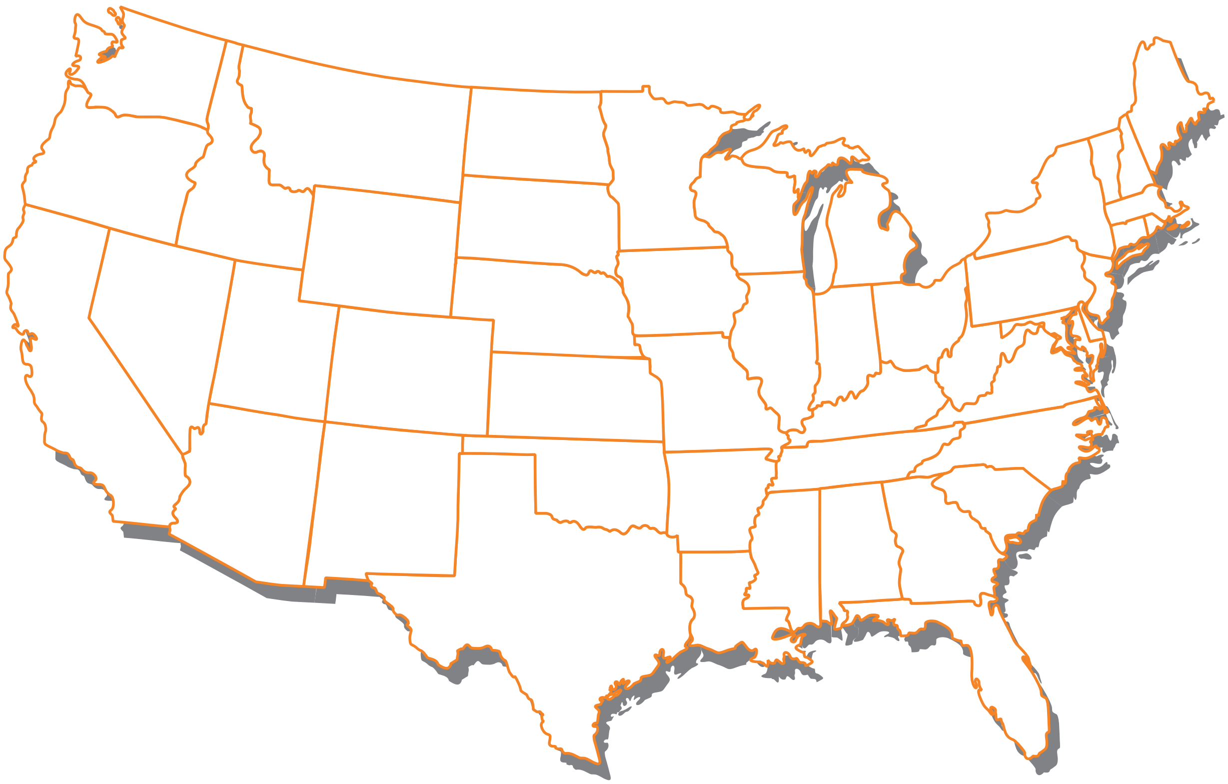
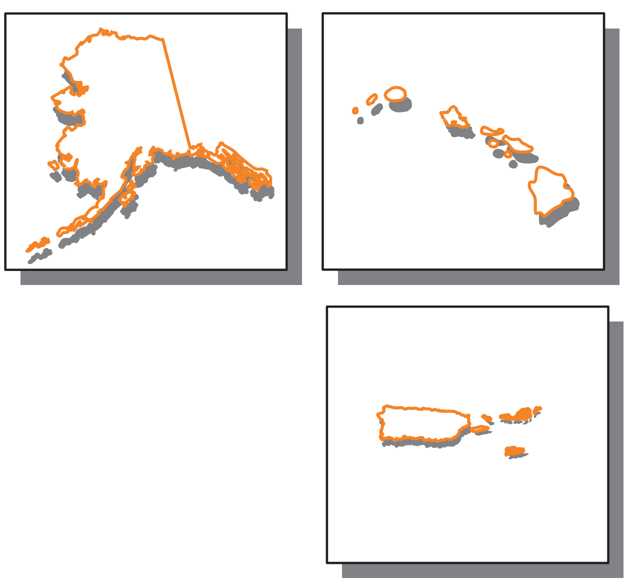
Regional Activity



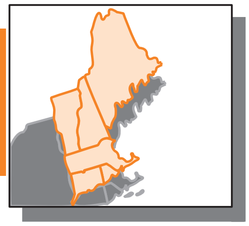


The following summaries of housing market conditions and activities have been prepared by economists in the U.S. Department of Housing and Urban Development's (HUD's) field offices. The reports provide overviews of economic and housing market trends within each region of HUD management. Also included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

Regional Reports

New England

HUD Region I*



Economic conditions in the New England region have improved significantly since 2010, despite a slowdown in job growth during the past year. During the 12 months ending June 2012, nonfarm payrolls averaged 6.8 million jobs, an increase of 30,550 jobs, or 0.4 percent, compared with an increase of 47,950 jobs, or 0.7 percent, a year earlier. The largest job gains were in the professional and business services and the education and health services sectors, which increased by 19,400 and 15,750 jobs, or 2.2 and 1.1 percent, respectively. The wholesale and retail trade, transportation and utilities, and leisure and hospitality sectors grew by 9,025, 4,075, and 2,175 jobs, increases of 0.9, 2.2, and 0.3 percent, respectively. The most significant losses during the past 12 months were in the government sector, which lost 15,400 jobs, a decrease of 1.6 percent, and included a decline of 10,400 jobs, or 1.7 percent, in the local government subsector. The financial activities and information sectors lost 5,075 and 1,775 jobs, or 1.1 and 1.2 percent, respectively.

