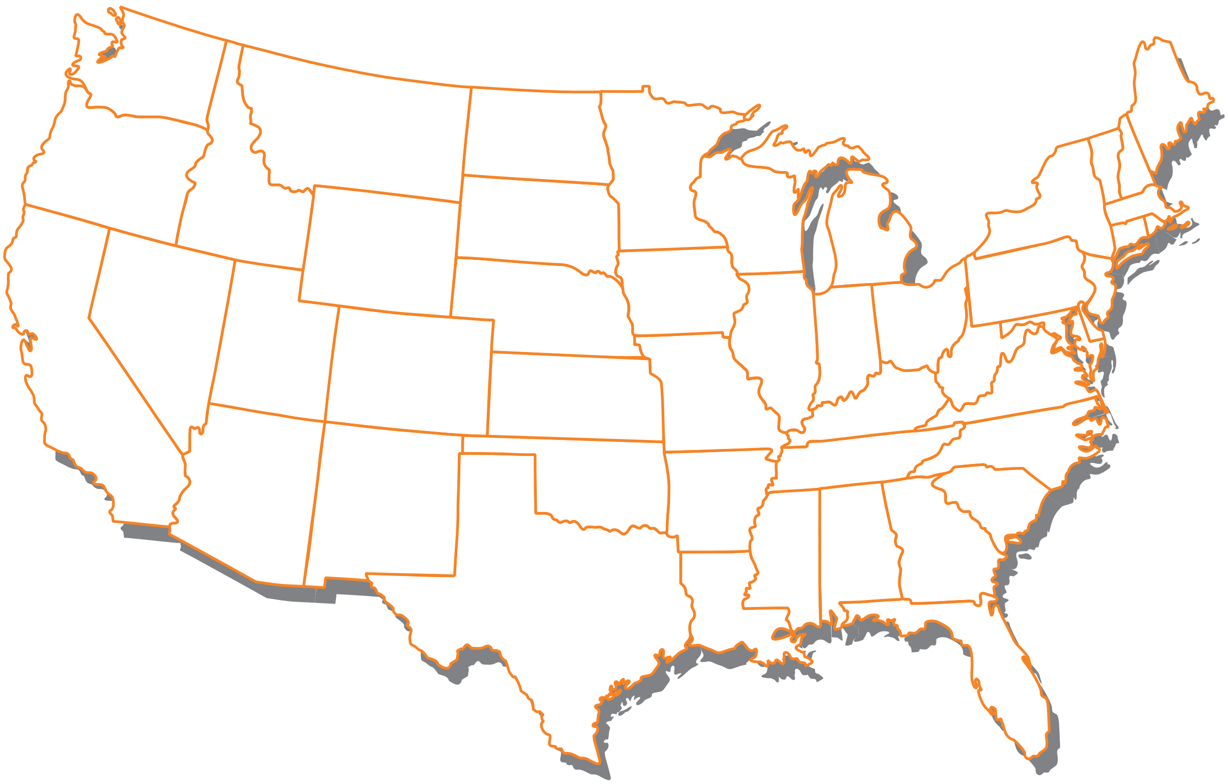
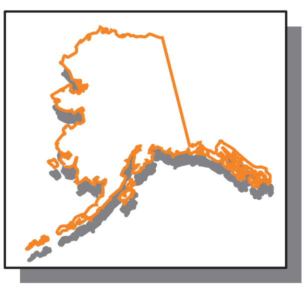
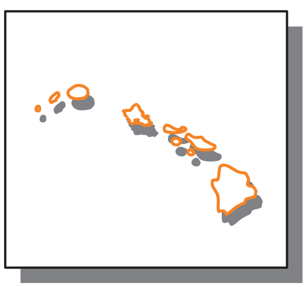
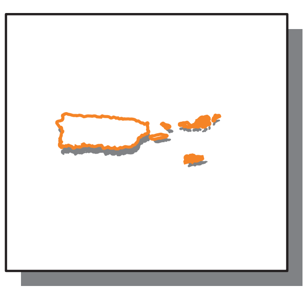
Regional Activity





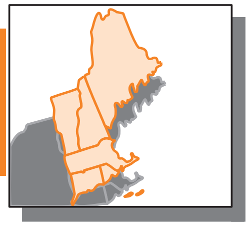




The following summaries of housing market conditions and activities have been prepared by economists in the U.S. Department of Housing and Urban Development's (HUD's) field offices. The reports provide overviews of economic and housing market trends within each region of HUD management. Also included 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*

Although nonfarm employment increased in the New England region in each of the 3 months of the second quarter of 2009, the average employment level for the 12 months ending June 2009 was 6.9 million jobs, down 138,200 or 2.0 percent, compared with the level recorded for the 12 months ending June 2008. The loss posted during the past year represents 84 percent of the 165,000 jobs added during the past 3 years. In the most recent 12-month period, all states in the region posted net job losses. The goods-producing sectors and service-providing sectors lost 68,300 and 69,900 jobs, or 6.8 and 1.2 percent, respectively. During the previous 12-month period, the goods-producing sectors lost only 19,800 jobs and the service-providing sectors gained 66,500 jobs.

During the 12 months ending June 2009, Massachusetts and Connecticut accounted for approximately 63 percent of the job losses in the goods-producing sectors in the region. Massachusetts and Connecticut together lost 23,000 construction jobs and 19,400 manufacturing jobs. Construction employment is down as a result of the decline in new home construction activity. Vermont and Rhode Island lost 4,800 and 6,300 goods-producing jobs, respectively, representing declines of 9.2 and 8.9 percent. The 50,000 service-providing jobs lost in Massachusetts and Connecticut accounted for 71 percent of the regional job losses in these sectors. Massachusetts lost 15,600 jobs in the professional and business services sector and 13,800 jobs in the trade sector. Connecticut also had significant losses in these sectors, losing 9,700 jobs in the professional and business services sector and 8,600 jobs in the trade sector. Rhode Island lost 10,400 jobs in the service-providing sectors, a decline of 2.5 percent, primarily in the trade and the professional and business services sectors. Only New Hampshire had positive growth in service-providing sector employment, supported primarily by increases of 2,800 jobs in the education and health services sector and 1,400 jobs in the government sector. During the 12 months ending June 2009, education and health services was the only employment sector in the region to record positive growth, adding 25,900 jobs.

The unemployment rate in the region averaged 7.0 percent for the 12 months ending June 2009, up from 4.6 percent for the 12 months ending June 2008. The unemployment rate ranged from 5.1 percent in New Hampshire to 10.1 percent in Rhode Island.

The increasing pace of job losses in the New England region combined with significant numbers of foreclosures and stricter lending standards have resulted in generally decreasing levels of home sales and declining median home sales prices. According to the Massachusetts Association of REALTORS® (MAR), during the 12 months ending June 2009, home sales in the state totaled 34,625, an 8-percent decline compared with the 37,625 homes sold during the 12 months ending June 2008, and the median sales price declined by 12 percent to $292,825 relative to the previous 12 months. The Rhode Island Association of REALTORS® (RIAR) reported that, during the 12 months ending June 2009, the number of homes sold in the state was virtually unchanged, at 6,750, compared with the number sold during the previous 12 months but was down 17 percent from the total number of sales posted during the 12 months ending June 2007. The median sales price was $203,800, down 22 percent from the median price posted for the 12-month period ending June 2008. RIAR estimates that 37 percent of single-family sales recorded during the second quarter of 2009 were distressed sales. The Maine Real Estate Information System, Inc. reported that, during the 12 months ending June 2009, home sales in the state were down 15 percent to 9,150 homes and the median price was down 10 percent to $169,875 compared with the sales volume and median price recorded during the previous 12 months. MAR reported that, during the 12 months ending June 2009, the number of homes sold in the Greater Boston metropolitan market area totaled 7,950, down 11 percent from the number sold during the previous 12 months, and the median price declined 9 percent to $419,875. The Greater Hartford Association of REALTORS®, Inc., reported that, during the most recent 12-month period, 7,325 homes were sold in the Greater Hartford market area, a 19-percent decline compared with the number sold during the previous 12-month period, and the median price declined by 8 percent to $234,650.

According to the Federal Housing Finance Agency, as of May 2009, home prices in the region decreased only 4 percent from prices recorded in May 2008, ranking New England fourth of the nine Census regions in terms of home price depreciation rate. In comparison, the rate of decline for the nation was 5.6 percent for the 12 months ending May 2009. The S&P/Case-Schiller® Home Price Index for May 2009 indicates that the Boston metropolitan area, where home prices increased for the third consecutive month, ranked fourth in the

*For an explanation of HUD's regions, please turn to page 45 at the end of the Regional Reports section.

nation for the lowest 1-year rate of depreciation, down only 7.2 percent as of May 2009. In comparison, during the same period, the composite index of 20 metropolitan areas was down more than 17 percent.

As home sales continue to decline, single-family home construction activity, as measured by the number of building permits issued, continued to decline in all states in the region. During the 12 months ending June 2009, only 12,475 homes were permitted, down 40 percent from the number permitted during the previous 12 months. Massachusetts posted the largest decline in single-family home construction activity with 4,350 homes permitted, down 2,700, or 37 percent, from the number permitted during the previous 12 months. The largest percentage decline in the number of single-family homes permitted occurred in Connecticut, where only 2,300 homes were permitted, representing a 48-percent decline compared with the number permitted during the 12 months ending June 2008. In Maine and New Hampshire, the number of single-family homes permitted totaled 2,500 and 1,675, down 37 and 46 percent, respectively, compared with the number permitted during the 12-month period ending June 2008.

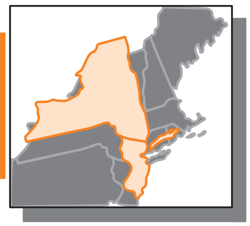
Condominium markets in New England are still soft, with generally fewer sales and declining median prices. According to MAR, during the 12 months ending June 2009, condominium sales in Massachusetts totaled 14,050 units, down 16 percent from the number sold during the previous 12 months, and the median sales price was down 8 percent to $256,800. In the Greater Boston metropolitan area, condominium sales were down 13 percent to 7,500 units; however, the median price was down only 6 percent to $334,625. In Rhode Island, RIAR reported that condominium sales in the state totaled 1,050 units, down 30 percent compared with the number sold during the 12 months ending June 2008, and the median sales price was down 12 percent to $196,350. RIAR estimates that about 27 percent of condominium units sold during the second quarter of 2009 were distressed sales.

As the economic conditions in the New England region have weakened, plans for additional multifamily developments continue to be postponed. During the 12 months ending June 2009, multifamily construction activity, as measured by the number of units permitted, totaled 5,600 units, down 44 percent from the 10,000 units permitted during the same period a year earlier. Massachusetts had the largest decrease, down 3,025 units, or 55 percent, to only 2,500 units permitted. The number of units permitted in other states during the 12 months ending June 2009 ranged from 1,650 in Connecticut, down 25 percent, to only 275 in Maine, down 67 percent, compared with the number permitted during the previous 12-month period.

In most larger rental housing markets in the New England region, rental vacancy rates have increased and rents have either declined or remained flat. The smaller markets generally have had limited new units added to the rental inventory, but an increase in rental demand in these markets has resulted in lower rental vacancy rates and moderate rent increases. According to Reis, Inc., in the Boston metropolitan area, during the second quarter of 2009, the rental vacancy rate was 6.5 percent, up from 6.1 percent during the same quarter a year earlier. In Fairfield County, Connecticut, job losses associated with the financial activities sector in New York City have resulted in a higher rental vacancy rate of 5.5 percent in the county, up from 5.2 percent during the second quarter of 2008. In Providence, the rental vacancy rate has increased from 7.7 to 8.9 percent, due primarily to the addition of unsold and investor-owned condominium units to the inventory of available units for rent. In Connecticut, the rental vacancy rate in Hartford has increased from 4.3 percent in the second quarter of 2008 to 5.5 percent in the second quarter of 2009; however, New Haven's rental vacancy rate declined from 3.9 percent a year ago to a current rate of 3.2 percent with no change in the inventory. Worcester and Springfield in central and western Massachusetts, respectively, both have rental vacancy rates of 4.2 percent, which have decreased from higher rates recorded during the second quarter of 2008. During the past year, the Manchester-Nashua market has tightened, with the rental vacancy rate decreasing from 4.7 to 4.4 percent, and the rental vacancy rate in Portland has declined from 5.1 to 4.2 percent. Both of these areas have had very few completions during the past couple of years.

Rents in the larger rental housing markets have generally remained flat or have declined during the 12 months ending June 2009. Average rents declined by nearly 1.5 percent in Fairfield County but remained relatively stable in the Boston metropolitan area. In New Haven, the average rent declined by less than 1 percent and in Hartford, the average rent remained flat during the past year. In the group of smaller markets, Manchester-Nashua had rent increases of more than 2 percent while both Springfield and Worcester had increases of nearly 2 percent.

NEW YORK/ NEW JERSEY



HUD Region II

Widespread job losses occurred in the New York/New Jersey region as total nonfarm employment declined by almost 160,000 jobs, or 1.2 percent, to 12.7 million jobs during the 12-month period ending June 2009 compared with the number of jobs recorded during the same period a year ago. These job losses are in contrast with the increase of 112,800 jobs in the region, approximately a 1-percent gain, during the 12 months ending June 2008. During the current 12-month period, total nonfarm employment in New York decreased by 71,100 jobs, down 0.8 percent, to 8.7 million jobs. In New Jersey, 88,800 jobs were lost as nonfarm employment decreased 2.2 percent to 4.0 million jobs.

Despite significant losses throughout the region, job growth occurred in the education and health services and the government sectors in both states. During the 12 months ending June 2009, total employment in the education and health services sector increased by 43,800 jobs, or 2 percent, to 2.2 million jobs, and the government sector gained 8,600 jobs, up nearly 0.5 percent, to 2.2 million jobs. These gains were offset by a 6-percent decline in manufacturing employment and a 4-percent decrease in the financial activities sector, which lost 50,600 and 35,200 jobs, respectively.

Declines in economic conditions in New York City adversely affected employment levels in the region. During the 12-month period ending June 2009, total nonfarm employment in the city decreased by 28,800 jobs, or nearly 1 percent, to 3.7 million jobs compared with the number of jobs during the same period a year earlier. The financial activities; trade, transportation, and utilities; and manufacturing sectors lost 17,400, 11,400, and 10,000 jobs, respectively, representing declines of 3.7, 2.0, and 10.2 percent. During this same period, employment in the education and health services, other services, and leisure and hospitality sectors each increased between 1 and 2 percent, gaining 15,900, 3,500, and 1,950 jobs, respectively. According to the Federal Reserve Board's Beige Book, tourism in the city remains weak. In June 2009, hotel revenues were reported to be approximately 35 to 40 percent lower than those recorded in June 2008.

The average unemployment rate in the region increased from 4.7 to 7.0 percent during the 12-month period ending June 2009. In New York State, the unemployment rate increased from 4.8 to 7.0 percent and, in New Jersey, it increased from 4.6 to 7.1 percent. Employment losses in New York City contributed to the city's unemployment rate increasing from 4.9 to 7.3 percent.

The continuing effects of the national recession, restrictive credit conditions, and an increase in unsold housing inventory all affected home sales in the region. Currently, sales housing market conditions are soft. In New York State (excluding parts of New York City), during the 12-month period ending June 2009, the New York State Association of REALTORS® reported a 15-percent decline in single-family home sales to 72,260 homes compared with the number sold during the same period a year ago. In the Albany-Schenectady-Troy metropolitan area, during the 12-month period ending in June 2009, according to the Greater Capital Association of REALTORS®, existing home sales declined 16 percent to 7,530 homes compared with the number sold during the previous 12-month period. Similarly, in the Buffalo-Niagara Falls metropolitan area, the Buffalo Niagara Association of REALTORS® reported that existing single-family and condominium sales decreased approximately 9 percent to 9,860 homes. In the Rochester metropolitan area, during the second quarter of 2009, the Greater Rochester Association of REALTORS® (GRAR) reported a 14-percent decline in sales to 2,450 homes compared with the number sold during the same quarter a year earlier. In much of the region, median home sales prices continued to decline, but the rate of decline moderated. In New York State, the median price of an existing home decreased approximately 8 percent to $205,500 during the 12 months ending June 2009 compared with the median price reported during the same period a year ago. In the Albany-Schenectady-Troy metropolitan area, the median price declined 3 percent to $188,200. Conversely, the median price of an existing home in the Buffalo-Niagara Falls metropolitan area increased 2 percent, from $105,100 to $107,500. In the Rochester area, GRAR reported the median price of an existing home remained stable at approximately $118,000 during the second quarter of 2009 compared with the median price recorded during the same quarter a year earlier.

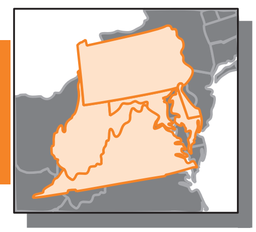
The weak New York City economy continued to affect the Manhattan condominium/co-op housing market, which is soft. According to Prudential Douglas Elliman, home sales in Manhattan have been declining since the fourth quarter of 2008. During the second quarter of 2009, existing condominium/co-op sales in Manhattan decreased approximately 50 percent, from 3,080 to 1,530 units, compared with the same quarter a year ago. Listing inventory increased 9 percent, to 9,380 units, and the amount of time units remain on the market increased 20 percent, from 135 to 162 days. During the second quarter of 2009, the median price of an existing condominium/co-op in Manhattan decreased 18 percent to $835,700 compared with the median price recorded during the same quarter a year earlier, and the median price of a newly constructed condominium/co-op unit declined by 7 percent to $1,069,200 compared with the median price recorded a year ago.

