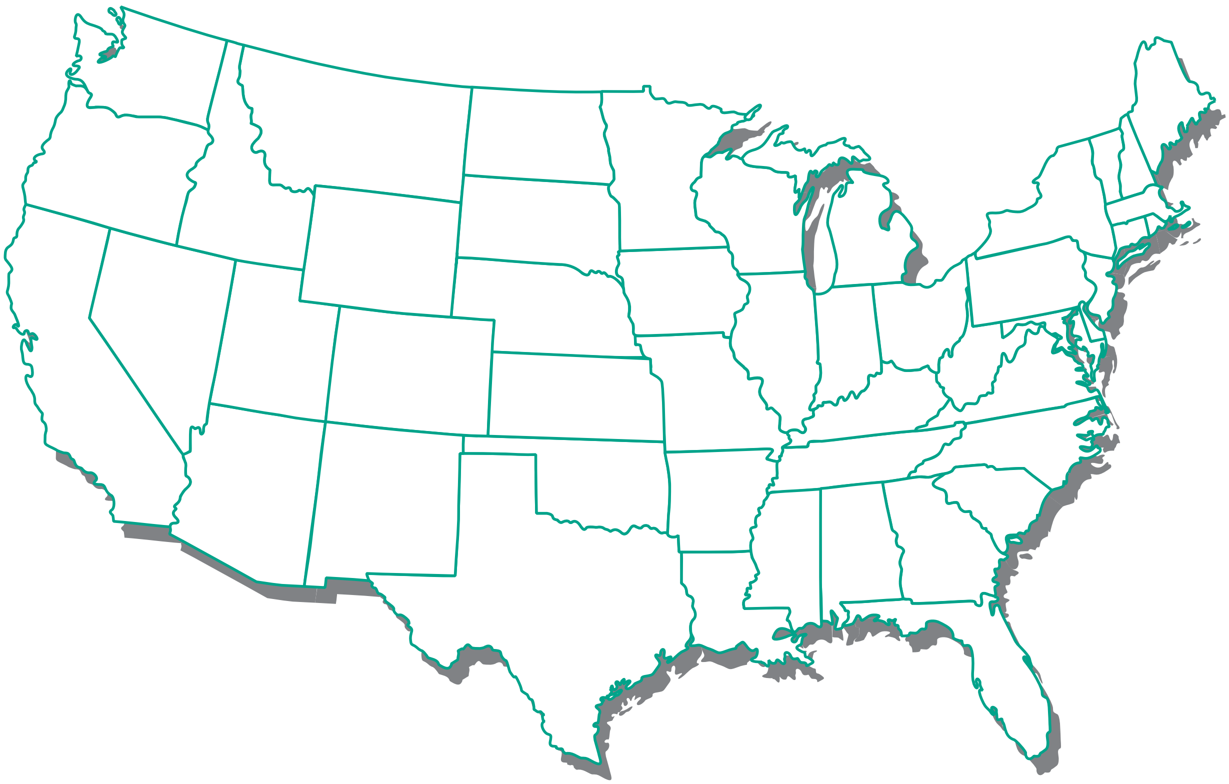
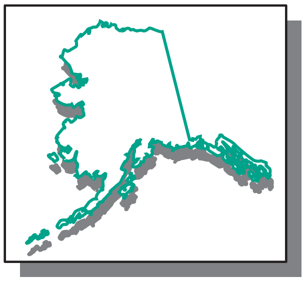
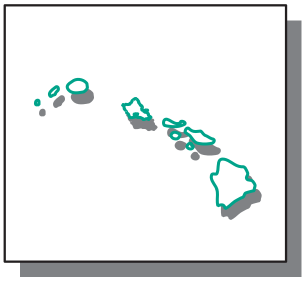
Regional Activity



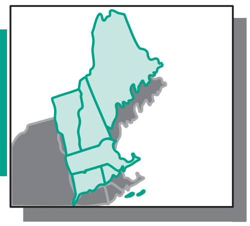




The following summaries of housing market conditions and activities have been prepared by economists in the U.S. Department of Housing and Urban Development's (HUD's) field offices. The reports provide overviews of economic and housing market trends within each region of HUD management. Also included are profiles of selected local housing market areas that provide a perspective of current economic conditions and their impact on the housing market. The reports and profiles are based on information obtained by HUD economists from state and local governments, from housing industry sources, and from their ongoing investigations of housing market conditions carried out in support of HUD's programs.

Regional Reports

New England



HUD Region I*

Economic conditions in the New England region have improved steadily since 2010. During the 12 months ending March 2012, nonfarm payrolls increased by 34,000 jobs, or 0.5 percent, from a year earlier, to average 6.8 million jobs. The largest job gains were in the professional and business services and education and health services sectors, which added 18,400 and 17,700 jobs, 2.2- and 1.3-percent gains, respectively. The wholesale and retail trade, transportation and utilities, and leisure and hospitality sectors grew by 8,100, 4,300, and 4,000 jobs, or 0.8, 2.4, and 0.6 percent, respectively. Nonfarm payrolls in the manufacturing sector and construction subsector increased by 1,700 and 1,300 jobs, or 0.3 and 0.6 percent, respectively, partially reversing losses of 5,200 and 4,300 jobs, or 0.9 and 1.8 percent, respectively, during the previous 12 months. The most significant losses during the past 12 months were in the government sector, down 18,400 jobs, or 1.8 percent; more than one-half of the decline was in the local government subsector, which decreased by 9,500 jobs, or 1.6 percent. The financial activities and information sectors lost 4,300 and 2,600 jobs, or 0.9 and 1.7 percent, respectively.

Every state in the New England region posted nonfarm payroll gains during the 12 months ending March 2012. Massachusetts added 16,600 jobs, a 0.5-percent increase, compared with an increase of 25,500 jobs, or 0.8 percent, during the previous 12 months. The professional and business services sector in the state gained 11,300 jobs, or 2.4 percent, representing more than 60 percent of the net gains in the sector regionwide. The financial activities and information sectors in Massachusetts, however, lost 2,300 and 2,000 jobs, or 1.1 and 2.3 percent, respectively. Connecticut nonfarm payrolls increased by 12,100 jobs, or 0.7 percent, up from an increase of 2,900 jobs, or 0.2 percent, during the same period a year earlier. The education and health services sector, which represents nearly 20 percent of all jobs in the state, increased by 7,600 jobs, or 2.5 percent, from the previous 12 months, when the sector expanded by 6,100 jobs, or 2.0 percent. New Hampshire and Vermont added 2,300 and 2,000 jobs, 0.4- and 0.7-percent gains, respectively. In New Hampshire, the leisure and hospitality sector expanded 2.2 percent, or by 1,300 jobs. Job growth in Vermont was concentrated in the professional and business services sector, which gained 1,700 jobs, or 7.1 percent. Maine and Rhode Island nonfarm payrolls were relatively unchanged, increasing by 700 and 400 jobs, respectively. In both states, job gains in the private sector narrowly offset government sector losses of 2,700 and 1,100 jobs, or 2.6 and 1.7 percent, respectively. During the 12 months ending March 2012, the unemployment rate in the region averaged 7.5 percent, down from the 8.3-percent rate during the previous 12 months and less than the 8.7-percent national rate. Average unemployment rates ranged from 5.3 percent in Vermont to 11.2 percent in Rhode Island.

Although the home sales markets in the New England region have remained soft since the middle of 2010, sales increased or remained relatively flat during the 12 months ending March 2012 in every state except Connecticut. According to the Massachusetts Association of REALTORS® (MAR), during the 12 months ending March 2012, existing home sales totaled 40,400, up nearly 5 percent from the previous 12 months. During the first quarter of 2012, the median home sales price in Massachusetts declined almost 4 percent, to $264,000, from the same period a year earlier. The Northern New England Real Estate Network (NNEREN) reported that, during in the 12 months ending March 2012, in New Hampshire and Vermont, 11,000 and 4,075 homes sold, increases of 450 and 100 homes, or more than 4 and almost 3 percent, respectively, from a year earlier. The median home sales prices for New Hampshire and Vermont during the first quarter of 2012 were $188,000 and $185,000, decreases of nearly 5 and 11 percent, respectively, compared with the median prices during the same period a year earlier.

The Rhode Island Association of REALTORS® (RIAR) reported that, during the 12 months ending March 2012, 6,950 existing homes sold, up 4 percent compared with sales during the previous 12 months. The median home sales price in Rhode Island during the first quarter of 2012 was $173,250, down 11 percent from a year earlier. Based on data from the Maine Real Estate Information System, Inc., existing home sales in Maine totaled 10,100, relatively unchanged from the previous 12 months. During the first quarter of 2012, the median home sales price declined 3 percent, to $155,000, compared with the median price during the first quarter of 2011. In Connecticut during the 12 months ending March 2012, Prudential Connecticut Realty reported 21,700 existing home sales, a nearly 5-percent decrease from the previous 12 months. During the first quarter of 2012, the median home sales price declined 7 percent, to $223,000, from a year earlier.

According to the Federal Housing Finance Agency House Price Index, in February 2012, home prices in the region increased less than 1 percent from February 2011, in part

*For an explanation of HUD's regions, please turn to page 44 at the end of the Regional Reports section.

reversing a 3-percent decline a year earlier. LPS Applied Analytics reported that, in March 2012, 7.0 percent of home loans in the region were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) compared with the rates of 6.5 percent in March 2011 and 7.8 percent nationwide. During March 2012, the largest rate increases in the region were in Connecticut and Maine, up approximately 1 percentage point each, to 8.2 and 8.1 percent, respectively, from a year earlier.

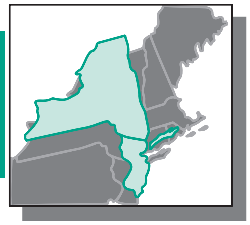
Condominium markets continue to be soft throughout the region. According to MAR, condominium sales in Massachusetts during the 12 months ending March 2012 totaled 15,200 units, relatively unchanged from the previous 12 months. The median condominium sales price during the first quarter of 2012 increased more than 1 percent, to $239,900, from a year earlier. RIAR reported that, during the 12 months ending March 2012, condominium sales in Rhode Island remained relatively unchanged at 1,150. The median condominium sales price in the state, during the first quarter of 2012, decreased 21 percent, to $135,000. In New Hampshire and Vermont, during the 12 months ending March 2012, NNEREN reported that condominium sales declined 2 percent and less than 2 percent, to 2,550 and 920 sales, respectively, from a year earlier. During the first quarter of 2012, the median condominium sales price decreased 7 percent, to $137,000, in New Hampshire but increased more than 1 percent, to $179,500, in Vermont compared with prices during the same period a year earlier. Based on data from Prudential Connecticut Realty, during the 12 months ending March 2012, condominium sales in Connecticut decreased more than 9 percent, to 5,450 sales, from the previous 12 months. During the first quarter of 2012, the median condominium sales price decreased 10 percent, to $147,000, compared with the median price during the same period a year earlier.

Single-family homebuilding activity, as measured by the number of building permits issued, declined significantly over the past year in response to limited home sales and decreasing prices across most of the region. Based on preliminary data, during the 12 months ending March 2012, 10,100 new single-family homes were permitted, down 7 percent from 10,900 homes permitted during the 12 months ending March 2011, when single-family permits were unchanged from the previous 12 months. Single-family home construction declined in all six states in the region during the 12 months ending March 2012. Massachusetts single-family home permits decreased 3 percent, to 4,400 homes. Building in Connecticut, Maine, and New Hampshire declined 9, 11, and 12 percent, to 1,875, 1,425, and 1,325 homes permitted, respectively. Rhode Island and Vermont reported 12- and 14-percent declines, to 600 and 460 homes permitted, respectively.

Multifamily construction, as measured by the number of units permitted, increased in the New England region during the past 12 months as builders began to respond to increasing renter demand. Based on preliminary data, during the 12 months ending March 2012, multifamily building activity increased 8 percent, to 6,025 units permitted. This rate of increase, however, represented relatively slow growth compared with the 46-percent increase nationwide and the 19-percent increase in the region a year earlier. During the 12 months ending March 2012, multifamily building activity in Massachusetts grew 20 percent, to 3,475 units permitted, and building activity in Maine and Vermont increased to 380 and 420 units permitted compared with 170 and 390, respectively, during the previous year. These gains more than offset decreases in New Hampshire and Rhode Island, where multifamily building activity was down to 370 and 100 units permitted compared with 650 and 230, respectively, from a year earlier. Multifamily building activity in Connecticut was unchanged at 1,275 units permitted during the past 12 months.

Apartment market conditions in most metropolitan areas in the region are balanced to tight, and nearly all rental markets tightened during the past 12 months, reflecting strong net absorption and limited completions. Rental market conditions in the Boston metropolitan area are tight. According to Reis, Inc., during the first quarter of 2012, the apartment vacancy rate decreased to 3.8 percent compared with the 4.6-percent rate of a year earlier. The average market rent increased 2 percent, to $1,778, during the same period. An estimated 4,000 new rental units are currently under construction, including nearly 1,800 units in the city of Boston. The apartment market in the Providence metropolitan area is tight, with extremely limited additions to the inventory during the past year. During the first quarter of 2012, the apartment vacancy rate declined to 3.6 from 5.5 percent a year earlier, with average rents increasing nearly 2 percent, to $1,235. During the same period, the apartment vacancy rate in Fairfield County declined to 4.7 from 5.3 percent, evincing balanced-to-tight rental market conditions. The average market rent increased nearly 3 percent, to $1,836, to keep Fairfield County the most expensive apartment market in the region. Apartment market conditions are extremely tight in the New Haven metropolitan area, where apartment vacancy rates decreased during the first quarter of 2012 to 2.8 from 2.9 percent a year earlier. The average market rent increased nearly 2 percent, to $1,133, during the same period. In the Hartford metropolitan area, apartment vacancy rates declined during the first quarter of 2012 to 3.1 from 4.3 percent a year earlier, and the average market rent increased nearly 3 percent, to $1,009.

NEW YORK/ NEW JERSEY



HUD Region II

Economic conditions improved in the New York/New Jersey region during the 12 months ending March 2012. Nonfarm payrolls totaled nearly 12.6 million jobs, an increase of 139,400 jobs, or 1.1 percent, from a year ago. In New York, which accounted for nearly 86 percent of the job growth, payrolls increased by 119,300 jobs, or 1.4 percent, to an average of 8.7 million jobs. New Jersey payrolls increased by 20,200 jobs, or 0.5 percent, to an average of nearly 3.9 million jobs. In New York City (NYC), nonfarm payrolls increased by 71,050 jobs, or 1.9 percent, to 3.8 million jobs. The professional and business services, education and health services, and leisure and hospitality sectors reported the largest nonfarm payroll job gains in the region. The professional and business services sector added 53,200 jobs, a 3.1-percent increase, with gains of 41,400 jobs, or 3.7 percent, in New York and 11,800 jobs, or 2.0 percent, in New Jersey. The education and health services sector recorded an increase of 43,400 jobs, or 1.9 percent, in the region and registered the largest nonfarm payroll increase among all sectors in New Jersey with a gain of 14,350 jobs, or 2.4 percent. The leisure and hospitality sector expanded by 30,250 jobs, a 2.8-percent increase, adding 28,450 and 1,800 jobs, 3.8- and 0.5-percent increases, in New York and New Jersey, respectively. According to NYC & Company, the official marketing, tourism, and partnership organization of NYC, the number of leisure travelers to NYC during 2011 increased 3.5 percent, from 48.8 million to a record 50.5 million, compared with a 7-percent increase during 2010. As a result, the leisure and hospitality sector in NYC increased by 18,050 jobs, or 5.5 percent. The financial activities sector increased by 11,150 jobs, or 2.6 percent, after losing 39,050 jobs from 2008 through 2010.

The government and manufacturing sectors lost jobs during the 12 months ending March 2012. The government sector declined by 29,100 jobs, or 1.4 percent, with budget cuts that began in the summer of 2010, causing decreases of 16,700 jobs, or 1.1 percent, in New York and 12,450 jobs, or 2.0 percent, in New Jersey. Job losses in the manufacturing sector were nearly 85 percent less than the losses recorded a year ago; the sector registered a decline of 2,175 jobs, or 0.3 percent, compared with a loss of 14,300 jobs, or 2.0 percent, during the previous 12 months. During the 12 months ending March 2012, the unemployment rate in the region averaged 8.6 percent, down from 8.8 percent a year earlier. The unemployment rate declined from 8.4 to 8.3 percent in New York and from 9.5 to 9.2 percent in New Jersey.

In the first quarter of 2012, sales housing markets in the New York/New Jersey region were soft. Conditions softened compared with those of the previous year because home sales continued to decline. According to data from the New York State Association of REALTORS®, during the 12 months ending March 2012, existing single-family home sales in the state (excluding parts of NYC) decreased 2 percent, to 73,000 homes sold, compared with sales during the previous 12 months. During the first quarter of 2012, the median sales price for existing homes decreased nearly 6 percent, to $212,000, compared with prices during the first quarter of 2011. During the first quarter of 2012, in Upstate New York, the number of home sales declined, but prices remained relatively stable. According to the Greater Rochester Association of REALTORS®, during the 12 months ending March 2012, home sales in the Rochester metropolitan area declined nearly 7 percent, to 9,275 homes sold, and the median sales price remained relatively unchanged at $115,000. The Greater Capital Association of REALTORS® reported that, during the 12 months ending March 2012, home sales in the Albany-Schenectady-Troy metropolitan area declined nearly 3 percent, to 7,300 homes sold, and the median sales price decreased more than 3 percent, to $185,000. According to the Buffalo Niagara Association of REALTORS®, during the 12 months ending March 2012, the number of homes sold in the Buffalo metropolitan area declined slightly more than 2 percent, to 8,925 homes, and the median sales price declined slightly more than 1 percent, to $115,900.

The NYC home sales market was soft during the first quarter of 2012. The number of homes sold and median prices declined in Manhattan, Brooklyn, and Queens. Miller Samuel Inc. reported that, during the 12 months ending March 2012, the number of existing home sales decreased more than 10 percent, to 26,900 homes, compared with the number sold during the previous 12 months. The average sales price in the region rose more than 5 percent, to $831,800, because of a significant decline in the number of homes sold in Queens, where homes are significantly less expensive than in Manhattan. The average number of days a home remained on the market increased slightly, to 130, 19 days more than the average during the previous 12 months. During the past year, the number of condominiums and cooperatives sold in Manhattan decreased less than 1 percent, to 10,100, and the median sales price decreased nearly 1 percent, to $775,000. The number of home sales in Manhattan remained 15 percent below the annual average of 11,850 homes sold in 2007 and 2008. In Brooklyn, home sales declined more than 1 percent, to 7,525, and the median sales price decreased more than 5 percent, to $450,000. In Queens, sales declined nearly 24 percent, to 9,275 homes sold, in response to the expiration of the federal first-time homebuyer tax credit, and the median sales price decreased slightly more than 1 percent, to $346,300.

In New Jersey, home sales markets are currently soft. Market conditions were softer during 2011 than during

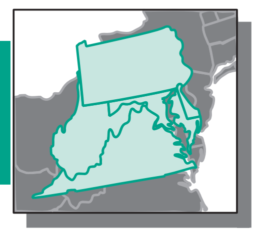
2010 because of declining home sales and prices. According to data from the New Jersey Association of REALTORS®, the number of existing homes sold during 2011 (the most recent information available) decreased by 5,000, or 6 percent, to 79,400 homes sold compared with sales during 2010. The median home sales price in New Jersey decreased nearly 8 percent, to $276,900. All three regions of the state reported a decreased number of home sales, with declines of approximately 6 percent each in Southern, Central, and Northern New Jersey, to 19,800, 21,100, and 38,500 homes sold, respectively. Median sales prices declined nearly 9 percent, to $191,200, in Southern New Jersey; more than 11 percent, to $282,400, in Central New Jersey; and slightly less than 7 percent, to $331,200, in Northern New Jersey.

According to LPS Applied Analytics, in March 2012, the number of mortgage loans in the region that were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) increased by 35,450, or 14 percent, to 282,000 loans compared with the number of distressed loans in March 2011. In March 2012, this total represented 9.9 percent of all home loans compared with the 8.6-percent rate of a year earlier. The rate rose from 9.7 to 11.5 percent in New Jersey and from 7.8 to 8.9 percent in New York. Both rates are above the national average of 7.8 percent.

Builders responded to softer sales housing market conditions in the New York/New Jersey region by reducing single-family homebuilding. Construction of multifamily units increased in both states, however. According to preliminary data, during the 12 months ending March 2012, the number of single-family homes permitted in the region decreased 12 percent, to 11,650 homes, compared with a 4-percent decline recorded during the previous 12 months. The number of single-family homes permitted during the past 12 months represented slightly more than 50 percent of the annual average level of 23,000 homes permitted in the region from 2007 through 2009. Single-family home construction decreased by 630, or 11 percent, to 5,325 homes permitted in New York and by 930, or 13 percent, to 6,325 homes permitted in New Jersey. According to preliminary data, multifamily building activity, as measured by the number of units permitted, increased by 4,950, or 32 percent, to 20,200 units permitted compared with a 35-percent increase during the previous 12 months. Nearly 80 percent of the increase in multifamily construction activity in the region occurred in New York, where permitting increased by 3,800 units, or 42 percent, to 13,000 units permitted. New Jersey multifamily permitting increased by 1,125 units, or 18 percent, to 7,200 units permitted, down from the 46-percent increase recorded during the previous 12 months. Based on data from the McGraw-Hill Construction Pipeline database, apartments accounted for nearly 80 percent of the 29,250 multifamily units under construction in the region and more than 97 percent of the 13,650 units being built in NYC.

