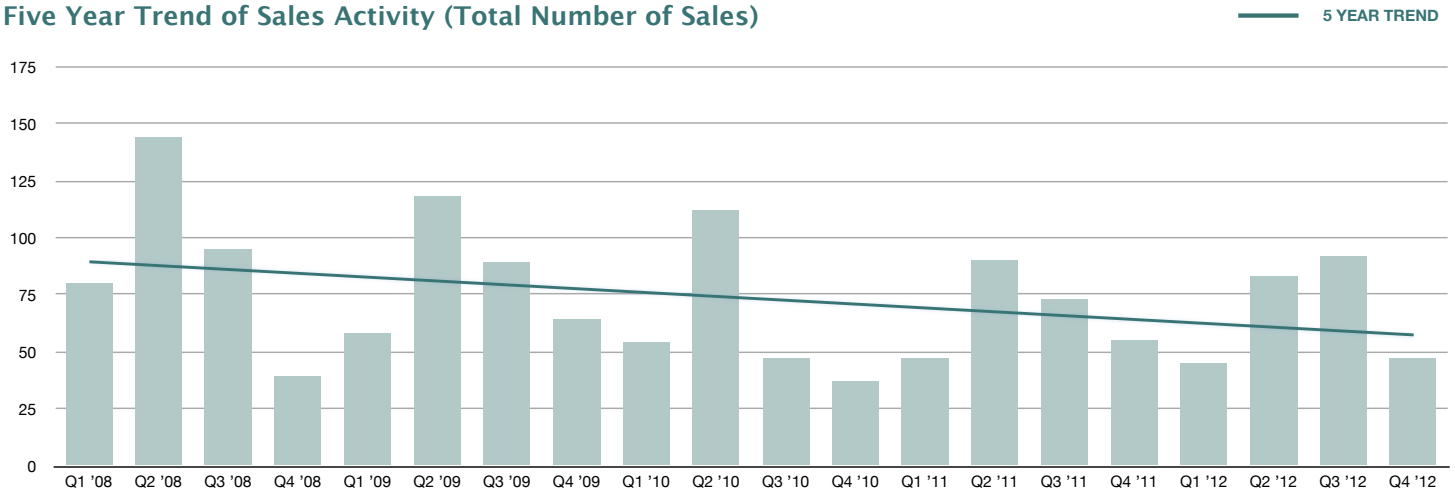
The percentage of sales by price range tells an interesting story. The lowest price category made up only 2% of the marketplace, down from the previous quarters. However, the \$200k+ market shrunk on a percentage basis for the 2nd straight quarter and was actually at the lowest point of any of the previous 4 quarters. The most popular price category was the \$100,000-\$200,000 range, making up 46% of the marketplace. This is the first time since Q1 2012 that this price category made up the highest percentage of sales.

THE NEST REPORT

Christiansburg (In Town Limits) Market Snapshot

Overall, the Christiansburg real estate market held relatively steady in 2012. Total sales were up by 1.51% (from 265 to 269) and median prices were flat at \$160,000 as compared to 2011. The most positive market trend in Christiansburg continues to be the reduction in inventory and months of inventory. Year-end inventory levels fell to 167 homes for sale – that’s down from 199 at the end of 2011 and represents a 16% drop. In addition, months of inventory were reduced by 26% to 5.55 months.

Five Year Trend of Sales Activity (Total Number of Sales)



Median prices in Christiansburg were down slightly for attached homes (-1.1%) and condos (-4.2%) in 2012. Single family home median prices increased ever-so-slightly from \$172,500 to \$172,750. Condominium and attached sales were both up, while single family sales were down by 1.6%. Contracts written in Q4 were down significantly for both single family and attached homes in Christiansburg.

