

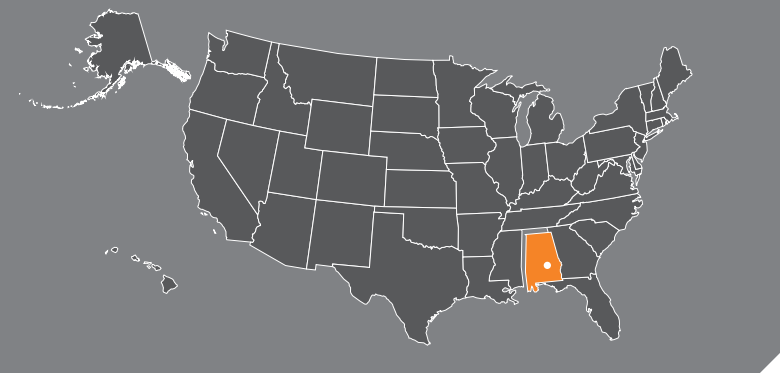
HUD PD&R Housing Market Profiles

Montgomery, Alabama



Quick Facts About Montgomery

- Current sales market conditions: slightly soft.
- Current apartment market conditions: balanced.
- The metropolitan area is home to Maxwell-Gunter Air Force Base (Maxwell AFB), with 7,400 military and 4,900 civilian personnel. The Air University Education Digest reported the base had an economic impact of \$1.66 billion on the metropolitan area in 2011 (the most recent data available).



By Yvonne R. Griswold | As of May 1, 2013

Overview

The Montgomery metropolitan area, in central Alabama along the Alabama River, consists of Autauga, Elmore, Lowndes, and Montgomery Counties.

- As of May 1, 2013, the estimated population was 394,500.
- Since April 1, 2010, the population has increased by an average of 3,200, or 0.8 percent, annually compared with the increase of 1,950, or 0.5 percent, annually from 2006 through 2009.
- From 2007 through 2009, net out-migration averaged 160 people annually before the trend reversed to an average net in-migration of 1,500 people since April 2010, because economic conditions have strengthened.



PD&R



Nonfarm payrolls in the Montgomery area increased during the past 3 months, led by the professional and business services sector.

	3 Months Ending		Year-Over-Year Change	
	April 2012 (thousands)	April 2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	165.4	167.5	2.2	1.3
Goods-producing sectors	23.2	23.9	0.7	3.2
Mining, logging, and construction	5.9	5.9	0.0	-0.6
Manufacturing	17.3	18.0	0.8	4.4
Service-providing sectors	142.2	143.6	1.4	1.0
Wholesale and retail trade	23.1	23.4	0.2	1.0
Transportation and utilities	5.0	5.0	0.0	-0.7
Information	2.3	2.2	-0.1	-4.3
Financial activities	7.1	7.1	0.0	0.0
Professional and business services	20.2	21.4	1.2	5.8
Education and health services	18.6	18.7	0.1	0.5
Leisure and hospitality	14.9	15.2	0.3	2.0
Other services	7.2	7.2	0.0	-0.5
Government	43.7	43.5	-0.2	-0.5
Unemployment rate	7.3%	7.0%		

Source: U.S. Bureau of Labor Statistics

Economic Conditions

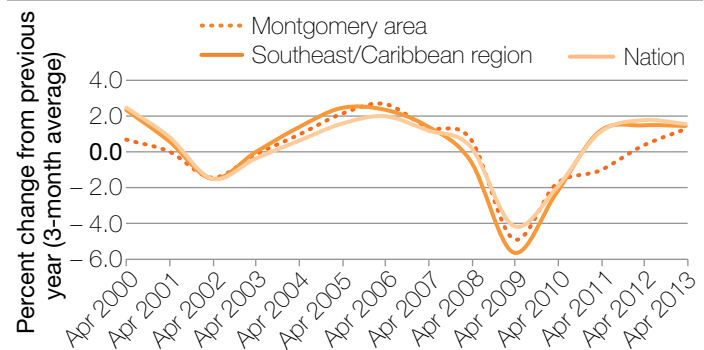
Economic conditions in the Montgomery metropolitan area improved during the past year after 3 years of decline from 2010 through 2012.

During the 3 months ending April 2013—

- Nonfarm payrolls averaged 167,500 jobs, reflecting an increase of 2,200 jobs, or 1.3 percent, from the same 3-month period a year earlier.
- The professional and business services, manufacturing, and leisure and hospitality sectors led growth, with increases of 1,200, 800, and 300 jobs, or 5.8, 4.4, and 2.0 percent, respectively. MOBIS Alabama LLC, a manufacturer of motor vehicle chassis, added 193 new positions in 2012.
- The average unemployment rate was 7.0 percent, down from 7.3 percent during the same 3-month period a year ago.

The metropolitan area is home to Hyundai Motor Manufacturing Alabama, LLC, Hyundai's first assembly and manufacturing plant in the United States, with 3,100 employees. DAS North America, a car seat supplier for Hyundai, will begin construction of a 300,000-square-foot facility in Montgomery Industrial Park in June 2013. The company expects to complete construction by 2017, adding 300 permanent jobs by the time the facility is fully operational.