Rental housing market conditions in the region were tighter in the first quarter of 2012 than they were a year earlier, as shown by declining vacancy rates and rising rents. Conditions were balanced to tight in Upstate New York and New Jersey, whereas NYC remained one of the tightest rental markets in the country. According to Reis, Inc., in the first quarter of 2012, the apartment vacancy rate in the Syracuse metropolitan area was 3.2 percent, down from the 3.7-percent rate recorded a year earlier, and the average asking rent increased nearly 2 percent, to $710. In the Buffalo metropolitan area, the apartment vacancy rate decreased from 4.2 to 3.4 percent, and the average rent increased 2 percent, to $750. In Northern New Jersey, the apartment vacancy rate decreased from 4.7 to 4.0 percent, and the average rent increased more than 2 percent, to $1,550. In Central New Jersey, the apartment vacancy rate declined from 3.7 to 3.0 percent, and the average rent increased nearly 2 percent, to $1,180. The apartment vacancy rate in NYC was 2.0 percent, down from the 2.7-percent rate recorded a year earlier, and the average asking rent increased nearly 3 percent, to $2,950. On Long Island, the vacancy rate declined from 3.7 to 3.3 percent, and the average rent increased nearly 3 percent, to $1,600.

Mid-Atlantic



HUD Region III

Employment levels increased in the Mid-Atlantic region during the past year, continuing a trend that began in early 2011. During the 12 months ending March 2012, total nonfarm payrolls in the region averaged more than 13.8 million jobs, an increase of 147,600 jobs, or 1.1 percent, from the previous 12 months. By comparison, average nonfarm payrolls increased by 126,100 jobs, or 0.9 percent, during the previous 12-month period. Approximately 65 percent of the net job gain in the region occurred in the education and health services and the professional and business services sectors. The education and health services sector, the only sector in the region that had consistently increasing payrolls during the past 3 years, added 58,550 jobs, a 2.6-percent increase, during the 12 months ending March 2012. Gains in the professional and business services sector slowed to 35,100 jobs, or 1.8 percent, compared with an increase of 52,300 jobs, or 2.7 percent, during the previous 12-month period. Payrolls in the leisure and hospitality sector increased by 20,100 jobs, or 1.6 percent. The mining, logging, and construction sector added 17,350 jobs, a 2.6-percent increase, including an increase of 11,100 jobs, or 11.2 percent, in the mining and logging subsector. Pennsylvania accounted for 60 percent of the additional mining and logging subsector jobs in the region because of natural gas drilling in the northern and western parts of the state. The government sector in the region declined by nearly 10,900 jobs, or 0.5 percent.

Nonfarm payrolls increased in every state in the region during the 12 months ending March 2012. Gains in Pennsylvania, which totaled 52,500 jobs, or 0.9 percent, accounted for more than one-third of the total growth in the region, and the state contributed to more than one-third of the regional gain in the education and health services sector. Virginia and Maryland added 38,150 and 31,400 jobs, 1.0- and 1.2-percent increases, respectively; the education and health services sector led the growth in each state. Payrolls increased by 15,500 jobs in the District of Columbia, which registered the most rapid rate of job growth in the region, at 2.1 percent, despite the loss of 1,575 jobs, or 0.6 percent, in the government sector. In West Virginia, total nonfarm payrolls increased by 8,900 jobs, or 1.2 percent; approximately one-third of the increase was in the mining and logging subsector, as a result of natural gas drilling. Delaware added 1,600 jobs, a 0.4-percent increase, approximately one-half of the growth rate of the previous 12-month period, because of a 600-job decline in the leisure and hospitality sector. During the 12 months ending March 2012, the unemployment rate in the Mid-Atlantic region averaged 7.2 percent, down from 7.7 percent during the previous 12 months. Unemployment rates among the states in the region ranged from 6.1 percent in Virginia to 7.8 percent in Pennsylvania. The average unemployment rate in the District of Columbia was 10.2 percent, an increase from the 10.0-percent rate recorded a year earlier.

Sales housing market conditions were soft in most of the Mid-Atlantic region during the first quarter of 2012, although the West Virginia market showed signs of strengthening. According to CoreLogic®, during the 12 months ending February 2012, existing home sales in the Mid-Atlantic region declined 9 percent from the previous year, to 211,000 homes sold. The largest declines during the past year occurred in Pennsylvania, where existing sales decreased by 12,400 homes, or 11 percent, and in Virginia, where existing sales declined by 9,275 homes, or 14 percent. In Delaware and the District of Columbia, existing home sales decreased 5 and 4 percent, to 5,600 and 4,925 homes sold, respectively. Existing home sales in Maryland remained nearly unchanged from a year ago, at 41,300. By contrast, in West Virginia, existing home sales increased by 800 homes, or 19 percent. In the Mid-Atlantic region in February 2012, the median prices for existing homes ranged from $94,500 in West Virginia to $388,500 in the District of Columbia, increases of 3 and 7 percent, respectively, from a year ago. In Virginia, the median price increased more than 4 percent, to $230,000. In Pennsylvania, Delaware, and Maryland, however, the median prices declined 5, 11, and 13 percent, to $124,000, $184,500, and $200,000, respectively. According to LPS Applied Analytics, during March 2012, the percentage of home loans in the region that were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) increased to 6.3 from 6.0 percent during March 2011 but remained less than the 7.8-percent rate reported for the nation. Rates for distressed loans, which ranged from 4.3 percent in Virginia to 8.6 percent in Maryland, increased in Delaware, the District of Columbia, Maryland, and Pennsylvania but declined in Virginia and West Virginia.

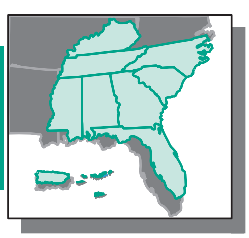
Sales housing market conditions were soft in the largest metropolitan areas in the region. According to CoreLogic®, during the 12 months ending February 2012 in the Philadelphia metropolitan area, existing home sales declined 12 percent, to 29,350 homes sold, and the median price was $152,000, a 21-percent decrease from a year ago. In the Baltimore metropolitan area, the number of home sales registered a 2-percent decline, to 19,750 homes sold, and the median price fell 12 percent, to $199,000. The Washington, D.C. metropolitan area recorded a slight decrease in sales of 1 percent, to 35,800 homes sold, and the median price fell 5 percent, to $310,000. In the Virginia Beach metropolitan area, home sales increased 1 percent, to 11,500 homes sold, and the median price declined 7 percent to nearly $186,100.

Single-family home construction declined in most of the region as a result of soft sales market conditions. According to preliminary data, homebuilding activity, as measured by the number of single-family building permits issued, decreased in the region by 2,525 homes, or nearly 7 percent, to 34,850 homes permitted during the 12 months ending March 2012. The largest decrease occurred in Pennsylvania, which reported a decline of 2,700 homes, or 23 percent, to 9,075 homes permitted. In West Virginia and the District of Columbia, homebuilding activity decreased 7 and 29 percent, to 1,175 and 160 homes, respectively. In Maryland, single-family construction activity was down 1 percent, to 7,650 homes. Delaware and Virginia recorded modest increases of 4 and 2 percent, to 2,550 and 14,250 homes permitted, respectively.

Multifamily construction, as measured by the number of units permitted, increased in every state in the Mid-Atlantic region during the 12 months ending March 2012. According to preliminary data, the number of units permitted in the region increased by 7,400, or 60 percent, from a year earlier, to 19,700 units. By comparison, multifamily units permitted increased 7 percent during the previous 12 months, when Maryland and Virginia were the only states to register an increase. During the most recent 12 months, the District of Columbia recorded the largest percentage increase in the region of 350 percent, or 3,100 units, more than four times the increase during the same period a year ago, to 4,000 units. Similarly, multifamily construction nearly tripled in West Virginia, to 290 units permitted. Multifamily construction increased 34 percent in both Delaware and Pennsylvania, to 460 and 2,950 units permitted, respectively. Maryland and Virginia recorded increases of 59 and 23 percent, to 4,925 and 6,900 units permitted, respectively. Multifamily construction increased in the largest metropolitan areas in the region.

Rental market conditions were mixed throughout the region during the first quarter of 2012. Conditions were slightly soft in the Baltimore metropolitan area, because 740 newly constructed units were leasing compared with 380 units a year ago. According to Delta Associates, during the first quarter of 2012, the overall apartment vacancy rate in the metropolitan area, including units in lease up, increased from 6.7 to 7.4 percent. Although the number of apartments completed in Baltimore city increased from 90 to 340 units, the vacancy rate decreased from 7.2 to 6.8 percent. By contrast, the vacancy rate in the northern suburbs increased from 8.2 to 9.9 percent because units in lease up filled at a slower pace compared with the pace of a year ago. The average rent in the Baltimore metropolitan area increased 5 percent, to more than $1,525, and the average rent in Baltimore city increased 7 percent, to $1,750. The apartment market in the Philadelphia metropolitan area remained tight during the past year. During the first quarter of 2012, the vacancy rate declined from 5.3 to 4.7 percent, and the average rent increased 1 percent, to nearly $1,625. Conditions in the Center City Philadelphia submarket tightened during the past year; the vacancy rate for Class A highrise apartments declined from 3.6 to 2.0 percent, and concessions decreased from 2.8 to 1.9 percent. The average rent in Center City remained unchanged at $2,150. The Washington, D.C. metropolitan area apartment market was balanced during the first quarter of 2012; Delta Associates reported a Class A garden apartment vacancy rate of 6.1 percent, up slightly from 6.0 percent a year earlier. A decrease in the garden apartment vacancy rate in Northern Virginia, from 6.0 to 5.7 percent, offset an increase in suburban Maryland, from 6.0 to 6.5 percent. The vacancy rate in highrise units in the metropolitan area declined from 8.9 to 7.3 percent, and concessions decreased from 4.4 to 3.5 percent. During the first quarter of 2012, the average rents for Class A garden and highrise apartments increased 2 and 3 percent, to nearly $1,600 and $2,400, respectively.

Southeast/ Caribbean



HUD Region IV

Nonfarm payroll gains that began during the second quarter of 2011 continued during the first quarter of 2012 in the Southeast/Caribbean region. During the 12-month period ending March 2012, nonfarm payrolls averaged approximately 25.4 million jobs, an increase of 235,600 jobs, or 0.9 percent, from the same period a year earlier. Florida, Tennessee, North Carolina, and Georgia added 78,300, 42,500, 41,500, and 41,200 jobs, or 1.1, 1.6, 1.1, and 1.1 percent, respectively. Kentucky and South Carolina added 22,000 and 20,800 jobs, or 1.2 and 1.1 percent, respectively. Alabama, Mississippi, and Puerto Rico lost 4,500, 2,800, and 2,800 jobs, respectively, a rate of less than 0.5 percent each, whereas the 600 jobs lost in the Virgin Islands represented a 1.3-percent decline.

Three sectors accounted for 96 percent of the increased payrolls in the region during the 12 months ending March 2012. The largest increase in payrolls, of 114,800 jobs, or 3.6 percent, occurred in the professional and business services sector. All eight states, Puerto Rico, and the Virgin Islands recorded job gains in the sector. The education and health services and the leisure and hospitality sectors followed, with increases of 66,800 and 44,100 jobs, or 1.9 and 1.6 percent, respectively. The government sector, which fell by 48,300 jobs, or 1.1 percent, and the construction subsector, which declined by 35,900 jobs, or 3.8 percent, led job losses in the region during the 12 months ending March 2012. Approximately one-half of the government sector job losses occurred in the federal government subsector, and the state and local government subsectors split the remaining share evenly. During the 12 months ending March 2012, the average unemployment rate for the region decreased to 10.0 percent compared with the 10.7-percent rate recorded during the previous 12-month period. During the past 12 months, every state and territory in the region reported unemployment rate declines, and all except Alabama, with an 8.5-percent rate, had unemployment rates greater than the 8.7-percent national average. Puerto Rico continued to record the highest rate of unemployment in the region, at 15.4 percent.

Nearly every sales housing market in the Southeast/Caribbean region is soft but improving. According to LPS Applied Analytics, in March 2012, 11.1 percent of home loans in the region were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), much greater than the 7.8-percent national rate. Although the current rate for the region is unchanged from March 2011, it fell to as little as 10.6 percent in November 2011 before returning to the current rate. Within the region, the percentage of distressed loans in March 2012 ranged from 6.3 percent in Alabama to 18.0 percent in Florida. In Florida, the large number of distressed home loans continues to stimulate investor purchases, resulting in increased home sales. According to data from Florida Realtors®, during the 12 months ending March 2012, existing single-family home sales in Florida increased 3 percent, to 198,800 homes sold, compared with the number sold during the previous 12 months; existing townhome and condominium sales increased less than 1 percent, to 102,300 units, during the same period. During March 2012, the median sales prices for a single-family home and for a townhouse or condominium unit were \$139,000 and \$105,000, increases of 10 and 21 percent, respectively, from March 2011. According to Miami REALTORS®, during the 12 months ending March 2012, 10,000 existing single-family homes sold, a 25-percent increase compared with the 8,025 sold during the previous 12 months in the Miami metropolitan area. The median price in March 2012 was \$180,000, up 13 percent from March 2011. The number of existing condominiums sold during the past 12 months increased 45 percent, to 15,050 units, and the median price increased 46 percent, to \$141,700.

The Alabama Center for Real Estate reported that approximately 37,850 new and existing single-family homes and condominiums sold statewide during the 12 months ending March 2012, a 6-percent increase from the 12 months ending March 2011. The average sales price for homes and condominiums was nearly \$141,200, down 3 percent from the previous 12 months. The North Carolina Association of REALTORS® reported that, during the 12 months ending March 2012, approximately 82,050 homes sold statewide, a 2-percent increase compared with the number sold during the 12 months ending March 2011. The average home sales price was approximately \$196,900, down 2 percent from the previous 12 months. In the Charlotte and Greensboro-Winston Salem metropolitan areas, existing home sales increased 7 and 5 percent, to 23,550 and 11,450 homes, respectively, and the average home sales price decreased 2 and 3 percent, to \$200,350 and \$150,550, respectively. During the 12 months ending March 2012, new and existing home sales in the Raleigh-Durham metropolitan area remained relatively unchanged at 20,150 homes, and the average home sales price decreased 3 percent, to \$220,850. South Carolina REALTORS® reported that, during the 12 months ending March 2012, 45,900 homes sold statewide, a 3-percent increase from the previous 12 months. The number of homes sold increased in 13 of the 15 reported areas in the state. Statewide, the median home sales price for the first quarter of 2012 increased 2 percent, to \$143,000, from the first quarter of 2011. Median home sales prices increased in 10 of the 15 reported areas.

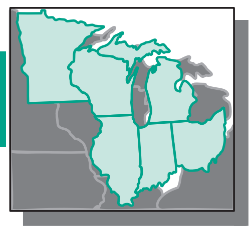
The Lexington-Bluegrass Association of REALTORS® reported that, during the 12 months ending March 2012, approximately 6,575 new and existing single-family homes sold in the Lexington metropolitan area, a 6-percent increase from the previous 12 months. The average home sales price for the same period was \$164,900, a 3-percent decrease from the previous year. Approximately 450 condominiums and townhomes sold in the Lexington metropolitan area, down 7 percent from the previous 12 months; the average sales price decreased 6 percent, to \$145,100. According to the Knoxville Area Association of REALTORS®, during the 12 months ending March 2012, the number of new and existing single-family homes sold in the Knoxville metropolitan area increased 1 percent, to 8,850, and the average home sales price declined 3 percent, to approximately \$170,100. The number of condominium units sold in the Knoxville area decreased 9 percent, to 890 units, and the average price declined 2 percent, to \$152,300. According to the Greater Nashville Association of REALTORS®, new and existing single-family home and condominium sales increased 7 and 2 percent, to 17,875 and 2,275, respectively, during the 12 months ending March 2012. The median price of a single-family home sold increased 2 percent, from \$165,000 in March 2011 to \$168,500 in March 2012. The median price of a condominium unit sold decreased 6 percent, to \$135,000, during the same period.

Based on preliminary data, during the 12-month period ending March 2012, single-family homebuilding in the region increased by 9,900 homes, or 10 percent, to 108,700 homes permitted. This increase followed a decline of 14,150 homes permitted, or 13 percent, during the 12 months ending March 2011. Homebuilding in the region peaked at 526,400 homes permitted during 2005, then declined by an average 103,400 homes, or 20 percent, a year during the next 4 years before increasing approximately 1 percent during 2010. During the past 12 months, homebuilding activity increased in every state in the region except Kentucky and Mississippi, which recorded declines of 480 and 180 homes, respectively. Florida accounted for approximately one-half of the increase with an increase of 5,100 homes permitted, or 18 percent, to 33,000 homes. North Carolina and South Carolina each reported an increase of approximately 1,600 homes, to 10,250 and 3,050 homes permitted, respectively. Multifamily construction, as measured by the number of units permitted, also increased in the region during the first quarter of 2012 but remained well below historical levels. According to preliminary data, during the 12 months ending March 2012, the number of multifamily units permitted in the region increased by 10,450, or 37 percent, to 38,950 units, approximately 10 percent of the average number of units permitted annually from 2004 through 2006. Permitting trends in the past 12 months varied widely within the region. In Georgia and South Carolina, multifamily construction more than doubled, to 5,100 and 3,050 units, respectively. Florida and North Carolina recorded the largest numbers of multifamily units permitted during the period, 11,250 and 10,275 units, increases of 19 and 31 percent, respectively.

Continued low levels of apartment construction and increased demand for rental units allowed most apartment housing markets in the region to reach or approach balanced conditions during the first quarter of 2012. According to Reis, Inc., between the first quarter of 2011 and the first quarter of 2012, vacancy rates decreased and asking rents increased in each of the 20 largest metropolitan areas surveyed in the region. In Miami and Atlanta, apartment vacancy rates decreased over the period by 1.2 and 1.8 percentage points, to 4.4 and 7.4 percent, respectively, and average asking rents increased nearly 2 percent and more than 1 percent, to \$1,105 and \$859, respectively. Real Data reports that, in several markets surveyed in the region during 2011, apartment absorption slowed compared with significant increases during 2010. In the Raleigh-Durham apartment market, 1,950 apartment units were absorbed between January 2011 and January 2012, the most recent data available, fewer than the 4,500 units absorbed during the previous year but enough to produce a decline in the vacancy rate from 7.1 to 6.7 percent during the period. Average rents in the Raleigh-Durham apartment market increased almost 4 percent, to $834. In the Charlotte apartment market, net absorption during the 12 months ending February 2012 was almost 3,000 units, down from 7,075 units the previous year but sufficient to reduce the vacancy rate by 2.3 percentage points, to 6.7 percent. Average rents in the Charlotte area increased 5 percent, to $807.

MIDWEST

HUD Region V



In the Midwest region, employment levels increased during the first quarter of 2012, the fifth consecutive quarterly increase in nonfarm payroll jobs. For the 12 months ending March 2012, nonfarm payrolls gained more than 218,000 jobs, or 1 percent, to an average of 23 million jobs compared with an increase of 138,000 jobs, or 0.6 percent, in the previous 12-month period. Every sector but two registered job gains; the government and information sectors declined by 74,300 and 5,000 jobs, or 2.1 and 1.4 percent, respectively. Of the jobs lost in the government sector, 53 percent were at the local level, 32 percent were at the federal level, and 15 percent were at the state level. The professional and business services sector, which increased by 98,000 jobs, or 3.4 percent, led employment gains in the region, followed by the manufacturing and the education and health services sectors, which increased by 93,300 and 52,200 jobs, or 3.3 and 1.5 percent, respectively. Every state except Wisconsin added jobs during the past 12 months, led by Michigan, which gained 65,300 jobs, or 1.7 percent. Ohio and Illinois gained 49,000 and 42,200 jobs, or 1.0 and 0.8 percent, respectively, and Indiana and Minnesota gained 33,200 and 31,500 jobs, respectively, or 1.2 percent each. Wisconsin nonfarm payrolls declined by 3,200 jobs, or 0.1 percent. Because of increased employment, the average unemployment rate for the 12 months ending March 2012 was 8.6 percent, down from the 9.6-percent rate recorded for the 12 months ending March 2011. The unemployment rate, which dropped in each of the six Midwest region states, ranged from 6.2 percent in Minnesota to 9.8 percent in Michigan.