During the 12 months ending June 2012, nonfarm payrolls grew in five of six states in the New England region. Massachusetts, which represents 47 percent of the total nonfarm payrolls in the region, accounted for 60 percent of the net gains during the past 12 months, adding 18,250 jobs, a 0.6-percent increase, compared with an increase of 29,550 jobs, or 0.9 percent, during the previous 12 months. The professional and business services sector in Massachusetts gained 14,050 jobs, or 3.0 percent, but the financial activities and information sectors lost 2,400 and 1,350 jobs, or 1.2 and 1.6 percent, respectively. Connecticut nonfarm payrolls increased by 8,850 jobs, or 0.5 percent, down from an increase of 12,250 jobs, or 0.8 percent, during the same period a year earlier. The education and health services sector increased by 8,325 jobs, or 2.7 percent, from the previous 12 months, when the sector expanded by 6,575 jobs, or 2.2 percent. Vermont and New Hampshire added 2,450 and 1,875 jobs, 0.8- and 0.3-percent gains, respectively. Job growth in Vermont was concentrated in the professional and business services sector, which gained 2,000 jobs, or 8.3 percent. In New Hampshire, the leisure and hospitality sector expanded 3.1 percent, adding 1,950 jobs. Payrolls in Maine were relatively unchanged, increasing by a total of 530 jobs, despite the loss of 1,450 local government jobs. Rhode Island lost 1,400 jobs, a 0.3-percent decline, including a loss of 1,075 jobs, or 2.2 percent, in the leisure and hospitality sector. During the 12 months ending June 2012, the unemployment rate in the region averaged 7.3 percent, which is less than the 8.2-percent rate during the previous 12 months and less than the 8.5-percent national rate. Average unemployment rates ranged from 5.1 percent in Vermont to 11.1 percent in Rhode Island.

The home sales markets in the New England region are currently soft, despite the number of sales increasing significantly in every state during the past 12 months. According to the Massachusetts Association of REALTORS® (MAR), during the 12 months ending June 2012, existing home sales in Massachusetts totaled 42,750, a 15-percent increase from the previous 12 months. During June 2012, the median home sales price in Massachusetts was $325,000, unchanged from June 2011. The Northern New England Real Estate Network (NNEREN) reported that, during the 12 months ending June 2012, in New Hampshire and Vermont, 11,650 and 4,300 homes sold, increases of 16 and 13 percent, respectively, from a year earlier. The median home sales prices for New Hampshire and Vermont during June 2012 were $215,000 and $213,500, a decrease of 3 percent and an increase of less than 1 percent, respectively, compared with the median home sales prices during the same period a year earlier.

The Rhode Island Association of REALTORS® (RIAR) reported 7,275 existing homes sold during the 12 months ending June 2012, a 16-percent increase from the previous 12 months. The median home sales price in Rhode Island during the second quarter of 2012 was $192,000, down 6 percent from a year earlier. Data from the Maine Real Estate Information System, Inc., indicate that existing home sales in Maine totaled 10,650, a 15-percent increase from the previous 12 months. During June 2012, the median home sales price increased 2 percent, to $175,500, compared with the median price during June 2011. In Connecticut, Prudential Connecticut Realty (PCR) reported 22,450 new and existing home sales during the 12 months ending June 2012, a 5-percent increase from the previous 12 months. The median home sales price for the year-to-date ending June 2012 declined 5 percent, to $243,000, compared with the median price during the same period a year earlier.

LPS Applied Analytics reported that, in June 2012, 7.2 percent of home loans in the region were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) compared with 6.4 percent in June 2011 and 7.7 percent nationwide. During June 2012, the largest rate increases for loans in this category were in Connecticut and Maine, with both states gaining more than 1 percentage point from a year earlier, to 8.5 percent each.

*For an explanation of HUD's regions, please turn to page 51 at the end of the Regional Reports section.

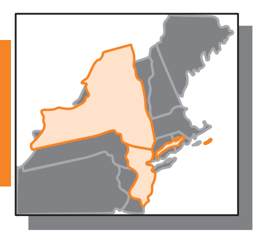
Condominium markets continue to be soft throughout the region, although conditions improved significantly during the past year in Massachusetts, New Hampshire, and Vermont. According to MAR, condominium sales in Massachusetts during the 12 months ending June 2012 totaled 16,050 units, a 12-percent increase from the previous 12 months. The median condominium sales price during June 2012 increased 4 percent, to $305,000, from a year earlier. RIAR reported that, during the 12 months ending June 2012, condominium sales in Rhode Island increased 9 percent to 1,175 sales. The median condominium sales price in the state, during the second quarter of 2012, decreased 2 percent, to $170,000. In New Hampshire and Vermont, NNEREN reported that during the 12 months ending June 2012, condominium sales increased 10 and 8 percent, to 2,700 and 970 sales, respectively, from a year earlier. During June 2012, the median condominium sales price increased 7 percent to $165,400 in New Hampshire and 10 percent to $198,000 in Vermont compared with the median price during the same period a year earlier. According to PCR, during the 12 months ending June 2012, condominium sales in Connecticut increased 1 percent, to 5,500 sales, from the previous 12 months. The median condominium sales price for the year-to-date ending June 2012, decreased 7 percent, to $155,000, compared with the median price for the same period a year earlier.