Single Family		Total Sales Volume	Average Sale Price	Median Sale Price	Total Sales #
	2012	34,268,571	184,240	172,750	186
	Change	0.1%	2.7%	1.6%	-2.6%
	2010	34,248,817	179,313	170,000	191
	2012	34,268,571	184,240	172,750	186
	Change	3.6%	5.2%	0.1%	-1.6%
2011	33,088,315	175,070	172,500	189	

Attached		Total Sales Volume	Average Sale Price	Median Sale Price	Total Sales #
	2012	9,709,500	140,717	136,000	69
	Change	19.2%	-6.7%	-8.3%	27.8%
	2010	8,146,738	150,866	148,250	54
	2012	9,709,500	140,717	136,000	69
	Change	0.3%	-2.6%	-1.1%	3.0%
2011	9,682,678	144,518	137,500	67	

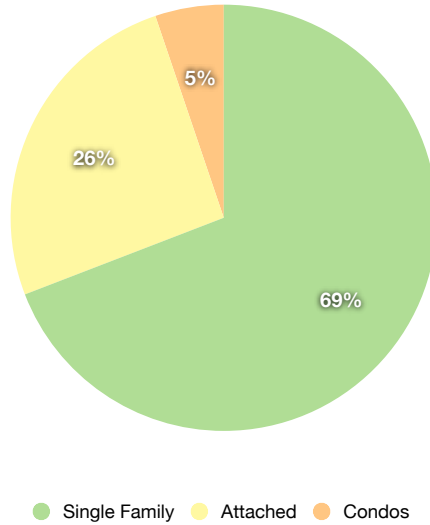
Condos		Total Sales Volume	Average Sale Price	Median Sale Price	Total Sales #
	2012	3,283,850	234,561	225,000	14
	Change	207.4%	9.8%	2.3%	180.0%
	2010	1,068,348	213,670	220,000	5
	2012	3,283,850	234,561	225,000	14
	Change	50.5%	-3.3%	-4.2%	55.6%
2011	2,182,016	242,446	234,900	9	

Contracts Written

	Q4 2011	Q4 2012	Change
Single Family	42	19	-54.76%
Attached	12	4	-66.67%
Condos	3	3	NA

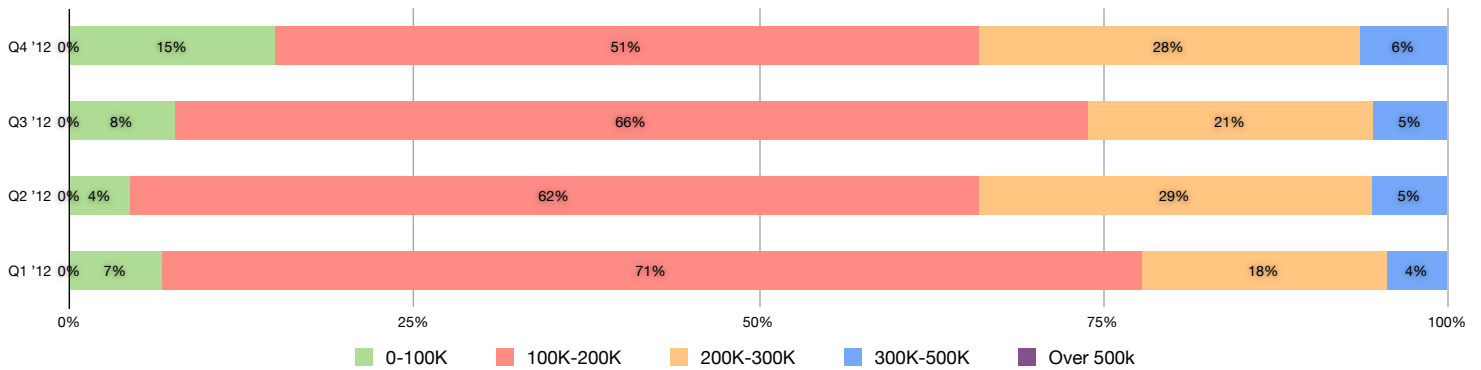
Christiansburg (In Town Limits) Market Snapshot (Part 2)

Christiansburg (In Town Limits) Sales by Type



Nearly seven out of every 10 homes purchased in Christiansburg in 2012 was a single family home. Attached homes represented 26% of the total Christiansburg market and condominiums made up approximately 5% of the market. This falls in line with years' past and is also in line with the overall existing home mix in Christiansburg.