As economic conditions improved, home sales markets in the Midwest region continued to strengthen, with state REALTOR® offices reporting increasing sales and mixed sales prices. The Michigan Association of REALTORS® reported that, for the 12 months ending March 2012, sales increased 3 percent, to 109,600 homes, and the average sales price decreased slightly, to $106,000. In Indiana, home sales increased 5 percent, to 59,600, and the median sales price increased 1 percent, to $113,500, according to the Indiana Association of REALTORS®. The Minnesota Association of REALTORS® reported that, for the 12 months ending February 2012 (the latest data available), home sales in the state increased nearly 4 percent, to 80,900, and the median sales price in February 2012 was $124,000, up 1 percent compared with the median sales price reported in February 2011.

The Ohio Association of REALTORS® reported that, for the 12 months ending March 2012, home sales increased 2 percent, to 100,200, and the average sales price declined 2 percent, to $129,000. In Wisconsin, the Greater Milwaukee Association of REALTORS® reported that home sales increased nearly 9 percent, to 12,300 for the 12 months ending March 2012 in the four-county Milwaukee-Waukesha-West Allis metropolitan area. During the same period, the median home sales price was $163,000, a 6-percent decline from the median price in the previous 12-month period. The Illinois Association of REALTORS® reported that, for the 12 months ending March 2012, statewide home sales increased 6 percent, to 107,400, compared with home sales during the previous 12-month period, and the median home sales price in March 2012 was $130,000, the same as in March 2011. In the Chicago metropolitan area, home sales increased 8 percent, to 72,900, and the median sales price in March 2012 was $151,900, 4 percent lower than in March 2011. According to LPS Applied Analytics, distressed loan rates continue to decline in the region. In March 2012, 8.1 percent of home loans were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from 8.2 percent in March 2011. The corresponding national figure in March 2012 was 7.8 percent.

With improved economic conditions in the Midwest region, home builders appeared cautiously optimistic regarding new single-family home construction, as measured by the number of building permits issued. During the 12 months ending March 2012, 40,500 homes were permitted in the region, a 2-percent increase compared with the 39,700 homes permitted during the previous 12 months, according to preliminary data. Single-family homebuilding remains less than the average annual pace of 54,850 homes recorded from 2008 through 2010. Two states in the region reported declining single-family home permitting during the past 12 months; Ohio permits declined 7 percent, to 8,025 homes permitted, and Wisconsin permits declined 8 percent, to 5,425 homes permitted. The number of single-family homes permitted increased 1 percent, to 5,600 homes, in Illinois and 7 percent, to 5,950 homes, in Minnesota. In Indiana and Michigan, single-family homes permitted increased 9 and 10 percent, to 8,825 and 6,650 homes, respectively.

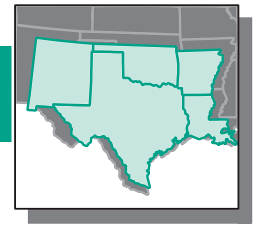
Multifamily construction, as measured by the number of units permitted, increased 13 percent, to 18,850 units permitted in the Midwest region, for the 12 months ending March 2012, according to preliminary data. Multifamily permit data were mixed for the six states, with two states reporting increased multifamily construction activity and four states reporting decreased activity. During the 12 months ending March 2012, the number of multifamily permits issued in Illinois increased 55 percent, to 5,350 units; an increase of almost 1,000 units in the Chicago metropolitan area contributed to the state total. In Ohio, the number of multifamily units permitted was up 61 percent, to 4,425, during the 12 months ending March 2012. Increases of 500 and 1,175 units, respectively, in Cincinnati and Columbus accounted for the statewide increase. The number of multifamily units permitted decreased 2, 7, 15, and 43 percent, or by 50, 210, 460, and 640 units, respectively, in Minnesota, Wisconsin, Indiana, and Michigan.

Rental housing market conditions in major metropolitan areas in the Midwest region are balanced to tight, with each of the eight metropolitan areas surveyed reporting stronger occupancy and increasing rents from a year ago. Improved economic conditions contributed to strengthened rental markets in the region. In Detroit and Indianapolis, where apartment market conditions are balanced, Reis, Inc., reported vacancy rates of 5.1 and 5.6 percent, respectively, in the first quarter of 2012, down from 6.6 and 7.5 percent, respectively, in the first quarter of 2011. Average rents rose 2 percent in each metropolitan area, to $850 and $700, respectively. In Milwaukee, the rental market is tight, with an apartment vacancy rate of 3.7 percent, down from 4.2 percent a year ago, and the average monthly rent rose 2 percent, to $860. In Ohio, according to Reis, Inc., during the first quarter of 2012, the apartment vacancy rates in Cleveland and Columbus were 4.1 and 6.4 percent, down from 5.2 and 8.6 percent, respectively, a year ago, reflecting balanced market conditions. The average rents in Cleveland and Columbus rose 2 percent each, to $750 and $710, respectively.

The apartment market in Chicago is balanced to tight. In the Chicago metropolitan area, MPF Research reported that, in the first quarter of 2012, the apartment vacancy rate was 4.7 percent, down from 6.2 percent a year ago, and the average rent increased 2 percent, to $1,150. In the Chicago Loop, the apartment vacancy rate was 5 percent, down from 9.3 percent a year ago, and the average rent rose more than 8 percent, to $1,800. In the Minneapolis metropolitan area, where the apartment market has been tight for more than 2 years, GVA Marquette Advisors reported the apartment vacancy rate was 2.8 percent, down from 3.1 percent a year ago, and the average rent rose 2 percent, to $935. In downtown Minneapolis, the apartment vacancy rate is 1.9 percent, down from 3.5 percent in the first quarter of 2011, and the average rent increased 1 percent, to $1,275.

Southwest

HUD Region VI



Nonfarm payroll job growth in the Southwest region accelerated during the past 12 months after declines in 2009 and 2010. During the 12 months ending March 2012, average nonfarm payrolls increased 1.8 percent, or 281,700 jobs, to 16.1 million jobs. By comparison, during the previous 12 months, nonfarm payrolls grew 1.0 percent, or 160,800 jobs. Despite recent gains, the region needs to add approximately 107,600 jobs to recover to the peak level of 16.2 million jobs recorded in 2008. During the 12 months ending March 2012, the professional and business services, education and health services, leisure and hospitality, and trade sectors recorded the greatest total growth, adding 66,800, 64,600, 51,100, and 49,800 jobs, respectively. The mining and logging subsector, which benefited from high oil and gas prices, was the region's fastest growing sector, with an increase of 45,100 jobs, or 13.3 percent. The manufacturing, transportation and utilities, financial activities, and other services sectors also added jobs during the 12 months ending March 2012. During the same period, the government sector, construction subsector, and information sector recorded losses of 64,100, 2,300, and 2,000 jobs, respectively. Since peaking in 2008, the construction subsector has shed 157,000 jobs, an average of 48,000 annually, because of declines in new home construction. The decline in government-sector jobs, which began during the third quarter of 2010, follows more than 10 years of job growth and resulted from the need for many state and local governments in the region to reduce staff in response to lower tax revenues.

During the 12 months ending March 2012, nonfarm payrolls grew year over year in every state in the region except Arkansas. Texas led job growth with an increase of 2.2 percent, or 225,600 jobs; the government sector and construction subsector recorded the only job losses, with declines of 57,300 and 1,900 jobs, respectively. In Louisiana, nonfarm payrolls increased by 30,000 jobs, or 1.6 percent, but a decline of 3,300 jobs, or 0.9 percent, in the government sector partially offset gains in most other sectors. In Oklahoma, nonfarm payrolls increased by 25,600 jobs, or 1.7 percent; a decline of 1,500 jobs, or 0.4 percent, in the government sector only partially offset gains in most other sectors, including the manufacturing sector, which added 6,700 jobs, the largest year-over-year increase in the sector in more than 10 years. Nonfarm payrolls in New Mexico increased by 2,400 jobs, or 0.3 percent, the second consecutive quarter with year-over-year payroll increases after more than 3 years of decline that began in 2008. In Arkansas, nonfarm payrolls declined by 1,900 jobs, or 0.2 percent, during the 12 months ending March 2012; the manufacturing sector, in which losses accelerated to 3,700 jobs, or 2.3 percent, has declined by more than 65,000 jobs, or 30 percent, during the past 10 years. During the 12 months ending March 2012, the unemployment rate in the region declined to 7.5 percent compared with the 7.9-percent rate recorded during the previous 12 months. The average unemployment rates ranged from 6.0 percent in Oklahoma to 7.9 percent in Arkansas. Louisiana, New Mexico, and Texas recorded unemployment rates of 7.2, 7.3, and 7.7 percent, respectively.

Sales housing market conditions in the Southwest region improved during the 12 months ending March 2012 but remained slightly soft, despite modest job gains during the past 12 months. In Texas, during the 12 months ending March 2012, new and existing home sales increased 5 percent, to approximately 210,300, compared with sales during the previous year, according to the Real Estate Center at Texas A&M University; however, sales remained more than 20 percent below the level recorded during the peak sales years of 2006 through 2008. During the 12 months ending March 2012, the inventory of unsold homes in Texas was at a 7.0-month supply, down from 7.6 months during the previous 12 months but much higher than the 5.0-month average supply recorded from 2006 through 2008. In all major metropolitan areas in Texas, new and existing home sales increased during the 12 months ending March 2012, with gains ranging from 2 percent in San Antonio to 11 percent in Austin. Dallas, Fort Worth, and Houston each recorded 6-percent increases in home sales. During the 12 months ending March 2012, the average home sales price in Texas increased less than 1 percent, to $195,800, compared with the average sales price during the previous 12-month period. Among major metropolitan areas in Texas, home sales price changes ranged from 1-percent declines in Dallas, Fort Worth, and San Antonio to 1- and 2-percent increases in Houston and Austin, respectively.

Home sales also increased in a number of markets elsewhere in the region during the 12 months ending March 2012. In New Orleans, according to the New Orleans Metropolitan Association of REALTORS® and Gulf South Real Estate Information Network, Inc., new and existing single-family home sales increased 12 percent, to 7,950 homes, and the average sales price declined approximately 3 percent, to $204,000. During the 12 months ending March 2012, based on data from the Greater Baton Rouge Association of REALTORS®, home sales in Baton Rouge increased 8 percent, to 6,825 homes, and the average home sales price decreased 3 percent, to $189,600. The Greater Albuquerque Association of REALTORS® reported that, during the 12 months ending March 2012, single-family home sales in Albuquerque increased 4 percent, to 6,725 homes, compared with sales during the previous 12 months, and the average sales price declined 8 percent, to $198,500. Condominium sales in Albuquerque declined 15 percent, to 590 sales, during the same period. According to the Oklahoma Association of REALTORS®, during the fourth quarter of 2011 (the latest data available), new and existing home sales in Oklahoma were up 1,550, or 4 percent, to 42,050 homes sold, and the average home sales price increased approximately 3 percent, to $151,800, compared with the average price during the fourth quarter of 2010. According to the Arkansas REALTORS® Association, during the 12 months ending March 2012, the number of new and existing home sales in the state increased by 900, or 4 percent, to 23,600 homes compared with the number of homes sold during the previous year, and the average home sales price declined 1 percent, to $144,600.

Modest increases in home sales throughout the region led to increased single-family construction activity, as measured by the number of building permits issued, in four of the five states in the region. Based on preliminary data, during the 12 months ending March 2012, 86,750 single-family homes were permitted, an increase of 5,250 homes, or 6 percent, compared with the number permitted during the previous 12 months. During the 12 months ending March 2012, Texas recorded a 9-percent increase in the number of single-family homes permitted, up 5,150 to 64,450 homes. The other four states in the region experienced changes in the number of single-family homes permitted ranging from a 5-percent decline in New Mexico to a 4-percent increase in Oklahoma. Arkansas and Louisiana recorded increases of less than 1 percent each.

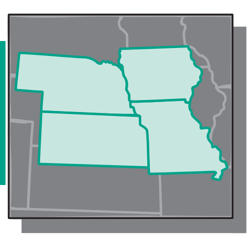
Rental housing market conditions in most of the large metropolitan areas in Texas are soft, but they improved significantly during the first quarter of 2012, because building activity remains well below the levels recorded during the mid-2000s. The Austin rental market is currently balanced. According to ALN Systems, Inc., the apartment vacancy rate in Austin for the first quarter of 2012 was 6.2 percent, down from 7.3 percent during the first quarter of 2011, and the average rent increased 5 percent to $900. All other major Texas rental markets are currently soft. In San Antonio, during the first quarter of 2012, the apartment vacancy rate remained unchanged at 9.4 percent from the first quarter of 2011, and the average rent increased 4 percent, to $770. The rental markets in Dallas and Fort Worth remained soft during the first quarter of 2012, with apartment vacancy rates of 8.2 and 9.0 percent, respectively, down from 9.3 and 10.4 percent, respectively, during the first quarter of 2011. The average rents in Dallas and Fort Worth increased 4 and 3 percent, to $840 and $720, respectively, compared with rents during the first quarter of 2011. The Houston rental market was the softest of all major rental markets in Texas during the first quarter of 2012, with an 11.2-percent apartment vacancy rate, down from 12.6 percent during the first quarter of 2011. Average rents increased 2 percent, to $800, during that period.

Rental housing market conditions also improved in other large metropolitan areas throughout the Southwest region during the first quarter of 2012. Rental markets in Albuquerque and Little Rock are currently balanced. According to Reis, Inc., in the first quarter of 2012, the apartment vacancy rate in Albuquerque was 3.9 percent, down from 4.7 percent a year earlier, and the average rent increased 1 percent, to $730. In Little Rock, during the first quarter of 2012, the apartment vacancy rate was 5.6 percent, down significantly from 7.3 percent a year earlier, and the average rent increased approximately 2 percent, to $670. Rental markets in the largest metropolitan areas in Oklahoma are improving but remained slightly soft during the first quarter of 2012. In Oklahoma City, the apartment vacancy rate declined from 7.5 percent in the first quarter of 2011 to 6.7 percent in the first quarter of 2012, and the average rent increased 2 percent, to $570. Rental market conditions improved in New Orleans during the first quarter of 2012; the apartment vacancy rate fell to 7.3 percent from the 8.8-percent rate recorded a year earlier, and the average rent increased 1 percent, to $880.

Despite continued soft conditions in many large metropolitan areas, builders responded to improved rental markets by increasing development. Multifamily construction activity, as measured by the number of units permitted, increased in the Southwest region during the 12 months ending March 2012 after substantial declines during the previous 2 years. Based on preliminary data, 45,000 multifamily units were permitted during the 12 months ending March 2012, a 70-percent increase compared with the number of units permitted during the previous 12 months. Multifamily permitting levels remain approximately 32 percent below the average of 65,800 units recorded during the peak years of 2006 through 2008. During the 12 months ending March 2012, the number of multifamily units permitted in Texas increased 79 percent, or 16,500 units, from the previous year, to 37,350 units. In other states in the region, the changes in multifamily permitting activity ranged from a decline of 630 units in Arkansas to an increase of 1,450 units in Oklahoma. New Mexico and Louisiana recorded increases of 550 and 600 units, respectively.

Great Plains

HUD Region VII



An economic expansion is under way in the Great Plains region. Nonfarm payrolls increased during the first quarter of 2012, a significant improvement from the economic conditions of a year ago. During the 12 months ending March 2012, average nonfarm payrolls increased 0.4 percent, or 23,400 jobs, to 6.4 million jobs. By comparison, average nonfarm payrolls declined 0.2 percent, or 9,700 jobs, in the 12 months ending March 2011. The professional and business services sector recorded the largest growth in the region, gaining 19,600 jobs, a 2.8-percent increase. Despite the significant increase, employment levels in the professional and business services sector remain 5,200 jobs below the peak of more than 719,200 jobs recorded in the sector during the third quarter of 2008. Significant job gains also occurred in the manufacturing sector, which increased by 16,400 jobs, or 2.4 percent, and every state in the region recorded increased payrolls in the sector. During the 12 months ending March 2012, nonfarm payrolls continued to decline in the information sector, which decreased by 4,900 jobs, or 3.6 percent, compared with a decrease of 7,400 jobs, or 5.2 percent, during the 12 months ending March 2011. The government sector, which recorded declines in every state in the region during the 12 months ending March 2012, lost 19,900 jobs, a 1.8-percent decrease.

During the first quarter of 2012, nonfarm payroll gains in Kansas, Iowa, and Nebraska more than offset minimal job losses in Missouri. In Kansas, nonfarm payrolls increased by 11,100 jobs, or 0.8 percent, during the 12 months ending March 2012, led by growth of more than 8,400 jobs, or 5.8 percent, in the professional and business services sector. In Iowa, nonfarm payrolls increased by 9,200 jobs, or 0.6 percent, led by a gain of 8,400 jobs, or 4.2 percent, in the manufacturing sector. Manufacturing jobs in Iowa are predominantly in the food production industry; however, during the past year, job growth was primarily in industrial machinery and fabricated metals. During the 12 months ending March 2012, nonfarm payrolls in Nebraska increased by 3,400 jobs, or 0.4 percent, from the previous 12 months. A gain of 2,300 jobs, or 2.2 percent, in the professional and business services sector accounted for nearly 70 percent of the nonfarm payroll increase in Nebraska. Losses in the government sector totaled 1,100 jobs. In Missouri, nonfarm payrolls declined by 300 jobs, with declines in the financial activities and government sectors accounting for slightly more than 50 percent of the total loss. During the first quarter of 2012, the average unemployment rate in the region decreased to 6.7 percent, an improvement from the 7.4-percent rate recorded during the first quarter of 2011. The unemployment rates ranged from 4.3 percent in Nebraska to 8.2 percent in Missouri. Iowa and Kansas recorded rates of 5.7 and 6.5 percent, respectively.

Sales housing market conditions remained soft in all states in the Great Plains region during the past year, despite the modest job gains that began in the second quarter of 2011. According to Hanley Wood, LLC, during the first quarter of 2012, the number of new and existing homes sold in the region declined by 10 percent, to 157,400, compared with the number sold a year ago. Home sales in Iowa reflected the largest absolute decline in the region. During the 12 months ending March 2012, 36,050 homes sold, down 19 percent, or 8,525 homes, from the 12 months ending March 2011. During the same period, home sales in Nebraska declined to 18,300 homes, a 7-percent decrease. In Kansas and Missouri, new and existing home sales decreased 15 and 3 percent, to 24,450 and 78,650 homes, respectively. Despite the decline in sales, during the 12 months ending March 2012, the average sales price in the region increased to $151,600, up 2 percent compared with the average sales price from a year earlier. According to LPS Applied Analytics, during the first quarter of 2012, the percentage of mortgage loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) was relatively unchanged in every state in the region except Iowa, where the rate increased to 5.0 percent, up slightly from 4.7 percent in the first quarter of 2011. In Missouri and Nebraska, the rates were unchanged at 5.3 and 3.5 percent, respectively. During the first quarter of 2012, distressed loans in Kansas were up slightly, to 5 percent of total loans, compared with the 4.9-percent rate recorded during the first quarter of 2011.

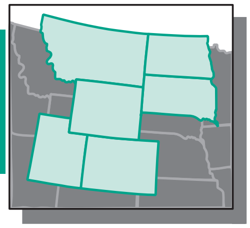
Sales housing market conditions during the first quarter of 2012 were mixed in the large metropolitan areas in the region. According to the Kansas City Regional Association of REALTORS® and Heartland Multiple Listing Service, Inc., during the 12 months ending March 2012, the number of homes sold in Kansas City increased 5 percent, to 23,675, and the average home sales price decreased 4 percent, to $155,600. In St. Louis, existing home sales increased by 430 homes, or 3 percent, to 13,725 homes sold, based on city and county data from the St. Louis Association of REALTORS®, and the average home sales price decreased 4 percent, to $174,400. For the 12 months ending March 2012, the Des Moines Area Association of REALTORS® reported that home sales in Des Moines increased 15 percent, to 7,975 homes, compared with the number sold during the previous 12-month period. The average home sales price in Des Moines was up slightly to $162,300, a 1-percent increase. According to the Wichita Area Association of REALTORS®, during the 12 months ending March 2012, the number of homes sold in Wichita was unchanged at 7,675 homes, despite a 2-percent decrease from a year ago in the average home sales price, to $132,200. The Omaha Area Board of REALTORS® reported that the number of home sales in Omaha increased by 11 percent, to 9,100 homes sold during the 12 months ending March 2012, and the average home sales price decreased by 1 percent, to $165,600, from the 12 months ending March 2011.

Single-family construction activity, as measured by the number of single-family building permits issued, increased for the first time since November 2010 in response to a modest increase in home sales in the large metropolitan areas throughout the region. During the 12 months ending March 2012, based on preliminary data, 16,250 single-family homes were permitted in the region, an increase of 240 homes, or 2 percent, compared with the number permitted during the previous 12 months. Kansas recorded a 5-percent decrease in the number of single-family homes permitted during the 12 months ending March 2012, down 160 to 2,825 homes permitted compared with the number permitted during the previous 12 months, the only state in the region to record a decline. Conversely, Nebraska recorded a 5-percent increase to 3,075 single-family homes permitted during the same period. Likewise, in Iowa, the number of single-family homes permitted increased 2 percent, to 5,000 homes. During the 12 months ending March 2012, the number of single-family homes permitted in Missouri increased 3 percent, to 5,375, representing the first increase in construction activity in the state since January 2011.