Single-family homebuilding activity, as measured by the number of building permits issued, increased slightly during the past year in response to improvements in the home sales market, particularly in Massachusetts. Based on preliminary data, during the 12 months ending June 2012, 10,400 single-family homes were permitted in the region, a 1-percent increase from the 10,300 homes permitted during the 12 months ending June 2011, when single-family permits declined 11 percent from the previous 12 months. Single-family home construction increased, however, in only two of six states in the region during the 12 months ending June 2012. Massachusetts single-family home permits increased 5 percent to 4,500 homes, and New Hampshire reported a 4-percent increase, to 1,400 homes permitted. Single-family homes permitted in Rhode Island and Vermont remained unchanged at 630 and 500. Building in Connecticut and Maine, however, declined 4 and 3 percent, to 1,925 and 1,450 homes permitted, respectively.

Multifamily construction, as measured by the number of units permitted, increased significantly in the New England region during the past 12 months as builders began to respond to increasing renter demand. Based on preliminary data, during the 12 months ending June 2012, multifamily building activity totaled 6,850 units permitted, a 35-percent gain, which was less than the 50-percent increase nationwide but was a significant gain compared with the 6-percent decline in the region a year earlier. During the 12 months ending June 2012, multifamily building activity in Massachusetts grew 49 percent, to 4,125 units permitted compared with the number permitted during the previous year. Multifamily building activity in Connecticut and Maine increased 66 and 110 percent, to 1,425 and 420 units permitted, respectively, and Vermont increased 2 percent to 420 units permitted during the past 12 months. These gains more than offset decreases in New Hampshire and Rhode Island, where multifamily building activity totaled 390 and 85 units permitted compared with 610 and 220 units, respectively, from a year earlier.

Apartment market conditions in most metropolitan areas in the region are balanced to tight, and nearly all markets tightened during the past 12 months, reflecting limited completions of new rental units. Apartment market conditions in the Boston metropolitan area are tight. According to Reis, Inc., during the second quarter of 2012, the apartment vacancy rate decreased to 3.7 percent compared with the 4.4-percent rate of a year earlier. The average market rent increased more than 2 percent, to $1,796, during the same period. An estimated 5,100 new apartments are currently under construction, including more than 1,800 units in the city of Boston. The apartment market in the Providence metropolitan area is tight, with extremely limited additions to the inventory during the past year. During the second quarter of 2012, the apartment vacancy rate declined to 3.5 percent from 5.2 percent a year earlier, with average rents increasing more than 2 percent, to $1,241. Apartment market conditions are very tight in the Hartford metropolitan area, where apartment vacancy rates decreased during the second quarter of 2012 to 3 percent from 3.8 percent a year earlier, while the average market rent increased 3 percent, to $1,017, compared with the average rent during the second quarter of 2011. During the same period, the apartment vacancy rate in the Manchester-Nashua metropolitan area declined to 2.8 percent from 3.3 percent and the average market rent increased 2 percent, to $1,107.

New York/ New Jersey



HUD Region II

Economic conditions in the New York/New Jersey region have continued to improve since early 2011. During the 12 months ending June 2012, nonfarm payrolls totaled nearly 12.63 million jobs, an increase of 162,700 jobs, or 1.3 percent, from a year ago. In New York, which accounted for nearly 78 percent of the job growth in the region, nonfarm payrolls increased by 126,500 jobs, or 1.5 percent, to an average of 8.75 million jobs. New Jersey nonfarm payrolls increased by 36,200 jobs, or 0.9 percent, to an average of nearly 3.88 million jobs.

In New York City (NYC), nonfarm payrolls increased by 71,450 jobs, or 1.9 percent, to 3.82 million jobs. Job gains in NYC were led by the professional and business services sector, leisure and hospitality sector, and retail trade subsector, which increased by 26,600, 17,150, and 12,750 jobs, or 4.5, 5.2, and 4.1 percent, respectively. The largest nonfarm payroll job gains in the region occurred in the professional and business services, education and health services, and leisure and hospitality sectors. The professional and business services sector added 55,150 jobs, a 3.2-percent increase, with gains of 45,500 jobs, or 4.1 percent, in New York and 9,650 jobs, or 1.6 percent, in New Jersey. The education and health services sector recorded an increase of 50,300 jobs, or 2.2 percent, in the region and registered the largest nonfarm payroll increase among all sectors in New Jersey, with a gain of 19,750 jobs, or 3.3 percent. In the region, the leisure and hospitality sector increased by 29,600 jobs, or 2.7 percent, adding 25,500 and 4,075 jobs, 3.4- and 1.2-percent increases, in New York and New Jersey, respectively.

Job losses accelerated in the information sector in the region during the 12 months ending June 2012, recording a decline of 9,875 jobs, or 3.0 percent, compared with a loss of 3,250 jobs, or 1.0 percent, during the previous 12 months. Conversely, job losses slowed significantly in the government sector because retirements and layoffs were limited. The government sector lost 6,675 jobs, or 0.3 percent, during the 12 months ending June 2012 compared with a decline of 62,500 jobs, or 2.9 percent, during the previous 12 months, when local government layoffs accounted for 76 percent of total government payroll declines. Local government payrolls increased by 2,875 jobs, or 0.2 percent, during the 12 months ending June 2012 compared with a decline of 47,500 jobs, or 3.0 percent, during the previous 12 months. Federal and state government payrolls continued to decline during the past year. During the 12 months ending June 2012, the unemployment rate in the region averaged 8.7 percent, up slightly from 8.6 percent a year earlier. The unemployment rate increased from 8.3 to 8.5 percent in New York but declined from 9.4 to 9.3 percent in New Jersey.