Sales housing market conditions in New Jersey also weakened. According to the New Jersey Association of REALTORS®, during the first quarter of 2009 (the latest information available), the number of single-family homes sold in the state decreased by 5,000 to 18,300, a 21-percent decline compared with the number of homes sold during the same quarter a year earlier. In Northern New Jersey, the highest priced and most active region in the state, existing home sales declined 24 percent to 8,800 homes. Sales declined 20 percent to 4,340 homes in Central New Jersey and 20 percent to 5,150 homes in Southern New Jersey. During the first quarter of 2009, the median price of an existing home in New Jersey declined 15 percent to $299,800 compared with the median price recorded during the same quarter a year earlier. In Northern New Jersey, the median price of an existing home decreased 16 percent to $353,300. The median price of existing homes in both Central and Southern New Jersey declined nearly 12 percent to $308,500 and $205,700, respectively.

Residential construction in the New York/New Jersey region has declined significantly, primarily due to extensive cutbacks in multifamily housing construction. During the 12-month period ending June 2009, single-family construction activity, as measured by the number of homes permitted, decreased 29 percent to 17,930 homes permitted compared with the number permitted during the same period of 2008. This reduction included a 27-percent decline in the number of single-family homes permitted in New York State to 10,600 homes and a 32-percent decrease to 7,330 homes permitted in New Jersey. The number of multifamily housing units permitted in the region declined by almost 74 percent to 16,580 units. The number of multifamily units permitted decreased 75 percent to 12,470 units in New York and 68 percent to 4,110 units in New Jersey.

According to Reis, Inc., data, apartment vacancy rates in many New York and New Jersey metropolitan areas, including the tight New York City housing market, increased during the second quarter of 2009, primarily due to the economic recession and the slower rate of household formation. In many areas, rent concessions are being offered to maintain occupancy levels. The apartment vacancy rate in New York City increased to 2.9 percent during the second quarter of 2009, up from 2.3 percent in the second quarter of 2008. During this period, apartment vacancy rates increased from 3.1 to 3.8 percent in Central New Jersey and from 3.6 to 4.8 percent in Northern New Jersey. Average monthly apartment asking rents decreased in New York City and Long Island but increased nominally in certain Upstate New York areas. During the second quarter of 2009, the average monthly asking rent declined by almost 5 percent to $2,771 in New York City and by 2 percent to $1,512 in Long Island. Monthly apartment asking rents decreased less than 1 percent in both Central and Northern New Jersey to $1,152 and $1,497, respectively. Despite the volatility in Downstate New York markets, Upstate New York rental housing market areas remained balanced, allowing for modest rent increases. Apartment vacancy rates increased from 4.5 to 5.7 percent in the Buffalo metropolitan area and from 3.7 to 3.9 percent in the Syracuse metropolitan area. During the second quarter of 2009, average monthly apartment asking rents remained stable at $722 in the Buffalo area, increased by less than 1 percent to $748 in the Rochester area, and increased by almost 2 percent to $685 in the Syracuse area compared with rents recorded during the same quarter last year.

Mid-Atlantic



HUD Region III

The Mid-Atlantic region experienced significant employment losses during the 12 months ending June 2009. Average nonfarm employment declined by 192,300 jobs, or 1.4 percent, compared with the gain of 79,400 jobs, or 0.6 percent, recorded during the 12-month period ending June 2008. Current 12-month average employment in the region totals 13.9 million jobs. During the 12 months ending June 2009, only two employment sectors reported growth: the education and health services sector grew by 55,700 jobs, or 2.6 percent, down slightly from the gain of 58,300 jobs reported during the previous 12-month period, and the government sector added 29,500 jobs, an increase of 1.3 percent, compared with the addition of 19,200 jobs during the same period a year ago. The employment gains were more than offset by job losses in the manufacturing, construction, and trade sectors of 71,200, 62,400, and 60,100 jobs, respectively.

All states in the region reported job losses during the 12 months ending June 2009, but the District of Columbia reported an increase in employment, up 8,500 jobs from the number recorded during the same period a year ago. The largest decline in employment occurred in Pennsylvania, which lost 81,000 jobs. Virginia and Maryland lost 56,450 and 41,650 jobs, respectively. The unemployment rate in the Mid-Atlantic region rose from 4.1 percent during the 12 months ending June 2008 to 6.3 percent during the 12 months ending June 2009. Rates among the states in the region ranged from 5.6 percent in Virginia to 6.9 percent in Pennsylvania. The unemployment rate in the District of Columbia was the highest, at 8.9 percent.

Sales housing markets are soft throughout most of the region. The pace of existing home sales continued to decline, a continuation of the trend that began in 2006, despite steady decreases in home prices. According to the Maryland Association of REALTORS®, during the 12 months ending June 2009, nearly 43,150 existing homes were sold in Maryland, a 13-percent decrease compared with the 49,400 homes sold during the 12 months ending June 2008. During the past 12 months, the average home sales price was $317,100, down 10 percent from the $351,850 average price reported during the same period a year ago and continuing a price decline that began in early 2008. During the 12 months ending June 2009, the average monthly inventory of homes for sale was relatively stable; the inventory decreased to approximately 46,700 homes, 3 percent lower than the average monthly inventory recorded during the same period in 2008. The inventory represents 13 months of supply if the pace of home sales continues at the current rate. During the 12-month period ending June 2009, 19,950 homes were sold in the Baltimore metropolitan area at an average price of $292,000, reflecting an 18-percent decrease in the number of sales and a 7-percent decrease in the price, respectively, compared with the sales volume and average price recorded during the 12-month period ending June 2008.

In Virginia, despite continued declines in home prices since mid-2008, the sales housing market strengthened as sales increased in the northern portion of the state. The Virginia Association of REALTORS® reported that, during the 12 months ending June 2009, the number of existing home sales increased by 13 percent in Northern Virginia to 23,200 homes while average home prices declined by nearly 17 percent, to $415,300. During the past year, homes for sale remained on the market an average of 91 days, down from 98 days during the previous year. During the 12-month period ending June 2009, the number of homes sold in the Richmond metropolitan area declined by 11 percent to 9,725, and the average home price declined by 10 percent to $249,400.

The volume of existing home sales decreased in Pennsylvania, West Virginia, Delaware, and Washington, D.C., in the first quarter of 2009 (the most recent data available). According to the NATIONAL ASSOCIATION OF REALTORS®, during the first quarter of 2009, homes were sold at an annual rate of 143,600 in Pennsylvania, a decline of 19 percent compared with the first quarter of 2008. In West Virginia, the annual rate of home sales decreased 23 percent to 22,800 homes compared with the same period a year earlier. During the first quarter of 2009, Delaware and Washington, D.C., recorded declines in the annual rate of home sales of 10 and nearly 16 percent to 10,800, and 6,400 homes, respectively.

In response to falling existing home prices and a lower volume of home sales throughout most of the Mid-Atlantic region, builders have reduced new home construction activity, as measured by the number of building permits issued. During the 12 months ending June 2009, new single-family home construction declined by one-third, to 43,050 homes permitted compared with the nearly 64,900 homes permitted during the previous 12-month period. The largest numerical decline occurred in Pennsylvania, where nearly 14,600 homes were permitted, 38 percent fewer than the number of homes permitted during the 12 months ending June 2008. During the 12-month period ending June 2009, production decreased by 30 percent in Virginia and by 33 percent in Maryland, where 16,700 and 7,550 homes, respectively, were permitted. In Delaware, production declined by 24 percent to 2,400 homes. In West Virginia, approximately 1,700 new homes were permitted, down more than 43 percent from the 3,000 homes permitted during the previous 12 months. In the District of Columbia, 120 new homes were permitted, less than one-half the 250 homes permitted during the 12 months ending June 2008. During the past year, all major metropolitan areas in the region reported a decline in new home construction. The number of building permits issued for single-family homes decreased by 19 percent to 8,750 homes in the Washington, D.C. metropolitan area; by 37 percent to 5,125 homes in the Philadelphia metropolitan area; and by 35 percent to 2,775 homes in the Baltimore metropolitan area.

Multifamily building activity, as measured by the number of units permitted, also declined in all states in the Mid-Atlantic region during the 12 months ending June 2009. During the period, approximately 11,850 units were permitted in the region, a decline of 41 percent compared with the number permitted during the same period a year ago. In Virginia, 5,100 units were permitted, a decrease of 34 percent from the number permitted during the 12 months ending June 2008. In both Pennsylvania and Maryland, the number decreased to 2,800 units, amounting to declines of 47 and 37 percent, respectively. During the 12-month period ending June 2009, West Virginia permitted only 380 multifamily units, down from 750 units permitted during the 12 months ending June 2008. In Delaware, the number of multifamily units permitted declined from 800 to 420. Multifamily building activity declined in each of the largest metropolitan areas in the region. During the most recent 12-month period, the Washington, D.C. metropolitan area reported 3,510 units permitted, approximately 3,170 fewer than the number permitted during the 12 months ending June 2008. In Philadelphia, the number of multifamily units permitted decreased by 57 percent to 1,710 units. In the Baltimore metropolitan area, approximately 1,190 units were permitted, representing a 7-percent decrease compared with the number of units permitted during the 12-month period ending June 2008. In the Washington, D.C. metropolitan area, both the number of condominium units and apartment units under construction and likely to be completed within

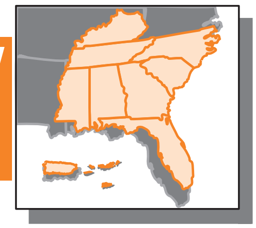
3 years are down 38 percent compared with a year ago; 700 planned condominium units were changed to apartments in June 2009, compared with 2,675 units in June 2008. In the Philadelphia and Baltimore metropolitan areas, the number of condominium units under construction and likely to be completed within 3 years is down by 43 and 38 percent, respectively.

Conditions in the Baltimore metropolitan area rental housing market remained soft, while the rental markets in the Washington, D.C. and Philadelphia metropolitan areas showed signs of softening. According to Delta Associates, during the 12 months ending June 2009, the vacancy rate for Class A apartments in the Baltimore metropolitan area remained unchanged at approximately 9 percent compared with the rate recorded during the same period a year ago. The pipeline of new units expected to be available during the next 3 years has increased by 10 percent to 6,300 units; approximately one-third of the new units are expected to be located in the city of Baltimore. Apartment rents in the metropolitan area average $1,434, up from $1,375 a year ago.

In the Washington, D.C. metropolitan area, the Class A garden apartment market remained balanced but has softened a bit. According to Delta Associates, in June 2009 the vacancy rate was 7.4 percent, up from 6.8 percent in June 2008. The highrise market tightened but remained soft with a vacancy rate of 8.8 percent, down from more than 13 percent in June 2008. Approximately 5,940 new units are being marketed in the metropolitan area. In June 2009, the average rent for a Class A garden apartment was $1,370, down less than 2 percent from $1,391 in June 2008, and the average rent for a Class A highrise apartment was $2,056, down less than 1 percent from the average rent of $2,071 reported during the same period a year ago.

The rental apartment market softened in the Philadelphia metropolitan area during the 12 months ending June 2009. According to Delta Associates, the apartment vacancy rate increased to 11.7 percent from 10.2 percent in June 2008. The number of new units expected to come on line during the next 3 years declined to 3,650 from 5,825 a year ago; approximately 20 percent of the new units will be located in Center City Philadelphia, up from 12 percent a year ago. Apartment rents averaged $1,499 in the metropolitan area as a whole and $1,968 in Center City Philadelphia. Rent concessions have risen to more than 7 percent of rent in the metropolitan area compared with 2 percent a year ago.

Southeast/ Caribbean



HUD Region IV

The decline in the economy of the Southeast/Caribbean region that began in 2008 continued in the second quarter of 2009. During the 12-month period ending June 2009, nonfarm employment in the region decreased by 920,300 jobs, or 3.4 percent, to approximately 26.1 million jobs compared with the number of jobs recorded during the previous 12-month period. In comparison, employment levels had remained virtually unchanged during the 12 months ending June 2008. In the past 12 months, employment decreased in each major sector except the education and health services and the government sectors, which recorded increases of 59,000 and 34,200 jobs, or 1.8 and 0.8 percent, respectively. The largest employment declines occurred in the manufacturing, construction, and trade sectors, with decreases of 238,200, 196,700, and 164,300 jobs, or 8.6, 14, and 3.7 percent, respectively. During the past 12 months, total employment fell in each of the eight states in the region and Puerto Rico. Decreases of 354,300, 138,200, and 124,100 jobs in Florida, Georgia, and North Carolina, respectively, accounted for approximately two-thirds of job losses in the region. During the past 12 months, the unemployment rate in the region averaged 8.7 percent, a 3.3-percentage-point increase from the average rate of 5.4 percent recorded during the preceding 12 months. During the 12 months ending June 2009, the unemployment rate increased in every state in the region, ranging from a low of 7.4 percent in Alabama to a high of 13.4 percent in Puerto Rico.

Most local housing markets in the region are soft because the slowing economy has produced declines in both the number of home sales and home prices during the past year. In Florida, however, the sales rebound that began in the first quarter of 2009 gained momentum. According to the Florida Association of REALTORS®, during the 12 months ending June 2009, 138,000 existing single-family homes were sold statewide, an increase of 16 percent compared with the number sold during the same period a year ago. The number of condominium units sold in the state also increased by 16 percent, to 42,900 units. A continuing reduction in sales prices for both single-family homes and condominium units contributed to the rise in sales. The median price of a single-family home sold in Florida declined from $202,100 during the first six months of 2008 to $142,300 during the first six months of 2009, or by 30 percent. During the same period, the median price of a condominium unit sold in the state decreased by 38 percent to $110,700.

According to the Alabama Center for Real Estate, during the 12 months ending June 2009, approximately 38,450 homes were sold, a 24-percent decline compared with the 50,500 homes sold in the state during the same period a year ago. During the 12 months ending June 2009, the average inventory of unsold homes decreased by almost 5 percent to 41,600 homes, representing approximately a 13-month supply based on the number of homes sold during this same 12-month period. The number of days homes remained on the market during this period increased by 16 to 144, and the average sales price declined by almost 5 percent to $150,150.

Data from South Carolina REALTORS® indicate that, for the 12 months ending June 2009, the number of homes sold in the 15 reported areas of the state fell from 54,250 to 40,700 homes, a 25-percent drop. Sales in each of the reported areas fell by at least 10 percent. The largest decline occurred in the Piedmont region, just outside Charlotte and across the South Carolina border, where home sales decreased 33 percent, from 3,425 to 2,275 homes. In the first 6 months of 2009, the median price of a home sold in the state was $135,000, down 8 percent from the median price in the first 6 months of 2008. The median price declined in 13 out of 15 areas reported.

According to data from the North Carolina Association of REALTORS®, Inc., during the 12 months ending June 2009, the number of existing homes sold in the state declined by 31,800, or 29 percent, to 78,250 homes and the average price of a home sold decreased by almost 7 percent to $206,900. The number of homes sold decreased in 19 of 20 areas for which 24 months of data are available. Only Brunswick, which recorded significant declines in existing home sales from 2005 to 2007, had an increase in sales of 20 percent to 1,800 homes during the past 12 months. During the period, the number of existing homes sold declined by 33 percent in Charlotte to 22,150 and by 27 percent in Greensboro to 10,750. In Raleigh, the number of new and existing homes sold fell 35 percent to 18,900. Average home prices declined by 8 percent in Charlotte to $209,100, by 7 percent in Greensboro to $163,700, and by 3 percent in Raleigh to $234,600.

In Tennessee, sales of single-family homes and condominium units decreased in the Knoxville, Memphis, and Nashville metropolitan areas during the 12 months ending June 2009. In Knoxville, single-family home sales decreased by 26 percent to 9,125 homes; in Memphis, the decrease was 16 percent to 11,250 homes; and in Nashville, the decrease was 26 percent to 17,100 homes. The number of condominium units sold in the three areas decreased by 44 percent to 1,000 units, 28 percent to 430 units, and 42 percent to 2,475 units, respectively. During the past year, the average price of a single-family home decreased by 4 percent to $179,100 in Knoxville and by 16 percent to $135,200 in Memphis. The average price of a condominium unit decreased by 6 percent to $165,600 in Knoxville and by 9 percent to $139,200 in Memphis. In Nashville, the median price of a single-family home sold in June 2009 decreased by 3 percent to $177,700 and the median price of a condominium unit sold decreased by 18 percent to $152,900, compared with median prices recorded in June 2008.

In Kentucky, according to the Greater Louisville Association of REALTORS®, during the 12 months ending June 2009, 2,900 single-family homes and condominium units were sold in the Louisville metropolitan area, down 14 percent compared with the number sold during the previous 12-month period. During the past year, the median price was $135,000, 1 percent below the median price recorded during the previous 12 months. The Lexington-Bluegrass Association of REALTORS® reported about 2,150 homes and condominium units were sold in Lexington during the second quarter of 2009, 16 percent fewer than the number sold during the second quarter of 2008. In the second quarter of 2009, the median price was $140,000, 1 percent below the median price recorded in the second quarter of 2008.

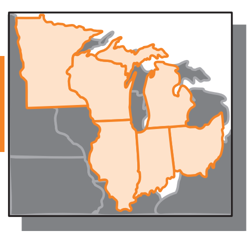
Single-family homebuilding in the region, as measured by the number of building permits issued, declined rapidly during the past 12 months as builders continued to curtail production in response to slower home sales and large inventories of unsold new and existing homes in most markets. During the 12 months ending June 2009, 117,100 homes were permitted in the region, a decrease of 100,300 homes, or 46 percent, when compared with the number permitted during the 12-month period ending June 2008. Single-family home production declined in all states in the region. During the past 12 months, North Carolina replaced Florida as the state with the largest drop in the number of homes permitted in the region, with a decrease of 24,300 homes, or 46 percent. The decrease in Florida totaled 23,100 homes, or 44 percent. The largest percentage decrease in the number of homes permitted occurred in Georgia, which recorded a 57-percent decline, primarily due to a 68-percent drop in the Atlanta metropolitan area.