Rental housing market conditions were balanced to tight in most large metropolitan areas in the Great Plains region during the first quarter of 2012. The apartment market in Wichita was balanced, with a 4.9-percent vacancy rate down from 6.1 percent a year earlier, and the average rent was up 2 percent, to $530, according to Reis, Inc. In Omaha, during the first quarter of 2012, the apartment market was tight, with a 3.8-percent vacancy rate down from 4.4 percent a year earlier, and the average rent was up approximately 2 percent, to $720. Rental markets in the largest metropolitan areas in Missouri improved significantly during the past year. In Kansas City, during the first quarter of 2012, the apartment vacancy rate declined from 7.4 to 5.6 percent, and the average rent increased 1 percent, to $720. In St. Louis, the vacancy rate declined from 7.3 percent in the first quarter of 2011 to 6.3 percent for the same period in 2012, and the average rent increased 2 percent, to $750. The rental market in Des Moines tightened during the first quarter of 2012, with a 3.7-percent apartment vacancy rate, down from 5.2 percent a year earlier, and the average rent was up about 2 percent, to $720.

Multifamily construction, as measured by the number of multifamily units permitted, increased in the Great Plains region during the past year by 38 percent, to 7,400 units, compared with the number permitted during the 12 months ending March 2011, according to preliminary data. This level is less than one-half of the multifamily construction activity from 2005 through 2008, which averaged 15,850 units permitted annually. During the 12 months ending March 2012, the number of multifamily units permitted in Iowa increased 33 percent, to 1,725 units, representing both the largest numerical increase and the greatest rate of change since August 2010. As rental market conditions improved in Nebraska, during the 12 months ending March 2012, 1,825 multifamily units were permitted, up significantly from 840 during the previous 12 months. In Kansas, permits were issued for 1,600 units, an increase of 760 units, or 91 percent, from a year ago. During 2010 and 2011, weak economic conditions and limited credit availability in the multifamily capital markets reduced construction levels in Missouri. During the 12 months ending March 2012, the number of multifamily units permitted in Missouri declined 5 percent, or 130 units, from the previous year, to 2,250 units.

Rocky Mountain



HUD Region VIII

The economy of the Rocky Mountain region continued to expand in the first quarter of 2012, and the pace of job growth increased during the past year. During the 12 months ending March 2012, nonfarm payrolls in the region averaged approximately 5 million jobs, an increase of 89,700 jobs, or 1.8 percent, from a year earlier. By comparison, payrolls increased 0.5 percent, or 25,600 jobs, during the previous 12 months. The sectors with the greatest job gains during the 12 months ending March 2012 were the professional and business services and education and health services sectors, which added 23,700 and 15,100 jobs, increases of 4.0 and 2.4 percent, respectively. In addition, the mining and logging subsector posted strong growth, adding nearly 12,000 jobs, a 13.4-percent increase. The manufacturing and the leisure and hospitality sectors added 11,000 and 9,900 jobs, increases of 3.4 and 1.8 percent, respectively. The construction subsector began to add jobs in the first quarter, after nearly 4 years of job losses, with payrolls increasing by 3,600 jobs, or 1.4 percent. Partly offsetting the recent growth in other sectors, the information sector declined by 700 jobs, or 0.6 percent, and government sector payrolls were down by 5,500 jobs, or 0.6 percent. State government subsector payrolls in the region increased by 2,700 jobs, or 1.1 percent, but federal government subsector payrolls declined by 6,500 jobs, or 4.7 percent.

North Dakota continued to have the highest rate of job growth in the region, with payrolls increasing by 20,100 jobs, or 5.3 percent. Utah, where payrolls increased by 27,700 jobs, or 2.3 percent, posted the second greatest job growth rate. North Dakota and Utah had the fastest job growth rates among all states in the nation during the 12 months ending March 2012. In North Dakota, the mining and logging subsector, which increased by 5,500 jobs, or more than 45 percent, led nonfarm payroll growth. In Utah, the professional and business services and education and health services sectors, which added 6,800 and 4,100 jobs, increases of 4.4 and 2.6 percent, respectively, reported the greatest gains. Total nonfarm payrolls in Colorado grew by 38,100 jobs, or 1.7 percent. The largest increases were in the professional and business services and the leisure and hospitality sectors, each of which grew more than 3 percent, gaining 11,400 and 9,300 jobs, respectively. In Wyoming and South Dakota, nonfarm payrolls grew by 2,700 and 2,200 jobs, or 1.0 and 0.5 percent, respectively. The mining and logging subsector, which added 1,800 jobs, a 7.0-percent increase, led job growth in Wyoming. In South Dakota, the manufacturing sector and the retail trade subsector, which grew by 1,800 and 1,100 jobs, or 4.8 and 2.2 percent, respectively, showed the strongest growth. In Montana, however, total nonfarm payrolls decreased by 1,200 jobs, or 0.3 percent. Private-sector payrolls grew by 3,700 jobs, or 1.1 percent, but the government sector declined by 4,900 jobs, or 5.4 percent. During the 12 months ending March 2012, the unemployment rate for the Rocky Mountain region averaged 6.8 percent, down from 7.6 percent a year earlier. Unemployment rates decreased for every state in the region and ranged from 3.4 percent in North Dakota to 8.1 percent in Colorado. In addition, every state in the region had an unemployment rate of less than the 8.7-percent national average.

Despite continued job growth and low mortgage interest rates, sales housing markets in the Rocky Mountain region remain soft, but signs point to improvement. Based on data from CoreLogic®, the number of existing homes sold in the region during the 12 months ending February 2012 was essentially unchanged from a year earlier, at approximately 148,200 homes. Existing home sales remain below the peak levels achieved from 2004 through 2007, when existing home sales averaged more than 240,000 a year. Sales of existing homes in Colorado, Utah, and South Dakota were down 1, 2, and 28 percent, to 77,400, 40,300, and 1,800 homes sold, respectively, but sales in Montana, North Dakota, and Wyoming were up 1, 11, and 16 percent, to 11,900, 11,700, and 5,100 homes sold, respectively. During the 12 months ending February 2012, the average existing home sales price in the region decreased 1 percent compared with sales prices a year earlier, to approximately $226,700. Whereas the average regular sales price of existing homes remained relatively unchanged at $246,700, the average sales price of REO (Real Estate Owned) homes declined nearly 8 percent, to $164,800. Utah, where the average existing home sales price decreased 4 percent, to $218,900, had the largest price decline in the region. In Wyoming and Montana, prices were down 1 and 3 percent, to $229,300 and $207,500, respectively. In North Dakota and South Dakota, however, average prices increased 4 and 3 percent, to $153,300 and $146,000, respectively. The average sales price in Colorado remained unchanged at $246,400. The share of home sales consisting of REO transactions and short sales, which increased during the past 5 years, accounted for 29 percent of all existing home sales in the region during the 12 months ending February 2012. By comparison, REO and short sales represented less than 6 percent of existing home sales from 2001 through 2006. As a sign of improvement, the rate of distressed home loans in the region declined during the past 12 months. Based on data from LPS Applied Analytics, in March 2012, 4.2 percent of mortgages were 90 or more days delinquent, in foreclosure, or in REO, down from 4.7 percent a year earlier. Within the region, distressed mortgage rates ranged from 2.0 percent in North Dakota to 5.4 percent in Utah, but every state in the region had a rate less than the 7.8-percent national average.

Existing home sales prices declined in many of the largest metropolitan areas in the Rocky Mountain region, but the volume of home sales increased in some areas. Based on data from CoreLogic®, during the 12 months ending February 2012, existing home sales in the Denver-Aurora-Broomfield metropolitan area were up 3 percent from a year earlier, to approximately 39,600 homes sold, but the average price declined 1 percent, to about $244,300. In the Colorado Springs and Fort Collins-Loveland metropolitan areas, existing home sales were down 6 and 3 percent, to 9,100 and 5,000 homes sold, respectively. The average home price declined 2 percent, to $201,300, in Colorado Springs but rose nearly 1 percent, to $241,200, in Fort Collins-Loveland. Prices fell 4 percent in each of the three largest metropolitan areas of Utah—Salt Lake City, Provo-Orem, and Ogden-Clearfield—to approximately $241,100, $213,600, and $193,100, respectively. In Provo-Orem and Ogden-Clearfield, existing home sales were down 1 and 13 percent, to 6,900 and 7,000 homes sold, respectively, but in Salt Lake City, existing home sales were nearly unchanged at 18,000 homes sold. Sales declined in the northern states of the region, but prices increased in many areas. In Fargo and Missoula, existing home sales were down 5 and 4 percent, to 3,000 and 1,300 homes sold, respectively, but in Cheyenne, existing home sales were unchanged from a year earlier, at 1,700 homes sold. During the 12 months ending February 2012, the average sales prices of existing homes in Fargo, Missoula, and Cheyenne were up 6, 3, and 1 percent from a year earlier, to approximately $167,800, $232,800, and $194,700, respectively.

Single-family home construction activity in the Rocky Mountain region increased in the past 12 months but remains below the level of 5 years ago because of the soft home sales market. Based on preliminary data, during the 12 months ending February 2012, single-family construction, as measured by the number of building permits issued, was up nearly 8 percent from a year earlier, to approximately 20,800 homes. By comparison, single-family construction in the region averaged nearly 67,000 homes a year from 2004 through 2007. Whereas homebuilding in Montana and South Dakota declined 6 and 5 percent, to 1,100 and 1,600 homes permitted, respectively, single-family construction in Wyoming and Utah increased 7 percent each, to 1,300 and 6,400 homes permitted, respectively. In addition, construction in Colorado and North Dakota was up 9 and 27 percent, to approximately 8,400 and 2,000 homes permitted, respectively. Multifamily construction activity posted strong growth in the past 12 months, increasing in every state in the region. Based on preliminary data, during the 12 months ending February 2012, approximately 12,200 multifamily units were permitted in the region, a 55-percent increase from the previous 12 months. In South Dakota and Montana, multifamily construction was up 14 and 15 percent, to approximately 800 and 700 units, respectively, and in Wyoming, North Dakota, Utah, and Colorado, multifamily construction increased 45, 52, 57, and 76 percent from a year earlier, to 600, 2,200, 3,400, and 4,600 units permitted.

Despite the increased multifamily construction, rental housing markets tightened during the past 12 months, and conditions currently range from balanced to tight. Based on data from *Apartment Insights*, in the first quarter of 2012, the Denver-Aurora-Broomfield apartment market was somewhat tight, with a 5.4-percent vacancy rate, and the Boulder and Fort Collins-Loveland markets were tight, with 3.8-percent apartment vacancy rates in each. In all three areas, vacancy rates are nearly unchanged from a year ago. The Colorado Springs apartment market softened in the past year but remains balanced, with a 7.0-percent vacancy rate, up from 5.8 percent a year ago. The increase was mainly a result of new apartments entering the market. Apartment rents in Colorado Springs, Boulder, Denver-Aurora-Broomfield, and Fort Collins-Loveland averaged about $740, $1,015, $915, and $940 a month, increases of 3, 4, 5, and 7 percent, respectively, from a year ago. Apartment markets in the Salt Lake City and Ogden-Clearfield metropolitan areas were balanced to tight. Based on data from Reis, Inc., in the first quarter of 2012, vacancy rates in the Salt Lake City area averaged 4.4 percent, down from 5.8 percent a year earlier, and the average monthly rent increased 2 percent, to $769. In Ogden-Clearfield, the average vacancy rate was 4.2 percent, down from 5.3 percent a year earlier, and the average rent increased 2 percent, to $705. The Provo-Orem apartment market was tight, with a 3.1-percent vacancy rate, down from 4 percent a year earlier, but rents remained stable at an average of $775 a month. Based on data from the South Dakota Multi-Housing Association, in January 2012, the Sioux Falls apartment market was balanced, with a 5.6-percent vacancy rate, down from 7.9 percent a year earlier. Based on data from Appraisal Services, Inc., in March 2012, the Fargo apartment market was somewhat tight, with a 4.1-percent vacancy rate, down from 6.2 percent a year ago.

PACIFIC

HUD Region IX

Economic conditions in the Pacific region improved during the first quarter of 2012 after significant job losses from 2008 through 2010. During the 12 months ending March 2012, the region added 168,400 nonfarm payroll jobs, a 0.9-percent increase compared with nonfarm payrolls during the 12 months ending March 2011. The professional and business services, education and health services, and leisure and hospitality sectors led job growth by adding 63,750, 56,200, and 46,300 jobs, increases of 2.4, 2.4, and 2.1 percent, respectively. The government sector realized the largest percentage nonfarm payroll decline, a loss of 66,050 jobs, or 4.7 percent, mainly because of budget cuts in the federal and local government subsectors.

Nonfarm payrolls increased in all four states in the Pacific region during the 12 months ending March 2012. California added 125,200 jobs, a 0.9-percent increase compared with the gain of 31,250 jobs, or 0.2 percent, during the previous 12 months. The same sectors that led growth in the region drove job growth in California. The professional and business services sector added 54,700 jobs, a 2.6-percent increase; the education and health services sector added 44,250 jobs, a 2.5-percent increase; and the leisure and hospitality sector added 25,750 jobs, a 1.7-percent increase. The government sector declined by 56,450 jobs, or 2.3 percent. The San Francisco Bay Area and Southern California added 44,150 and 49,500 jobs, 1.6- and 0.6-percent increases, respectively. During the 12 months ending March 2012, Hawaii added 4,525 jobs, a 0.8-percent increase compared with the gain of 1,125 jobs, or 0.2 percent, during the previous 12 months. The leisure and hospitality and the professional and business services sectors led nonfarm payroll growth in the state, expanding by 3,850 and 2,625 jobs, or 3.8 and 3.6 percent, respectively. According to the Hawaii Tourism Authority, gross expenditures from tourism totaled $1.2 million during the 12 months ending February 2012, a 12-percent increase from the previous 12 months. During the 12 months ending March 2012, nonfarm payrolls in Arizona rose by 29,775 jobs, or 1.2 percent, compared with the loss of 15,500 jobs, or 0.6 percent, during the previous 12 months. The education and health services and the leisure and hospitality sectors gained 9,875 and 6,075 jobs, or 2.8 and 2.4 percent, respectively. The Arizona Office of Tourism estimated that state revenue from tourism taxes totaled $537.6 million during the 12 months ending February 2012, an 8-percent increase from the previous 12-month period. Nevada added 8,900 jobs, a 0.8-percent increase compared with the loss of 13,600 jobs during the previous 12 months. Job gains were most significant in the leisure and hospitality sector, which grew by 10,650 jobs, or 3.4 percent. The average unemployment rate in the region decreased to 11.2 percent during the 12 months ending March 2012, down from the 11.9-percent rate averaged during the 12 months ending March 2011. The average unemployment rate ranged from 6.6 percent in Hawaii to 13.2 percent in Nevada.

The sales housing market in all four states of the Pacific region was soft during the 12 months ending March 2012 as a result of slow job growth and high unemployment. According to Hanley Wood, LLC, new and existing home sales in the region fell by 43,100, or 7 percent, to 617,600 homes sold compared with the number sold during the 12 months ending March 2011. In Arizona, home sales declined by 12,850, or 9 percent, to 130,700 homes. The average sales price increased by $8,700, or 5 percent, to $180,700. During the 12 months ending March 2012, Arizona's REO (Real Estate Owned) sales rate decreased to 49 percent of existing home sales from 56 percent during the previous 12 months. In Phoenix, the number of home sales and the average sales price remained flat at 107,000 and $173,500, respectively.

New and existing home sales totaled 410,700 in California during the 12 months ending March 2012, a decline of 25,000 homes, or 6 percent, compared with the number of homes sold during the previous 12 months. The average home sales price increased by $6,450, or 2 percent, to $368,100. The REO sales rate declined slightly to 40 percent of existing home sales from 42 percent a year ago. In the San Francisco Bay Area, 67,450 homes sold, a decline of 400 homes, or 1 percent, compared with the number sold during the previous 12 months; the average home sales price decreased by $15,850, or 3 percent, to $541,600 during the same period. The number of homes sold in Southern California decreased by 5,650, or 2 percent, to 231,600, and the average home sales price fell $8,950, or 2 percent, to $372,600.

In Hawaii, during the 12 months ending March 2012, new and existing home sales fell by 2,000, or 12 percent, to 15,000 homes sold compared with the number sold during the previous 12 months, and the average home sales price increased by $5,950, or 1 percent, to $486,900. The REO sales rate remained flat at 15 percent of all existing sales. New and existing home sales in Nevada declined as well, from 64,550 to 61,250, during the 12 months ending March 2012. The average sales price fell $5,650, or 3 percent, to $160,400. The REO sales rate increased from 58 to 60 percent of all existing home sales. During the same period, home sales rose by 900, or 2 percent, to 52,250 homes sold in Las Vegas, and the average home sales price declined by $14,200, or 9 percent, to $144,400.

According to LPS Applied Analytics, the 477,500 home loans in the region that were 90 or more days delinquent, in foreclosure, or in REO in March 2012 constituted a decrease of 169,800 loans, or 26 percent, from March 2011. This level represents 7.5 percent of all loans in the region compared with the 9.8-percent rate recorded in March 2011; the national rate was 7.8 percent in March 2012.

New home construction activity, as measured by the number of single-family building permits issued, increased in two of the four states in the Pacific region during the 12 months ending March 2012. Based on preliminary data, 38,900 single-family homes were permitted in the region, an increase of 650 homes, or 2 percent, from the previous 12 months. The number of single-family homes permitted increased in Nevada by 250, or 5 percent, to 4,900 homes and in Arizona by 1,850, or 20 percent, to 11,100 homes. The number of single-family homes permitted declined in Hawaii by 300, or 15 percent, to 1,600 homes and in California by 1,200, or 5 percent, to 21,200 homes.

Rental housing markets varied from tight to balanced in California and Hawaii during the first quarter of 2012. Rental market conditions remained tight in the San Francisco Bay Area. According to Axiometrics Inc., from the first of quarter of 2011 to the first quarter of 2012, the apartment vacancy rates in San Jose and San Francisco increased from 3.2 and 3.7 percent to 3.5 and 3.8 percent, respectively. The apartment vacancy rate in Oakland declined from 4.3 to 4.2 percent. During the same period, low vacancy rates and increased rental demand by young professionals drove the average effective rents to increase 17 percent to $2,350 in San Francisco, 11 percent to $1,950 in San Jose, and 6 percent to $1,570 in Oakland. In the first quarter of 2012, the rental housing market in Sacramento was balanced, with an apartment vacancy rate of 6.0 percent, up from 5.7 percent in the first quarter of 2011. During the same period, average rents increased 3 percent, to $1,000. In the first quarter of 2012, rental markets were tight in Los Angeles and Ventura Counties and balanced in San Diego, Orange, Riverside, and San Bernardino Counties. Axiometrics Inc. reported that apartment vacancy rates increased in three of the five Southern California markets from the first quarter of 2011 to the first quarter of 2012. The apartment vacancy rate increased from 4.6 to 5.4 percent in San Diego County, from 5.9 to 6.2 percent in Riverside and San Bernardino Counties, and from 4.9 to 5.0 percent in Orange County. During the same period, the apartment vacancy rate decreased from 5.6 to 4.9 percent in Los Angeles County and from 4.9 to 4.6 percent in Ventura County. In the first quarter of 2012, the average rent in Southern California was $1,575, up 6 percent from the first quarter of 2011. The apartment vacancy rate in Honolulu increased to 4.9 percent from 3.0 percent in the first quarter of 2011. During the same period, the average rent in Honolulu remained unchanged at $1,900.

The rental housing markets in Arizona and Nevada remain soft but are improving. According to Axiometrics Inc., in Phoenix in the first quarter of 2012, the apartment vacancy rate was 7.4 percent, down from 7.6 percent in the first quarter of 2011, and the average rent increased 2 percent, to $740. In Las Vegas, the vacancy rate decreased from 8.4 to 8.2 percent, but the average rent remained unchanged at $740. The vacancy rate decline in Arizona was partially attributable to increasing population growth, whereas the vacancy rate decline in Nevada was because of high foreclosure levels, resulting in increased demand for rental units.

Multifamily construction activity, as measured by the number of multifamily units permitted, increased in every state in the region during the 12-month period ending March 2012. Based on preliminary data, 30,900 multifamily units were permitted in the region, an increase of 9,450 units, or 44 percent, compared with the number of units permitted during the previous 12 months. Increased renter demand and declining vacancy rates were the primary reasons for the rise in multifamily permits. During the 12-month period ending March 2012, the number of multifamily units permitted increased in Arizona by 1,325, or 83 percent, to 2,925 units; in California by 6,950, or 39 percent, to 24,950 units; in Hawaii by 770, or 116 percent, to 1,450 units; and in Nevada by 420, or 35 percent, to 1,600 units.