In the second quarter of 2012, sales housing markets in New York were soft. Conditions stabilized compared with a year ago; the number of home sales increased but home sales prices were relatively unchanged. According to data from the New York State Association of REALTORS®, during the second quarter of 2012, existing single-family home sales in the state (excluding parts of NYC) increased nearly 7 percent, to 23,400 homes sold compared with home sales during the second quarter of 2011. The median sales price for existing homes decreased less than 1 percent to $209,000 during the second quarter of 2012 compared with the median price during the second quarter of 2011. In Upstate New York, the number of home sales declined during the second quarter of 2012, but home sales prices remained relatively stable. According to the Greater Rochester Association of REALTORS®, during the 12 months ending June 2012, home sales in the Rochester metropolitan area declined nearly 9 percent, to 9,550 homes sold, and the median home sales price increased more than 2 percent, to $122,500. The Greater Capital Association of REALTORS® reported that, during the 12 months ending June 2012, home sales in the Albany-Schenectady-Troy metropolitan area increased 16 percent, to 8,150 homes sold, and the median home sales price increased less than 1 percent, to $189,500. According to the Buffalo Niagara Association of REALTORS®, during the 12 months ending May 2012, the number of homes sold in the Buffalo metropolitan area increased more than 4 percent, to 9,100, and the median home sales price increased slightly more than 3 percent, to $118,000.

The NYC home sales market was somewhat soft during the second quarter of 2012. Miller Samuel Inc. reported that, during the 12 months ending June 2012, the number of existing home sales in Manhattan, Brooklyn, and Queens decreased nearly 5 percent, to 26,900 homes, compared with the number sold during the previous 12 months. The average home sales price rose nearly 2 percent, to $829,200, because of a decline in the number of homes sold in Queens, where homes are significantly less expensive than in Manhattan. The average number of days a home remained on the market increased to 134, or 14 days more than the average during the previous 12 months. During the past year, the number of condominiums and cooperatives sold in Manhattan increased less than 1 percent, to 10,100, and the median home sales price decreased nearly 3 percent, to $829,000. The number of home sales in Manhattan remained 15 percent below the average of 11,850 homes sold annually in 2007 and 2008. In Brooklyn, home sales declined slightly more than 1 percent, to 7,575, and the median home sales price decreased less than 1 percent, to $477,100. In Queens, sales declined nearly 13 percent, to 9,225 homes sold, and the median home sales price increased nearly 4 percent, to $355,000.

In New Jersey, home sales markets currently are soft. Conditions softened compared with a year ago as the number of homes sold and sales prices declined, continuing a 5-year trend. According to data from the New Jersey Association of REALTORS®, the number of existing homes sold during the 12 months ending March 2012 (the most recent data available) decreased by 18,200, or nearly 19 percent, to 80,400 homes sold compared with the number sold during the previous 12 months. The median home sales price in New Jersey decreased nearly 6 percent, to $265,000. All three regions of the state reported fewer home sales, with declines of 19, 18, and 18 percent in Northern, Central, and Southern New Jersey, to 38,800, 21,400, and 20,200 homes sold, respectively. Median home sales prices declined nearly 9 percent, to $315,300, in Northern New Jersey; declined more than 2 percent, to $277,800, in Central New Jersey; and remained relatively unchanged at $191,500, in Southern New Jersey.

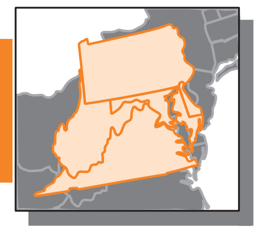
According to LPS Applied Analytics, in June 2012, the number of mortgage loans in the region that were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) increased by 10,300, or 16 percent, to 288,800 loans compared with the number of distressed loans in June 2011. In June 2012, this total represented 10.2 percent of all home loans compared with the 8.7-percent rate of a year earlier. The rate rose from 9.9 to 11.9 percent in New Jersey and from 7.9 to 9.1 percent in New York.

Builders responded to softer sales housing market conditions in the New York/New Jersey region by reducing single-family homebuilding activity, as measured by the number of single-family building permits issued. According to preliminary data, during the 12 months ending June 2012, the number of single-family homes permitted in the region decreased 5 percent, to 12,100 homes, compared with a 9-percent decline during the previous 12 months. The number of single-family homes permitted during the past 12 months represented nearly 53 percent of the average level of 23,000 homes permitted annually in the region from 2007 through 2009. Single-family home construction decreased by 230 homes, or 4 percent, to 5,450 homes permitted in New York and by 380 homes, or 5 percent, to 6,650 homes permitted in New Jersey. Construction of multifamily units increased in both states. According to preliminary data, multifamily building activity in the region, as measured by the number of units permitted, increased by 2,700 units, or 16 percent, to 20,000 units permitted compared with a 37-percent increase during the previous 12 months. More than 61 percent of the increase in multifamily construction activity in the region occurred in New Jersey, where the number of permits issued increased by 1,650 units, or 25 percent, to 8,125 units permitted. In New York, the number of multifamily permits issued increased by 1,000 units, or 9 percent, to 11,850 units permitted, down from the 39-percent increase recorded during the previous 12 months. Based on data from the McGraw-Hill Construction Pipeline database, apartment construction accounted for nearly 81 percent of the 26,750 multifamily units under construction in the region and nearly 99 percent of the 13,350 units being built in NYC.