Apartment market conditions softened in most areas of the region during the second quarter of 2009 as a result of the current national recession and increased competition from unsold single-family homes and condominiums made available for rent. Balanced apartment markets remained in a few areas in the Southeast/Caribbean region, but most had soft market conditions. According to Reis, Inc., during the second quarter of 2009, Miami, Louisville, and Fort Lauderdale recorded vacancy rates of 5.8, 6.6, and 7.7 percent, respectively, indicating relatively balanced markets. Eight of the 19 markets Reis, Inc., surveyed in the region recorded vacancy rates above 10 percent. In South Carolina, vacancy rates increased to 13 percent in both Columbia and Charleston. The vacancy rate in Greenville was 11.7 percent, an increase of 4.2 percentage points compared with the rate recorded during the second quarter of 2008 and the largest increase of any of the regional markets surveyed. The vacancy rates in the Charlotte and Greensboro-Winston Salem markets in North Carolina increased to 10.1 and 12.1 percent, respectively, while the vacancy rate in Memphis increased to 11.9 percent. In Atlanta, the apartment vacancy rate increased to 11.2 percent, a 2.4-percentage point increase during the past year. Of the 5 Florida markets surveyed, only Jacksonville, with a current rate of 13.1 percent, recorded a vacancy rate above 10 percent. During the past year, softer market conditions dampened rent growth throughout the region, with changes in average rent ranging from a decrease of 2.7 percent in Miami to an increase of 1.7 percent in Birmingham. Average rent increased in 10 of the markets surveyed, although increases in 5 of those markets were at or below 0.5 percent.

Multifamily construction in the region, as measured by the number of units permitted, declined by 26,900 units, or 36 percent, to 48,700 units during the 12 months ending June 2009. All states in the region reported fewer multifamily units permitted during the past year. In Florida, the number of multifamily units permitted decreased by 12,000 units, or 45 percent, as apartment and condominium builders continued to reduce production in response to soft sales and rental housing markets. During the past 12 months, the smallest decline in multifamily building activity occurred in Kentucky, where 490 fewer units were permitted, a 16-percent reduction compared with the number permitted during the previous 12 months. In Lexington, most of the 950 multifamily units permitted during the 12 months ending June 2009 were privately owned apartments for student occupancy; the number of units permitted in Lexington during the period reflect a 25-percent increase compared with the number permitted during the previous 12 months.

Midwest

HUD Region V



Employment levels continued to decline in the Midwest region during the second quarter of 2009, marking the fifth consecutive quarter of job losses. During the 12 months ending June 2009, nonfarm employment decreased by more than 757,000 jobs, or 3 percent, to an average of 23.5 million jobs compared with the number of jobs recorded during the previous 12-month period. Employment gains were recorded in the education and health services and the government sectors, which increased by 79,400 and 7,300 jobs, or 2.3 and 0.2 percent, respectively. Employment in all other sectors declined. The largest job losses occurred in the manufacturing sector, which declined by 309,700 jobs, or 9 percent, and in the construction sector, which declined by 109,300 jobs, or 11 percent. Nearly 35 percent of the manufacturing jobs lost were in the transportation equipment manufacturing industry. As Chrysler Group LLC and General Motors Corporation restructure, job dislocations in automotive-related employment are likely to continue. Other significant declines occurred in the professional and business services and the trade sectors, down 174,800 and 108,800 jobs, respectively.

Each of the six states in the Midwest region posted job losses during the second quarter of 2009; this is the third quarter in a row in which a state in the Midwest region has not recorded a net increase in jobs. The magnitude of employment decline ranged from 59,300 jobs lost in Minnesota to 215,500 jobs lost in Michigan, while Ohio and Illinois lost 168,800 and 153,800 jobs, respectively. In Michigan, during the 12 months ending June 2009, losses in the manufacturing sector totaled 81,900 jobs; 45,700 of the positions eliminated were in transportation equipment manufacturing. Indiana and Ohio also reported declines in transportation equipment manufacturing employment of 26,900 and 22,500 jobs, respectively. The unemployment rate in the region during the second quarter of 2009 rose from 5.7 to 8.6 percent. In each state, the rate rose, ranging from 6.8 percent in Wisconsin to 11.2 percent in Michigan.

The slowing national and regional economies, tighter lending standards, and increasing numbers of foreclosures all contributed to continued weakness in the existing home sales market in the region during the first half of 2009. Conditions have been weak for the past 3 years, beginning with the second quarter of 2006. According to the NATIONAL ASSOCIATION OF REALTORS®, in the first quarter of 2009 (the most recent data available), the annual rate of existing home sales in the region declined by 11 percent to 823,200 homes from the rate reported in the first quarter of 2008. Sales were down in all states in the region except Minnesota, which reported a 12-percent increase in sales to 109,200 homes.

Local and state REALTOR® organizations report that home sales continued to slow throughout the region. In Illinois, existing home sales declined 20 percent to 97,000 for the 12 months ending June 2009 compared with the number of sales recorded for the same period a year earlier, and the $167,900 median sales price recorded for June 2009 was 16 percent lower than the median sales price recorded in June 2008. In the Chicago metropolitan area, which accounted for a typical 64 percent of the state's existing home sales during the most recent 12-month period, sales declined 21 percent to 61,800 homes. In Ohio, according to data from the Ohio Association of REALTORS®, during the 12-month period ending June 2009, existing home sales declined 16 percent to 101,000 homes compared with the number of homes sold during the previous 12-month period and the average price declined 10 percent to $130,100.

In Wisconsin, during the 12 months ending June 2009, existing home sales in the Milwaukee metropolitan area declined by 14 percent compared with the number of homes sold during the 12 months ending June 2008. The average sales price declined as well, by 13 percent to $189,000. In Minnesota, the Minneapolis Area Association of REALTORS® reports that existing home sales increased 8 percent to 40,550 homes during the 12 months ending June 2009, but the average sales price decreased 18 percent to $213,500. In Indiana, the Metropolitan Indianapolis Board of REALTORS® data indicate existing home sales declined 12 percent to 23,950 homes during the 12-months ending June 2009, and the average price declined 8 percent to $137,100. In Michigan, according to the Michigan Association of REALTORS®, existing home sales rose 4 percent to 104,900 but the average price of an existing home fell approximately 27 percent to $104,500. Foreclosed properties and the weak economy exerted downward pressure on existing home prices.

In response to soft sales housing market conditions, single-family construction, as measured by the number of building permits issued, fell by 41 percent during the 12 months ending June 2009 to 53,700 homes permitted in the region. The number of single-family homes permitted was the lowest annual figure in the past 24 years and represented only 30 percent of the average annual of 176,100 homes permitted during the previous five 12-month periods ending in June. Single-family construction activity declined in all states in the region during the 12 months ending June 2009, with declines in Illinois and Ohio of 48 and 40 percent, respectively, accounting for nearly one-half the regional decline. In Minnesota, single-family construction activity declined 37 percent to 6,825 homes permitted, the lowest level recorded since 1970. In Michigan, Indiana, and Wisconsin, 6,775, 9,850, and 8,550 new single-family homes were permitted, respectively, the lowest levels for those states in at least 7 years.

Major metropolitan areas in the region reported similar reductions in the number of single-family homes permitted, including a decline of 31 percent each in Cincinnati, Cleveland, and Columbus. In Chicago, activity was down 54 percent to 5,750 single-family homes permitted. Other metropolitan areas that recorded declines include Indianapolis, Minneapolis, and Detroit, which reported 35, 34, and 58 percent fewer single-family homes permitted, respectively, or 3,675, 3,600, and approximately 1,375 homes.

Multifamily construction activity, as measured by the number of units permitted, also continued to decline in the Midwest region through the second quarter of 2009. During the 12 months ending June 2009, the number of multifamily units permitted was down 42 percent to 19,600 units and down 62 percent from the average of 50,950 units permitted annually between 2003 and 2008. Multifamily construction activity, down in all states in the region, ranged from a 22-percent decline in both Minnesota and Ohio to a 63-percent decline in Illinois. The Chicago metropolitan area accounted for the entire decline in multifamily construction activity in Illinois. During the 12 months ending June 2009, the number of multifamily units permitted in the Chicago metropolitan area totaled 3,800, down 69 percent compared with the number of units permitted during the previous 12-month period and down 77 percent compared with the average number of units permitted during each of the previous 3 years.

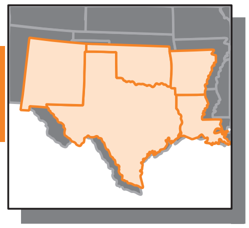
Similar declines in the number of multifamily units permitted were recorded in metropolitan areas throughout the region, with Minneapolis down 32 percent to 1,300 units during the 12 months ending June 2009 compared with the number of units permitted during the previous 12-month period and down 59 percent compared with the average number of units permitted during the previous 3 years. Reductions in the number of multifamily units permitted in the region ranged from 9 percent in Indianapolis to 56 percent in Cincinnati.

Rental apartment market conditions are generally balanced in major metropolitan areas of the Midwest region but are softer than they were a year ago. According to Reis, Inc., the vacancy rate in the Chicago metropolitan area increased from 5.2 percent in the second quarter of 2008 to 6.7 percent in the second quarter of 2009, but the average market rent remained unchanged at approximately $1,075. In the Chicago Loop submarket, according to Reis, Inc., the vacancy rate increased to 13 percent in the second quarter of 2009 compared with 7 percent in the same quarter a year earlier, and the market rent increased almost 3 percent, to $1,800. Factors influencing the softer Chicago Loop rental market include new rental supply; the continued conversion of condominiums to rental units, which numbered approximately 1,375 units listed for rent in the first quarter of 2009; and weaker employment.

In the Minneapolis-St. Paul metropolitan area, Reis, Inc., reports the vacancy rate was 4.4 percent in the second quarter of 2009, up slightly from 4.1 percent in the same quarter a year earlier, but the market rent remained stable at approximately $950. In Ohio, rental markets softened in Cincinnati, Cleveland, and Columbus in the second quarter of 2009, with vacancy rates rising to 7.2, 6.7, and 8 percent, respectively, compared with rates of 6.6, 5.1, and 7.4 percent, respectively, recorded during the second quarter of 2008. The market rent rose slightly in Cincinnati, to $710, but remained generally stable in Cleveland and Columbus, at $730 and $680, respectively. According to Reis, Inc., the rental vacancy rate in the Detroit metropolitan area increased from 6.4 to 7.5 percent in the second quarter of 2009, but the market rent remained stable at $830. In the Indianapolis metropolitan area, the vacancy rate increased from 7.5 to 8.2 percent, but the average market rent remained stable at $675.

Southwest

HUD Region VI



Economic conditions in the Southwest region were flat during the second quarter of 2009. During the 12 months ending June 2009, average nonfarm employment decreased by 5,000 jobs, virtually unchanged at 16.1 million jobs. In contrast, during the 12 months ending June 2008, nonfarm employment in the region grew by 2.5 percent, or 394,000 jobs. During the past year, gains in four employment sectors, totaling 156,000 jobs, were offset by losses in eight sectors, totaling 161,000 jobs. The education and health services sector recorded the largest growth among employment sectors in the region, adding 70,000 jobs, an increase of 3.5 percent, led by the gain in Texas of 52,000 jobs, or 4.1 percent. The government sector was up 54,000 jobs, or 1.9 percent, and all states in the region recorded increased employment in the sector. Employment in the leisure and hospitality sector increased by 18,000 jobs, or 1.2 percent, and the natural resources and mining sector added 14,000 jobs, a gain of 4 percent. Nearly every state recorded job gains in both of these sectors, but growth was concentrated in Texas, which added more than 11,000 jobs in each sector. During the past 12 months, softening housing and commercial markets have resulted in a decrease of 23,000 jobs, or 2.3 percent, in the construction sector, compared with a gain of 46,000 jobs, or 5 percent, during the previous 12 months. The manufacturing sector lost 66,000 jobs, or 4.5 percent; every state in the region recorded declining employment in the sector.

Despite overall job losses in the Southwest region, during the 12 months ending June 2009, employment remained relatively stable in Texas, where employers added only 9,000 jobs. During the same period, employers in Louisiana added 8,000 jobs, a 0.4-percent gain compared with the number of jobs in the state during the previous 12-month period. In Louisiana, job gains of more than 3 percent each in the construction and the education and health services sectors nearly offset losses of 11,000 jobs combined in the manufacturing and trade sectors. In Oklahoma, during the 12 months ending June 2009, employment also remained relatively stable, increasing by a net of only 2,000 jobs, led by the addition of 3,500 jobs in the leisure and hospitality sector and 5,300 jobs in the government sector, which offset losses in other sectors. During the same period, employment in New Mexico decreased by 9,700 jobs, or 1.1 percent; the decline was a continuation from the first quarter of 2009, which represented the first period of job loss recorded in the state during this decade. In Arkansas, employment declined by 14,800 jobs, mostly in the manufacturing, trade, and transportation and utilities sectors, which accounted for nearly 80 percent of the loss. For the 12 months ending June 2009, the region recorded a significant increase in the unemployment rate to 5.9 percent compared with 4.3 percent for the previous 12 months. In the region, average unemployment rates ranged from a low of 5.1 percent in Oklahoma to a high of 6.1 percent in both Arkansas and Texas; New Mexico and Louisiana recorded rates of 5.3 and 5.7 percent, respectively.

Sales housing markets in the Southwest region were soft during the second quarter of 2009 as slowing economic conditions led to declines in the number of homes sold and an increase in the inventory of unsold homes. During the same quarter, home sales continued to decline in Texas and are currently at their lowest levels since mid-2004, according to data from the Real Estate Center at Texas A&M University. During the 12 months ending June 2009, approximately 207,500 homes were sold in Texas, down 19 percent from the number sold during the previous 12 months and down 29 percent from the decade-high sales volume level recorded during 2007. During the past 12 months, the number of homes sold declined in all major Texas markets and the number of months of unsold inventory in the state increased approximately 12 percent, from 6.2 to 6.9. During the 12 months ending June 2009, the average home sales price in the state decreased 3 percent to $187,200, accelerating price declines that began in late 2008. In Dallas, which recorded the largest drop in average home price among major Texas markets, the average price fell 5 percent to $204,000 and continued a trend of price declines that began in mid-2008. The average price decreased by 4 percent in Fort Worth to $140,300, by 3 percent in Austin to $240,100, and by 2 percent in both El Paso and Houston to $156,900 and $200,200, respectively. Despite the overall price decline in the state, both the Bryan-College Station and Beaumont areas recorded home price increases of 4 percent to $169,100 and $151,400, respectively. The average price of homes sold in San Antonio remained essentially unchanged at $181,600.

Home sales decreased by double-digit percentages in a number of markets elsewhere in the region. According to the New Orleans Metropolitan Association of REALTORS®, during the 12 months ending June 2009, sales in New Orleans were down 22 percent to 7,800 homes and the average price dropped approximately 2 percent to $202,900. Based on data from the Greater Baton Rouge Association of REALTORS®, during the 12 months ending June 2009, the number of sales in Baton Rouge decreased 24 percent to 6,525 homes and the average price declined approximately 5 percent to $193,800. The Greater Albuquerque Association of REALTORS® reports that, during the 12 months ending June 2009, the number of sales in Albuquerque was down 22 percent to 6,150 homes, approximately 50 percent below the peak sales level recorded in mid-2006, and the average price declined by

9 percent to $220,000, continuing a pattern of accelerating decreases that began in mid-2008. According to the Arkansas REALTORS® Association, during the 12 months ending May 2009, home sales in the state declined by 16 percent to 22,700 homes and the average price dropped by 2 percent to $151,200. Home prices were down by approximately 3 percent in Little Rock to $160,700 and by 9 percent in Fayetteville to $174,000. According to the Oklahoma City Metropolitan Association of REALTORS®, during the 12 months ending June 2009, the number of homes sold in Oklahoma City was down 15 percent to 15,350 and the average price declined 2 percent to $150,700. According to the Greater Tulsa Association of REALTORS®, home sales in Tulsa declined 10 percent to 10,700 and the average price decreased 3 percent to $151,700.

In the Southwest region, declining demand and an increased inventory of unsold homes resulted in decreased single-family construction activity, as measured by the number of building permits issued. During the 12 months ending June 2009, 83,350 single-family homes were permitted in the region, a decline of 48,350 homes, or 37 percent, compared with the number permitted during the previous 12 months. Texas recorded a decrease of 37 percent in the number of single-family homes permitted, down 34,850, to 60,600 homes. In other states in the region, declines ranged from 34 percent in New Mexico to 39 percent in Louisiana. Oklahoma and Arkansas recorded declines of 36 and 37 percent, respectively.

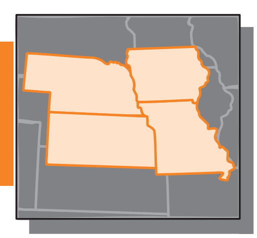
During the past year, rental housing market conditions continued to soften in the largest metropolitan areas in Texas because builders only recently responded to declining job growth by reducing construction activity. According to ALN Systems, Inc., the apartment vacancy rate in Austin was 10.9 percent for the 12 months ending June 2009, up from 7 percent for the 12 months ending June 2008. During the most recent 12-month period, the average rent in Austin increased 4 percent to $870. During the same period, in Dallas, the apartment vacancy rate increased from 9.2 to 10.6 percent and the average rent increased 3 percent to $820. Rental markets in Fort Worth and Houston remain very soft, with vacancy rates of 11.9 and 11.7 percent, respectively. The average rent increased by 2 percent in Fort Worth to $720 and by 4 percent in Houston to $780. The rent increase in Houston is partly due to the more than 19,000 rental units completed there during the past 12 months, generally leasing at rents well above the average. During the 12 months ending June 2009, the vacancy rate in San Antonio rose to 11.3 percent from 9.5 percent during the previous 12-month period and the average rent increased 3 percent to $730. During the past year, Corpus Christi had one of the lowest vacancy rates in Texas, at 8.2 percent, and had an average rent of $710.