Northwest

HUD Region X

Job growth accelerated in the Northwest region during the 12-month period ending March 2012, led by hiring in the manufacturing and the education and health services sectors. Average nonfarm payrolls in the region increased by 56,400 jobs, or 1.1 percent, to 5.36 million jobs compared with an increase of 10,000 jobs, or 0.2 percent, during the previous 12 months. As of March 2012, average nonfarm payrolls were 286,000 jobs below the peak of 5.67 million recorded in October 2008. In Washington, average nonfarm payrolls increased by 37,500 jobs, or 1.3 percent, to 2.8 million jobs. In Oregon, nonfarm payrolls gained 12,000 jobs, a 0.7-percent increase, to 1.62 million jobs. In Alaska, nonfarm payrolls increased by 2,400 jobs, or 0.7 percent, to an average of 319,400 jobs. In Idaho, nonfarm payrolls averaged 609,200 jobs, up 4,500, or 0.7 percent, from a year ago. During the same period, steady job growth in the region resulted in a decline in the average unemployment rate to 8.8 from 9.7 percent during the previous 12 months. Unemployment rates ranged from 7.4 percent in Alaska to 9.2 percent in Oregon.

Nonfarm payroll gains in the region were greater among the service-providing sectors than among the goods-producing sectors. The education and health services sector, which increased by 18,300 jobs, or 2.5 percent, led job growth during the 12 months ending March 2012. Alaska had the greatest percentage increase in this sector for the region, with job growth of 5 percent, or 2,100 jobs, primarily because of hiring in the healthcare subsector. Payroll jobs also increased significantly in the trade sector, which grew by 12,500 jobs, or 1.5 percent, and the professional and business services sector, which increased by 13,000 jobs, or 2.1 percent. The manufacturing sector increased by 16,900 jobs, or 3.4 percent. Washington and Idaho led manufacturing job growth among the states in the region, recording increases of 13,300 jobs, or 5.1 percent, and 2,100 jobs, or 3.9 percent, respectively. Nonfarm payroll job losses during the 12-month period ending March 2012 were greatest in the government and financial activities sectors, which decreased 1.8 and 0.7 percent, respectively. Local government budget cuts were responsible for approximately one-half of the 19,000 government sector jobs lost. Nearly one-half of the 2,000 jobs that the financial activities sector lost were concentrated in the real estate, rental, and leasing subsector, in part because of slow sales housing activity during the 12 months ending March 2012.

The sales housing market in the Northwest region remained soft, because tight mortgage lending standards constrained sales housing demand, continuing a trend that began in 2008. According to data from Hanley Wood, LLC, during the 12 months ending March 2012, approximately 141,250 new and existing homes sold in the region, relatively unchanged from the same period a year ago. The average home sales price in the region decreased 3 percent, to $245,100. In Washington, 68,425 new and existing single-family homes sold, representing a 4-percent increase, but the average home sales price decreased 5 percent, to $283,550. During the same period, approximately 33 percent of existing home sales in Washington were REO (Real Estate Owned) properties compared with the 27-percent rate recorded during the previous 12 months. In the Seattle metropolitan area, the number of new and existing single-family homes sold decreased 1 percent, to 25,650, and the average sales price declined 7 percent, to $385,500. In the Tacoma metropolitan area, the number of homes sold was relatively unchanged at 8,600, and the average sales price decreased 11 percent, to $214,900.

According to data from Hanley Wood, LLC, the number of new and existing single-family homes sold in Oregon declined 3 percent, to 38,100 homes, during the 12-month period ending March 2012, and the average sales price decreased 3 percent, to $226,400. During the 12-month period ending March 2012, REO sales accounted for 26 percent of existing home sales compared with 31 percent of existing sales during the previous 12-month period. In the Portland-Vancouver-Beaverton metropolitan area, new and existing home sales declined 10 percent, to 23,150, and the average sales price decreased 5 percent, to $271,200. In Idaho, the number of new and existing single-family homes sold declined 3 percent, to 27,175, and the average sales price decreased 2 percent, to $166,600. During the 12 months ending March 2012, REO sales accounted for 33 percent of existing home sales compared with 31 percent of existing sales during the previous 12 months. In the Boise City-Nampa metropolitan area, during the same period, 14,975 homes sold, down 12 percent from the previous 12 months, and the average sales price declined 1 percent, to $162,200. In Alaska, the number of new and existing single-family homes sold declined 3 percent, to 7,550 homes, but the average sales price was relatively unchanged at $272,900. During the 12 months ending March 2012, approximately 11 percent of existing sales in Alaska were REO properties compared with 12 percent of existing sales during the previous 12-month period. In the Anchorage metropolitan area, 5,450 new and existing homes sold, and the average sales price increased from $272,950 to $273,800.

An increase in the rate of troubled mortgage loans suggests that REO sales likely will continue to account for a significant portion of existing home sales in the Northwest region for the remainder of 2012. According to LPS Applied Analytics, in March 2012, the number of mortgage loans in the region 90 or more days delinquent, in foreclosure, or in REO increased by 11,325, to 6.4 percent of all loans compared with the 5.8-percent rate recorded in March 2011. In Washington, the delinquency rate increased from 6.4 percent in March 2011 to 7.0 percent in March 2012. The delinquency rate rose from 5.3 to 5.5 percent in Idaho and from 5.4 to 6.0 percent in Oregon. In Alaska, 2.7 percent of mortgages were delinquent compared with the 2.5-percent rate of a year earlier.

Despite soft sales markets, builders increased construction activity in the Northwest region during the 12 months ending March 2012 because of low inventory levels. In the region during the 12 months ending March 2012, single-family home construction, as measured by the number of building permits issued, increased 2 percent, or by 500 homes, to 20,100 homes permitted, based on preliminary data. Idaho had the largest percentage increase at 12 percent, or 330 homes, to 3,100 homes permitted. Construction activity in Oregon increased by 200 homes, or 4 percent, to 4,725 homes. In Washington, construction activity was relatively unchanged at 11,550 homes. Construction activity in Alaska was down 7 percent, to 700 homes.

For the sixth consecutive quarter in the Northwest region, multifamily construction activity, as measured by the number of units permitted, increased because of tightening rental market conditions. Based on preliminary data, during the 12-month period ending in March 2012, the number of multifamily units permitted increased 88 percent, or by 5,775, to 12,325 units compared with the number of units permitted the previous year. Washington led the region with 8,625 units permitted, slightly more than double the number permitted during the previous 12 months. Multifamily permitting activity in Oregon increased by 61 percent, to 2,950 units, and in Idaho by 14 percent, to 600 units. Alaska was the only state in the region where multifamily permits decreased, falling 5 percent, to 160 units.

Rental housing market conditions in the major metropolitan areas of the Northwest region were tight to balanced in the first quarter of 2012. According to *Apartment Insights*, in the first quarter of 2012, the apartment vacancy rate in the Seattle metropolitan area was 5.2 percent compared with the 5.0-percent vacancy rate of a year ago, and the average asking rent increased 5 percent to $1,100. The apartment vacancy rate in the Tacoma metropolitan area decreased from 6.5 percent in the first quarter of 2011 to 6.4 percent in the first quarter of 2012, but the average asking rent increased slightly, from $835 to $840. According to Reis, Inc., as of the first quarter of 2012, the apartment vacancy rate in Vancouver was 2.7 percent compared with the 3.5-percent vacancy rate of a year ago. The average asking rent increased 4 percent, from $794 to $822.

Rental housing market conditions in Oregon tightened during the first quarter of 2012. According to Reis, Inc., the average apartment vacancy rate in the Portland metropolitan area declined from 4.1 percent in the first quarter of 2011 to 2.2 percent in the first quarter of 2012, but the average asking rent increased 2 percent, from $852 to $869. The apartment vacancy rate in the Medford/Klamath Falls region decreased from 4.1 to 3.2 percent, but the average asking rent increased 3 percent, from $615 to $633. During the same period, the average asking rent in the Anchorage metropolitan area increased 2 percent, from $1,034 to $1,058, but the apartment vacancy rate declined from 3.5 to 2.9 percent. In the Boise-Nampa metropolitan area, during the first quarter of 2012, the apartment vacancy rate was 4.6 percent and the average asking rent was $718 compared with an apartment vacancy rate of 6.4 percent and average asking rent of $700 a year ago.

HUD's 10 regions are grouped as follows:

- **Region I, New England:** Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.
- **Region II, New York/New Jersey:** New Jersey and New York.
- **Region III, Mid-Atlantic:** Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia.
- **Region IV, Southeast/Caribbean:** Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, Puerto Rico/U.S. Virgin Islands, South Carolina, and Tennessee.
- **Region V, Midwest:** Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin.
- **Region VI, Southwest:** Arkansas, Louisiana, New Mexico, Oklahoma, and Texas.
- **Region VII, Great Plains:** Iowa, Kansas, Missouri, and Nebraska.
- **Region VIII, Rocky Mountain:** Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming.
- **Region IX, Pacific:** Arizona, California, Hawaii, and Nevada.
- **Region X, Northwest:** Alaska, Idaho, Oregon, and Washington.

Housing Market Profiles

Champaign-Urbana, Illinois

The Champaign-Urbana metropolitan area comprises Champaign, Ford, and Piatt Counties. As of April 1, 2012, the population of the metropolitan area was estimated at 232,800, an average annual increase of approximately 500, or 0.2 percent, since April 2010. From 2005 through April 2010, population in the metropolitan area grew at an average annual rate of 1 percent. The University of Illinois at Urbana-Champaign (UIUC) is the largest employer in the metropolitan area, with 14,200 faculty and staff, and is the largest university in Illinois, with 48,500 students enrolled. The two largest private employers in the metropolitan area are The Carle Foundation and Kraft Foods Inc., with 5,675 and 1,300 employees, respectively.

Economic conditions in the metropolitan area continued to weaken during the past year after modest economic growth from 2005 through 2008. During the 12 months ending February 2012, nonfarm payrolls in the metropolitan area decreased by 3,600 jobs, or 3.4 percent, to an average of 103,500 jobs compared with a decline of 2,200 jobs, or 2 percent, recorded during the previous 12 months. During the 12 months ending February 2012, the government, leisure and hospitality, and transportation and utilities sectors recorded losses of 2,800, 400, and 400 nonfarm payroll jobs, or 7.6, 3.5, and 2.2 percent, respectively. All job losses in the government sector were in the state government subsector. The professional and business services and the information sectors, the only sectors to record gains during the past 12 months, increased by 200 and 100 jobs, or 2.5 and 4.3 percent, respectively. The average unemployment rate during the 12 months ending February 2012 declined to 8.2 percent from 8.7 percent during the previous 12 months as a result of declines in the labor force.

The sales housing market in the metropolitan area is currently soft, but conditions are improving, with an estimated sales vacancy rate of 2.0 percent, down from the 2.4-percent rate recorded in 2010. According to the Champaign County Association of REALTORS®, the decreased vacancy rate is in part because of the increase in units for sale shifting to the rental housing market. During the 12-month period ending March 2012, new and existing home sales declined nearly 3 percent, to 2,000 homes, compared with the number sold during the previous 12 months. Current home sales are down 28 percent from an average of 2,750 homes sold annually from 2005 through 2009. During the 12-month period ending March 2012, the average sales price of new and existing homes was $152,800, a decrease of nearly 2 percent compared with the average sales price during the 12-month period ending March 2011. According to LPS Applied Analytics, in February 2012, 5.3 percent of home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), up from 4.7 percent in February 2011.

Home builders responded to the decrease in home sales by reducing new home construction, as measured by the number of single-family building permits issued. Based on preliminary data, 120 single-family homes were permitted during the 12 months ending February 2012, down 15 percent from the previous 12 months and down significantly from the average of 1,050 homes permitted annually from 2002 through 2006. Sales prices for new three-bedroom, single-family homes start at $155,000. New housing developments include Ashland Park, in Champaign, with plans for approximately 410 homes, of which 280 are complete thus far, with buildout expected in the next few years. Stone Creek, in Urbana, with homes prices starting at $200,000, is nearing buildout, with approximately 150 homes complete and 20 vacant lots.

Rental housing market conditions in the metropolitan area are soft, in part because of the weak economy during the past 3 years and an increase in single-family homes shifting to the rental market. According to the 2010 American Community Survey, approximately 32 percent of occupied rental units in the metropolitan area are single-family homes, up from 26 percent in 2008. The current overall rental vacancy rate is estimated to be 8.0 percent, down from 8.7 percent a year earlier. According to data from Axiometrics Inc., the apartment market is more balanced, with a vacancy rate of approximately 4.2 percent, down from 9.0 percent a year ago, because of the large number of students in the rental market. Approximately 30,000 UIUC students reside off campus and significantly affect the rental housing market surrounding the university. In March 2012, the vacancy rate for the University District submarket was 5.5 percent compared with the 6.5-percent rate in March 2011. The average rent in the submarket was $760, up 1 percent from March 2011. According to a recently completed survey of rental apartment managers conducted by HUD, the average apartment rent in the metropolitan area was $870 in March 2012, up 2 percent from March 2011. The average rents in the metropolitan area for one-, two-, and three-bedroom apartment units were $720, $890, and $1,175, respectively.

During the 12 months ending February 2012, building permits were issued for an estimated 350 multifamily units compared with the 280 units permitted during the previous 12 months, based on preliminary data. The current level of activity is well below the average of 800 units permitted annually from 2005 through 2008. Windsor West Apartments, in Champaign, is now a 316-unit project, having completed a 144-unit addition in June 2011. Rents for one-, two-, and three-bedroom units in the entire complex range from $815 to $1,100.

Chicago-Joliet-Naperville, Illinois-Indiana-Wisconsin

The Chicago-Joliet-Naperville metropolitan area is located along the southwestern coastline of Lake Michigan and consists of 14 counties in 3 states: Cook, DeKalb, DuPage, Grundy, Kane, Kendall, Lake, McHenry, and Will Counties in Illinois; Jasper, Lake, Newton, and Porter Counties in Indiana; and Kenosha County in Wisconsin. According to the 2010 Census, the metropolitan area was the third most populous in the nation. As of April 1, 2012, the metropolitan area population was an estimated 9.5 million, representing an average annual increase of 34,300, or 0.4 percent, since April 2010 compared with the estimated average annual increase of 0.5 percent during the previous 4 years. Net migration has been negative in every year since 2006, averaging out-migration of 32,000 people annually. More than one-half of the metropolitan area population resides in Cook County, and residents of the city of Chicago account for approximately one-half of the population of Cook County. Between 2006 and 2010, the Cook County population increased by an average annual rate of 8,850, or 0.2 percent, and the combined population of the remaining counties in the metropolitan area increased by an average of 35,300, or 0.8 percent, annually during the same period.

Economic conditions in the metropolitan area, although improving, are currently weak, unchanged compared with conditions since 2008. During the 12 months ending January 2012, nonfarm payrolls increased by 44,800 jobs, or 1.1 percent, to an average of 4,299,500 compared with an average annual decline of 103,000 jobs, or 2.3 percent, from 2008 through 2010. Despite recent gains, nonfarm payrolls in the metropolitan area remain almost 300,000 jobs below 2007 levels. During the 12 months ending January 2012, the professional and business services sector led job growth. The increase of 22,100 jobs, or 3.2 percent, to 708,000 was partly due to a 7-percent increase in hiring in the employment services industry. The professional and business services sector is also the largest sector in the metropolitan area, accounting for 16.5 percent of nonfarm payrolls. The education and health services sector added 14,200 jobs, a 2.2-percent increase, to 652,500 jobs. Numerous ongoing facility expansions by Advocate Health Care—the largest private employer in the metropolitan area, with 18,500 employees, according to Crain's Chicago Business—contributed to these gains. Following the national trend, the manufacturing sector also increased hiring, gaining 6,700 jobs, or 1.7 percent, to 411,600. By contrast, the manufacturing sector contracted every year from 1998 through 2010 by an average of 22,100 jobs, or 4.1 percent, annually. Other leading private employers in the metropolitan area include AT&T Communications and Provena Health, with 15,000 and 14,800 employees, respectively. The average unemployment rate for the 12 months ending December 2011 was 9.6 percent, down from 10.2 percent during the same period a year earlier.

Home sales market conditions in the Chicago-Joliet-Naperville metropolitan area are currently soft, unchanged since 2007. As of April 1, 2012, the sales vacancy rate was an estimated 2.9 percent compared with the 2.6-percent rate recorded in April 2010. The weak local economy, slow household growth, and tighter lending standards since 2008 contributed to the soft conditions. According to CoreLogic®, during the 12 months ending January 2012, new and existing single-family home sales declined by 3,100, or 4 percent, to 84,600 sales compared with the number of sales a year earlier, and the average price decreased by $14,200, or 6 percent, to $221,000. An average of 129,700 single-family homes sold annually from 2007 through 2009 at an average price of $286,000. Condominium sales have accounted for approximately one-fifth of total sales in the metropolitan area since 2006. During 2011, condominium sales increased by 560 units, or 3 percent, to 21,800, but the average price declined by $38,000, or 17 percent, to $184,900, according to Hanley Wood, LLC. By contrast, condominium sales totaled almost 34,000 units annually at an average price of $265,700 from 2007 through 2009. As of January 2012, 10.6 percent of home loans were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), unchanged from a year earlier. More than one-half of all home loans in these three categories in the metropolitan area were located in Cook County, according to LPS Applied Analytics.

Both single-family and multifamily construction in the metropolitan area have declined substantially almost every year since 2006, as a result of soft home sales market conditions. Single-family home construction, as measured by the number of single-family homebuilding permits issued, totaled approximately 4,200 homes during the 12 months ending January 2012, unchanged compared with the number of homes permitted a year earlier but well below the average annual level of 33,400 homes permitted from 2000 through 2006. Similarly, multifamily construction has declined significantly since 2006, primarily as a result of decreased demand for new condominiums. An estimated 70 percent of multifamily units built since 2006 were condominium units. During the 12 months ending January 2012, multifamily construction, as measured by the number of multifamily units permitted, increased by 15 percent to 3,475 units, a level significantly below the average annual level of 18,200 multifamily units permitted during 2005 and 2006. Since 2006, only 5 percent of new single-family homes in the metropolitan area were built in the city of Chicago, whereas 75 percent of multifamily units built in the metropolitan area were located in the city.

Rental market conditions in the Chicago-Joliet-Naperville metropolitan area have tightened from a year ago but remain balanced. During the first quarter of 2012, apartment rental market conditions improved from a year earlier because of an increasing preference for renting. Strict mortgage lending standards and declining home values contributed to the recent preference shift. The average apartment vacancy rate was 4.4 percent, down from the 5.4-percent rate a year earlier, and the average rent increased by $15, or 1 percent, to $1,090, according to Reis, Inc. An estimated 3,500 apartment units are currently under construction in the metropolitan area, primarily in the city of Chicago. Construction at Optima Center Chicago, an $88 million development in downtown Chicago, began in November 2011 and is expected to be complete by January 2014. When complete, the 42-story development will consist of 325 apartments and office and retail space. Rents have yet to be determined. In addition to new apartment construction, conversions of several condominium developments to apartments are under way. In downtown Chicago, a 35-story condominium development that has remained almost entirely vacant since completion in 2009 is being converted into The Lex apartments and is slated to open in April 2012. The Lex will include 330 one- and two-bedroom units with rents averaging $1,550 and $2,300, respectively.

Fresno, California

The Fresno metropolitan area, located in the San Joaquin Valley region of California, comprises Fresno County. As of 2007 (the most recent data available), Fresno was the most productive agricultural county in the country, with output totaling $5.3 billion. As of April 1, 2012, the population of the metropolitan area was estimated at 946,900, an average annual increase of approximately 8,225, or 0.9 percent, since April 2010. From 2006 through 2010, population increased at an average annual rate of 13,100, or 1.4 percent. In-migration to the metropolitan area slowed considerably during the past 2 years because of weak economic conditions. According to the California Employment Development Department (CEDD), 10 companies employ more than 1,000 people in the metropolitan area: 5 agriculture-related companies, 2 business services companies, 2 hospitals, and California State University, Fresno (Fresno State).

The economy of the metropolitan area began to recover during the past 12 months. Nonfarm payrolls increased by 700 jobs, or 0.3 percent, to 280,400 jobs during the 12 months ending February 2012, following 3 years of declines during which the economy lost nearly 27,000 jobs. The largest nonfarm payroll gains during the past 12 months occurred in the trade, education and health services, and leisure and hospitality sectors, which grew by 1,000, 900, and 600 jobs, respectively. The government sector, which accounts for 25 percent of nonfarm payrolls in the metropolitan area, recorded the largest decline, down 1,600 jobs, or 2.4 percent, to 65,300 jobs because local and state governments responded to declining tax revenues by reducing staffing levels. Fresno State employs 1,100 faculty and staff and has an annual economic impact of $484 million on the regional economy. Other losses occurred in the construction subsector, information sector, and financial activities sector which declined by 300, 200, and 200 jobs, respectively. Total farm employment in the metropolitan area, as recorded by the CEDD, declined by 500 jobs, or 1.1 percent, to 46,200 jobs during the 12 months ending February 2012. During the same period, the unemployment rate declined from 16.8 to 16.4 percent, but it remains much higher than the average rate of 10.5 percent recorded from 2006 through 2009.