Rental housing market conditions in the New York/New Jersey region were tighter in the second quarter of 2012 than they were a year earlier, as shown by declining vacancy rates and rising rents. Conditions were balanced to tight in Upstate New York and New Jersey, whereas NYC remained the tightest rental housing market in the country. According to Reis, Inc., in the second quarter of 2012, the apartment vacancy rate in the Rochester metropolitan area was 2.9 percent, down from the 3.6-percent rate recorded a year earlier, and the average asking rent increased 2 percent, to $799. In the Albany metropolitan area, the apartment vacancy rate increased slightly from 3.4 to 3.6 percent, and the average rent increased nearly 4 percent, to $928. In Northern New Jersey, the apartment vacancy rate decreased from 4.5 to 3.8 percent, and the average rent increased 3 percent, to $1,562. In the Atlantic-Cape May area, the apartment vacancy rate declined from 6.8 to 5.6 percent, and the average rent increased more than 1 percent, to $971. The apartment vacancy rate in NYC was 2.2 percent, down from the 2.7-percent rate recorded a year earlier, and the average asking rent increased 3 percent, to $3,001. On Long Island, the vacancy rate declined from 3.6 to 3.2 percent, and the average rent increased nearly 2 percent, to $1,611.

Mid-Atlantic

HUD Region III



Employment levels increased in the Mid-Atlantic region during the second quarter of 2012, the sixth consecutive quarterly increase in nonfarm payroll jobs. During the 12 months ending June 2012, total nonfarm payrolls in the region averaged 13.89 million jobs, an increase of 144,300 jobs, or 1.1 percent, from the previous 12 months. Average nonfarm payrolls increased by 153,700 jobs, or 1.1 percent, during the previous 12-month period. Sectors recording the most job growth were education and health services, professional and business services, and leisure and hospitality, which added 59,700, 26,350, and 19,600 jobs, or 2.6, 1.3, and 1.6 percent, respectively. The education and health services and professional and business services sectors increased in all states and together accounted for 60 percent of the job growth in the region. The only sectors in the Mid-Atlantic region that recorded declines in payrolls were the information and government sectors, which declined by 4,850 and 6,400 jobs, or 2.0 and 0.3 percent, respectively.

Nonfarm payrolls increased in every state in the region during the 12 months ending June 2012. Pennsylvania added 45,150 jobs, a 0.8-percent increase, which accounted for nearly one-third of the total growth in the region. Gains in Virginia and Maryland totaled 39,400 and 35,450 jobs, increases of 1.1 and 1.4 percent, respectively. The education and health services sector led the growth in each state. Payrolls increased by 14,250 jobs in the District of Columbia, which registered the highest rate of job growth in the region, at 2.0 percent, despite the loss of 2,950 jobs, or 1.2 percent, in the government sector. In West Virginia, total nonfarm payrolls increased by 9,475 jobs, or 1.3 percent; one-third of the increase was in the education and health services sector. Delaware added 680 jobs, a 0.2-percent increase. Sectors with the largest gains included education and health services and financial activities, but these gains were partially offset by losses in the mining, logging, and construction and the leisure and hospitality sectors. During the 12 months ending June 2012, the unemployment rate in the region averaged 7.1 percent, down from 7.6 percent during the previous 12 months. Unemployment rates among the states in the region ranged from 6.0 percent in Virginia to 7.7 percent in Pennsylvania. The average unemployment rate in the District of Columbia was 9.8 percent, down from the 10.1-percent rate recorded a year earlier.

Sales housing market conditions were soft in most of the states and metropolitan areas in the Mid-Atlantic region during the past 12 months. According to CoreLogic®, during the 12 months ending April 2012, sales of new and existing homes in the region decreased 7 percent from the previous year, to 298,500 homes sold. The largest declines occurred in Virginia, where existing sales decreased by 10,350 homes, or 11 percent, and in Pennsylvania, where existing sales declined by 7,550 homes, or 6 percent. Maryland and the District of Columbia recorded declines of 3,950 and 550 homes, or 6 and 8 percent, respectively, compared with sales a year ago. By contrast, home sales remained unchanged in Delaware and increased by 1,075 homes, or 22 percent, in West Virginia. During the 12 months ending April 2012, the average sales price for new and existing homes in the region decreased 2 percent from a year earlier, to $231,800. Delaware recorded a 10-percent decline in the average sales price to $231,500, the largest percentage change in the region. Average home sales prices decreased 2 percent in both Maryland and Pennsylvania to $270,900 and $166,800, respectively. The average sales price decreased 1 percent in Virginia to $276,300. By contrast, the average price increased 3 percent in both the District of Columbia and West Virginia, to $480,700 and $130,500, respectively. According to LPS Applied Analytics, during June 2012, the percentage of home loans in the region that were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) increased to 6.4 percent compared with 5.8 percent during June 2011. Within the region, distressed mortgage rates ranged from 4.3 percent in Virginia to 8.8 percent in Maryland, the only state in the region with a rate higher than the 7.7-percent national average.

Sales housing market conditions were soft in the largest metropolitan areas in the region. According to CoreLogic®, during the 12 months ending April 2012, new and existing home sales in the Washington, D.C. metropolitan area totaled 56,800 homes sold, a 10-percent decrease, while the average home sales price was $358,700, down 1 percent from a year ago. In the Philadelphia metropolitan area, the number of new and existing home sales registered an 8-percent decrease, to 51,700 homes sold, and the average sales price declined 2 percent to $231,200. In the Baltimore and Pittsburgh metropolitan areas, the number of new and existing home sales declined 5 percent in each area to 29,500 and 25,500 homes sold, respectively. The average price decreased 1 percent, to $256,100, in the Baltimore area but increased 5 percent, to $141,100, in the Pittsburgh area. In the Richmond metropolitan area, the number of home sales decreased 1 percent to 14,500 homes sold, and the average sales price declined 2 percent, to $209,400. By contrast, the Virginia Beach metropolitan area recorded an 8-percent increase in sales, to 20,150 homes sold, while the average price decreased 4 percent, to $216,000.