Rental housing market conditions were soft in other large metropolitan areas throughout the Southwest region. The rental market in Albuquerque has begun to soften in recent months. According to Reis, Inc., during the second quarter of 2009, the apartment vacancy rate in Albuquerque increased to 7.1 percent, from 5.5 percent during the same quarter a year earlier, and the average rent increased 1 percent to $710. In Little Rock, during the second quarter of 2009, the apartment vacancy rate was 8.7 percent, up from 6.9 percent a year ago and the average rent increased by 1 percent to $640. In Oklahoma City, during the second quarter of 2009, the apartment vacancy rate rose to 9.6 percent, up from 8.1 percent during the same quarter a year earlier, and the average rent increased 2 percent to $540. In Tulsa, the vacancy rate increased to 8.9 percent, up from 8.1 percent a year ago, and the average rent rose by 1 percent to $580. According to the *Greater New Orleans Multi-Family Report*, rental market conditions in New Orleans changed substantially during the second quarter of 2009; the apartment rental vacancy rate increased to 13 percent, more than double the 6-percent rate recorded during the same quarter a year ago, due to the completion of up to 3,000 newly constructed and substantially rehabilitated apartment units. During the past year, the average rent in New Orleans decreased 2 percent to $842.

As a result of soft apartment markets in many large metropolitan areas, multifamily construction activity, as measured by the number of units permitted, decreased in the Southwest region during the 12 months ending June 2009. The 41,150 units permitted during the past 12 months reflect a 38-percent decline compared with the number of units permitted during the previous 12-month period. The number of multifamily units permitted in Texas declined 41 percent, down 22,900 units to 32,450. Louisiana recorded a decline of 38 percent, or 1,850 units, to 3,025 units permitted. In the other states in the region, declines in the number of multifamily units permitted ranged from 5 percent in Oklahoma to 12 and 36 percent in Arkansas and New Mexico, respectively.

Great Plains

HUD Region VII



The economy of the Great Plains region continued to weaken during the second quarter of 2009, following the trend started in the first quarter of 2009. During the 12 months ending June 2009, nonfarm employment decreased by 74,500 jobs, or 1.1 percent, to 6.6 million jobs compared with the number of jobs in the region during the previous 12 months. During the most recent 12-month period, growth occurred in only two employment sectors; the education and health services sector grew by 18,150 jobs, or 2 percent, primarily due to increased employment in educational services and hospitals, and the government sector increased by 14,150 jobs, or 1.3 percent, primarily as a result of hiring by local governments. During the same period, the manufacturing sector lost 45,600 jobs, or 5.6 percent, and employment in the construction sector declined by 17,550 jobs, or 5.3 percent. In the four-state region, government remains the leading employment sector, accounting for more than 1.1 million jobs, or approximately 17 percent of the region's total jobs. During the 12 months ending June 2009, nonfarm employment declined in all four states of the region. Nebraska had the lowest rate of job loss at 6,300 jobs, or 0.7 percent. Missouri had the largest number of job losses and the highest rate of decline at 37,900 jobs, or 1.4 percent. Nonfarm jobs in Iowa and Kansas declined by 17,650 and 12,700 jobs, or 1.2 and 0.9 percent, respectively.

Labor markets throughout the Great Plains were weakened by the slowing economy. The average unemployment rate in the region rose from 4.9 percent for the 12 months ending June 2008 to 7.6 percent for the 12 months ending June 2009. Unemployment rates for the four states ranged from 4.1 percent in Nebraska to 7.7 percent in Missouri, with Iowa and Kansas reporting rates of 4.9 and 5.6 percent, respectively. Although the rates in each state rose significantly during the past 12 months, with the exception of the rate in Missouri, they remained below the national unemployment rate of 7.6 percent.

Although the economy in the Great Plains region started to decline only in the first quarter of 2009, existing home sales began to decline in 2006 and continued in 2009. According to the NATIONAL ASSOCIATION OF REALTORS®, during the 12 months ending March 2009 (the most recent data available for states), the annual rate of existing home sales for the four states in the region declined 17 percent to approximately 226,400 homes compared with the rate of sales recorded during the previous 12 months. All states in the region reported a decrease in the number of sales, ranging from 10 percent in Iowa to 22 percent in Kansas. According to the Federal Housing Finance Agency's House Price Index, the first quarter 2009 index for the Great Plains region dropped by an average of more than 1.4 percent compared with the index for the first quarter of 2008. In the four states, decreases ranged from 1 to 3 percent. The home price index declines recorded in the Great Plains region were significantly lower than the 7-percent national decline recorded during the first quarter of 2009.

All major metropolitan areas in the region recorded declines in existing home sales, according to data from local REALTORS® associations. Sales housing market conditions are soft in Omaha, Wichita, Des Moines, St. Louis, and Kansas City. During the 12-month period ending June 2009, sales of existing homes in the Omaha area decreased by 19 percent to 6,900 homes and the average existing home price declined more than 4 percent to $148,850. In the Wichita area, existing home sales also fell by 19 percent to 7,450 homes; however, the average price increased by 3 percent to $122,200. The number of existing home sales in the Des Moines area decreased by 17 percent, from 8,750 to 7,200 homes, and the average price declined by 3 percent to $166,250. Existing home sales in the St. Louis area decreased by 1,950 to 14,700 homes and the average existing home price declined more than 17 percent to $162,650. The number of existing home sales in the Kansas City area declined from 24,150 to 21,950 homes and the average price decreased by 8 percent to $142,000. Foreclosed properties represent a growing proportion of the homes available for sale in Kansas City. According to AOL Real Estate, during the 12 months ending June 2009, more than 70 percent of the homes listed for sale in Kansas City were foreclosures compared with less than 50 percent during the previous 12-month period. AOL Real Estate also reported that, in the past 12 months, more than 40 percent of the listings in both St. Louis and Omaha were foreclosures compared with less than 30 percent a year earlier. The average number of days an existing home remains on the market currently exceeds 90 days in Des Moines and Kansas City, the same as a year ago. The average number of days currently required to sell an existing home in the other major metropolitan areas in the Great Plains region ranges from 60 to 70 days, down from 60 to 90 days a year earlier.

New home sales also declined in the major metropolitan areas in the region. During the 12 months ending June 2009, new home sales declined by 40 percent to 2,700 homes in Kansas City and by 30 percent to 1,150 homes in Wichita. Although sales were down, the average price of a new home increased by more than 2 percent to $302,200 in Kansas City and by nearly 10 percent to $239,900 in Wichita.

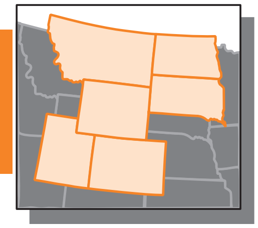
As new and existing home sales continue to decline in the region, single-family home construction, as measured by the number of building permits issued, also continues to decline. During the 12-month period ending June 2009, approximately 16,800 single-family homes were permitted, 33 percent fewer than the number permitted during the 12-month period ending June 2008. Declines in single-family building activity were recorded in each of the four states, ranging from a decline of 14 percent to 3,950 homes permitted in Nebraska to a decline of 46 percent to 4,100 homes permitted in Missouri. The rising unemployment rate, the decline in new home sales, and a high proportion of foreclosure sales resulted in the continued steep decline in building activity in Missouri that started in 2006. The number of single-family homes permitted in Iowa and Kansas declined by 26 and 33 percent to 4,500 and 3,500 homes, respectively.

Multifamily construction in the region, as measured by the number of units permitted, decreased by 28 percent to 8,300 units during the 12 months ending June 2009.

All four states recorded a slowdown in the number of units permitted. The largest percentage decline occurred in Nebraska, where the number of units permitted totaled 1,150, a 39-percent decline compared with the number permitted during the previous 12-month period. In Missouri, the number of multifamily units permitted declined by 29 percent to 3,700 units. The number of units permitted in Kansas and Iowa was down 23 percent to 2,000 units and down 19 percent to 1,450 units, respectively. According to the McGraw-Hill Construction Pipeline database, during the 12-month period ending June 2009, most of the multifamily units permitted in Wichita, Kansas City, St. Louis, and Omaha were marketed as rental apartments, with proportions of rental units ranging from 84 percent in Omaha to 100 percent in Wichita. This trend reflects the softer home sales markets throughout the Great Plains region. All 350 multifamily units currently under construction in Des Moines are condominiums. From January 2005 to June 2009, approximately 46 percent of the multifamily units completed in Des Moines were condominiums.

All rental housing markets in the larger metropolitan areas of the region were balanced in the second quarter of 2009. With the exception of Des Moines, however, the rental vacancy rates increased in the second quarter of 2009 compared with the rates recorded in the second quarter of 2008. According to Reis, Inc., the apartment vacancy rate in Des Moines decreased from 6.7 percent in the second quarter of 2008 to 6.2 percent in the second quarter of 2009 and the average monthly rent increased 2 percent to $690. In Omaha, the apartment vacancy rate is currently 6 percent, up from 5.7 percent a year earlier, and the average monthly rent increased by 1 percent to $700. Vacancy rates increased from 7 to more than 8 percent in both St. Louis and Kansas City; however, conditions in both markets remained relatively balanced. During the 12-month period ending June 2009, rents decreased by 5 percent to $730 in St. Louis because of the increased vacancy rate. According to AXIOMETRICS INC., during the 12-month period ending June 2009, rental concessions increased in both St. Louis and Kansas City compared with concessions offered during the previous 12 months. As a percentage of asking rents, rental concessions increased in St. Louis from 3 to 5 percent and in Kansas City from approximately 4 to 7 percent. According to Reis, Inc., the rental vacancy rate in Wichita increased from 7 percent in the second quarter of 2008 to 7.5 percent in the second quarter of 2009 and the average monthly rent increased by more than 1 percent to $510.

Rocky Mountain



HUD Region VIII

Economic conditions in the Rocky Mountain region continued to weaken in the second quarter of 2009, a trend that began in mid-2008. For the 12 months ending June 2009, nonfarm employment in the region decreased by 57,100 jobs, or 1.1 percent, to 5.1 million jobs. The loss followed a 2.2-percent growth rate recorded for the previous 12 months, because of job losses or slower growth in most employment sectors during the current period. Most of the job losses were concentrated in Colorado and Utah, which lost 40,100 and 22,000 jobs, respectively, a decline of 1.7 percent in both states. In Montana, nonfarm employment declined by 3,700 jobs, or 0.8 percent, but, in South Dakota, employment was relatively unchanged. Due to relative stability in the energy industry, Wyoming and North Dakota were the only two states in the region to record job growth, up by 3,900 and 5,400 jobs, respectively. For the 12 months ending June 2009, the 1.3-percent employment growth rates recorded in both Wyoming and North Dakota made the states the two fastest growing in the nation. Even so, the overall decline in the number of jobs in the Rocky Mountain region resulted in the average unemployment rate for the region increasing to 5.4 percent during the 12 months ending June 2009, compared with 3.7 percent during the previous 12 months. The state unemployment rates ranged from 3.8 percent in North Dakota to 6.4 percent in Colorado, but all states in the region recorded unemployment rates well below the national average of 7.6 percent.

The construction and manufacturing sectors accounted for most of the employment losses in the region. Construction employment fell in every state except North Dakota due to soft conditions in home sales markets. Because of their relatively larger employment bases, Colorado and Utah accounted for nearly 90 percent of the approximately 36,000 construction jobs lost in the region during the 12 months ending June 2009. During the period, manufacturing employment declined by 21,100 jobs, decreasing in all states in the region. Large renewable-energy projects throughout the region are proceeding more slowly than expected and have not yet stemmed job losses in the manufacturing sector. During the 12-month period ending June 2009, the professional and business services sector, a source of job growth during the 2001 recession, declined by 20,500 jobs. The financial activities sector lost 9,100 jobs, and the retail trade subsector decreased by 6,900 jobs. On a more positive note, during the past year, regional employment in the education and health services sector increased by

19,900 jobs and employment in the government sector increased by 22,300 jobs. Nearly one-half of the gain in government employment occurred in educational services.

Slower economic growth and tight lending standards in the region continued to weaken single-family home sales activity, albeit at a slower rate, during the first quarter of 2009 (the most recent data available). According to the NATIONAL ASSOCIATION OF REALTORS®, the annualized rate of existing home sales for the first quarter of 2009 was down 3 percent compared with 10 percent recorded for the fourth quarter of 2008. During the 12 months ending March 2009, the annualized rate of existing home sales totaled 184,000 homes, a decrease of 16 percent compared with the rate recorded during the same period a year ago. During the 12-month period ending March 2009, the largest declines in home sales occurred in Utah and Wyoming, where sales dropped by approximately 25 percent compared with sales volume recorded during the same period in 2008. The decline in home sales in Wyoming followed relatively high sales activity during the previous 12-month period, and the rate of home sales in Utah dropped by approximately 25 percent for the second straight 12-month period after recording strong sales activity during 2005 and 2006. Home sales activity was down by 18 percent in both Montana and North Dakota and down by 12 and 10 percent in Colorado and South Dakota, respectively.

Home sales markets in most of the region's metropolitan areas softened during the 12 months ending June 2009. According to NewReach, Inc., during the 12-month period ending June 2009, existing single-family home sales in the Salt Lake City metropolitan area were 46 percent below the sales level recorded during the same period a year ago and the average sales price decreased by 5 percent to $259,800. On the positive side, in June 2009, the inventory of unsold homes declined by 25 percent to 6,550 homes. Similarly, home sales in the Ogden-Clearfield metropolitan area declined by 43 percent and the average sales price decreased by 7 percent to $188,700. Because of softening in the existing home sales market, new home sales in the Salt Lake and Ogden-Clearfield areas declined by more than 60 percent and average prices decreased by 19 and 18 percent, respectively, to $323,200 and $279,100. In the Provo-Orem metropolitan area, in contrast with other Utah metropolitan areas, sales of existing single-family homes increased by 7 percent for the 12 months ending June 2009. During the same period, the average sales price declined by 8 percent to $260,000.

In Colorado metropolitan areas, sales market conditions for existing homes were soft, but declines in home prices began to moderate in the second quarter of 2009. According to the Boulder Area REALTOR® Association, the average price of an existing single-family home in the Boulder metropolitan area declined by 4 percent between the second quarters of 2008 and 2009. This reduction is lower than the 7-percent rate of decline posted for the 12 months ending June 2009. The Genesis Group reported that, during the second quarter of 2009, the average sales price of an existing single-family home in the Denver metropolitan area declined by 3 percent, to $270,700, and sales were down by 20 percent. During the same period, active listings of homes for sale in the Boulder metropolitan area were relatively unchanged from the number recorded during the second quarter of 2008, but listings in the Denver metropolitan area were down by 20 percent. Inventories in Denver have subsided because of reductions in homebuilding and an increased number of sellers keeping homes off the market until prices have stabilized. During the second quarter of 2009, homes priced less than $250,000 in most submarkets in the Denver metropolitan area and less than $400,000 in the city of Boulder and the immediate surrounding areas were in short supply.

In response to reduced demand for homes, homebuilding activity in the region continued its 3-year decline in the second quarter of 2009. During the 12 months ending June 2009, single-family construction activity, as measured by the number of building permits issued, decreased by 15,600 homes, or 42 percent, to 22,000 homes permitted. This level of activity is well below the 57,900 homes permitted in the region during the same period ending June 2007. In Colorado, 8,780 single-family homes were permitted, a decline of 7,380 homes, or 46 percent, compared with the number permitted during the previous 12 months. In Utah, single-family permits declined by 4,980 homes, or 45 percent, to 6,170 homes permitted. Because of the higher levels of construction in Colorado and Utah, the declines in these states accounted for 80 percent of the regional decline in single-family construction activity. Single-family activity was down by 1,100 homes in both Montana and South Dakota, or approximately 40 and 32 percent, respectively, to 1,600 and 2,370 homes permitted. New home construction activity was off by 34 and 17 percent to 1,450 and 1,570 homes permitted in Wyoming and North Dakota, respectively.

In the Rocky Mountain region, for the 12 months ending June 2009, multifamily construction activity, as measured by the number of units permitted, totaled 11,600 units, a decrease of 22 percent from the number permitted during the same period a year ago. Declines in Colorado, Montana, and Wyoming more than offset gains in North Dakota, South Dakota, and Utah. In Colorado, multifamily building activity decreased by 55 percent, or 4,890 units, to 3,900 units permitted. The large drop in Colorado was due to continued softness in the condominium sales market and recent weakening in the rental housing market. As a result, builders delayed or withdrew plans to begin construction during the first two quarters of 2009. The number of multifamily units permitted was down 52 percent in Montana and 11 percent in Wyoming. The large decrease in Montana was due to a slowdown in condominium development in the state's resort areas. During the 12 months ending June 2009, Utah recorded the largest increase among states in the region in the number of multifamily units permitted, with 1,490 units added, an increase of 47 percent. Much of this activity was due to growth in apartment construction. During the past 12 months, condominium production accounted for an estimated 40 percent of multifamily units permitted in the region compared with 60 percent during the previous 12 months.

During the second quarter of 2009, rental housing market conditions were balanced to soft throughout the Rocky Mountain region. Tight conditions that prevailed a year ago eased considerably due to job losses, especially during the first two quarters of 2009. According to Apartment Realty Advisors, the average vacancy rate in the Salt Lake City area increased to 7.8 percent during the second quarter of 2009, up from 5.3 percent recorded during the second quarter of 2008. During the second quarter of 2009, the average asking rent was relatively unchanged at $760, but the average rent concession increased by 10 percent. During the same period, in the Provo-Orem area, the apartment vacancy rate increased from 4.9 to 6.7 percent. During the second quarter of 2009, the apartment vacancy rate in Denver increased to 8.3 percent compared with 6 percent during the second quarter of 2008, according to *Apartment Insights*, published by Apartment Appraisers & Consultants. The average effective rent was down 6 percent to $780, a further indication of a softer market. With a large number of apartment units under construction, the softening trends in the Salt Lake City and Denver areas are expected to continue for the next 12 months. The Boulder rental market is more balanced, with a second quarter 2009 average apartment vacancy rate of 6.1 percent, up from 5.6 percent recorded during the second quarter of 2008, and an average effective rent of $900, relatively unchanged from the second quarter of 2008. An Appraisal Services, Inc., survey for the Fargo-Moorhead, North Dakota metropolitan area indicated the rental vacancy rate was 5.9 percent for the second quarter of 2009, down from 6.3 percent for the same quarter a year ago.