Home sales market conditions in the Fresno metropolitan area are currently soft. The sales vacancy rate is estimated to be 2.1 percent, down slightly from 2.4 percent in April 2010. Recent job losses and tight mortgage lending standards have combined to reduce demand for new homes. Based on data from Hanley Wood, LLC, during the 12 months ending March 2012, new and existing home sales in the metropolitan area totaled approximately 10,500, a 4-percent increase from the 10,050 homes sold during the previous 12-month period but 15 percent below the average of 12,400 homes sold annually from 2005 through 2009. During the 12 months ending March 2012, the average sales price of new and existing homes declined by 7 percent, to about $168,300, from $180,800 during the previous 12 months. The average home sales price is nearly 50 percent below the 2006 peak of $328,700. According to data from LPS Applied Analytics, in February 2012, 7.4 percent of the total home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from 7.8 percent in February 2011 and 12.5 percent in February 2010.

Home construction activity, as measured by the number of single-family building permits issued, increased in the metropolitan area but remains well below levels recorded earlier in the decade. During the 12 months ending February 2012, according to preliminary data, permits were issued for 1,275 single-family homes, an 11-percent increase from the 1,150 permits issued during the previous 12 months. By comparison, an average of 2,075 homes was permitted annually from 2008 through 2009. After peaking at 5,875 homes permitted in 2005, single-family home construction activity declined each year through 2010. One subdivision currently under construction is Harlan Ranch, a 400-acre, master-planned community in Clovis, in northeastern Fresno County. Development began in 2006 and, upon completion, is planned to have approximately 1,300 homes, 400 apartment units, 60 live/work units with workspace on the ground floor, and 14 acres of commercial areas. New homes range from 1,200 to 3,700 square feet, with prices starting at approximately $180,000.

The weaker economy and slower population growth have led to reduced production of new multifamily units since 2008, following a surge in building activity during the middle of the past decade. Based on preliminary data, during the 12 months ending February 2012, approximately 240 multifamily units were permitted, up significantly from the 40 units permitted during the previous 12 months. Multifamily construction activity peaked at an average of 1,425 units permitted annually from 2003 through 2007 then fell to an average of 310 units annually from 2008 through 2009. Condominiums and townhomes are estimated to account for less than 3 percent of all multifamily units in the metropolitan area; however, they have accounted for more than 15 percent of all multifamily units under construction or completed since 2006, according to data from the McGraw-Hill Construction Pipeline database. Among multifamily rental projects recently completed is Fulton Village, a 46-unit, mixed-use development with rents starting at $695. The complex, located in downtown Fresno, contains a mixture of single-level units and multilevel townhome-style units, including multilevel live/work units, and 4,300 square feet of commercial space.

The rental housing market in the Fresno metropolitan area is currently balanced. Rental market conditions have improved since 2008 because apartment production declined, which allowed the supply of vacant available units to be absorbed. According to Reis, Inc., in the fourth quarter of 2011, the combined apartment vacancy rate in Fresno and neighboring Madera Counties was 3.7 percent compared with the 5.1-percent rate recorded in the fourth quarter of 2010. According to Reis, Inc., in the fourth quarter of 2011, the average apartment rent in Fresno and Madera Counties increased from approximately $800 to $810, or 1 percent, compared with the rents recorded during the fourth quarter of 2010.

Hot Springs, Arkansas

The Hot Springs metropolitan area, which is coterminous with Garland County, Arkansas, is located 55 miles west of Little Rock. As of April 1, 2012, the population was estimated at 97,750, an average annual increase of 860, or 0.9 percent, from the April 2010 Census. Population increased at a 0.5-percent average annual rate from 2007 through 2009. Net in-migration has accounted for all of the population growth in the area since at least 1990. The metropolitan area is a popular retirement area and has long been a sought-after vacation destination. Leading private employers include St. Joseph's Mercy Health Center and Oaklawn Racing & Gaming, with 2,300 and 1,225 employees, respectively.

The economic decline that began in the metropolitan area in late 2008 bottomed out in recent months. During the 12 months ending February 2012, total nonfarm payrolls were almost unchanged at 37,300 jobs compared with nonfarm payrolls during the previous 12 months, which were down 400 jobs, or 1.1 percent, compared with the 12 months ending February 2010. The education and health services sector accounts for 20 percent of all nonfarm payrolls, in part because of an increasing demand for health services by the one-third of the population that is age 55 or older. During the 12 months ending June 2011, the most recent data available, a gain of 200 jobs, or 12.1 percent, in the manufacturing sector was offset by losses of 200 jobs each in the government and the professional and business services sectors. Rexam PLC, a packaging manufacturer in the city of Hot Springs, led manufacturing sector gains with the hiring of an additional 130 employees. The average unemployment rate for the 12 months ending February 2012 was 7.9 percent, down from 8.1 percent during the 12 months ending February 2011.

The metropolitan area sales housing market remains soft as a result of job losses, with an estimated vacancy rate of 3 percent, unchanged from April 2010. According to Hanley Wood, LLC, during the 12 months ending February 2012, the number of new and existing home sales was 1,700, down 7 percent from 1,825 in the previous 12 months and down 31 percent from the average annual level of 2,475 homes sold from 2005 through 2009. As of April 2010, more than 60 percent of all owner-occupied housing units housed someone age 55 or older. During the same period, homes purchased by absentee owners made up nearly 35 percent of all purchases, up from 32 percent in the previous 12-month period and an average of 25 percent annually from 2005 through 2009. Despite falling sales, the 12-month average sales price for new and existing homes increased by 4 percent, from $149,600 to $155,800, during the most recent 12-month period compared with an average sales price of $147,600 from 2005 through 2008. According to LPS Applied Analytics, as of February 2012, 4.2 percent of total home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), relatively unchanged from 4.1 percent a year earlier.

Home construction, as measured by analyst estimates, slowed considerably beginning in 2007. During the 12 months ending April 2012, construction began on approximately 130 homes, unchanged from the previous year but a 70-percent decline compared with the estimated average of 400 homes started annually from 2005 through 2008. Hot Springs Village, 20 miles north of the city of Hot Springs, is the self-proclaimed largest gated community in the United States. Founded in 1970, the community comprises an estimated 8,600 homes built on 40 square miles, and the median age of its residents is 67 years. According to data from the Hot Springs Village Property Owners' Association, building activity slowed from an average of 210 homes annually from 2005 through 2008 to 65 annually during the past 3 years. Hickory Hills, a 72-lot subdivision in southeast Hot Springs in development since 2008, has 9 homes under construction and 13 vacant lots remaining, with prices starting at $122,000 for a three-bedroom home.

The metropolitan area rental housing market is currently soft, with an estimated overall rental vacancy rate of 8 percent, down from an estimated 9.5 percent in April 2010; 45 percent of all rental units are single-family homes. According to local sources, the number of condominiums and single-family homes offered as rentals increased in the past 3 years in response to the slow sales market. The apartment rental vacancy rate is lower, currently estimated at 6 percent. Average apartment asking rents, based on an analyst survey, are estimated to be $560, $650, and $760 for one-, two-, and three-bedroom units, respectively. Estimated rental building activity has slowed to 60 units annually since April 2010, down from an average of 100 units annually from 2005 through 2010. The 192-unit The Pointe at Hot Springs completed construction in May 2010 and is currently 92-percent leased up, with monthly rents ranging from $650 to $1,250 for one- to three-bedroom units. Hamilton Hills Apartments, comprising 12 two-bedroom units with monthly rents of $725, completed construction in February 2012 and are fully occupied.

Miami-Miami Beach-Kendall, Florida

The Miami-Miami Beach-Kendall Metropolitan Division on the southeast coast of Florida is coterminous with Miami-Dade County. As an international vacation destination, Miami-Dade County attracted an estimated 13.2 million visitors in 2011, increasing from 12.6 million in 2010, according to the Sustainability, Planning and Economic Enhancement Department (SPEED) of Miami-Dade County. As of April 1, 2012, the population of Miami-Dade County, the most populous county in the state, was estimated at 2.6 million, an average annual increase of 44,300, or 1.8 percent, since April 1, 2010, up from an average increase of 19,350, or 0.8 percent, annually from 2006 through 2009.

Nonfarm payroll jobs in the county have increased since 2010, reversing significant annual job losses during the previous 3 years. During the 12 months ending February 2012, nonfarm payrolls increased by 22,600 jobs, or 2.3 percent, compared with an increase of 4,300 jobs, or 0.4 percent, during the 12 months ending February 2011. The trade sector, the largest employment sector in the county, had the greatest gain during the 12 months ending February 2012, adding 7,800 jobs, a 4.1-percent increase, as international trade in South Florida hit a record high during the past year. According to SPEED, trade through the Miami Customs District reached more than $112.8 billion in 2011, an 18-percent increase from 2010. The education and health services sector had the second greatest growth, adding 7,400 jobs, a 4.6-percent gain from the previous 12-month period. Baptist Health South Florida, the largest employer in the county, with 14,550 employees, opened West Kendall Baptist Hospital in the spring of 2011, adding approximately 1,000 jobs. Other leading employers include the University of Miami and Publix Super Markets, with 13,800 and 12,000 employees, respectively.

Several sectors lost jobs during the past 12 months. Budget cuts continued to affect the government sector, in which payrolls declined by 2,500 jobs, or 1.7 percent, during the past 12 months. The local government subsector accounted for most of this loss, declining by 1,800 jobs, or 1.6 percent. The construction subsector lost 1,600 jobs, or 5 percent, as housing market conditions remained soft, and the information sector declined by 100 jobs, or 0.7 percent.

Sales housing market conditions in Miami-Dade County are currently soft. Home sales increased during the past year because large numbers of international buyers continue to purchase in the county. According to Miami REALTORS®, during the 12 months ending March 2012, 10,000 existing single-family homes sold compared with 8,025 homes sold during the previous 12 months, a 25-percent increase. Increased sales and a decreased supply of homes for sale caused home sales prices to increase. The inventory of residential listings in the county declined 34 percent, from 18,900 in March 2011 to 12,400 in March 2012. The median price was $175,000 in February 2012, up 18 percent from $147,900 in February 2011. Existing condominium sales also increased during the past 12 months, to 15,050 units, up 45 percent from the previous 12-month period. The county continued to lead the state in foreclosures during the past year. According to LPS Applied Analytics, in February 2012, approximately 71,250 home loans were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), making up 24.7 percent of home loans, down from 26.6 percent in February 2011. Although improving, this rate is significantly higher than the 17.4-percent state rate and more than three times the 7.6-percent national rate. According to CoreLogic®, during the 12 months ending February 2012, new single-family home sales totaled 2,700 homes, down by 50 homes, or 2 percent, from the previous 12-month period. The median price in February 2012 was $262,000, down 21 percent from February 2011.

Homebuilding activity, as measured by the number of single-family permits issued, increased during the past year. Based on preliminary data, during the 12 months ending February 2012, permits were issued for 1,125 homes, an increase of 170 homes, or 17 percent, from the previous 12 months. Single-family homebuilding peaked in 2005, when 9,925 homes were permitted. From 2005 through 2009, permitting levels declined significantly each year, reaching a decade low of 620 homes in 2009. Homebuilding activity finally began to increase in 2010, when 940 homes were permitted. Mirage at Oasis, currently under construction in Homestead, consists of 100 single-family homes, ranging in price from $180,000 to $250,000, with an expected completion date of May 2012.

Overall rental housing market conditions in Miami-Dade County are soft, although conditions in the apartment market are tight compared with balanced conditions a year ago. According to Reis, Inc., during the first quarter of 2012, the apartment vacancy rate was 4.4 percent, down from 5.6 percent during the previous year. The average asking rent was $1,105, up nearly 2 percent from the first quarter of 2011. Tighter lending restrictions have increased rental demand in the area. Conditions in the South Beach/Miami Bayshore submarket, which has the largest apartment inventory in Miami-Dade County, with approximately 15,700 units, are currently tight. As of the fourth quarter of 2011, the most recent data available, the apartment vacancy rate was 3.4 percent compared with the 3.7-percent rate of a year ago. The tight market reflects a decrease in multifamily construction in the submarket; no new apartment developments have been completed in the submarket since 2005. During the fourth quarter of 2011, the average asking rent in the submarket was $1,515, down more than 1 percent from the fourth quarter of 2010 because net absorption slowed.

Multifamily construction, as measured by the number of units permitted, slowed during the past 12 months as the area recovers from the economic downturn and struggling housing market. Based on preliminary data, during the 12 months ending February 2012, approximately 1,925 units were permitted compared with 2,225 units permitted during the previous 12-month period, a 13-percent decline. Multifamily construction averaged 4,750 units annually from 2006 through 2010 after peaking in 2005, when 16,200 units were permitted. Condominiums accounted for approximately 85 percent of the units permitted during the peak year. Condominiums now account for nearly 20 percent of multifamily permits. The 96-unit 23 Biscayne Bay is currently under construction in downtown Miami. The project will consist of 91 one-, two-, and three-bedroom condominiums and 5 townhomes, with prices starting at $160,000 for a one-bedroom condominium. All of the units, which are scheduled to open in July 2012, are already sold. Seven condominium projects are currently planned for downtown Miami. The Residences at Lakehouse, a 270-unit apartment complex under construction in Miami Lakes, will consist of one-, two-, and three-bedroom units and include 26 townhomes. The first units are expected to become available in May 2012, with final construction expected to be complete in December 2012.

New York City, New York

New York City (NYC), the financial center of the United States, includes Bronx, Kings (Brooklyn), New York (Manhattan), Queens, and Richmond (Staten Island) Counties. As of April 1, 2012, the population of NYC, which is the largest of any city in the nation, was estimated at 8.3 million. During the past 2 years, the population increased by an average of 56,000 annually, or nearly 0.7 percent, nearly identical to the 0.7-percent average annual increase during 2008 and 2009. Net natural increase (resident births minus resident deaths) averaged approximately 67,000 people annually during the past 2 years. Although international immigration to NYC averaged 48,000 people a year during the past 2 years, net out-migration averaged 11,000 people annually, because nearly 118,000 residents moved out of NYC.

Economic conditions in NYC improved during the past 2 years. After losing 100,900 jobs, or 2.7 percent, during 2009, nonfarm payrolls increased by 17,900, or 0.5 percent, during 2010. During the 12 months ending February 2012, nonfarm payrolls increased by 72,250 jobs, or 1.9 percent, compared with a gain of 40,900 jobs, or 1.1 percent, during the previous 12 months. Two years of job growth caused the unemployment rate to decline from a high of 9.5 percent in 2010 to 9.1 percent during the 12 months ending February 2012. All private service-providing sectors posted gains during the past 12 months, led by the professional and business services and the leisure and hospitality sectors and the retail trade subsector. The professional and business services sector increased by 23,250 jobs, or 4 percent, following an increase of 12,800 jobs, or 2.3 percent, during the previous 12 months. Hiring throughout the consulting and computer systems design industries accounted for one-third of the growth in the sector during the past 2 years.

According to NYC & Company, the official marketing, tourism, and partnership organization of NYC, the number of leisure travelers to NYC increased 3.5 percent during 2011, from 48.8 million to a record 50.5 million, compared with a 7-percent increase during 2010. During the 12 months ending February 2012, the leisure and hospitality sector added 18,600 jobs, a 5.7-percent increase, primarily because of strong hiring in the restaurant industry, which accounted for more than 97 percent of the net job growth in the sector during the past 2 years. The Resorts World Casino New York City opened in Queens in late 2011 and is expected to create 1,500 permanent jobs in the leisure and hospitality sector by the end of 2012. The improvement in the economy and increased tourism spurred employment growth in the retail trade subsector, which added 11,450 jobs, a 3.8-percent increase, during the 12 months ending February 2012. One of the leading retailers in NYC, Macy's, Inc., plans to fill 725 new positions during the next 2 years in response to strong growth in its online sales. Federal and city payrolls declined because of budget cuts, which accounted for the loss of 8,975 jobs, or 1.6 percent, in the government sector.

The NYC home sales market is slightly soft. During 2011, existing single-family home sales in Manhattan, Brooklyn, and Queens totaled 27,950, a decrease of more than 6 percent compared with the number sold during the previous year but a 12-percent increase from the number recorded during 2009, according to Miller Samuel. During 2011, the average number of days a home remained on the market increased by 17, to 126 days. During the same period, the average sales price of a home rose by nearly 4 percent, from $791,300 to $821,100. In Manhattan, the median sales price for a cooperative unit decreased more than 7 percent, to $636,400, but prices for condominium units rose by nearly 17 percent, to $1,165,000, compared with prices in 2010. In Brooklyn, the average price increased nearly 3 percent, to $573,600, and sales increased more than 13 percent, to 7,150. In Queens, home sales declined by more than 23 percent, to 12,700, in part because of the expiration of the federal first-time homebuyer tax credit in late 2010, and the average sales price remained relatively unchanged at $393,100. In Staten Island, during 2011, the median price of an existing single-family home decreased nearly 4 percent, to $376,250, and the number sold declined nearly 6 percent, to 1,550, according to the New York State Association of REALTORS.® According to LPS Applied Analytics, as of February 2012, 8.1 percent of total mortgage loans in NYC were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from 8.4 percent a year earlier.

Construction activity increased during the past year as economic conditions improved in NYC. Building permits for single-family homes, which represent less than 5 percent of construction activity, increased slightly and multifamily permitting activity increased significantly. Based on preliminary data, during the 12 months ending February 2012, the number of single-family homes permitted rose by 7 percent, to 280 homes, compared with the 260 homes permitted during the previous 12 months. Multifamily construction activity, as measured by the number of units permitted, increased 37 percent, to 9,375 units, compared with the 6,750 units permitted during the previous 12 months. Construction of condominium and co-op units slowed in response to soft sales market conditions, accounting for less than 2 percent of multifamily units currently under construction compared with 17 percent of the multifamily units built between 2000 and 2009. Multifamily construction, which peaked during 2008 at 33,400 units permitted, averaged 29,850 units annually from 2004 to 2008.

The NYC rental housing market is tight, and conditions tightened during the past year when vacancy rates declined and rents continued to increase. According to Reis, Inc., from the fourth quarter of 2010 to the fourth quarter of 2011, the apartment vacancy rate for NYC decreased from 3.1 to 2.4 percent and the average rent increased 3 percent to $2,950. The rental market continued to tighten throughout Manhattan, where the vacancy rate declined from 3.7 to 2.8 percent and the average rent increased 3 percent to $3,760. Vacancies were lowest on the Upper East Side, where the vacancy rate declined from 1.9 to 1.1 percent and rents increased nearly 3 percent to $3,725. Rents were highest on the Upper West Side, where the vacancy rate declined from 4.9 to 2.8 percent and the average rent increased more than 2 percent to $4,220. The vacancy rate declined from 0.7, 2.9, and 2.1 percent to 0.5, 2.4, and 1.9 percent in the Bronx, Brooklyn, and Queens, respectively. Although 2,725 apartment units were constructed in Brooklyn during the past 2 years, the market readily absorbed the units and the average rent increased more than 6 percent during 2011 to $1,610. Average rents were relatively unchanged at $1,140 and $1,410 in the Bronx and Queens, respectively.

Portland-South Portland-Biddeford, Maine

The Portland-South Portland-Biddeford metropolitan area, located on the southeastern coast of Maine, consists of Cumberland, Sagadahoc, and York Counties. The metropolitan area is home to the city of Portland and known for its many beaches and historic seaside towns. As of April 1, 2012, the population was estimated at 516,500, an increase of 1,200, or 0.2 percent, annually since April 1, 2010. During the period from 2008 through 2010, the population remained relatively unchanged, reflecting weak economic conditions. In comparison, the population grew at an average annual rate of 1,450, or 0.3 percent, from 2004 through 2008. According to Moody's Analytics, Inc., the largest employers in the metropolitan area are General Dynamics Bath Iron Works and Maine Medical Center, each with more than 5,000 employees.

Despite recent gains, nonfarm payrolls remain well below the peak of 195,600 jobs recorded in 2007. During the 12 months ending February 2012, nonfarm payrolls in the metropolitan area increased by 600 jobs, or 0.3 percent, to an average of 189,500 jobs compared with the increase of 700 jobs, or 0.4 percent, during the previous 12 months. The most significant gains during the 12 months ending February 2012 occurred in the education and health services sector, up 900 jobs, or 2.5 percent. During the same period, the professional and business services sector added approximately 500 jobs, a 2.1-percent increase, whereas the leisure and hospitality sector declined by 800 jobs, or 3.7 percent, because weak economic conditions affected local tourism. In addition, according to Global Insight, Inc., General Dynamics Bath Iron Works laid off approximately 600 workers during 2011 because of a slowdown in the production of destroyers for the U.S. Navy. The 12-month average unemployment rate declined from 6.6 percent in February 2011 to 6.2 percent in February 2012.

The home sales market in the metropolitan area is currently soft. Based on data from Hanley Wood, LLC, during the 12 months ending February 2012, new and existing single-family home sales in the metropolitan area totaled approximately 1,750, down 5 percent from the 1,850 homes sold during the previous 12 months. In comparison, new and existing home sales averaged 2,125 annually from 2007 through 2009. The decline in sales reflects weak economic conditions, tighter lending practices, and slower population growth. During the 12 months ending February 2012, the average sales price of new and existing single-family homes increased 4 percent, to $258,100, up from $247,600 during the previous 12 months. The current average sales price remains slightly less than the average of $259,900 recorded from 2007 through 2009. According to LPS Applied Analytics, as of February 2012, 6.4 percent of mortgage loans were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), up slightly from 6.2 percent in February 2011.