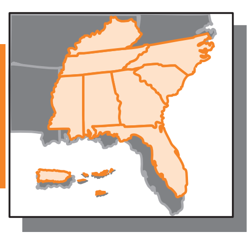
Despite soft sales housing markets, homebuilding increased in most states in the Mid-Atlantic region. According to preliminary data, single-family home construction, as measured by the number of single-family building permits issued, increased in the region by 900 homes, or 3 percent, to 36,850 homes permitted during the 12 months ending June 2012. Single-family construction activity was up 10 percent in Maryland, to 8,225 homes. Homebuilding activity increased 9 percent in both Virginia and Delaware, to 14,750 and 2,650 homes, respectively. Construction of single-family homes in West Virginia increased by 40 homes, or 3 percent, to 1,225 homes permitted. Offsetting part of the increase in homebuilding activity for the region, Pennsylvania and the District of Columbia reported declines of 12 and 10 percent, to 9,775 and 220 homes, respectively.

Multifamily construction, as measured by the number of units permitted, increased in every state in the region during the 12 months ending June 2012. According to preliminary data, the number of units permitted in the region increased by 7,475, or 55 percent, from a year earlier, to 21,200 units permitted. Multifamily construction activity doubled in Delaware from the same period a year ago, to 970 units permitted. Maryland and Virginia had the largest increases in the region, with 2,400 and 2,275 units permitted, up 86 and 39 percent, to 5,150 and 8,050 units, respectively. In West Virginia, the District of Columbia, and Pennsylvania, multifamily construction increased 77, 50, and 48 percent, to 240, 3,450, and 3,325 units permitted, respectively.

Rental housing market conditions were balanced to slightly soft throughout most of the Mid-Atlantic region during the second quarter of 2012. In the Philadelphia metropolitan area, the apartment market was balanced. According to Delta Associates, during the second quarter of 2012, the overall apartment vacancy rate in the metropolitan area, including units in lease up, increased from 2.8 to 4.7 percent, and the average rent remained unchanged at nearly $1,650. Conditions in the Center City Philadelphia submarket tightened during the past year; the vacancy rate for Class A highrise apartments declined from 2.4 to 1.6 percent, and concessions decreased from 2.7 to 2.0 percent. The average rent in Center City increased nearly 3 percent to $2,225. The apartment market in the Baltimore metropolitan area was slightly soft. The apartment vacancy rate increased from 5.9 to 7.4 percent during the second quarter of 2012. In the southern suburbs, the vacancy rate increased from 5.2 to 9.4 percent. Nearly 500 units were in lease up in the southern suburbs, all located in Anne Arundel County, compared with 360 units in lease up in the southern suburbs a year earlier. The vacancy rate in the city of Baltimore remained unchanged at 5.5 percent, while in the northern suburbs, the vacancy rate decreased from 6.7 to 5.9 percent. The average rent in the Baltimore metropolitan area increased 4 percent, to nearly $1,575, and the average rent in the city of Baltimore increased 7 percent, to $1,750. The Washington, D.C. metropolitan area apartment market was slightly soft during the second quarter of 2012. Delta Associates reported a vacancy rate for Class A garden apartments of 7.5 percent, an increase from 5.3 percent a year earlier. The vacancy rate for garden apartments increased significantly during the same period, from 5.1 to 9.2 percent in suburban Maryland and from 5.5 to 6.0 percent in Northern Virginia. The vacancy rate for highrise properties in the Washington, D.C. metropolitan area increased from 7.8 to 8.8 percent, while concessions decreased from 3.7 to 2.5 percent. During the second quarter of 2012, the average rents for Class A garden and highrise apartments each increased 3 percent, to $1,625 and $2,425, respectively.

Rental markets were slightly soft in the Virginia Beach metropolitan area and balanced in the Pittsburgh metropolitan area. According to Real Data, in May 2012, the apartment vacancy rate in the Virginia Beach area was 6.3 percent, a slight increase from the rate of 6.1 percent recorded a year earlier. The average rent in the metropolitan area increased 2 percent from a year earlier to $925. According to Reis, Inc., in the second quarter of 2012, the Pittsburgh metropolitan area had an apartment vacancy rate of 3.0 percent, down from 3.9 percent a year ago, and the average rent increased 3 percent to $870.

Southeast/ Caribbean



HUD Region IV

With employment in states throughout the Southeast/ Caribbean region beginning to stabilize or recover from the recent economic downturn, overall employment in the region increased at a moderate pace during the past 12 months. During the 12 months ending June 2012, nonfarm payrolls in the region increased by 232,000 jobs, or 0.9 percent, to 25.4 million. The states with the largest numbers of jobs added were Florida and Tennessee. In Florida, payrolls increased by 72,500 jobs, or 1 percent, to 7.31 million. In Tennessee, payrolls increased by 44,300 jobs, or 1.7 percent, to 2.68 million. Payrolls were relatively stable in Alabama, Mississippi, and Puerto Rico at 1.87 million, 1.09 million, and 922,100 jobs, respectively. The Virgin Islands was the only exception to the stabilization trend in the region, with payrolls decreasing by 2.6 percent, or 1,200 jobs, to 43,200 jobs after a growth of 1 percent in the previous year. The professional and business services and the education and health services sectors led growth in the region during the past 12 months, with gains of 102,500 jobs, or 3.2 percent, and 65,800 jobs, or 1.9 percent, respectively. Because of ongoing demand for health services and increased demand for job training, the education and health services sector was the only sector in the region to grow each year from 2008 through 2010. During the 12 months ending June 2012, the construction subsector and the government sector decreased by 39,100 and 19,300 jobs, or 4.1 and 0.4 percent, respectively, more than any other subsector or sector. Job declines resulted from continued weak sales housing markets and from state and federal job cuts that overwhelmed a modest increase in local government payrolls in the region. As a result of overall job gains during the 12 months ending June 2012, the unemployment rate in the region declined to 9.6 percent from 10.6 percent during the previous 12 months. The unemployment rate decreased in all states in the region, with Florida recording the most improvement to 9.6 percent from 11.0 percent a year earlier. Alabama and Tennessee had the lowest average unemployment rates at 8.2 and 8.5 percent, respectively.