Pacific

HUD Region IX

The economy of the Pacific region continued to contract following a 5-year expansionary period that ended during the second half of 2008. During the 12 months ending June 2009, nonfarm employment averaged 19 million jobs, reflecting a decline of 689,000 jobs, or 3.5 percent, compared with the number of jobs recorded during the previous 12 months. The goods-producing sectors decreased by 295,300 jobs, or 10 percent. Due primarily to soft conditions in the new home sales markets, construction continued to lead all sectors in job losses, down 206,300 jobs, or nearly 17 percent. The service-providing sectors declined 393,800 jobs, or 2.4 percent, led by the retail trade and professional and business services sectors, down 123,200 and 121,900 jobs, respectively. Despite the overall decline in nonfarm employment, the education and health services and the government sectors added 47,900 and 12,700 jobs, respectively.

Employment decreased throughout the region during the 12 months ending June 2009. In California, payrolls decreased by 480,800 jobs, or 3.2 percent, to average 14.7 million positions. Gains of 37,200 jobs in the education and health services sector were not enough to offset the losses that occurred in nearly all other sectors. The construction sector posted the largest decline, with a loss of 134,500 jobs, or 16 percent. Employment declined in the San Francisco Bay Area by 91,400 jobs, a 2.7-percent change; in Southern California by 297,600 positions, a 3.4-percent change; and in Hawaii by 15,600 positions, a 2.5-percent decrease, to average 609,600 jobs.

In Nevada, declining tourism and soft home sales markets resulted in the loss of 55,300 jobs, a decline of 4.3 percent, to average 1.2 million jobs during the 12 months ending June 2009. During the period, the construction and leisure and hospitality sectors contracted the most, losing 20,600 and 16,300 jobs, respectively. In contrast, the education and health services and the government sectors posted gains of 3,000 and 1,200 jobs, respectively. During the same period, employment in Arizona declined by 137,300 jobs, or 5.2 percent, to average 2.5 million jobs. Losses were concentrated in the construction and the professional and business services sectors, down 47,600 and 35,800 jobs, respectively. In contrast, the education and health services and the government sectors posted gains of 6,800 and 4,400 jobs, respectively. The average unemployment rate in the region rose from 5.6 percent for the 12 months ending June 2008 to 9.1 percent for the 12 months ending June 2009. Unemployment rates ranged from a low of 5.8 percent in Hawaii to a high of 9.6 percent in California.

Despite the weakening employment conditions, reduced home sales prices supported a strong volume of existing home sales in most of the region through the second quarter of 2009. During the 12 months ending June 2009, the California Association of REALTORS® reported that the number of existing homes sold in the state increased 65 percent to 539,700. The median sales price declined by 31 percent, from $385,300 in the second quarter of 2008 to $266,300 in the second quarter of 2009. Foreclosures accounted for 50 percent of existing home sales in the state, up from 40 percent a year earlier. Sales of new homes remained extremely weak. According to Hanley Wood LLC, during the 12 months ending March 2009, new home sales in the 30 largest California counties fell 41 percent, or by more than 20,000 homes, to 30,200 homes. In Honolulu, 5,600 existing homes were sold in the 12 months ending June 2009, down nearly 30 percent from the number sold in the previous 12-month period. From the second quarter of 2008 to the second quarter of 2009, the median price declined by 11 percent to $569,500 for single-family homes and by 7 percent to $307,500 for condominiums.

In the 12 months ending June 2009, sales of existing homes in Phoenix rose 57 percent to 77,400 homes, according to the *Phoenix Housing Market Letter*. In the second quarter of 2009, the median price of an existing home was $123,300, down 40 percent compared with the median price recorded in the same quarter of 2008. Foreclosed homes accounted for 65 percent of existing sales in the current quarter. In Las Vegas, during the 12 months ending June 2009, according to the *Las Vegas Housing Market Letter*, 38,250 existing homes sold, a 70-percent gain compared with the 22,500 homes sold during the previous 12 months. The median price of an existing home in Las Vegas declined by 43 percent, from $224,300 in the second quarter of 2008 to $128,300 in the second quarter of 2009. With the strong competition from foreclosed homes, new home sales in both Phoenix and Las Vegas remained weak. During the 12 months ending June 2009, new home sales fell by more than 50 percent in both Phoenix and Las Vegas, to 14,400 and 7,100 homes, respectively, according to the *Phoenix* and *Las Vegas Housing Market Letters*.

In response to declining new home sales, builders throughout the region continued to reduce the pace of new construction, as measured by the number of single-family building permits issued. During the 12 months ending June 2009, the number of single-family homes permitted in the region declined by 15,300 to 20,400 homes, a 43-percent decrease compared with the number permitted during the previous 12-month period. In Nevada, single-family permits fell by 55 percent, or 2,350 homes, to 1,900 homes permitted during the 12 months ending June 2009. During this same period, in Arizona, 5,675 single-family permits were issued, a decline of 49 percent, or 5,500 homes, compared with the previous 12-month period. In California and Hawaii, the number of single-family homes permitted during the 12 months ending June 2009 decreased by 37 and 33 percent, to total 11,800 and 1,000 homes, respectively.

Rental vacancy rates increased in all major areas in the region during the past year. Due primarily to lower rents, the San Francisco Bay Area rental housing market remained balanced as conditions eased from a previously tight market. Reis, Inc., reports that from the second quarter of 2008 to the second quarter of 2009, the apartment rental vacancy rate increased from 3.4 to 4.8 percent in the San Jose submarket, from 3.9 to 5 percent in the San Francisco submarket, and from 4.2 to 5.6 percent in the Oakland submarket. In the second quarter of 2009, all submarkets recorded decreases in current average rents compared with those recorded in the second quarter of 2008. The rent in the Oakland submarket declined less than 1 percent to average $1,365. The current average rent in the San Francisco submarket was $1,861, reflecting a 3-percent decline. The San Jose submarket recorded a 4-percent decrease to the current average rent of $1,516. In Sacramento, the rental housing market was balanced, with a current vacancy rate of 7.2 percent, up from the 5.3-percent rate in the second quarter of 2008, and the average asking rent declined by nearly 1 percent to average $932 in the second quarter of 2009.

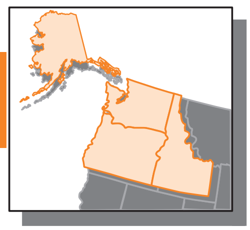
In Southern California, although all counties reported an increase in rental vacancy rates from the second quarter of 2008 to the second quarter of 2009, rental housing markets in the area remain balanced. The strongest rental markets are in San Diego, Santa Barbara, Los Angeles, and Ventura Counties. The overall rental vacancy is less than 5.5 percent in each county, with an annual change of no more than 1 percentage point. The Orange County vacancy rate increased from 4.5 to 6 percent. Conditions in the inland counties remained the softest. The rental vacancy rate increased from 6.5 to 7 percent in San Bernardino County but remained unchanged, at 8 percent, in Riverside County. The increased conversion of single-family homes to rental housing units and out-migration contributed to the higher vacancy rates. During the 12 months ending June 2009, an estimated 12,000 single-family and condominium homes in Southern California were converted into rental units, compared with 9,600 homes during the previous 12-month period. According to the Consumer Price Index, during the 12 months ending June 2009, the average rent in Southern California increased by nearly 4 percent.

Other major rental housing markets in the region continued to be affected by the slowing economy and increased competition from single-family homes made available for rent. In the second quarter of 2009, according to Reis, Inc., the Phoenix market was soft, with a vacancy rate of 11.3 percent, up from the 9.5-percent rate recorded in the second quarter of 2008. The average asking rent in Phoenix declined nearly 1 percent to $776 in the second quarter of 2009. According to CB Richard Ellis' second quarter 2009 survey in Las Vegas, the apartment vacancy rate averaged 10.5 percent compared with 8 percent during the second quarter of 2008, and the average rent decreased 8 percent to $860. The Honolulu rental housing market softened, with an overall vacancy of nearly 8 percent in the second quarter of 2009, up from 6.4 percent in the second quarter of 2008.

Multifamily construction activity, as measured by the number of units permitted, decreased significantly in the Pacific region. During the 12 months ending June 2009, 7,550 multifamily units were permitted, reflecting a 72-percent decrease compared with the number permitted during the previous 12 months. Permit volume for multifamily units has been declining since 2006, but the recent dramatic decline in construction activity has been exacerbated by tight credit availability. In California, 5,125 multifamily units were permitted during the 12 months ending June 2009, a 71-percent decrease from the number permitted during the previous 12-month period. In Nevada and Arizona, the number of multifamily units permitted declined by 61 and 86 percent to 1,375 and 630 units, respectively. In Hawaii, 410 multifamily units were permitted in the 12 months ending June 2009, a 51-percent decrease compared with the number permitted during the previous 12-month period.

Northwest

HUD Region X



During the 12 months ending June 2009, nonfarm employment in the Northwest region declined by 119,200 jobs to an average of 5.5 million jobs compared with the number of jobs recorded during the same period in 2008. Regional net job losses began in 2007 and, during the current 12-month period, amounted to a 2.1-percent annual loss rate. During the 12 months ending June 2009, job losses totaled 55,400 in Oregon, 45,600 in Washington, and 21,400 in Idaho, down 3.2, 1.5, and 3.3 percent, respectively, compared with employment levels recorded during the 12 months ending June 2008. During the past year, Alaska was the only state in the region to record positive net job growth, up 3,200 jobs, or 1 percent, partly due to oil-industry–related hiring. Regionwide employment declines occurred in nearly every sector, with two-thirds of the job losses recorded in the construction and manufacturing sectors. Government, education and health services, and information were the only sectors to record employment gains, up 21,000, 20,300, and 900 jobs, respectively. For the 12 months ending June 2009, nonfarm employment averaged 2.9 million jobs in Washington, 1.7 million jobs in Oregon, and 633,100 jobs in Idaho. The regional average unemployment rate increased to 7.5 percent during the 12 months ending June 2009 compared with a rate of 4.8 percent for the same period in 2008. The average unemployment rate, which increased in every state in the region, was 9.4 percent in Oregon, 7.6 percent in Alaska, 6.7 percent in Washington, and 6.5 percent in Idaho.

A slowdown in residential and commercial building in much of the Northwest region contributed to an 11-percent decline, or nearly 40,000 jobs lost, in the construction sector. Washington and Oregon registered the greatest loss in construction jobs, down 19,000 and 14,800 jobs, respectively, followed by Idaho with a loss of 5,400 jobs and Alaska with a loss of 500 jobs. Oregon accounted for one-half the 38,200 manufacturing jobs lost in the region, due mainly to layoffs at Daimler AG and Intel Corporation. In Washington, the loss of nearly 15,900 manufacturing jobs was led by downsizing at The Boeing Company and related suppliers because of worldwide contraction in the airline industry. In Idaho, layoffs in the semiconductor industry contributed to the loss of 5,400 jobs in the manufacturing sector. The regional employment declines in the construction and manufacturing sectors were partially offset by job gains in the government sector and the education and health services sector. Government employment increased by 9,000 jobs in Washington, 7,600 in Oregon, 3,100 in Idaho, and 1,300 in Alaska. Gains in the education and health services sector amounted to 9,600 jobs in Washington, 7,900 in Oregon, 1,900 in Idaho, and 900 in Alaska.

Sales housing market conditions remained soft throughout the Northwest region, a trend that started more than 2 years ago due to slowing economic conditions and tighter lending standards. In Washington, according to the Northwest Multiple Listing Service, during the 12 months ending June 2009, the Puget Sound metropolitan areas of Seattle, Tacoma, Bremerton, and Olympia recorded an average sales price decline of 13 percent to $390,200 and a 27-percent drop in sales volume to 37,200 homes sold compared with the previous 12 months. During the past year, 23,100 homes were sold in the Seattle metropolitan area, a 30-percent decline compared with the number sold during the 12 months ending June 2008 and 41 percent below the previous 5-year annual sales average of 39,700 homes. During the 12 months ending June 2009, the average price of a home sold in the Seattle metropolitan area declined by 12 percent to $454,000, well below the peak price of nearly $540,000 recorded during the 12 months ending July 2007. In the Olympia and Tacoma metropolitan areas, average prices declined by 8 and 12 percent, respectively, to $277,300 and $280,500. Home sales declined by 22 percent in the Olympia area and by 25 percent in the Tacoma area. In the Bremerton metropolitan area, the average sales price declined 13 percent to $309,400 and sales declined 18 percent to 3,250 homes.

Oregon sales market conditions also remained soft during the 12 months ending June 2009. According to data from the local multiple listing services, the number of new and existing single-family homes sold in the 11 largest markets in Oregon totaled 35,900, a 29-percent decline compared with the number sold during the previous 12 months. During the same period, the average sales price decreased by 13 percent to $271,900. In the Portland-Vancouver-Beaverton, Oregon-Washington metropolitan area, the number of new and existing homes sold totaled 21,100, down 34 percent compared with the number sold during the 12 months ending June 2008, and the average price decreased 11 percent to $298,800. In Idaho, sales of new and existing homes in the 19 counties covered by the Intermountain Multiple

Listing Service declined to 8,450 homes, down 19 percent from the 10,450 homes sold during the 12-month period ending June 2008, and the average price decreased 17 percent to $181,600. In the Boise metropolitan area, during the 12 months ending June 2009, sales of new and existing homes totaled 6,650 units, an 18-percent decline compared with the number sold during the previous 12 months, and the average price decreased by 10 percent to $211,900. According to the Alaska Multiple Listing Service, Inc., during the 12 months ending June 2009, the number of new and existing homes sold in Anchorage totaled 2,260, a 13-percent decline from the number sold during the same period a year ago, and the average price decreased 3 percent to $321,700.

The soft sales housing market conditions throughout the Northwest region caused builders to reduce home construction activity, as measured by the number of single-family building permits issued. During the 12 months ending June 2009, the number of homes permitted in the region declined by 7,400 to 23,500, an 18-percent decrease compared with the number permitted in during the 12 months ending June 2008. Regional single-family construction activity has not been below this level since 1982. The number of single-family homes permitted in Washington totaled 12,700, a decline of 2,300 homes, or 11 percent; in Idaho, permits totaled 4,400, a decline of 3,000 homes, or 37 percent; in Oregon, permits totaled 5,900, a decline of 2,100 homes, or 18 percent, from a year ago. In Alaska, single-family construction activity remained relatively stable at 550 homes permitted.

Multifamily construction activity, as measured by the number of units permitted, slowed in the Northwest region during the 12 months ending June 2009 due to weak economic conditions, soft condominium sales market conditions, and more restrictive financing options for multifamily developers. During the period, the number of units permitted in the region totaled 11,400, a 6-year low and 48 percent below the number of units permitted during the previous 12 months. Washington, where the number of multifamily units permitted fell by 8,100, or 55 percent, to a total of 6,500 units, accounted for most of the regional decline of 10,100 units. In Oregon, 3,400 multifamily units were permitted, 1,200 fewer than the number permitted during the 12 months ending June 2008, and multifamily activity in Idaho declined by 600 units to a total of 850 units permitted. In Alaska, multifamily construction activity totaled just 200 units, a decline of 200 units from the number permitted during the 12 months ending June 2008.

Rental housing market conditions were mostly balanced to soft throughout the Northwest region as of the second quarter of 2009. Tight conditions that were prevalent a year ago eased due to job losses and an increase in the conversion of sales units to rental units. According to Reis, Inc., as of the second quarter of 2009, the apartment rental vacancy rate in the Seattle metropolitan area was 7.1 percent, up from 4.7 percent as of the same quarter a year ago, and the average asking rent for apartments was $1,050, down 2 percent from the second quarter of 2008. In the Tacoma metropolitan area, the apartment vacancy rate was 6.1 percent, up from 5.9 percent a year earlier, but the average asking rent of $770 was relatively unchanged from the rent recorded during the second quarter of 2008. Based on data from *The Apartment Vacancy Report* published by Dupre+Scott Apartment Advisors, Inc., and information from local sources, as of June 2009, rental markets in the Olympia and Bremerton metropolitan areas were still balanced with vacancy rates of approximately 5 to 6 percent, up from approximately 3 to 4 percent in June 2008. In eastern Washington, the Spokane metropolitan area apartment vacancy rate was 6.1 percent, up from 4.8 percent a year ago. Reis, Inc., data indicate that average asking rents increased to $640 in the second quarter of 2009 from $630 in the second quarter of 2008.