Builders have continued to curtail the production of single-family homes in response to weak economic conditions and the soft home sales market. Based on preliminary data, during the 12 months ending February 2012, building permits were issued for 820 single-family homes in the metropolitan area, down 180 permits, or 18 percent, compared with the number of homes permitted during the previous 12 months. From 2007 through 2009, an average of 1,450 single-family homes was permitted annually.

The rental housing market in the Portland-South Portland-Biddeford metropolitan area is balanced, with conditions improving from a soft market during the past 2 years, reflecting increased rental demand and low production levels of new units. The rental vacancy rate is currently estimated at 6.5 percent, down from 8.3 percent on April 1, 2010. Despite balanced overall rental market conditions, the apartment market in the metropolitan area is tight, with vacancy rates declining and rents increasing significantly during the past year. According to Reis, Inc., the apartment vacancy rate in the metropolitan area during the fourth quarter of 2011 was 3.8 percent, down from the 4.3-percent rate recorded a year earlier. During the same period, the average monthly rent was approximately $1,050, an increase of more than 2 percent from $1,025 in the fourth quarter of 2010.

During the past year, multifamily building activity began to increase in response to growing renter demand and tight apartment market conditions. Based on preliminary data, during the 12 months ending February 2012, 200 multifamily units were permitted, up significantly from only 35 units permitted during the previous 12 months but still down from the average of 260 units permitted annually from 2007 through 2009. Recent developments include 645 Congress Street, a 56-unit apartment development in Portland, completed in February 2010. Rents for studio and one-bedroom units start at $630 and $750, respectively. Affordable rental developments currently under construction include 54 units at Pearl Place II in Portland and 24 units through the adaptive reuse of the Emery School in Biddeford.

Provo-Orem, Utah

The Provo-Orem metropolitan area, located approximately 35 miles south of Salt Lake City, consists of Juab and Utah Counties. Since 2010, the population of the metropolitan area has increased at an average annual rate of 14,000, or 2.7 percent, to an estimated 551,800 as of March 1, 2012. From 2006 to 2010, the population increased at an average annual rate of 18,200, or 4 percent. Approximately one-half of the growth since 2006 was the result of net in-migration. From 2006 to 2010, net in-migration increased to an average of 7,300 people annually, nearly double the average of 3,700 annually from 2000 through 2005. The increased in-migration was largely the result of a light rail expansion, allowing easier commuting into Salt Lake City. The recent recession caused net in-migration to slow to an average of 2,800 people annually since 2010. The metropolitan area is home to Brigham Young University (BYU), which had a total economic impact of approximately $975 million on the metropolitan area economy in 2010, according to a BYU study. BYU, the fourth largest employer in Utah, employs approximately 17,500 people and enrolled approximately 33,850 students in the fall 2011 semester. Other leading private employers include the Utah Valley Regional Medical Center, IM Flash Technologies, and Nestlé USA, with 4,500, 1,500, and 1,500 employees, respectively.

Economic conditions in the metropolitan area have improved during the past year. During the 12 months ending February 2012, nonfarm payrolls increased by 5,700 jobs, or 3.2 percent, to 183,800. Before this increase in payrolls, the metropolitan area experienced 2 years of payroll declines, of 9,800 jobs, or 5.2 percent, in 2009 and of 900 jobs, or 0.5 percent, in 2010. Recent growth has been strongest in service-providing sectors, including the professional and business services sector, which gained 2,500 jobs, or 11.4 percent, during the 12 months ending February 2012. Nearly one-half of the increase in the professional and business services sector was in the temporary employment and administrative services industries. Payrolls in the mining, logging, and construction and the education and health services sectors increased by 1,000 and 800 jobs, or 9.9 and 2.0 percent, respectively, from a year ago. The average unemployment rate during the 12 months ending February 2012 was 7.0 percent, a decrease from the 7.8-percent rate during the previous 12 months but greater than the 6.5-percent statewide unemployment rate.

The home sales market in the Provo-Orem metropolitan area is currently soft. Hanley Wood, LLC, reported that, during the 12 months ending February 2012, existing single-family home sales were down 4 percent, to approximately 9,850 homes sold compared with the 10,200 sold during the previous 12 months. During the same period, the average existing single-family home sales price fell nearly 5 percent, to about $210,400. From 2007 through 2009, existing home sales averaged 11,000 annually, and the average sale price was $280,750. The weak sales market is exacerbated by moderate levels of foreclosure activity. Based on data from LPS Applied Analytics, during February 2012, 5.0 percent of all home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from 6.6 percent during February 2011. Hanley Wood, LLC, reported that, during the 12 months ending February 2012, new single-family home sales decreased 10 percent from a year earlier, to 1,225 homes sold, but the average new home sales price increased more than 5 percent, to $245,300. From 2007 through 2009, new home sales averaged 3,025 annually, and the average sales price was $279,650. In response to the soft housing market, the volume of single-family home construction in the metropolitan area decreased. Based on preliminary data, during the 12 months ending February 2012, the number of single-family homes authorized by permits increased more than 4 percent, to 1,500 homes. This total was much less than the average annual production of approximately 5,300 homes reported from 2005 through 2007.

The rental market in the Provo-Orem metropolitan area is currently tight. According to data from Reis, Inc., in the fourth quarter of 2011, the apartment vacancy rate was 2.8 percent, down from the 4.7-percent rate recorded during the fourth quarter of 2010. Apartment rents in the fourth quarter of 2011 averaged $680 for one-bedroom units, $800 for two-bedroom units, and $930 for three-bedroom units. Overall, the average asking rent was $775, relatively unchanged from a year ago. BYU significantly affects the rental housing market, with student households accounting for nearly 35 percent of all renter households in the metropolitan area.

Builders have responded to the increased demand for rental units. Based on preliminary data, during the 12 months ending February 2012, 490 apartment units were permitted in the metropolitan area, an increase of nearly 20 percent from the 410 units permitted during the previous 12 months. During 2008 and 2009, an average of 80 apartment units was permitted annually, which was a sharp decrease from the annual average of 500 units permitted from 2004 through 2006. Rental units currently under construction include Joaquin Village, a 940-bed student housing project that began construction in September 2010 and is expected to be complete in July 2012. In addition, Sienna Apartments, an 80-unit project in Orem, is expected to have rents of $800 for one-bedroom units and $1,020 for two-bedroom units when complete in May 2012.

Reno-Sparks, Nevada

The Reno-Sparks metropolitan area consists of Storey and Washoe Counties in northwestern Nevada. It historically has been a regional hub for gaming, tourism, and healthcare services and is the home of the University of Nevada, Reno (UNR). As of April 1, 2012, the metropolitan area had an estimated population of 432,300, an average annual increase of 0.8 percent since April 1, 2010, a rate unchanged since 2008. UNR had a fall 2011 enrollment of 18,000 students, 4,250 faculty and staff, and a fiscal year 2011 operating budget of $426 million. The largest private employers are Renown Regional Medical Center, Peppermill Hotel Casino, and International Game Technology, with 2,750, 2,250, and 1,750 employees, respectively.

Economic conditions in the metropolitan area have continued to weaken since the end of the recession in June 2009, although the rate of job losses has slowed markedly. During the 12 months ending February 2012, nonfarm payrolls declined by 600 jobs, or 0.3 percent, compared with declines of 3,200 jobs, or 1.7 percent, during the previous 12 months and of 18,600 jobs, or 8.8 percent, during the 12 months ending February 2010. Budget tightening by state and local government agencies led to a decline of 1,200 jobs, or 4.2 percent, in the government sector during the 12 months ending February 2012. Lingering effects from the recession on building activity affected construction subsector payrolls, which declined by 500 jobs, or 6 percent, to a total of 8,600 jobs; construction subsector payrolls peaked at 23,200 jobs during 2006 and 2007. During the 12 months ending February 2012, despite declines in Washoe County taxable gaming revenue of $14.6 million, or 1.9 percent, and of 100 jobs, or 0.4 percent, in hotel-casino industry payrolls, the leisure and hospitality sector grew steadily, with an increase of 1,000 jobs, or 2.9 percent. The average unemployment rate declined from 13.9 percent during the previous 12-month period to 12.4 percent, primarily because of workers leaving the labor force.

The sales housing market in the Reno-Sparks metropolitan area is soft, with an estimated vacancy rate of 3.3 percent as of April 2012, relatively unchanged since April 2010. According to Hanley Wood, LLC, new home sales remained far below the average annual level of 4,150 homes sold during the peak years of 2006 and 2007; during the 12 months ending February 2012, only 510 homes sold, down 12 percent from 580 during the previous year. The average new home sales price increased to $249,700, up 1 percent from $247,800 during the previous year. Existing home sales likewise remained below the average annual level of 8,700 homes sold during 2006 and 2007; sales increased to 4,050, up 1 percent from 4,025 during the previous 12 months. During the 12 months ending February 2012, distressed property sales continued to exert downward pressure on the average existing home sales price, which declined to $218,100, down 12 percent from $246,600 during the previous year. Foreclosure and REO (Real Estate Owned) closings represented 63 percent of total home closings, relatively unchanged from the previous 2 years. According to LPS Applied Analytics, in February 2012, 10 percent of home loans were 90 or more days delinquent, in foreclosure, or in REO, down from 12 percent in February 2011.

New home construction, as measured by the number of single-family homes permitted, remains at very low levels. Based on preliminary data, during the 12 months ending February 2012, 510 homes were permitted, up 7 percent from 475 homes permitted during the previous year. Construction peaked at an average annual rate of 4,850 homes permitted during the corresponding periods from 2004 through 2006.

The rental housing market in the Reno-Sparks metropolitan area is balanced. According to local appraisal company Johnson-Perkins & Associates, Inc., the apartment vacancy rate in the fourth quarter of 2011 was 6.6 percent, down from 7.2 percent a year earlier, and the average asking rent remained relatively unchanged at $822. Average asking rents were $680 for a one-bedroom unit, $756 for a two-bedroom/one-bathroom unit, and $1,070 for a three-bedroom/two-bathroom unit. Multifamily construction, as measured by the number of units permitted, peaked at an average of 880 units a year from 2004 through 2006. Based on preliminary data, during the 12 months ending February 2012, approximately 70 units were permitted, down from 160 units permitted during the previous year. Builders completed three large-scale, market-rate apartment projects during the past few years: the 300-unit Trails at Pioneer Meadows, the 350-unit Alexander at South Virginia, and the 308-unit View Apartments. UNR had 12,350 undergraduate students living off campus during the fall 2011 semester and expects to complete construction of a new 320-bed Living Learning Community residence hall during the summer of 2012.

Salinas, California

The Salinas metropolitan area, coterminous with Monterey County, California, is located on California's central coast, about 120 miles south of San Francisco. As of April 1, 2012, the population of the metropolitan area was estimated at 424,400, an average annual increase of 4,675, or 1.1 percent, since April 1, 2010. By comparison, significant net out-migration resulted in an average decline of 2,625 people annually from 2003 through 2006. The three largest private employers in the metropolitan area are Dole Food Company, Inc.; Tanimura & Antle, Inc.; and Fresh Express, Fresh Food, with 5,175, 3,000, and 2,400 employees, respectively. The metropolitan area is also home to the Defense Language Institute Foreign Language Center (DLIFLC), with 3,500 military students and 3,875 employees, and the Naval Postgraduate School (NPS), with 1,500 military students and 2,800 employees. According to the Department of Defense, the combined annual economic impact on the local economy of DLIFLC and NPS is estimated at more than $140 million.

Economic conditions have been weak since 2009 but are improving. According to the California Employment Development Department, total payroll employment, which includes agricultural employment, increased by 2,925 jobs, or 1.7 percent, during the 12 months ending March 2012. The metropolitan area, known as the "Salad Bowl of the World," produces 59 percent of the nation's lettuce. Agriculture is the largest employment sector, with an average of 47,275 jobs during the 12 months ending March 2012, representing 28 percent of total payroll employment. The sector led job growth during the past 12 months, adding 2,125 jobs, a 4.7-percent increase. The largest number of job losses occurred in the government sector, which lost 700 jobs, or 2.2 percent, primarily because of cuts in local government as a result of the loss of state redevelopment funds. The average unemployment rate fell during the 12 months ending March 2012, declining from 12.6 to 11.8 percent.

The home sales market in the metropolitan area is soft because of high unemployment and tight lending standards. Based on data from Hanley Wood, LLC, during the 12 months ending March 2012, sales of new and existing single-family homes totaled 5,675, a 9-percent decline compared with the 6,225 homes sold during the previous 12 months. Home sales in the metropolitan area averaged about 5,500 a year from 2005 through 2006 and 4,075 a year from 2008 through 2011. The average sales price increased by 2 percent, to $392,600, during the 12 months ending March 2012. The home sales price averaged $864,900 from 2005 through 2008 and $534,000 from 2009 through 2011. Based on data from the Monterey County Multiple Listing Service, during 2011, the average sales price in the Monterey Peninsula community, which includes the coastal cities of Carmel, Monterey, and Pebble Beach and is dominated by the tourism industry and military presence, was $814,700. By comparison, the average sales price in the Salinas Inland Valley community, which is agriculturally based and includes the cities of Salinas, Soledad, and King City, was $215,600. According to LPS Applied Analytics, in March 2012, 7.7 percent of mortgage loans were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), lower than the 10.5-percent rate in March 2011 but higher than the 7.1-percent rate for California in March 2012.

Preliminary data indicate that single-family home construction, measured by the number of homes permitted, increased by 30 homes, to approximately 130 homes, during the 12 months ending February 2012. From 2006 through 2010, an average of 360 homes was permitted annually, down from an average of 1,150 homes permitted annually from 2000 through 2005. The Summerfield subdivision recently began construction in the city of Soledad, with plans to complete 300 single-family homes starting at $209,000 during the next 8 years.

The Salinas metropolitan area has a strong military presence; military households make up 4 percent of its 63,700 renter households. The current demand for military housing is primarily met by privatized military housing units on the Ord Military Community and La Mesa Village.

Rental market conditions in the metropolitan area are balanced. According to Axiometrics Inc., during the first quarter of 2012, the apartment vacancy rate was 5.4 percent, down from 6.0 percent a year earlier. The average rent increased by 2 percent, or $25, to $1,125 during the same period. Average rents for newly constructed one-, two-, and three-bedroom units are estimated at $1,000, $1,300, and $1,600, respectively. Based on preliminary data, during the 12 months ending February 2012, 25 multifamily units were permitted compared with the 65 units permitted during the previous 12 months. Multifamily construction averaged 150 units permitted annually from 2008 through 2010.

San Jose-Sunnyvale-Santa Clara, California

The San Jose-Sunnyvale-Santa Clara metropolitan area, located in Northern California along the San Francisco Bay, comprises Santa Clara and San Benito Counties. Commonly referred to as the Heart of Silicon Valley, the metropolitan area is home to approximately 6,600 companies that employ more than 200,000 workers involved in producing cutting-edge technology. The metropolitan area is also home to Stanford University, which has an estimated annual economic impact of approximately $3.8 billion on the state. As of April 1, 2012, the population of the metropolitan area was estimated at 1.8 million, an average annual increase of 14,450, or 0.8 percent, since July 1, 2009, down from the average annual increase of 22,950, or 1.3 percent, from 2006 through 2008. Population growth slowed as employment began to decline during 2009, leading to an average net out-migration of 2,900 people annually compared with a net in-migration of 3,900 people annually from 2006 through 2008, when employment conditions were stronger.

Employment in the metropolitan area improved during the past year, but it has yet to fully recover from the decline that began during 2009. During the 12 months ending February 2012, nonfarm payrolls increased by 23,650 jobs, or 2.8 percent, compared with a gain of 8,350 jobs, or 1 percent, during the previous 12 months. Despite this gain, payrolls are down 11,350 jobs, or 1.3 percent, from the average during the 2006-through-2008 period, when economic conditions were strong. During the 12 months ending February 2012, nonfarm payroll growth was concentrated in the professional and business services, information, education and health services, and manufacturing sectors, which were up 7,950, 5,000, 4,625, and 4,350 jobs, or 4.9, 11.0, 4.1, and 2.8 percent, respectively. Employment growth in the computer systems design and related services industry accounted for nearly 40 percent of all jobs added in the professional and business services sector, and increased production of computers and semiconductors led job growth in the manufacturing sector. As a result of company restructuring, Yahoo! Inc. announced 860 layoffs to take effect during June 2012. Despite these layoffs, job growth is expected to continue during 2012. The largest employers in the metropolitan area are Cisco Systems, Inc., Kaiser Permanente®, and Stanford University, with 17,100, 13,500, and 12,000 employees, respectively. A loss in the government sector of 2,300 jobs, or 2.4 percent, as a result of declines in both federal and local government subsector jobs, partly offset overall job growth. As economic conditions improved during the 12 months ending February 2012, the average unemployment rate declined to 9.7 percent from 11.1 percent during the previous 12 months, less than the 11.6-percent rate for California.

Despite improving economic conditions, the sales housing market in the San Jose-Sunnyvale-Santa Clara metropolitan area is slightly soft as a result of tight mortgage lending standards. According to Hanley Wood, LLC, during the 12 months ending February 2012, new and existing home sales decreased to 21,550, down 4 percent from 22,450 homes sold a year earlier and down 9 percent from the average of 23,800 homes sold annually during the comparable periods from 2006 through 2009. The average sales price for new and existing homes declined 2 percent, to $617,400, 18 percent less than the average price of $749,400 recorded during the comparable periods from 2006 through 2009. Condominium sales accounted for nearly 30 percent of total home sales during the 12 months ending February 2012, with the 6,225 condominiums sold up 5 percent from the 5,925 sold during the previous 12 months. Nearly 60 percent of the growth in condominium sales occurred in the city of San Jose. The average condominium prices in the metropolitan area and San Jose declined to $385,600 and $326,800, or by slightly more than 1 percent and less than 1 percent, respectively. According to LPS Applied Analytics, in February 2012, 4.7 percent of mortgage loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) compared with the 6.6-percent rate recorded in February 2011 and below the 7.6-percent rate for the nation.

Soft sales market conditions have resulted in reduced single-family home construction activity, as measured by the number of building permits issued, relative to earlier in the decade. According to preliminary data, during the 12 months ending February 2012, single-family homebuilding activity totaled 1,000 homes permitted, up from the 890 homes permitted during the previous 12-month period. Single-family construction was strong from 2002 through 2007, when an average of 2,425 homes was permitted annually. Approximately 50 percent of all single-family home construction in the metropolitan area is concentrated in the cities of San Jose, Sunnyvale, Palo Alto, and Mountain View, where major employers in Silicon Valley are located. New home prices were slightly less in San Jose than elsewhere in the metropolitan area during the 12 months ending February 2012, averaging $488,100 compared with $572,100 for the metropolitan area as a whole. In San Jose, developments under construction include Pepper Lane, a 379-townhome community that broke ground in 2011 and is expected to complete 10 homes a month from April 2012 until it is completed during 2015.

The overall rental housing market in the San Jose-Sunnyvale-Santa Clara metropolitan area is tight, because renter household growth during the past year outpaced the production of new rental units, including the 570 condominiums converted to apartments during the past 3 years because of weak sales. The rental vacancy rate was estimated at 4.0 percent as of March 1, 2012, down from 4.3 percent in April 2010. According to MPF Research, during the fourth quarter of 2011, the apartment vacancy rate declined to 3.1 percent from 3.4 percent during the fourth quarter of 2010, but the average monthly rent increased 12 percent, from $1,586 to $1,773. In downtown San Jose, the vacancy rate was unchanged at 2.1 percent, but the average rent increased 6 percent to $1,648. In northern San Jose, the vacancy rate decreased to 3.5 percent, but the average rent increased 12 percent to $1,925 because of new luxury apartment developments. According to local data, during the 12 months ending February 2012, apartment construction activity, as measured by the number of units permitted, declined 37 percent to 2,075 units permitted compared with the 3,300 units permitted during the previous year. The number of units permitted was 40 percent higher, however, than the average annual level of 1,475 units permitted from 2007 through 2009. Approximately 65 percent of all apartment developments in the metropolitan area are located in the city of San Jose. Current construction includes Crescent Village I, comprising 380 units, and Riverview, with 271 units. Both developments are located in northern San Jose and are expected to be complete by 2013. Monthly rents for recently completed efficiency, one-bedroom, and two-bedroom apartments in the metropolitan area start at $1,650, $1,850, and $2,325, respectively.