Sales housing markets throughout the Southeast/ Caribbean region are soft. Despite moderate employment gains during the past 12 months, the percentage of mortgage loans in the region that were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) was unchanged between June 2011 and June 2012 at 10.9 percent, according to LPS Applied Analytics. The lowest rates in June 2012 were recorded in Alabama, Kentucky, North Carolina, and Tennessee at 6.3, 6.4, 6.4, and 6.6 percent, respectively. The distressed loan rate in Florida remains the highest in the region at 17.7 percent, more than twice the national rate of 7.7 percent. Excluding Florida, the distressed loan rate for the region would be 7.1 percent.

Although home sales have increased in most markets, sales of distressed properties continue to depress sales prices. According to data from CoreLogic®, during the 12 months ending May 2012, 40 percent of existing homes sold in the region were REO or short sales, an improvement from 45 percent during the previous 12 months. In North Carolina, approximately 83,800 existing homes sold statewide during the 12 months ending May 2012, 8 percent more than in the 12 months ending May 2011, according to the North Carolina Association of REALTORS®. The average home sales price during the 12 months ending May 2012 was approximately $197,000, a decrease of 2 percent from the preceding 12 months. The number of existing home sales increased in the three largest metropolitan areas of North Carolina—Charlotte, Greensboro, and Raleigh (which includes new homes); sales increased by 12, 10, and 9 percent, respectively. Average home sales prices decreased 1, 4, and 3 percent in the metropolitan areas to $201,600, $149,100, and $221,500, respectively.

According to the Alabama Center for Real Estate at the University of Alabama, during the 12 months ending June 2012, 38,750 homes and condominiums sold statewide, up 14 percent from the previous year. Each of the four largest metropolitan areas of Alabama—Birmingham, Huntsville, Mobile, and Montgomery—reported increases in the number of homes and condominiums sold. The statewide average home sales price of $141,600 decreased 2 percent from the previous year. The Kentucky Association of REALTORS® reported about 35,650 new and existing homes and condominiums sold statewide during the 12 months ending May 2012, 9 percent more than during the previous 12 months. The median sales price for a home or condominium sold in May 2012 was approximately $107,750, a decrease of 1 percent from May 2011. The Lexington-Bluegrass Association of REALTORS® reported about 6,800 new and existing homes sold during the 12 months ending June 2012, 19 percent more than during the previous 12 months. The average sales price of a home sold during the period was $166,900, a decline of 2 percent from the previous 12 months. About 425 condominiums and townhomes sold during the 12 months ending June 2012, a 4-percent decrease, and the average sales price decreased 6 percent from the previous 12 months, to $147,200.

According to data from Florida Realtors®, sales of existing homes in Florida totaled 191,400 during the 12 months ending June 2012, a 6-percent increase from the 12 months ending June 2011 when 180,700 homes sold. The median sales price for an existing single-family home in Florida in June 2012 was $151,000, an increase of 8 percent from the previous year. Statewide sales of existing townhomes and condominiums in the 12 months ending June 2012 decreased by less than 1 percent in the 12 months ending June 2011 to 98,150 units, and the median sales price was $110,000 in June 2012, or 16 percent higher than in June 2011. In South Carolina, according to data from South Carolina REALTORS®, during the 12 months ending June 2012, the number of existing homes sold in the state increased by approximately 2,625 homes, or 6 percent, to 47,200 homes. The number of homes sold increased in 13 of the 16 reported areas of the state. Through June 2012, the year-to-date median home sales price for the state increased by 2 percent to $149,000 compared with the median price during the same period in 2011. Median sales prices increased in 9 of the 16 reported areas.

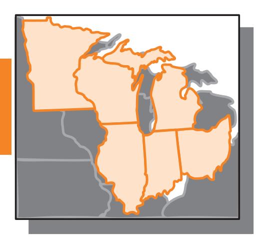
In Tennessee, according to the Greater Nashville Association of REALTORS® Inc., the number of new and existing single-family homes and condominiums sold in Nashville increased by 19 and 13 percent to approximately 19,100 and 2,450 homes, respectively. The median sales price for single-family homes and condominiums increased by 3 percent to $182,000 and by 7 percent to $160,000, respectively, in June 2012 compared with the median price in June 2011. According to the Knoxville Area Association of REALTORS®, in the 12 months ending May 2012, the number of new and existing single-family homes and new and existing condominiums sold in Knoxville increased by 13 percent to 9,275 and by 4 percent to 960, respectively, and average sales prices decreased 1 percent to $171,900 and 2 percent to $151,500, respectively. According to data from the Memphis Area Association of Realtors®, in the 12 months ending June 2012, the total number of new single-family homes sold in Memphis decreased by 11 percent to 480; sales of existing single-family homes increased by 12 percent to 12,200. The median sales price for new homes sold in June 2012 increased by 24 percent to $245,300 and existing home sales prices increased by 5 percent to $89,600.

Because of improved sales markets in the Southeast/Caribbean region during the past 12 months, builders increased production of single-family homes, as measured by the number of building permits issued. During the 12 months ending June 2012, preliminary data indicate permits for single-family homes increased by approximately 16,200, or 17 percent, to 113,900 homes permitted. Although the number of permits has increased, it remains near the recent low in 2011. Because rental markets continue to tighten, apartment construction has also increased significantly during the past 12 months as builders responded to increased occupancy and rising rents. In the 12 months ending June 2012, permits for multifamily units increased by 21,750, or 81 percent, to approximately 48,800 units permitted, the highest number of units permitted in the region since 2008.