In the Portland-Vancouver-Beaverton metropolitan area, rental housing market conditions were balanced in the second quarter of 2009. According to Reis, Inc., the apartment vacancy rate was 5.8 percent, up from 5 percent in the second quarter of 2008. The average rent was essentially flat at $750 over the same period. Because of limited new apartment construction, rental markets in the Oregon metropolitan areas of Medford, Salem, and Eugene-Springfield remained balanced with apartment vacancy rates of 4, 5, and 5 percent respectively. A year ago, the vacancy rate was 4 percent in all three metropolitan areas. Between the second quarters of 2008 and 2009, average asking rents in these three areas increased between 1 and 2 percent, to $590, $620, and $700, respectively. In the Boise metropolitan area, rental housing market conditions were soft during the second quarter of 2009. The apartment rental vacancy rate in Boise began to increase during the second quarter of 2007, when the rate was 4.6 percent. According to Reis, Inc., since that time, the vacancy rate has increased during every quarter and, by the second quarter of 2009, reached 9.2 percent. The average rent in Boise was $700 as of the second quarter of 2009, down $13, or 2 percent, from the average rent recorded during the same quarter 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

Boston-Cambridge-Quincy, Massachusetts-New Hampshire

The Boston-Cambridge-Quincy metropolitan area consists of Suffolk County and parts of Bristol, Essex, Middlesex, Norfolk, Plymouth, and Worcester Counties in Massachusetts and parts of Hillsborough and Rockingham Counties in New Hampshire. The area is coterminous with the Boston-Cambridge-Quincy, Massachusetts-New Hampshire Metropolitan New England City and Town Area. As of July 1, 2009, the population of the metropolitan area was estimated at 4.7 million. After 4 years of economic expansion beginning in 2005, during which the area had an average annual increase of 22,250 nonfarm jobs, the metropolitan area began to lose jobs in the fourth quarter of 2008. During the 12 months ending May 2009, nonfarm employment averaged 2,467,400 jobs, a loss of 28,400 jobs, or 1.2 percent, compared with the number recorded during the previous 12 months.

In recent years, primary employment growth in the Boston-Cambridge-Quincy metropolitan area has occurred in the service-providing sectors. Despite the sectors' substantial role in the local economy, during the 12 months ending May 2009, service-providing employment declined by 12,100 jobs compared with 35,500 jobs added in the sector during the 12 months ending May 2008. During the past 12 months, the professional and business services and the financial activities sectors lost 8,600 and 7,200 jobs, respectively, and the wholesale and retail trade sectors lost a combined 8,800 jobs as consumer spending contracted. Only the education and health services and the government sectors posted gains during the past year, increasing by 10,400 and 4,300 jobs, respectively. With university endowment losses and current fiscal issues in the state government, these two sectors are not likely to continue to support significant job growth in the next few years.

During the 12 months ending May 2009, employment in the goods-producing sectors declined by 16,400 jobs; this figure is more than triple the number of goods-producing jobs lost during the previous 12-month period. Job losses in the construction and manufacturing sectors totaled 9,000 and 7,200, respectively. During the 12 months ending May 2009, resident unemployment averaged 151,800 people, an increase of almost 50 percent compared with resident unemployment during the previous 12 months. The average unemployment rate in the metropolitan area increased from 4.1 percent for the 12 months ending May 2008 to 6.1 percent for the 12 months ending May 2009.

The sales housing market in the Greater Boston region, as defined by the Massachusetts Association of REALTORS® (MAR), has been soft during the past several years. According to MAR, during the 12-month period ending June 2009, the number of single-family homes sold totaled 7,950, a decrease of 11 percent from the 8,925 homes sold during the previous 12-month period and a decrease of 21 percent from the number sold during the 12 months ending June 2007. During the past 12 months, the median sales price of single-family homes was $429,900, down 9 percent from the median price of $470,250 posted during the 12 months ending June 2008 and down 10 percent from the median price recorded during the 12 months ending June 2007. The condominium market also experienced a decline in sales; during the 12 months ending June 2009, 5,375 units were sold, a decrease of 37 percent from the number sold during the previous 12 months and a decrease of 47 percent from the number sold during the 12-month period ending June 2007. For the 12 months ending March 2009 (the latest data available), the number of small multifamily properties (two to four units) sold increased by 32 percent to 2,250 units, due partly to increased foreclosure sales. Despite the increase in sales, the median price of units in small multifamily properties was down 29 percent to $315,950.

As demand for sales housing has declined, the construction of new single-family homes in the metropolitan area has been significantly curtailed. During the 12 months ending May 2009, single-family homebuilding activity, as measured by the number of building permits issued, totaled 2,850 homes, down 37 percent compared with the number of homes permitted during the previous 12 months and down 49 percent compared with the number permitted during the 12 months ending May 2007. Single-family construction peaked in the current decade in 2005, when 8,325 homes were permitted. Multifamily development, as measured by the number of units permitted, has also slowed in recent years. During the 12-month period ending May 2009, about 4,050 multifamily units were permitted, virtually unchanged from the number permitted during the previous 12-month period but down 46 percent from the number permitted during the 12-month period ending May 2007. Multifamily development also peaked in 2005, when 9,125 units were permitted in the Boston-Cambridge-Quincy metropolitan area. According to Reis, Inc., as of the end of the first quarter of 2009, about 7,850 multifamily units were under construction, of which 3,450, or about 44 percent, are apartments and 4,400 are condominiums.

Although the metropolitan area rental housing market has been generally balanced in recent years, continued higher levels of rental housing production and recent job losses have led to a softening that may persist for the next year or so. According to Reis, Inc., the apartment vacancy rate was 6.4 percent in the first quarter of 2009, up from 5.9 percent in the first quarter of 2008 and 4.7 percent at the end of 2005. The Class A market is soft, with a vacancy rate of 7.9 percent; the market for Class B and C units is balanced, with a 5.4-percent vacancy rate. Between 2006 and 2008, about 12,750 new rental units were completed, and, although absorption was generally good, job growth and demographic trends have not been strong enough to keep vacancy rates within historical norms. With 3,750 rental units expected to be completed during 2009 and job losses expected to continue through the end of the year, the rental vacancy rate is expected to exceed 7.0 percent by the end of the year. From 2004 through 2008, significant numbers of new rental units added to the inventory caused rents to increase by an annual rate of about 3 percent. In the first quarter of 2009, however, asking rents were flat and are expected to decline as vacancies increase and concessions become more widespread. According to MPF Research, concessions are currently being offered in about 26 percent of the rental inventory, resulting in an 11-percent discount in effective rent. In 2010, considerably fewer completions (fewer than 500 units) are expected, which should help initiate a return of the rental housing market to more balanced conditions.

Colorado Springs, Colorado

The Colorado Springs metropolitan area, located about 60 miles south of Denver, consists of El Paso and Teller Counties. As of June 1, 2009, the population of the metropolitan area is estimated at 626,500; this figure reflects an average annual increase of 1.6 percent since 2000. The area is home to several major military installations, which have a total annual economic impact of approximately $5 billion on the local economy. Fort Carson Army Base (AB), the second-leading employer in the state of Colorado, has approximately 23,000 active-duty military and civilian personnel in the metropolitan area. Lockheed Martin Corporation, Hewlett Packard Development Company, and Progressive Casualty Insurance Company are the leading private-sector employers in the area.

During the 12 months ending May 2009, average nonfarm employment fell by nearly 6,000 jobs, or 2.3 percent, to 255,400 jobs. The largest declines occurred in the manufacturing; mining, logging, and construction; and financial activities sectors, which lost 1,500, 1,000, and 900 jobs, respectively. Despite the overall job losses during the past 12 months, several employment sectors expanded. The education and health services sector increased by approximately 1,000 jobs, or 3.7 percent, in the past year. Employment in the government sector increased by 800 jobs, or 1.8 percent, while the professional, scientific, and technical services industry grew by 400 jobs, or 2.1 percent. Despite losing 400 jobs in the past year, the information sector is expected to grow because Affiliated Computer Services, Inc., announced plans to relocate to the Colorado Springs metropolitan area and hire 600 people by August 2009. During the 12-month period ending May 2009, the unemployment rate in the metropolitan area averaged 6.7 percent, up from 4.7 percent during the same period a year earlier.

The Colorado Springs metropolitan area is home to the North American Aerospace Defense Command, Peterson Air Force Base (AFB), Schriever AFB, Fort Carson AB, and the U.S. Air Force Academy. In 2008, the number of permanent military and military-connected civilian personnel at these installations totaled nearly 48,000, with 29,000 active-duty military and 19,000 civilian personnel. Military strength levels at Fort Carson AB are expected to grow significantly in 2009. The 4th Infantry Division will be transferred from Fort Hood AB to Fort Carson AB, adding another 6,500 soldiers to the onpost strength levels by the third quarter of 2009. It is expected that the transfers will add approximately 4,000 new military households to the area. Based on the availability of onbase housing, most of these new households are expected to live off base in rental housing.

In response to the declining economy and tighter lending standards, the sales housing market in the metropolitan area is soft. According to the Pikes Peak Association of REALTORS®, the number of existing single-family homes sold in the past 12 months decreased by 12 percent, from 8,250 to 7,275. For the 12 months ending May 2009, the average price of an existing single-family home fell by 8 percent to $219,100. According to the Colorado Division of Housing, the number of foreclosures in El Paso County increased from 1,220 in the 12 months ending March 2008 to 1,290 in the 12 months ending March 2009.

Single-family homebuilding activity, as measured by the number of building permits issued, averaged 1,190 homes during the 12 months ending May 2009, a decrease of 45 percent from the 2,150 homes permitted during the same period a year earlier. New home construction has continued to decline from the peak level of 6,520 single-family homes permitted in 2005. The inventory of unsold new homes has also decreased, falling from approximately 775 as of June 1, 2008, to 550 as of June 1, 2009. Smaller homes with fewer amenities and deep developer discounts have contributed to the average sales price of new homes declining by 11 percent to $320,000 for the 12 months ending May 2009.

In recent months, the rental housing market has improved but remains soft. In its second quarter 2009 survey, *Apartment Insights* reported that the apartment vacancy rate in the Colorado Springs metropolitan area is 8.5 percent, down from 9.3 percent reported in its second quarter 2008 survey. Since 2003, the apartment rental market has been extremely soft because of military deployments and a weak economy. For the past 6 years, the rental market vacancy rate has been higher than 9 percent. The effect of troops returning to the area was evident in the submarket directly surrounding Fort Carson AB, which had the largest decline in vacancy, falling from a rate of more than 15 percent in the second quarter of 2008 to 7.8 percent in the second quarter of 2009. Even with the very recent decline in vacancy rates, the average rent for apartments in the area was $690, unchanged from a year ago.

Despite a soft rental market, new apartment construction has increased in anticipation of the arrival of troops at Fort Carson AB. During the 12 months ending May 2009, permits for 440 multifamily units were issued, an increase of 42 percent from the number of units permitted during the same period a year ago. This level of multifamily construction is well below the annual average of 900 multifamily units permitted since 2000. In 2009, 400 market-rate units in the Federal Housing Administration-insured pipeline are expected to begin construction; two of the developments are relatively close to Fort Carson AB.

Indianapolis-Carmel, Indiana

Located in central Indiana, the Indianapolis-Carmel metropolitan area is the largest in the state. It encompasses 10 counties and includes the city of Indianapolis, which is the state capital. As of June 1, 2009, the population of the metropolitan area was estimated at 1.73 million, which represents an increase of 17,800, or 1 percent, since June 1, 2008. Net in-migration accounted for 35 percent of the population growth during this period. As a result of weakening economic conditions, population growth slowed during the 12-month period ending June 2009 compared with the 12-month period ending June 2008, when the annual gain totaled 20,400, or 1.2 percent.

The economy of the Indianapolis-Carmel metropolitan area has followed the national downturn during the past 12 months, posting the first decline in nonfarm employment since 2002. During the 12 months ending May 2009, nonfarm employment in the metropolitan area averaged 902,600 jobs, a decrease of 15,700, or 1.7 percent, compared with the number of nonfarm jobs recorded during the same 12-month period a year ago. The professional and business services sector led the decrease with a loss of 7,000 jobs due to reductions in temporary and contract workers. The manufacturing sector registered the second largest employment decline; cutbacks by local automakers and by truck manufacturers and suppliers contributed to the loss of 5,400 jobs in the sector. During the 12 months ending May 2009, the average unemployment rate in the metropolitan area was 6.5 percent, an increase from the 4.3-percent rate recorded during the previous 12-month period.

Despite the overall decline in nonfarm employment during the past 12 months, employment grew in several sectors. The education and health services sector increased by 5,100 jobs, or 4.4 percent, primarily as a result of expansions, valued at $800 million, at several local hospitals, which began in 2007. The sector includes the leading private-sector employer in the area, St. Vincent Hospital and Health Care Center, with more than 8,000 employees. During the 12-month period ending May 2009, employment in the government sector increased by 2,700 jobs, or 2.2 percent, to 124,400 jobs. Employment in the government sector represents 14 percent of nonfarm jobs and includes Indiana University-Purdue University, with 6,800 faculty and staff. The leisure and hospitality sector gained 1,400 jobs, partly to serve a growing $3.5 billion annual tourism industry. Several large-scale projects are currently under way in downtown Indianapolis, including expansion of the Indiana Convention Center, construction of the Lucas Oil Stadium for the Indianapolis Colts, and development of the 1,625-room Marriott Place Indianapolis hotel complex, all of which are expected to open by 2011.

Conditions in the sales housing market are currently soft due to the declining economy and tighter mortgage lending standards. According to the Metropolitan Indianapolis Board of REALTORS®, during the 12 months ending May 2009, 22,000 new and existing attached and single-family residential homes were sold, a 14-percent decline compared with the number sold during the previous 12 months. The current number of home sales is down 29 percent from the peak number of 31,300 units sold during the 12 months ending May 2006. During the past 12 months, the number of new listings totaled 46,800, a 17-percent decline compared with the number of new listings recorded during the previous 12 months. For the 12-month period ending May 2009, the median sales price of an existing home was approximately $114,000, down 5 percent compared with the median price recorded for the same period a year ago.

The soft sales market conditions have resulted in a decrease in single-family homebuilding, as measured by the number of building permits issued. During the 12 months ending May 2009, the number of single-family homes permitted declined to 3,710, down 61 percent compared with the number of homes permitted during the previous 12-month period. The current level of construction is significantly below the annual average of 13,000 single-family homes permitted between 2000 and 2005.

Rental housing market conditions in the Indianapolis-Carmel metropolitan area have softened from the balanced conditions recorded a year ago. The vacancy rate has risen due to increases in the number of apartments entering the market, more than 4,500 units since 2006, and in the number of single-family homes and condominiums being offered as rental units. The recent decline in employment has also moderated the pace of renter household formation. According to CB Richard Ellis, the apartment vacancy rate increased from 5.4 percent in the second quarter of 2008 to 7.3 percent in the second quarter of 2009. Based on CB Richard Ellis data, the average asking rent of $873 was relatively unchanged compared with the rent recorded during the second quarter of 2008. As of the second quarter of 2009, average asking rents in apartments that have achieved stabilized occupancy are estimated at $775 for a one-bedroom unit, $890 for a two-bedroom unit, and $1,075 for a three-bedroom unit.

Multifamily construction activity in the metropolitan area, as measured by the number of multifamily units permitted, totaled 2,450 units during the 12 months ending May 2009, up 76 percent compared with the number of units permitted during the same period a year ago. Local sources indicate that, due to financing issues, builders have delayed starts on approximately 50 percent of the units permitted, including 700 multifamily units in downtown Indianapolis. Multifamily construction has fluctuated since the peak of 3,400 units permitted in 2002. After declining in 2006 and 2007, the number of multifamily units permitted rose to 2,600 units in 2008, with most of the units intended for the rental market. In the past 2 years, apartment development has been concentrated in Hamilton County, located in the northern portion of the metropolitan area, which includes several new Class A apartment communities totaling more than 1,400 units. Rent concessions are prevalent in all new Class A apartments currently in lease-up in Hamilton County. Concessions range from a $100 discount on a 12-month lease to 1 month's free rent on an 18-month lease. According to CB Richard Ellis, as of the second quarter of 2009, average asking rents for one-, two-, and three-bedroom units in newly constructed Class A developments are approximately $800, $980, and $1,400, respectively.

Las Vegas-Paradise, Nevada

The Las Vegas-Paradise metropolitan area consists of Clark County, Nevada, which is located at the southern end of the state, 230 miles northeast of Los Angeles and 250 miles northwest of Phoenix, Arizona. As of June 1, 2009, the population was estimated at 1.97 million; this figure reflects an increase of 7,000, or 0.7 percent, since June 1, 2008, compared with an increase of 80,000, or 4.2 percent, a year earlier, and an average annual increase of 66,600, or 4.1 percent, since June 1, 2000. The sharp deceleration in population growth is attributable to weakening labor market conditions.

During the 12-month period ending May 2009, nonfarm employment decreased by 31,000 jobs, or 3.3 percent, to 895,100 jobs compared with a gain of 1,300 jobs, or 0.3 percent, during the same period a year earlier. Between 2000 and 2007, nonfarm employment increased by an average annual rate of 30,000 jobs, or 4.3 percent. During the past 12 months, employment in the construction sector declined by 11,000 jobs, or 11 percent, due to reduced demand for new homes. Employment in the leisure and hospitality sector, which accounts for 30 percent of nonfarm employment, fell by 10,000 jobs, or 4 percent. Of the leading employers in the metropolitan area, 8 out of 10 are hotel-casinos, including the MGM Mirage, Station Casinos, and Boyd Gaming Corporation. Casino and hotel employment declined by 9,600 jobs during the past 12 months, but this trend may reverse because 16 new hotel-casino projects, which are scheduled for completion by the end of the 2009, will add approximately 21,450 jobs. In 2010, another 4 hotel-casinos scheduled for completion are expected to create approximately 18,550 jobs.

Education and health services was the only sector to record significant job growth during the 12 months ending May 2009. The sector increased by 2,300 jobs, or 4 percent, due to hiring at hospitals, clinics, and private schools in response to population growth that occurred between 2000 and 2007. The overall job decline in the metropolitan area, however, caused the unemployment rate for the 12 months ending May 2009 to increase to an average of 8.7 percent compared with the 5.1-percent rate recorded for the 12 months ending May 2008.

Due to a contracting economy and reduced population growth, the sales housing market in the Las Vegas-Paradise metropolitan area is soft, but recent gains in sales activity indicate the market is recovering. According to Home Builders Research, during the 12 months ending May 2009, 36,500 existing homes were sold, representing a 65-percent increase compared with the previous 12 months, which follows a 37-percent decline during the 12 months ending May 2007. Sales of existing homes averaged 45,500 a year between 2000 and 2008 and peaked at 64,200 in 2004. At the current pace, existing home sales activity for 2009 will be the sixth highest level on record.