Nonfarm payrolls in the Montgomery area declined in 2010 but have increased since.



Source: U.S. Bureau of Labor Statistics

Largest employers in the Montgomery area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Maxwell-Gunter Air Force Base and U.S. Air University	Government	12,300
State of Alabama	Government	9,500
Baptist Health	Education and health services	4,300

Note: Excludes local school districts.

Source: Montgomery Chamber of Commerce

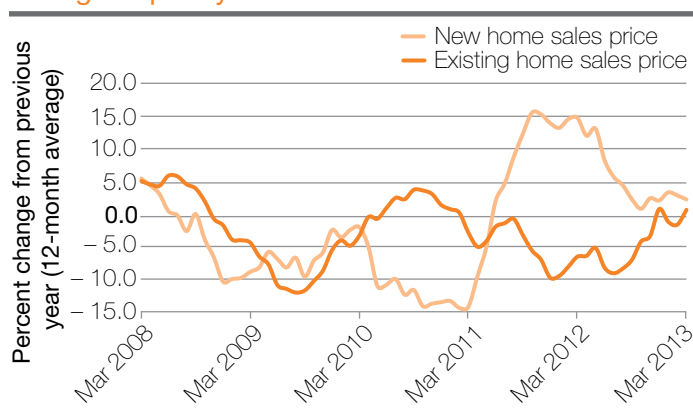
Sales Market Conditions

The sales housing market in the Montgomery metropolitan area is currently slightly soft, with an estimated sales vacancy rate of 2.5 percent. Tighter lending standards and a weak local economy contributed to the soft conditions. During the 12 months ending March 2013, existing home sales totaled 2,500, a decrease of 400 homes, or 13 percent, from the same 12-month period a year earlier (CoreLogic, Inc.). The average existing home sales price was \$133,900, an increase of 1 percent from a year earlier. New home sales totaled 260 during the 12 months ending March 2013, down 70 homes, or 21 percent, from the previous 12 months. The average new home sales price was \$253,100, up 2 percent from a year earlier.

- Existing home sales averaged 2,650 homes annually from 2009 through 2011.
- The current average existing home sales price remains less than the average price of \$141,700 recorded from 2009 through 2011.
- From 2009 through 2011, new home sales averaged 280 annually, and the sales price averaged \$237,500.
- As of April 2013, 6.9 percent of home loans were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), unchanged from April 2012 (LPS Applied Analytics).

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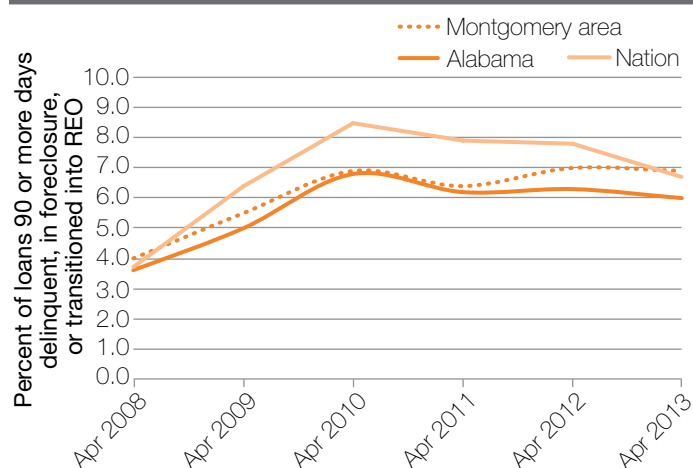
Home prices were stagnant in the Montgomery area during the past year.



Note: Includes single-family homes, townhomes, and condominiums.

Source: CoreLogic, Inc.

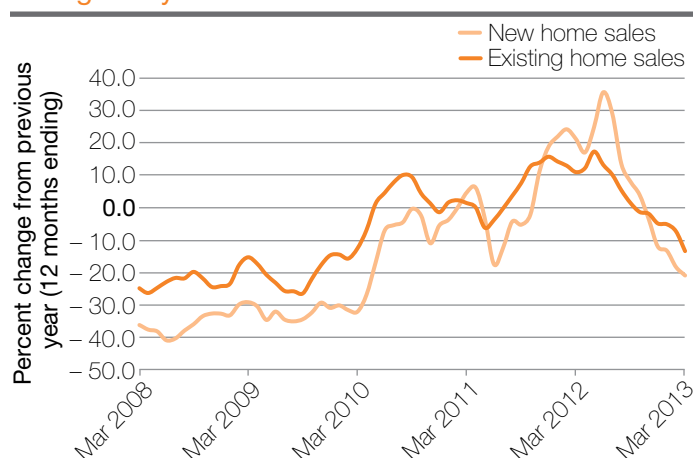
In the Montgomery area, 6.9 percent of home loans were distressed, down from 7.0 percent a year ago.



REO = Real Estate Owned.