Seattle-Bellevue-Everett, Washington

The Seattle-Bellevue-Everett metropolitan area, located along the Puget Sound in northwest Washington State, consists of King and Snohomish Counties. As of April 2012, the population was estimated at 2.7 million compared with the April 2010 U.S. Census count of 2,644,584. During that 2-year period, population increased at an average annual rate of 1.3 percent compared with an average annual increase of 1.6 percent from April 2007 through April 2010. Net in-migration accounted for approximately 50 percent of the population gain during the past 2 years, when it averaged 16,750 people a year compared with the average of 25,250 people from April 2007 through April 2010. The three largest private employers in the metropolitan area are the Boeing Company, Microsoft Corporation, and Amazon.com Inc., with 70,000, 40,000, and 15,000 employees, respectively. The recent increase in net in-migration is, in part, a response to new job opportunities at Boeing and Amazon.com.

The metropolitan area labor market is currently in its first year of recovery after 2 years of job losses. During the 12-month period ending February 2012, nonfarm payrolls averaged 1.4 million, an increase of 1.9 percent, or 24,400 jobs compared with a decrease of 0.5 percent, or 7,500 jobs, during the previous 12-month period. Job gains were greatest in the manufacturing sector, which increased by 9,200 jobs, or 6.1 percent, mainly because of the addition of 5,000 jobs at Boeing in response to a 40-percent increase in production to be phased in during the next 3 years. The professional and business services sector grew by 7,200 jobs, or 3.8 percent, and the education and health services sector increased by 4,900 jobs, or 2.9 percent. Hiring at Amazon.com during 2011 contributed to the addition of 5,400 jobs, a 2-percent increase, in the trade sector. During the 12 months ending February 2012, job growth resulted in a decline in the average unemployment rate to 8.3 percent from 9 percent during the previous 12 months.

Despite continued population growth and a recovering labor market, the sales housing market in the Seattle-Bellevue-Everett metropolitan area remains soft. During the 12 months ending March 2012, according to Hanley Wood, LLC, sales of new and existing homes in the metropolitan area decreased 1 percent, to 25,550, from the previous 12 months. Sales are down 41 percent from the average of 43,300 during the comparable periods from 2007 through 2009. The average home sales price fell 8 percent to $385,800 during the 12 months ending March 2012. In King County, existing home sales increased 2 percent to 16,400 homes and the average home sales price declined 6 percent to $431,100. New home sales fell 27 percent to 1,925 homes, and the average sales price decreased 7 percent to $442,200. Snohomish County existing sales increased 3 percent to 5,750 homes, but the average sales price fell 8 percent to $267,200. New home sales and the average sales price each declined by 2 percent to 1,500 and $301,200, respectively.

During the 12-month period ending March 2012, REO (Real Estate Owned) sales increased 58 percent to 6,600 homes in King County and 54 percent to 4,025 homes in Snohomish County. The average sales price of an REO home decreased 25 percent to $223,700 in King County and 7 percent to $173,500 in Snohomish County. According to LPS Applied Analytics, as of February 2012, 6.1 percent of home loans in King County were 90 or more days delinquent, in foreclosure, or in REO compared with the 6.0-percent rate a year ago; in Snohomish County, the delinquency rate increased to 8.6 percent from 8.4 percent.

Despite the decline in new home sales, expectations of an improving economy led to a slight increase in construction activity, as measured by the number of building permits issued. Based on preliminary data, during the 12 months ending February 2012, single-family construction activity in the metropolitan area increased 8 percent, to 4,575 homes permitted compared with the 4,225 homes permitted during the previous 12 months. In comparison, during the peak years of 2004 through 2006, single-family construction activity averaged 11,550 homes a year.

The rental housing market is balanced in the Seattle-Bellevue-Everett metropolitan area. According to Real Data *Apartment Insights*, during the first quarter of 2012, the apartment vacancy rate averaged 5.2 percent compared with the 5.0-percent rate of a year ago. The average apartment rent was $1,100, a 5-percent increase from the first quarter of 2011. Average rents by unit type were $860 for a studio unit, $970 for a one-bedroom unit, $1,275 for a two-bedroom unit, and $1,400 for a three-bedroom unit. Rental concessions averaged $40 a month during the first quarter of 2012, with 40 percent of properties in King County and 50 percent of properties in Snohomish County offering concessions.

During the 12 months ending March 2012, nearly 3,000 rental units were absorbed and rents increased, resulting in an increase in multifamily construction activity by nearly 60 percent to 4,625 units permitted during the 12-month period ending February 2012 compared with 2,900 units permitted during the previous 12 months. During the peak years of 2004 through 2006, multifamily construction activity averaged 5,975 units a year, but nearly 50 percent of those units were condominiums. As of the end of 2011, approximately 8,150 multifamily units, all planned as apartments, were under construction. Six projects with a total of 1,624 units are currently under construction in downtown Seattle, the largest of which is the 654-unit Via6 development that features two 24-story towers with a 6-story podium in between. Apartments at Via6, which is expected to be complete in 2013, will average 700 square feet, and project amenities include a rooftop garden, theatre, restaurant, and boutique grocery store. Also under construction, the Stadium Place West and South Towers are located near the major transit hub for the metropolitan area and CenturyLink Field, home to the National Football League's Seattle Seahawks. The West Tower, with 10 stories and 107 units, is scheduled to open in 2013. The South Tower, with 25 stories and 311 units, is due to open in 2014.

Virginia Beach-Norfolk-Newport News, Virginia-North Carolina

The Virginia Beach-Norfolk-Newport News metropolitan area, which consists of 6 counties and 10 independent cities, is located approximately 100 miles southeast of Richmond, Virginia. The metropolitan area includes Naval Station Norfolk, the nation's largest naval base, and is a popular resort and retirement area. As of April 1, 2012, the population of the metropolitan area was estimated to be more than 1.6 million, an average annual increase of 5,900, or 0.4 percent, since April 2010, the same rate of growth that was recorded from 2005 to April 2010. According to the Hampton Roads Economic Development Alliance, the largest employers in the metropolitan area are Newport News Shipbuilding and Sentara Healthcare, with 20,000 and 17,000 employees, respectively. The Norfolk Naval Shipyard has 9,575 employees, of which 8,600 are active-duty personnel and 970 are civilian personnel.

Since 2011, after 3 years of decline, nonfarm payrolls in the metropolitan area have been increasing. During the 12 months ending February 2012, nonfarm payrolls increased by 2,075 jobs, or 0.3 percent, to 737,400 jobs compared with a decline of 2,600 jobs, or 0.4 percent, during the previous 12-month period. Payrolls in the healthcare and social assistance industry, federal government subsector, and retail trade subsector increased by 2,800, 1,600, and 1,100 jobs, or 3.6, 3.2, and 1.3 percent, respectively, during the 12 months ending February 2012. According to the Virginia Economic Development Partnership, Green Mountain Coffee Roasters, Inc., will construct a new production and distribution facility in the metropolitan area, adding 800 jobs from 2011 through 2017. The largest declines during the 12 months ending February 2012 occurred in the mining, logging, and construction, the professional and business services, and the leisure and hospitality sectors, which decreased by 1,700, 1,600, and 700 jobs, or 4.6, 1.6, and 0.9 percent, respectively. The average unemployment rate in the metropolitan area during the 12 months ending February 2012 was 6.9 percent, a decrease from the 7.2-percent average rate recorded during the previous 12-month period.

Every branch of the U.S. military is represented within the metropolitan area. According to the Statistical Information Analysis Division of the Department of Defense, as of 2009, the most recent data available, 32,000 military and 15,400 civilian personnel were assigned to 12 bases in the metropolitan area. The Navy accounts for approximately 40 percent of the military personnel and 56 percent of the civilian personnel in the metropolitan area. According to the Commander, Navy Region Mid-Atlantic business office, in fiscal year (FY) 2010, the Navy had an estimated economic impact of approximately $13.5 billion on the metropolitan area, a decrease of nearly $1.4 billion, or 9 percent, compared with the impact in FY 2009 because of a decline in the procurement of goods and services. After the 2005 Base Realignment and Closure Act, completed in 2011, military and civilian employment in the metropolitan area was relatively unchanged. During the 12 months ending February 2012, nearly all of the approximately 1,900 jobs lost as a result of the closure of the United States Joint Forces Command in Suffolk were civilian personnel.

The home sales market in the metropolitan area is soft, with an estimated 2.3-percent vacancy rate as of April 1, 2012, down from the 2.5-percent rate recorded in April 2010. According to Hanley Wood, LLC, during 2011, the number of existing single-family home sales increased 3 percent to 8,675 from 8,450 sales in 2010 but was down nearly 30 percent from the average of 12,300 existing homes sold annually from 2007 through 2009. The median price in 2011 was $219,800, down nearly 4 percent from $228,100 in 2010. During 2011, new single-family home sales increased nearly 12 percent, to 1,675, and the median sales price was $277,800, down approximately 2 percent from $283,400 during 2010. Existing condominium sales, which accounted for approximately 10 percent of the total number of existing homes sold during 2011, totaled 1,100 units sold, up 4 percent from the 1,050 sold during 2010. The median sales price for existing condominiums declined 3 percent to $191,300. New condominium sales declined 25 percent to 320 units sold, and the median sales price was $276,600, an 8-percent increase. In 2011, foreclosed and REO (Real Estate Owned) home sales accounted for 50 percent of all existing homes sold, unchanged from 2010. According to LPS Applied Analytics, as of February 2012, 5.2 percent of all home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO, unchanged from February 2011.

Home construction activity, as measured by the number of building permits issued for single-family homes, increased. According to preliminary data, during the 12 months ending February 2012, approximately 3,300 single-family homes were permitted, up nearly 8 percent compared with the number permitted during the previous 12-month period. Approximately 40 percent of new single-family homebuilding activity is in the cities of Chesapeake and Virginia Beach. An average of 4,250 homes was permitted annually from 2006 through 2009.

The rental housing market in the metropolitan area is slightly soft, with an estimated 6.5-percent vacancy rate as of April 1, 2012, a decline compared with the 7.6-percent rate recorded in April 2010. According to Reis, Inc., the apartment vacancy rate for the metropolitan area was 4.3 percent as of February 2012, down from 5.2 percent a year earlier. According to the Commander, Navy Region Mid-Atlantic business office, military households account for 12 percent of renter households in the metropolitan area, and 4,375 households currently reside in military housing. The current average asking rents for one-, two-, and three-bedroom units in the metropolitan area are $800, $900, and $1,100, respectively. The average asking rent for all apartments in the metropolitan area increased by nearly 2 percent from a year earlier, to $890. According to Real Data, as of November 2011, the most recent data available, the average asking rents for newly constructed one-, two-, and three-bedroom units in the metropolitan area are $1,150, $1,275, and $1,424, respectively. Apartment properties under construction in the city of Virginia Beach include the 276-unit Cambria at Cornerstone and 224-unit Greenwich Village. In Chesapeake and Virginia Beach, submarkets closer to large military installations, the average asking rent increased by nearly 4 and 2 percent, respectively. Based on preliminary data, during the 12 months ending February 2012, 2,750 multifamily units were permitted in the metropolitan area, a nearly 170-percent increase compared with the 1,025 multifamily units permitted during the previous 12-month period. Approximately 95 percent of the multifamily units permitted during the 12 months ending February 2012 were apartments. From 2006 through 2009, an average of 6,975 multifamily units was permitted annually, of which approximately 84 percent were apartments.

Units Authorized by Building Permits, Year to Date: HUD Regions and States

HUD Region and State	2012 Through March			2011 Through March			Ratio: 2012/2011 Through March		
	Total	Single Family	Multi-family*	Total	Single Family	Multi-family*	Total	Single Family	Multi-family*
Connecticut	857	412	445	499	419	80	1.717	0.983	5.563
Maine	436	336	100	332	303	29	1.313	1.109	3.448
Massachusetts	2,145	1,084	1,061	1,084	741	343	1.979	1.463	3.093
New Hampshire	382	320	62	574	288	286	0.666	1.111	0.217
Rhode Island	132	125	7	129	108	21	1.023	1.157	0.333
Vermont	252	159	93	186	94	92	1.355	1.691	1.011
New England	**4,204**	**2,436**	**1,768**	**2,804**	**1,953**	**851**	**1.499**	**1.247**	**2.078**
New Jersey	3,354	1,473	1,881	2,696	1,543	1,153	1.244	0.955	1.631
New York	4,353	1,653	2,700	3,674	1,447	2,227	1.185	1.142	1.212
New York/New Jersey	**7,707**	**3,126**	**4,581**	**6,370**	**2,990**	**3,380**	**1.210**	**1.045**	**1.355**
Delaware	897	609	288	690	565	125	1.300	1.078	2.304
District of Columbia	260	46	214	714	111	603	0.364	0.414	0.355
Maryland	3,472	2,076	1,396	2,717	1,957	760	1.278	1.061	1.837
Pennsylvania	3,646	2,941	705	3,808	3,199	609	0.957	0.919	1.158
Virginia	6,429	4,330	2,099	5,963	3,771	2,192	1.078	1.148	0.958
West Virginia	385	279	106	308	294	14	1.250	0.949	7.571
Mid-Atlantic	**15,089**	**10,281**	**4,808**	**14,200**	**9,897**	**4,303**	**1.063**	**1.039**	**1.117**
Alabama	2,668	1,796	872	2,772	1,919	853	0.962	0.936	1.022
Florida	13,742	9,015	4,727	10,286	7,063	3,223	1.336	1.276	1.467
Georgia	5,732	4,031	1,701	4,164	3,317	847	1.377	1.215	2.008
Kentucky	1,946	1,157	789	1,390	1,093	297	1.400	1.059	2.657
Mississippi	1,087	944	143	1,180	1,069	111	0.921	0.883	1.288
North Carolina	11,605	6,943	4,662	8,284	5,565	2,719	1.401	1.248	1.715
South Carolina	4,191	3,497	694	3,514	3,000	514	1.193	1.166	1.350
Tennessee	4,344	3,026	1,318	3,070	2,616	454	1.415	1.157	2.903
Southeast/Caribbean	**45,315**	**30,409**	**14,906**	**34,660**	**25,642**	**9,018**	**1.307**	**1.186**	**1.653**
Illinois	2,456	1,587	869	1,811	1,356	455	1.356	1.170	1.910
Indiana	2,829	2,210	619	2,515	1,692	823	1.125	1.306	0.752
Michigan	1,826	1,705	121	1,664	1,342	322	1.097	1.270	0.376
Minnesota	2,048	1,200	848	1,058	871	187	1.936	1.378	4.535
Ohio	3,105	1,981	1,124	2,721	2,043	678	1.141	0.970	1.658
Wisconsin	1,898	1,187	711	1,831	1,040	791	1.037	1.141	0.899
Midwest	**14,162**	**9,870**	**4,292**	**11,600**	**8,344**	**3,256**	**1.221**	**1.183**	**1.318**
Arkansas	1,663	1,167	496	1,688	917	771	0.985	1.273	0.643
Louisiana	2,909	2,623	286	2,867	2,382	485	1.015	1.101	0.590
New Mexico	1,250	833	417	764	718	46	1.636	1.160	9.065
Oklahoma	2,061	1,782	279	1,744	1,584	160	1.182	1.125	1.744
Texas	30,618	17,966	12,652	20,379	15,190	5,189	1.502	1.183	2.438
Southwest	**38,501**	**24,371**	**14,130**	**27,442**	**20,791**	**6,651**	**1.403**	**1.172**	**2.124**
Iowa	1,439	1,098	341	1,105	896	209	1.302	1.225	1.632
Kansas	893	712	181	931	631	300	0.959	1.128	0.603
Missouri	2,149	1,533	616	1,746	1,019	727	1.231	1.504	0.847
Nebraska	1,235	791	444	649	633	16	1.903	1.250	27.750
Great Plains	**5,716**	**4,134**	**1,582**	**4,431**	**3,179**	**1,252**	**1.290**	**1.300**	**1.264**
Colorado	3,619	2,306	1,313	2,488	1,734	754	1.455	1.330	1.741
Montana	472	278	194	290	236	54	1.628	1.178	3.593
North Dakota	1,268	601	667	466	183	283	2.721	3.284	2.357
South Dakota	567	452	115	364	246	118	1.558	1.837	0.975
Utah	2,628	1,733	895	1,491	1,186	305	1.763	1.461	2.934
Wyoming	462	310	152	272	213	59	1.699	1.455	2.576
Rocky Mountain	**9,016**	**5,680**	**3,336**	**5,371**	**3,798**	**1,573**	**1.679**	**1.496**	**2.121**
Arizona	4,747	3,327	1,420	2,961	2,381	580	1.603	1.397	2.448
California	11,860	5,206	6,654	9,159	4,802	4,357	1.295	1.084	1.527
Hawaii	715	430	285	487	397	90	1.468	1.083	3.167
Nevada	1,948	1,271	677	1,496	1,054	442	1.302	1.206	1.532
Pacific	**19,270**	**10,234**	**9,036**	**14,103**	**8,634**	**5,469**	**1.366**	**1.185**	**1.652**
Alaska	127	118	9	136	120	16	0.934	0.983	0.563
Idaho	1,169	964	205	715	624	91	1.635	1.545	2.253
Oregon	1,997	1,388	609	1,860	1,250	610	1.074	1.110	0.998
Washington	5,411	3,564	1,847	3,635	3,176	459	1.489	1.122	4.024
Northwest	**8,704**	**6,034**	**2,670**	**6,346**	**5,170**	**1,176**	**1.372**	**1.167**	**2.270**
United States	**167,684**	**106,575**	**61,109**	**127,327**	**90,398**	**36,929**	**1.317**	**1.179**	**1.655**

*Multifamily is two or more units in structure. Source: Census Bureau, Department of Commerce

Units Authorized by Building Permits, Year to Date: 50 Most Active Core Based Statistical Areas (CBSAs)** (Listed by Total Building Permits)

CBSA	CBSA Name	2012 Through March		
		Total	Single Family	Multifamily*
26420	Houston-Sugar Land-Baytown, TX	9,360	6,374	2,986
19100	Dallas-Fort Worth-Arlington, TX	7,621	3,795	3,826
35620	New York-Northern New Jersey-Long Island, NY-NJ-PA	5,237	1,412	3,825
12420	Austin-Round Rock, TX	4,898	1,759	3,139
31100	Los Angeles-Long Beach-Santa Ana, CA	4,559	1,029	3,530
47900	Washington-Arlington-Alexandria, DC-VA-MD-WV	3,720	2,466	1,254
12060	Atlanta-Sandy Springs-Marietta, GA	3,571	1,981	1,590
33100	Miami-Fort Lauderdale-Miami Beach, FL	3,387	1,079	2,308
42660	Seattle-Tacoma-Bellevue, WA	3,289	1,649	1,640
38060	Phoenix-Mesa-Scottsdale, AZ	3,244	2,505	739
16740	Charlotte-Gastonia-Concord, NC-SC	2,796	1,495	1,301
39580	Raleigh-Cary, NC	2,318	1,410	908
41700	San Antonio, TX	2,152	1,291	861
45300	Tampa-St. Petersburg-Clearwater, FL	2,011	1,274	737
36740	Orlando-Kissimmee, FL	1,983	1,427	556
47260	Virginia Beach-Norfolk-Newport News, VA-NC	1,905	919	986
12580	Baltimore-Towson, MD	1,892	887	1,005
14460	Boston-Cambridge-Quincy, MA-NH	1,858	787	1,071
34980	Nashville-Davidson-Murfreesboro, TN	1,830	1,147	683
37980	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1,670	1,147	523
19740	Denver-Aurora, CO	1,606	1,043	563
29820	Las Vegas-Paradise, NV	1,606	1,071	535
20500	Durham, NC	1,546	401	1,145
16980	Chicago-Naperville-Joliet, IL-IN-WI	1,496	909	587
33460	Minneapolis-St. Paul-Bloomington, MN-WI	1,486	811	675
38900	Portland-Vancouver-Beaverton, OR-WA	1,455	969	486
40140	Riverside-San Bernardino-Ontario, CA	1,418	795	623
18140	Columbus, OH	1,239	549	690
41740	San Diego-Carlsbad-San Marcos, CA	1,203	409	794
26900	Indianapolis, IN	1,176	829	347
27260	Jacksonville, FL	1,171	921	250
41180	St. Louis, MO-IL	1,109	876	233
41860	San Francisco-Oakland-Fremont, CA	1,091	556	535
32580	McAllen-Edinburg-Mission, TX	1,052	730	322
40060	Richmond, VA	1,007	658	349
16700	Charleston-North Charleston, SC	985	742	243
36420	Oklahoma City, OK	981	912	69
41940	San Jose-Sunnyvale-Santa Clara, CA	852	221	631
36540	Omaha-Council Bluffs, NE-IA	837	454	383
17900	Columbia, SC	793	632	161
41620	Salt Lake City, UT	754	489	265
48900	Wilmington, NC	744	405	339
17820	Colorado Springs, CO	741	426	315
31140	Louisville, KY-IN	741	536	205
26620	Huntsville, AL	719	443	276
28140	Kansas City, MO-KS	717	608	109
19820	Detroit-Warren-Livonia, MI	714	635	79
24660	Greensboro-High Point, NC	714	299	415
46140	Tulsa, OK	712	580	132
38300	Pittsburgh, PA	708	654	54

*Multifamily is two or more units in structure. **As per new Office of Management and Budget metropolitan area definitions.
Source: Census Bureau, Department of Commerce