

Comstock Homebuilding Companies, Inc. Revises Guidance After Filing a Registration Statement for an \$80 Million Follow-On Equity Offering

RESTON, Va., May 24 /PRNewswire-FirstCall/ -- Comstock Homebuilding Companies, Inc. (Nasdaq: CHCI) (the "Company") a leading regional homebuilder in the Mid-Atlantic area, today announced that it was revising its 2005 guidance after filing a Registration Statement on Form S-1 with the Securities and Exchange Commission indicating its intention to offer 2,255,000 additional shares of its Class A common stock to the public. The Company announced that Banc of America Securities and BB&T Capital Markets will serve as joint lead managers with Robert W. Baird & Company and Ferris, Baker Watts, Inc. serving as co-managers.

The Company, which raised approximately \$73 million when it completed its initial public offering in December 2004, indicated in its filing that the proceeds from this offering would be used for general corporate purposes including working capital and investment in new real estate projects. The filing referenced several likely new project acquisitions in the greater Washington, DC area that are anticipated to produce more than 2,000 new settlements and have an estimated aggregate purchase price of approximately \$135 million.

"The IPO has created more awareness of Comstock and as a result, the volume of development opportunities we have access to has increased substantially," said Christopher Clemente, Founder and CEO. "We see no signs of demand for housing in the Washington region decreasing, and we believe this additional capital will enhance our position and further enable Comstock to take advantage of some of the best development opportunities in the market. Although the short term result will be a slight reduction of per share results for 2005, we are confident that the additional capital will enable Comstock to enhance per share results for 2006 and beyond. Bank of America and BB&T have been commercial lenders to Comstock for approximately 10 years and have helped finance our growth during that period. I am excited to have them working together on this transaction."

The Company revised its 2005 earnings guidance to a range of \$2.62 to \$2.71 per share (diluted) in consideration of the mid-year offering and its impact on weighted average shares outstanding which is estimated to be approximately 13 million for the full year. Previous guidance was \$2.85 to \$2.94 per share. The Company does not plan to participate in any over allotment option that may be exercised by the underwriters.

"We expect that this offering will result in earnings dilution for the current year," said Bruce Labovitz, Chief Financial Officer. "The real opportunity here is the ability to invest this new capital in projects which will deliver additional settlements in 2006. We believe that based on the timing of the offering and the opportunity to leverage our fixed overhead costs we will be well positioned to increase 2006 revenues at operating margins consistent with or better than those we have previously discussed in earnings conference calls."

About Comstock Homebuilding Companies, Inc.

Comstock is a production homebuilder that develops, builds, and markets single-family homes, townhouses, and condominiums. The Company currently operates in the Washington, D.C. and Raleigh, North Carolina markets where it targets a diverse range of buyers, including first-time, early move-up, secondary move-up, empty nester move-down and active adult home buyers. For more information on Comstock, please visit <http://www.comstockhomebuilding.com>.

This press release includes "forward-looking statements" within the meaning of the federal securities laws, which involve uncertainties and risks. These include statements regarding events or developments that the Company expects or anticipates will occur in the future, such as statements about the Company's strategies to improve operating performance. Please refer to the Company's prospectus and its other filings with the Securities and Exchange Commission for a complete discussion of these and other important factors that could cause results to differ materially from those projected by these forward-looking statements.

SOURCE Comstock Homebuilding Companies, Inc.

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