The rapid recovery in sales of existing homes is due to a sharp decline in home sales prices during the past 2 years combined with low mortgage interest rates, which have made homes more affordable and reignited investor interest in real estate. During the 12-month period ending May 2009, the median price of existing homes sold was $163,000, down 36 percent compared with an 11-percent drop in the median price during the previous 12 months. The increased volume of foreclosed properties on the market has largely contributed to price declines. According to the Greater Las Vegas Multiple Listing Service, as of May 2009, 80 percent of multiple listing sales are bank-owned properties compared with 40 percent a year ago.

During the 12-month period ending May 2009, new home sales totaled 7,800, down 51 percent compared with a 47-percent decrease in new homes sales during the 12 months ending May 2008. Slowing sales caused new single-family home construction, as measured by the number of building permits issued, to decline 49 percent to 4,400 homes permitted during the 12-month period ending May 2009, compared with a 74-percent decline recorded during the 12-month period ending May 2008. During the 12-month period ending May 2009, the median price of new homes sold fell by 14 percent to $245,000. During the same period, condominium sales totaled 5,800 units, with a median price of $180,000. In contrast, during the 12-month period ending May 2008, 3,350 condominiums were sold at a median price of $100,000. Major condominium highrise developments currently under construction in downtown Las Vegas include juhl Las Vegas, Panorama Towers, and One Las Vegas, representing a total of 1,600 units.

Higher vacancies and declining rents resulting from a weak labor market during the 12-month period ending May 2009 have led to soft rental housing market conditions in the Las Vegas-Paradise metropolitan area. According to CB Richard Ellis' 2009 second quarter survey of 101,500 rental units, the apartment vacancy rate averaged 10.5 percent during the period compared with an average of 8 percent recorded during the second quarter of 2008. M/PF YieldStar's *Las Vegas Apartment Report* for the first quarter of 2009 showed 2,700 rental units were added during the 12 months ending March 2009, compared with 2,800 units added during the same period a year earlier, which also contributed to the increased vacancy rate.

According to CB Richard Ellis, in the first quarter of 2009, the average rent for all apartment types decreased 4 percent, from $940 a year ago to $900, compared with a 3-percent increase from $910 in the first quarter of 2007. Concessions averaging 1 to 2 months' free rent on a 6- to 13-month lease were available at 84 percent of the properties surveyed during the first quarter of 2009; during the first quarter of 2008, 81 percent of the properties surveyed offered similar concessions.

According to CB Richard Ellis' *Las Vegas Multi-Family Development Report*, as of May 2009, approximately 4,800 apartments were under construction in the metropolitan area compared with 1,325 apartments under construction as of May 2008. Weakening rental housing market conditions combined with the large number of units under construction resulted in a decline in the construction of new multifamily units, as measured by the number of units permitted. During the 12-month period ending May 2009, 3,800 apartments and 1,825 condominiums were permitted, compared with 5,600 apartments and 5,550 condominiums permitted during the same period a year earlier.

Memphis, Tennessee-Mississippi-Arkansas

The Memphis metropolitan area consists of Fayette, Shelby, and Tipton Counties in southwest Tennessee; DeSoto, Marshall, Tate, and Tunica Counties in northwest Mississippi; and Crittenden County in northeast Arkansas. The metropolitan area is a major transportation and shipping hub due to its location on the Mississippi River and at the intersection of seven U.S. highways and the fact that it is home to the world's largest cargo airport, Memphis International Airport. FedEx Corporation, with 32,000 employees, is the leading employer in the area and transports approximately 95 percent of all cargo through Memphis International Airport. Since the 2000 Census, the population of the metropolitan area has increased by an average of 10,000, or 0.8 percent, a year to an estimated 1.3 million as of July 1, 2009. Population growth was strongest from 2005 to 2006, when it increased by 1.4 percent. Since 2006, growth has slowed to an annual rate of less than 1 percent.

Recent job losses in the metropolitan area have reduced employment to 2005 levels. The number of nonfarm jobs peaked at 640,800 in 2007 before declining to 626,700 during the 12 months ending May 2009. The current level of nonfarm employment represents a decrease of 12,800 jobs, or 2 percent, when compared with the level of employment recorded during the previous 12 months. During the 12 months ending May 2009, the goods-producing sectors decreased by a total of 4.7 percent, or 3,700 jobs. More than one-half of these losses occurred in the manufacturing sector, which declined by 4.5 percent, or 2,300 jobs. The decline in this sector during the past 12 months was more substantial than the average of 1,600 manufacturing jobs lost a year from 2000 to 2008. During the 12 months ending May 2009, the service-providing sectors decreased by a total of 1.6 percent, or 9,100 jobs, compared with the number recorded during the previous 12 months. Nearly one-half of the decline occurred in the trade sector, which lost 4,400 jobs, a decrease of 4 percent. Approximately 70 percent of the total losses in the trade sector were in retail trade as a result of cutbacks in consumer spending. In April 2009, FedEx laid off approximately 500 local employees. Despite overall declines in employment during the past 12 months, the education and health services sector, the other services sector, and the government sector increased by a combined total of 3,000 jobs. Two of the top three leading private-sector employers in the Memphis area are in the education and health services sector; Methodist Healthcare has 8,925 employees and Baptist Memorial Health Care Corporation has 6,800 employees. The unemployment rate increased from 5.7 percent during the 12 months ending May 2008 to a decade-high 7.9 percent during the 12 months ending May 2009.

As a result of declining economic conditions and tighter lending standards, sales housing market conditions are currently soft in the Memphis area. According to the Memphis Area Association of Realtors® (MAAR), during the 12 months ending May 2009, 11,375 new and existing homes were sold, a 16-percent decrease compared with the approximately 13,575 new and existing homes sold during the 12 months ending May 2008. During the most recent 12-month period, the average sales price of new and existing homes decreased 14 percent, from $165,000 to $141,500. Despite the decline in new and existing home sales, during the 12 months ending May 2009, the inventory of active listings declined from a monthly average of 11,900 homes to the current level of 10,450 homes. From 2007 to 2008, the number of foreclosure filings doubled to approximately 15,525 a year, according to RealtyTrac® Inc. Despite the increase in foreclosure filings, the number of foreclosure sales decreased 28 percent, from 2,900 in the first 5 months of 2008 to 2,075 in the first 5 months of 2009, according to MAAR.

The Center City Commission reported 2,100 condominiums in downtown Memphis as of the first quarter of 2009. According to MAAR, during the 12 months ending May 2009, the number of condominiums sold totaled 440 units, a 29-percent decrease compared with the 620 units sold during the previous 12 months. As condominium sales declined, the average price decreased approximately 5 percent, from $150,700 to $142,400. A 40-unit condominium project in East Memphis is expected to be completed in the fall of 2009, with prices starting at $210,000.

Recent conversions of condominium units to rental apartments have negatively impacted an already soft apartment market in the Memphis area. Apartment market conditions have remained soft since 2000. Reis, Inc., reported a 12.4-percent apartment vacancy rate as of the first quarter of 2009, up from 10.4 percent as of the first quarter of 2008. The highest submarket vacancy rate of 16.6 percent was recorded in Frayser, in North Memphis; the lowest submarket vacancy rate of 7.1 percent was recorded in Germantown/Collierville, a southeastern suburb. Although the Germantown/Collierville submarket has some of the highest rents in the area, vacancies remain low because of relatively higher population and household growth rates in the submarket. Despite the increase in vacancy rates, the average market rent in the metropolitan area increased

2 percent, from $665 as of the first quarter of 2008 to $678 as of the first quarter of 2009. Apartments currently under construction include 134 units in the first phase of the new mixed-income Legends Park neighborhood. The $19.5 million first phase is a mixed-use project that will redevelop the Dixie Homes neighborhood; the first units are expected to be completed in late 2009. The second phase of the Legends Park neighborhood will include an additional 120 apartment units, but the construction timeline for this phase has not been announced.

Responding to soft conditions in both the sales and rental housing markets, builders have cut back on the construction of single-family and multifamily homes, as measured by the number of building permits issued. During the 12 months ending May 2009, single-family permits totaled 1,675 homes, a 59-percent decrease compared with the 4,050 homes permitted during the previous 12 months. The number of single-family homes permitted is down 83 percent from the record peak of 9,700 homes permitted in 2005. The number of multifamily units permitted was also down during the 12 months ending May 2009, decreasing by 32 percent from 1,225 to 830 units.

New Orleans-Metairie-Kenner, Louisiana

The New Orleans-Metairie-Kenner metropolitan area encompasses seven parishes in southeast Louisiana: Jefferson, Orleans (which is coterminous with the city of New Orleans), Plaquemines, St. Bernard, St. Charles, St. John the Baptist, and St. Tammany. As of June 1, 2009, the population of the metropolitan area is estimated at approximately 1.15 million; this figure represents an increase of 13,000, or an annual growth rate of 1 percent, from the July 1, 2008, Census Bureau population estimate. During the 12-month periods ending July 2008 and July 2007, the population grew by approximately 24,000 and 117,000, respectively. In contrast, during the 12 months ending July 1, 2006, the metropolitan area lost nearly 320,000 residents after Hurricanes Katrina and Rita made landfall in August and September 2005, respectively.

The economic expansion in the metropolitan area that started after the hurricanes occurred has continued but has slowed considerably during recent months. During the 12 months ending May 2009, nonfarm employment averaged 526,300 jobs, an increase of 5,300 jobs, or 1 percent, compared with the number of jobs recorded during the 12 months ending May 2008. In comparison, the number of jobs increased by nearly 22,000 during the 12-month period ending May 2008. Between May 2005 and May 2006, job losses averaged 118,000 due to the effects of the hurricanes. During the past 12 months, job gains in the government, education and health services, and construction sectors more than offset losses in other sectors. Employment in the government sector increased by 4,600 jobs, or 6 percent, to 81,500 jobs due to hiring in the state and local government subsectors. The education and health services sector added 3,100 jobs, an increase of 4.7 percent, and the construction sector grew by 1,100 jobs, or 3.3 percent, as hurricane recovery efforts continued. Leading employers in the metropolitan area include Northrup Grumman Ship Systems' Avondale Operations, Ochsner Health System, Tulane University, and NorthShore Regional Medical Center; each of these entities employs more than 5,000 workers. During the 12 months ending May 2009, the average unemployment rate in the metropolitan area was 5.3 percent, up from 3.4 percent during the same period a year ago.

Single-family homebuilding activity, as measured by the number of building permits issued, has slowed significantly in the metropolitan area during the past 2 years. During the 12 months ending May 2009, permits were issued for 2,250 single-family homes, representing a 39-percent decline, which follows a 23-percent decline during the 12-month period ending May 2008.

After the hurricanes destroyed or damaged much of the housing stock in several parishes in the metropolitan area, the sales housing market became extremely tight in St. Tammany Parish because households from the more heavily damaged parishes relocated to St. Tammany. The sales market in St. Tammany has remained tight until recently. In contrast, the sales market in Orleans Parish has been very soft, because an estimated 70 percent of the housing stock was damaged and uncertainty about the availability of homeowners insurance and new standards for rebuilding have negatively affected home sales. The slowdown in homebuilding has helped improve the still-soft sales market conditions in Orleans Parish, but sales market conditions in St. Tammany Parish have become more balanced.

According to data from The New Orleans Metropolitan Association of REALTORS® (NOMAR) and the Gulf South Real Estate Information Network, Inc., during the 12 months ending May 2009, new and existing single-family home sales in the metropolitan area totaled approximately 7,800 homes, a 24-percent decline compared with the 10,300 homes sold during the previous 12-month period. The most significant decrease occurred in Orleans Parish, where sales were down 32 percent. Home sales declined more than 25 percent in both the West St. Tammany Parish and East St. Tammany Parish submarkets. Despite the decreases in sales volume, average home sales prices did not decrease substantially. For the 12 months ending May 2009, NOMAR reported that, in the entire metropolitan area, the average sales price was $202,100, down slightly more than 3 percent from the average price recorded during the previous 12-month period and down only 5 percent compared with the average price during the 12-month period ending May 2007. Despite the decrease in the number of sales in Orleans Parish during the past 12 months, the average price increased 9 percent to $214,800. During the 12 months ending May 2009, Plaquemines Parish had the highest average price in the metropolitan area, increasing 5 percent to $267,500, but recorded fewer than 100 single-family home sales. During the same period, the average price in the West St. Tammany Parish submarket was $256,500, down 6 percent compared with the average price recorded during the previous 12 months, and the average price in the East St. Tammany Parish submarket was down 5 percent to $182,000.

Condominiums have become an increasingly prevalent part of the New Orleans-Metairie-Kenner metropolitan area housing market. According to the 2007 American Community Survey, approximately 4,000 condominiums were in the metropolitan area. According to U.S. Department of Housing and Urban Development staff in New Orleans, at least 6 condominium projects totaling approximately 1,300 units are in the process of being converted from rental units to for-sale housing. In addition, more than 1,100 condominium units are under construction, primarily in Orleans Parish but also in Jefferson and St. Tammany Parishes, and are scheduled for completion over the next 18 months. Nearly 3,000 condominium units are in the planning stages, but, because the sales market has slowed considerably, it is not expected that many of these units will be built until the market improves significantly.

During the past 12 months, the apartment market in the New Orleans-Metairie-Kenner metropolitan area softened substantially. According to the *Greater New Orleans Multi-Family Report*, the overall apartment market vacancy rate increased from 6 percent in May 2008 to 13 percent in May 2009, while the average rent dropped only 2 percent to $842. The apartment vacancy rate in Orleans Parish was 17 percent, up from about 6 percent in May 2008. In both St. Tammany and Jefferson Parishes, the vacancy rate was 11 percent, up from 4 and 6 percent, respectively.

The apartment vacancy rate in the metropolitan area increased because approximately 3,000 new and substantially rehabilitated apartments have been added to the market during the past 12 months. Approximately 2,000 additional units of mixed-income housing are under construction or just being completed, which is expected to put further pressure on rents and vacancy rates. A recent decline in multifamily construction activity, as measured by the number of units permitted, is expected to allow for the absorption of some of the vacant apartment units over the next 18 to 24 months. During the 12 months ending May 2009, about 1,400 multifamily units were permitted in the metropolitan area, a 52-percent decrease compared with the 2,900 units permitted during the previous 12 months and down from the 4,800 units permitted during the 12 months ending May 2007. Of the 9,100 multifamily units authorized by permits during the past 36 months, an estimated 1,500 were condominium units.

Pittsburgh, Pennsylvania

The Pittsburgh metropolitan area, which consists of seven counties in southwestern Pennsylvania, is the healthcare and education center for the region encompassing southwestern Pennsylvania and parts of Ohio and West Virginia. The city of Pittsburgh, located in Allegheny County, accounts for approximately one-half of the population of the metropolitan area. As of July 1, 2009, the population of the metropolitan area is estimated to be more than 2.3 million. During the past year, the population declined slightly by 0.3 percent, or approximately 7,000, due to the out-migration of 4,100 people; this trend has been occurring since 2000. Despite the population decline in the metropolitan area, the population of the downtown area of the city of Pittsburgh has been increasing steadily by approximately 530 annually since 2000 and totals an estimated 23,400 as of July 1, 2009. Much of the growth has been concentrated in the Golden Triangle area, which extends along the shores of the Allegheny and Monongahela Rivers and surrounding neighborhoods.

During the 12 months ending May 2009, nonfarm employment in the Pittsburgh metropolitan area declined by 8,725 jobs, or 0.8 percent, because of declines in both the goods-producing and service-providing sectors. This decrease completely offset the jobs added during the previous 12 months ending May 2008. During the 12 months ending May 2009, losses in the manufacturing sector totaled 3,825 jobs, or 3.8 percent, compared with a 1-percent decrease, or 1,000 jobs, recorded during the 12 months ending May 2008. During the past year, jobs in the service-providing sectors decreased by a total of 4,650, or 0.5 percent, a significant reduction from the 8,000 jobs added a year earlier. Although the leisure and hospitality sector declined by 3,100 jobs, or 2.9 percent, the sector is likely to add employees when the Rivers Casino in the downtown river district of Pittsburgh is completed. The casino is expected to open in August 2009 and employ 1,050 full-time workers.

Despite the slowing economy, during the 12 months ending May 2009, the education and health services sector added 4,350 jobs, an increase of 1.9 percent. This sector has increased steadily since 2000 and includes the leading employers in the metropolitan area: the University of Pittsburgh Medical Center, which employs nearly 37,000 workers, and the West Penn Allegheny Health System, which employs 11,600. In addition, the University of Pittsburgh, with 27,600 students, has nearly 11,000 employees.

The sales housing market in the Pittsburgh metropolitan area is currently balanced, although the demand for homes has decreased in the past 12 months as economic growth has slowed. According to RealSTATs™, during the 12 months ending May 2009, more than 23,500 homes were sold in the Pittsburgh area, a decrease of 19 percent compared with the number sold during the 12 months ending May 2008. Despite the decline in home sales, the median sales price of an existing home remained nearly unchanged, at $118,500, as of May 2009, when compared with the median price recorded as of May 2008. The median price increased by more than 5 percent to $177,000 in Butler County and by nearly 2 percent to $89,600 in Beaver County. The median price remained unchanged at $115,000 in Allegheny County, declined by 4 percent to $130,000 in Washington County, and decreased by 4 percent to $111,000 in Westmoreland County.

Developers have responded to the slowdown in home sales by scaling back the construction of single-family homes, as measured by the number of building permits issued. During the 12-month period ending May 2009, the number of permits issued for single-family homes totaled 2,550, a 28-percent decline compared with the number of homes permitted during the previous 12-month period. This level of permitting is approximately one-half the annual average of 4,725 permits issued for single-family homes that occurred from 2000 through 2008. In May 2009, an estimated 800 homes were under construction in the metropolitan area, 27 percent fewer than the number under construction a year earlier. More than 40 percent of the recent development has occurred in Allegheny County, where starting prices of new homes average between $175,000 and $250,000.