Source: LPS Applied Analytics

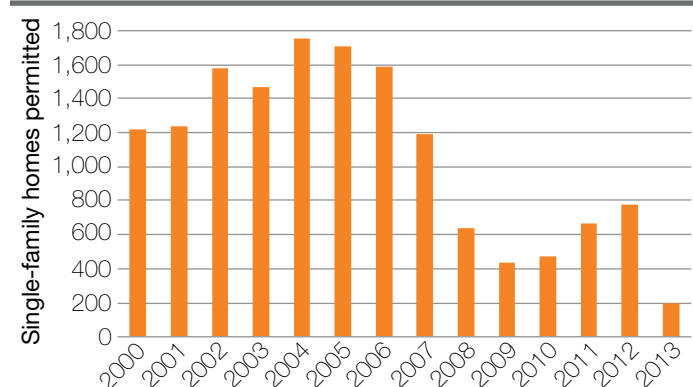
New and existing home sales have decreased in the Montgomery area since November 2012.



Note: Includes single-family homes, townhomes, and condominiums.

Source: CoreLogic, Inc.

Single-family home permitting peaked during 2004 and 2005 in the Montgomery area.



Note: Includes preliminary data from January 2013 through April 2013.

Source: U.S. Census Bureau, Building Permits Survey

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Single-family home construction activity, as measured by the number of homes permitted, increased during the 3 months ending April 2013.

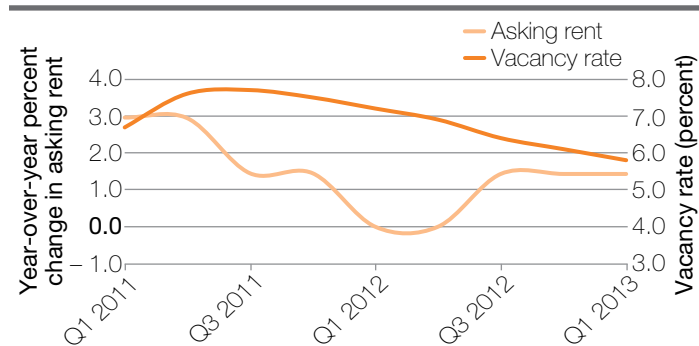
- During the 3 months ending April 2013, 150 single-family homes were permitted compared with 100 single-family homes permitted during the same period a year earlier (preliminary data).

Rental Market Conditions

Although overall rental housing market conditions in the Montgomery metropolitan area are currently soft, conditions in the apartment market are currently balanced.

- As of May 1, 2013, the estimated overall rental vacancy rate, including apartments, single-family homes, and other rental units, was 9.5 percent, down from 12.4 percent in April 2010 because of slightly stronger population growth and the shifting of preferences toward renting.
- The apartment vacancy rate was 5.8 percent during the first quarter of 2013, down from 7.2 percent during the first quarter of 2012 (Reis, Inc.).
- The average asking rent increased 1.4 percent, to \$710, during the first quarter of 2013 compared with the average asking rent during the first quarter of 2012.
- Approximately 12 percent of all renter households in the metropolitan area are military. Maxwell AFB has only about 1,200 rental units on base, so more than three-fourths of the base's military personnel live off base and are primarily renters.

Apartment rents are up and vacancy rates are low in the Montgomery area.



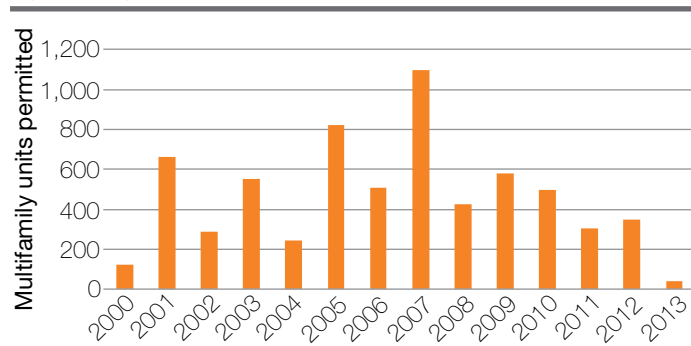
Source: Reis, Inc.

- An average of approximately 530 homes was permitted annually from 2009 through 2011.
- Approximately 65 percent of the new construction activity during the 3 months ending April 2013 was in the town of Pike Road.

Multifamily construction activity, as measured by the number of units permitted, increased during the past 3 months, although the amount of multifamily housing production has been slight since 2011.

- During the 3 months ending April 2013, approximately 30 units were permitted compared with 20 units permitted during the same 3 months a year ago (preliminary data).
- An average of 460 units was permitted annually from 2009 through 2011.
- Since 2005, multifamily permits have been issued almost exclusively for apartments, with permitting activity peaking at 810 multifamily units annually from 2005 through 2007.
- Construction is under way and expected to be complete by July 2013 for 40 apartment units at Saddleback Ridge Apartments in the city of Montgomery. Rents are expected to start at \$675 for one-bedroom units, \$740 for two-bedroom units, and \$830 for three-bedroom units.

Since 2011, the number of multifamily units permitted has been low in the Montgomery area despite a tightening apartment market.



Note: Includes preliminary data from January 2013 through April 2013.
Source: U.S. Census Bureau, Building Permits Survey