Christiansburg (In Town Limits) Percent of Sales by Price Range



The sub-\$100k market saw a fairly large uptick in Q4, making up 15% of the total market. Sub-\$100k homes made up approximately 8% of the market in Q3. Because of this large increase, homes in the \$100,000 – \$200,000 range dropped fairly dramatically as a percentage of the overall Christiansburg market. However, sales in the \$200,000+ range in Q4 were fairly consistent with the three previous quarters.

THE NEST REPORT

Montgomery County

Overall		Total Sales Volume	Average Sale Price	Median Sale Price	Total Sales #
	2012	\$53,883,875	\$230,272	\$199,450	234
	Change	21.5%	-3.4%	-19.1%	25.8%
	2011	\$44,344,537	\$238,411	\$246,500	186
	Change	39.9%	1.5%	17.7%	37.8%
2010	\$31,696,488	\$234,788	\$209,500	135	

Montgomery County real estate sales had another strong year in 2012. For the 2nd straight year, sales and total volume were up double digits over the previous year. However, after a 17.7% increase of the median sale price in 2011, median prices dropped by 19.1% in 2012. The median sales price in Montgomery County in 2012 was \$199,450. Q4 contracts written were also down - from 43 to 37 (-14%).

Contracts Written

Q4 2011	Q4 2012	Change
43	37	-14.0%

Pulaski County

Overall		Total Sales Volume	Average Sale Price	Median Sale Price	Total Sales #
	2012	\$27,708,246	\$122,602	\$111,950	226
	Change	31.5%	5.9%	12.0%	24.2%
	2011	\$21,069,094	\$115,764	\$100,000	182
	Change	-6.2%	-9.8%	-13.0%	4.0%
2010	\$22,469,889	\$128,399	\$115,000	175	

Pulaski followed its positive 2011 with a strong 2012. Total sales were up 24.2%, median prices were up 12% and total volume sold jumped by a whopping 31.5%. Inventory levels also fell and the year-end months of inventory for Pulaski was 9.6 months, a reduction of 12.49% from year-end 2011. However, Q4 contracts written were off 21.4% from Q4 2011.

Contracts Written

Q4 2011	Q4 2012	Change
42	33	-21.4%

THE NEST REPORT

City of Radford

Overall		Total Sales Volume	Average Sale Price	Median Sale Price	Total Sales #
	2012	\$13,982,181	\$141,234	\$129,000	99
	Change	4.8%	4.8%	4.0%	0.0%
	2011	\$13,346,560	\$134,813	\$124,000	99
	Change	0.7%	-11.7%	-3.9%	8.8%
2010	\$13,259,731	\$152,674	\$129,000	91	

The City of Radford finished out 2012 with a relatively solid year. The 99 sales in Radford equaled 2011's totals. However, median prices improved by 4% to \$129,000. Radford's biggest improvement was year-end months of inventory, which fell by an amazing 45.76% to just 5.37 months. This was a vast improvement over the 2011 year-end levels of 9.9 months. As with many of the other areas in the New River Valley, contracts written in Q4 were down from 2011.

Contracts Written

Q4 2011	Q4 2012	Change
18	14	-22.2%

Giles County

Overall		Total Sales Volume	Average Sale Price	Median Sale Price	Total Sales #
	2012	\$13,342,212	\$129,536	\$114,900	103
	Change	1.8%	6.8%	7.9%	-4.6%
	2011	\$13,104,842	\$121,341	\$106,500	108
	Change	31.9%	17.2%	13.9%	12.5%
2010	\$9,935,474	\$103,494	\$93,500	96	

Total 2012 sales in Giles County fell from 108 to 103, a 4.6% drop. However, median prices jumped almost 8% to \$114,900. Year-end inventory levels in Giles fell from 2011 levels, as did the year-end months of inventory (10.25 months, down from 11.79 in 2011). Contracts written in Q4 2012 were half of what they were in Q4 2011.

Contracts Written

Q4 2011	Q4 2012	Change
26	13	-50.0%

*Some statistics in this report come courtesy of the New River Valley Area MLS as of 1/15/13. This report covers the entire New River Valley real estate market.