Currently, the overall rental housing market in the Pittsburgh metropolitan area is slightly soft because of slower household growth and an increase in the number of single-family homes available for rent. The overall rental vacancy rate has risen from 8.7 percent as of the 2000 Census to an estimated 10 percent as of July 2009. The apartment market, however, is balanced. According to Reis, Inc., the apartment vacancy rate declined from 6.2 percent in the first quarter of 2008 to 5.1 percent in the first quarter of 2009. Despite slower household growth, the absorption of new Class A units remained steady. During the first quarter of 2009, effective apartment rents, including rent concessions, averaged $779 in the metropolitan area, an increase of 1 percent compared with effective apartment rents recorded during the first quarter of 2008.

Multifamily construction in the metropolitan area, as measured by the number of units permitted, has decreased during the past 3 years. From 2000 through 2006, multifamily permitting activity averaged 1,400 units a year. During the 12 months ending May 2009, the number of multifamily units permitted declined by 90 units to 440; however, this decline is not as steep as the 1,050-unit decrease that occurred during the 12 months ending May 2008. According to Reis, Inc., slightly more than one-half the multifamily units currently under construction are apartments and the remainder are condominium units. More than 70 percent of the multifamily units currently under construction are located in Allegheny County; most are located in the western portion of the city of Pittsburgh. Nearly 75 percent of the units under construction in Allegheny County are apartments. Approximately 290 condominium units are currently under construction in Cranberry, located in Butler County. In downtown Pittsburgh, recent conversions of former manufacturing plants into apartments include the 267-unit Heinz Lofts, completed in 2005, and The Cork Factory, which contains 297 units completed in 2007.

The downtown area of Pittsburgh and its surrounding neighborhoods, which encompass a total of eight census tracts, attracts young professionals and empty nesters. According to the Pittsburgh Downtown Partnership, as of the first quarter of 2009, the apartment vacancy rate in the downtown area was 7.6 percent, up from 5 percent a year earlier. During the first quarter of 2009, the average effective rent rose to $1,810, an increase of 7 percent from the rent recorded during the first quarter of 2008.

Raleigh, North Carolina

Located in north-central North Carolina, the Raleigh metropolitan area consists of Franklin, Johnston, and Wake Counties and is part of the larger region known as the Triangle, which includes the cities of Durham and Chapel Hill. The Triangle is home to several large colleges and universities, including Duke University, North Carolina State University, and The University of North Carolina at Chapel Hill. According to the Census Bureau, between 2007 and 2008, the population of the Raleigh metropolitan area increased by 4.3 percent, making it the fastest growing metropolitan area in the country during that period. Between 2000 and 2008, Wake County, where the city of Raleigh is located, had the fourth largest population increase among U.S. counties, averaging a gain of more than 29,800 a year. Strong employment growth, relatively affordable housing, and access to educational institutions have contributed to population growth in the area. As of June 1, 2009, the population of the Raleigh metropolitan area is estimated at 1.13 million.

Situated in both Wake County and neighboring Durham County, Research Triangle Park is one of the leading employment centers in the Triangle, with approximately 170 companies that employ 42,000 full-time and 10,000 contract employees. Major employers in the park include International Business Machines Corporation, GlaxoSmithKline plc, and Cisco Systems, Inc. Leading employers in the Raleigh metropolitan area outside Research Triangle Park include North Carolina State University, with 8,000 employees, and WakeMed Health & Hospitals, with 7,500 employees.

During the past 5 years, nonfarm employment in the Raleigh metropolitan area increased by an average of 16,700 jobs, or 3.8 percent, a year, ranking the metropolitan area as one of the leading job growth areas in North Carolina. In 2008, employment growth began to slow to 4,400 jobs, or less than 1 percent. During the 12 months ending May 2009, employment declined by 7,600 jobs, or 1.5 percent, to an average of 519,500 jobs. A decrease of 5,900 jobs in the mining, logging, and construction sector, primarily in residential construction employment, accounted for 78 percent of job losses in the metropolitan area. Only the government sector, primarily the local government subsector, and the other services sector recorded employment increases of 3,000 and 1,700 jobs, respectively. During the 12 months ending May 2009, the unemployment rate increased to an average of 6.7 percent from 4.4 percent during the 12 months ending May 2008. The unemployment rate is currently higher than it has been for more than 20 years.

As a result of the declining economy, the sales market in the Raleigh metropolitan area has become soft. According to data from Triangle Multiple Listing Service, Inc., during the first 5 months of 2009, approximately 4,600 new and existing homes were sold in Wake and Johnston Counties, a 35-percent decline compared with the number of homes sold during the same period a year earlier. For the first 5 months of 2009, the median sales price of a home in Wake and Johnston Counties was $199,900 and $151,000, respectively, 5 and 8 percent lower, respectively, than the prices recorded during the same period in 2008. Prices for new single-family three-bedroom, two-bathroom starter homes in suburban areas start at $140,000; prices for townhomes with similar configurations start at $120,000.

In response to the slowing economy and declining home sales in the metropolitan area, single-family construction activity, as measured by the number of building permits issued, has decreased in recent years. During the 12 months ending May 2009, the number of single-family homes permitted totaled 8,425, a 40-percent decline compared with the number of homes permitted during the previous 12 months. Construction activity has declined each year since 2005, when a record-setting 14,000 homes were permitted. The number of multifamily units permitted increased 4 percent during the past 12 months ending May 2009 to 3,750 units. The volume of multifamily construction, as measured by the number of multifamily units permitted, has been elevated since 2006, when approximately 900 condominium units entered the pipeline. With the slowdown in the sales housing market during the past 2 years, multifamily construction has become more concentrated on apartments. More than 95 percent of all multifamily units currently under construction in the metropolitan area are estimated to be apartments; in 2006, apartments accounted for 80 percent of multifamily units under construction.

The apartment market in the Raleigh metropolitan area is soft. According to RealData, Inc., which only reports data for Wake County, the vacancy rate in January 2009 was 9.6 percent, up from 7.9 percent a year earlier. Because employment levels declined and the number of completed apartment units increased during the past 12 months, the vacancy rate is estimated to have increased to more than 10 percent in June 2009. The number of apartments under construction increased from approximately 2,100 units in January 2007 to 3,000 units in January 2008 and 3,900 units in January 2009. Because a large number of units are still under construction, the vacancy rate is expected to continue to increase during the next year. During the 12 months ending January 2009, rents declined by less than 1 percent to an average of approximately $760. In the past 2 years, approximately 40 percent of all apartment units started in Wake County were located in the Southwest submarket, which contains the quickly expanding suburban towns of Cary, Apex, and Morrisville. The submarket has access to highways and Research Triangle Park. As a result of the completion of nearly 1,800 units in the submarket during the past 2 years, the vacancy rate increased from 7.1 percent in January 2007 to 10.2 percent in January 2009. During the same period, the average rent in the submarket fell 2 percent to approximately $780.

According to Real Data, Inc., the Central submarket, where North Carolina State University is located, had a vacancy rate of 9.1 percent in January 2009, up from 5.7 percent in January 2008. The vacancy rate fell in 2007 and early 2008 because of strong housing demand from students and downtown employees and the conversion of more than 200 apartments to condominium units. Demand has spurred an increase in development in the submarket, from 100 units completed in the 12 months ending January 2008 to 530 units completed in the 12 months ending January 2009. With nearly 1,100 additional units under construction, the vacancy rate in the submarket is expected to increase during the next 12 months. During the 12 months ending January 2009, rents increased 1 percent in the submarket to an average of $713.

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

HUD Region and State	2009 Through June			2008 Through June			Ratio: 2009/2008 Through June		
	Total	Single Family	Multi-family*	Total	Single Family	Multi-family*	Total	Single Family	Multi-family*
Connecticut	1,547	861	686	2,912	1,664	1,248	0.531	0.517	0.550
Maine	1,162	1,078	84	1,991	1,536	455	0.584	0.702	0.185
Massachusetts	3,249	1,832	1,417	6,071	2,564	3,507	0.535	0.715	0.404
New Hampshire	924	664	260	1,776	1,329	447	0.520	0.500	0.582
Rhode Island	410	261	149	629	431	198	0.652	0.606	0.753
Vermont	496	356	140	725	561	164	0.684	0.635	0.854
New England	**7,788**	**5,052**	**2,736**	**14,104**	**8,085**	**6,019**	**0.552**	**0.625**	**0.455**
New Jersey	5,990	3,186	2,804	12,241	4,782	7,459	0.489	0.666	0.376
New York	8,292	4,368	3,924	37,313	6,538	30,775	0.222	0.668	0.128
New York/New Jersey	**14,282**	**7,554**	**6,728**	**49,554**	**11,320**	**38,234**	**0.288**	**0.667**	**0.176**
Delaware	1,296	1,155	141	1,836	1,437	399	0.706	0.804	0.353
District of Columbia	271	49	222	342	194	148	0.792	0.253	1.500
Maryland	5,410	3,883	1,527	8,143	4,924	3,219	0.664	0.789	0.474
Pennsylvania	7,684	6,511	1,173	12,884	10,089	2,795	0.596	0.645	0.420
Virginia	10,907	8,151	2,756	15,675	11,518	4,157	0.696	0.708	0.663
West Virginia	790	712	78	1,626	1,304	322	0.486	0.546	0.242
Mid-Atlantic	**26,358**	**20,461**	**5,897**	**40,506**	**29,466**	**11,040**	**0.651**	**0.694**	**0.534**
Alabama	6,021	4,280	1,741	8,971	6,949	2,022	0.671	0.616	0.861
Florida	17,805	12,636	5,169	36,362	22,974	13,388	0.490	0.550	0.386
Georgia	8,432	7,028	1,404	20,994	15,579	5,415	0.402	0.451	0.259
Kentucky	3,142	2,459	683	5,537	3,767	1,770	0.567	0.653	0.386
Mississippi	4,180	2,732	1,448	6,126	4,280	1,846	0.682	0.638	0.784
North Carolina	17,006	12,071	4,935	31,316	24,164	7,152	0.543	0.500	0.690
South Carolina	7,599	6,588	1,011	15,195	12,378	2,817	0.500	0.532	0.359
Tennessee	7,257	5,730	1,527	11,623	9,423	2,200	0.624	0.608	0.694
Southeast/Caribbean	**71,442**	**53,524**	**17,918**	**136,124**	**99,514**	**36,610**	**0.525**	**0.538**	**0.489**
Illinois	4,398	3,643	755	12,772	7,014	5,758	0.344	0.519	0.131
Indiana	5,485	4,443	1,042	8,656	6,455	2,201	0.634	0.688	0.473
Michigan	2,840	2,542	298	5,661	4,795	866	0.502	0.530	0.344
Minnesota	4,004	2,784	1,220	5,170	4,264	906	0.774	0.653	1.347
Ohio	6,077	5,000	1,077	11,098	8,874	2,224	0.548	0.563	0.484
Wisconsin	4,565	3,467	1,098	7,832	5,480	2,352	0.583	0.633	0.467
Midwest	**27,369**	**21,879**	**5,490**	**51,189**	**36,882**	**14,307**	**0.535**	**0.593**	**0.384**
Arkansas	3,684	1,970	1,714	4,859	2,916	1,943	0.758	0.676	0.882
Louisiana	6,653	5,507	1,146	9,624	6,947	2,677	0.691	0.793	0.428
New Mexico	2,359	1,985	374	3,629	3,044	585	0.650	0.652	0.639
Oklahoma	4,327	3,547	780	5,422	4,576	846	0.798	0.775	0.922
Texas	42,926	32,285	10,641	74,398	46,757	27,641	0.577	0.690	0.385
Southwest	**59,949**	**45,294**	**14,655**	**97,932**	**64,240**	**33,692**	**0.612**	**0.705**	**0.435**
Iowa	2,728	2,412	316	3,775	2,910	865	0.723	0.829	0.365
Kansas	3,037	1,706	1,331	3,814	2,466	1,348	0.796	0.692	0.987
Missouri	3,712	2,530	1,182	6,594	4,297	2,297	0.563	0.589	0.515
Nebraska	2,573	2,299	274	3,397	2,459	938	0.757	0.935	0.292
Great Plains	**12,050**	**8,947**	**3,103**	**17,580**	**12,132**	**5,448**	**0.685**	**0.737**	**0.570**
Colorado	4,520	3,491	1,029	11,394	6,766	4,628	0.397	0.516	0.222
Montana	798	661	137	1,394	1,134	260	0.572	0.583	0.527
North Dakota	992	709	283	1,204	808	396	0.824	0.877	0.715
South Dakota	1,626	1,079	547	2,126	1,684	442	0.765	0.641	1.238
Utah	5,605	2,918	2,687	6,065	4,396	1,669	0.924	0.664	1.610
Wyoming	715	557	158	1,363	1,070	293	0.525	0.521	0.539
Rocky Mountain	**14,256**	**9,415**	**4,841**	**23,546**	**15,858**	**7,688**	**0.605**	**0.594**	**0.630**
Arizona	6,306	5,672	634	15,765	11,182	4,583	0.400	0.507	0.138
California	16,946	11,810	5,136	36,702	18,750	17,952	0.462	0.630	0.286
Hawaii	1,406	995	411	2,410	1,477	933	0.583	0.674	0.441
Nevada	3,276	1,898	1,378	7,811	4,250	3,561	0.419	0.447	0.387
Pacific	**27,934**	**20,375**	**7,559**	**62,688**	**35,659**	**27,029**	**0.446**	**0.571**	**0.280**
Alaska	463	284	179	493	372	121	0.939	0.763	1.479
Idaho	2,454	1,959	495	4,256	3,931	325	0.577	0.498	1.523
Oregon	4,014	2,715	1,299	7,026	4,762	2,264	0.571	0.570	0.574
Washington	7,997	5,778	2,219	16,366	10,075	6,291	0.489	0.573	0.353
Northwest	**14,928**	**10,736**	**4,192**	**28,141**	**19,140**	**9,001**	**0.530**	**0.561**	**0.466**
United States	**276,356**	**203,237**	**73,119**	**521,364**	**332,296**	**189,068**	**0.530**	**0.612**	**0.387**

*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** (Listed by Total Building Permits)

CBSA	CBSA Name	2009 Through June		
		Total	Single Family	Multifamily*
26420	Houston-Sugar Land-Baytown, TX	13,393	10,607	2,786
19100	Dallas-Fort Worth-Arlington, TX	11,083	6,516	4,567
35620	New York-Northern New Jersey-Long Island, NY-NJ-PA	8,510	2,853	5,657
47900	Washington-Arlington-Alexandria, DC-VA-MD-WV	6,035	4,442	1,593
12420	Austin-Round Rock, TX	5,108	3,391	1,717
38060	Phoenix-Mesa-Scottsdale, AZ	4,366	3,774	592
31100	Los Angeles-Long Beach-Santa Ana, CA	3,801	1,743	2,058
42660	Seattle-Tacoma-Bellevue, WA	3,704	2,234	1,470
16740	Charlotte-Gastonia-Concord, NC-SC	3,612	1,985	1,627
12060	Atlanta-Sandy Springs-Marietta, GA	3,173	2,531	642
45300	Tampa-St. Petersburg-Clearwater, FL	2,985	1,901	1,084
37980	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	2,889	2,200	689
40140	Riverside-San Bernardino-Ontario, CA	2,876	2,220	656
29820	Las Vegas-Paradise, NV	2,833	1,507	1,326
27260	Jacksonville, FL	2,757	1,489	1,268
41620	Salt Lake City, UT	2,757	681	2,076
47260	Virginia Beach-Norfolk-Newport News, VA-NC	2,741	1,382	1,359
41700	San Antonio, TX	2,696	2,534	162
14460	Boston-Cambridge-Quincy, MA-NH	2,659	1,238	1,421
26900	Indianapolis, IN	2,532	1,752	780
36740	Orlando-Kissimmee, FL	2,497	1,752	745
39580	Raleigh-Cary, NC	2,369	1,993	376
16980	Chicago-Naperville-Joliet, IL-IN-WI	2,345	1,927	418
12580	Baltimore-Towson, MD	2,339	1,421	918
34980	Nashville-Davidson--Murfreesboro, TN	2,304	1,912	392
41180	St. Louis, MO-IL	2,151	1,868	283
33100	Miami-Fort Lauderdale-Miami Beach, FL	2,099	988	1,111
19740	Denver-Aurora, CO	1,935	1,173	762
38900	Portland-Vancouver-Beaverton, OR-WA	1,911	1,437	474
17900	Columbia, SC	1,789	1,250	539
36540	Omaha-Council Bluffs, NE-IA	1,758	1,576	182
46140	Tulsa, OK	1,730	1,364	366
26620	Huntsville, AL	1,723	1,159	564
33460	Minneapolis-St. Paul-Bloomington, MN-WI	1,708	1,414	294
17140	Cincinnati-Middletown, OH-KY-IN	1,690	1,417	273
41860	San Francisco-Oakland-Fremont, CA	1,688	966	722
41740	San Diego-Carlsbad-San Marcos, CA	1,661	921	740
18140	Columbus, OH	1,653	1,276	377
30780	Little Rock-North Little Rock, AR	1,651	775	876
32580	McAllen-Edinburg-Mission, TX	1,640	1,494	146
40900	Sacramento--Arden-Arcade--Roseville, CA	1,524	1,251	273
36420	Oklahoma City, OK	1,504	1,419	85
40060	Richmond, VA	1,498	1,287	211
35380	New Orleans-Metairie-Kenner, LA	1,491	1,132	359
16700	Charleston-North Charleston, SC	1,423	1,318	105
25060	Gulfport-Biloxi, MS	1,388	1,050	338
22180	Fayetteville, NC	1,380	904	476
38300	Pittsburgh, PA	1,351	1,171	180
21340	El Paso, TX	1,277	1,259	18
20500	Durham, NC	1,244	637	607

*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