Most apartment markets throughout the region are balanced, with average vacancy rates ranging from approximately 4 to 8 percent. As a result of limited apartment construction during the past year, vacancy rates fell in each of the major metropolitan areas. The only market to remain slightly soft was the Memphis metropolitan area, where the vacancy rate exceeds 9 percent, despite falling by approximately 2 percentage points during the past year. According to Reis, Inc., the apartment vacancy rates in Atlanta and Miami were 7.2 and 4.2 percent, respectively, in the second quarter 2012. Rents increased 2 percent in each of the two metropolitan areas during the past year to $870 and $1,100, respectively.

MIDWEST

HUD Region V



Nonfarm payrolls increased in the Midwest region during the second quarter of 2012, the 6th consecutive quarterly increase in nonfarm payroll jobs. For the 12 months ending June 2012, nonfarm payrolls increased 0.9 percent to 23 million jobs, a gain of 199,100 jobs, compared with an increase of 1.1 percent, or 241,400, in the previous 12-month period. All but three sectors registered job gains; the government sector declined by 55,700 jobs, or 1.6 percent, the 11th consecutive quarter with government sector job losses. Of government sector job losses, 64 percent were from local governments. The other two sectors that declined were the leisure and hospitality and the information sectors, which declined by 5,100 and 3,300 jobs, or 0.2 and 0.9 percent, respectively. Leading job growth was the manufacturing sector, which increased by 89,200 jobs, or 3.1 percent, buoyed by strong auto sales. Despite the recent growth in manufacturing employment, the current total payrolls of 2.9 million in this sector remain at less than 65 percent of manufacturing employment in 2000. Other gaining sectors were the professional and business services and the education and health services sectors, which increased by 86,000 and 53,700 jobs, or 3.0 and 1.5 percent, respectively. Every state in the region, except Wisconsin, added jobs during the past 12 months, led by Michigan, which gained 59,800 jobs, or 1.5 percent. Ohio and Indiana gained 54,700 and 37,200 jobs, or 1.1 and 1.3 percent, respectively, and Illinois and Minnesota gained 34,400 and 27,000 jobs, respectively, or 0.6 and 1 percent. In Wisconsin, nonfarm payrolls declined by 13,900 jobs, or 0.5 percent. Because of increased employment in the region, the average unemployment rate declined from 9.3 percent in the 12 months ending June 2011 to 8.3 percent in the 12 months ending June 2012. The unemployment rate declined in each state in the region and ranged from 5.9 percent in Minnesota to 9.4 percent in Illinois and Michigan.

As economic conditions improved, home sales markets in the Midwest region continued to strengthen, with state REALTOR® offices reporting increasing home sales and prices. The Michigan Association of REALTORS® reported that, for the 12 months ending June 2012, the number of sales increased 11 percent, to 114,500 homes, and the average home sales price increased 1 percent, to $107,600, compared with home sales and prices during the previous 12 months. In Ohio, the number of home sales increased by 14 percent, to 104,200 sales, for the 12 months ending June 2012, and the average home sales price increased 1 percent, to $130,900, according to data from the Ohio Association of REALTORS®. In Indiana and Minnesota, the number of home sales increased by 15 percent each, to 61,850 sales in Indiana and to 83,150 sales in Minnesota, according to their respective REALTOR® associations. The median home sales price in June 2012 increased by 3 percent in Indiana, to $124,000, and by 10 percent in Minnesota, to $159,900, compared with median prices in June 2011.

The Illinois Association of REALTORS® reported that, for the 12 months ending June 2012, statewide home sales increased 19 percent, to 113,400 homes sold compared with home sales during the previous 12 months. The median home sales price in June 2012 was $155,000, approximately 3 percent higher than the median home sales price in June 2011. In the Chicago metropolitan area, home sales increased nearly 22 percent, to 77,350 homes sold for the 12 months ending June 2012, and the June 2012 median home sales price was $183,000, 2 percent higher than the median home sales price reported in June 2011. In Wisconsin, the Greater Milwaukee Association of REALTORS® reported that home sales in the Milwaukee-Waukesha-West Allis metropolitan area increased nearly 30 percent, to 13,400 homes sold for the 12 months ending June 2012. The median home sales price in June 2012 was $180,000, approximately 1 percent higher than the median price recorded in June 2011. According to LPS Applied Analytics, the rate of distressed home loans in the Midwest region increased slightly, although the number of distressed loans decreased. In June 2012, 8.1 percent of home loans were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), up from 8 percent in June 2011, while the actual number of distressed loans declined by approximately 3 percent.

With improved economic conditions and increased home sales in the Midwest region, home builders are becoming more optimistic regarding new home construction, as measured by the number of building permits issued. During the 12 months ending June 2012, 42,800 homes were permitted in the region, an 11-percent increase compared with the 38,550 homes permitted during the previous 12 months, according to preliminary data. Single-family homebuilding remains less than the average annual pace of 54,850 homes recorded from 2008 through 2010. Five of six states in the region reported an increase in the number of single-family homes permitted during the past 12 months, with Minnesota and Michigan reporting increases of 24 and 19 percent, respectively, to 6,550 and 7,300 homes permitted. In Indiana, Illinois, and Ohio the increases were 13, 10, and 3 percent, to 9,050, 5,875, and 8,425 homes, respectively. In Wisconsin, 5,575 homes were permitted during the past 12 months, unchanged from the previous 12-month period.

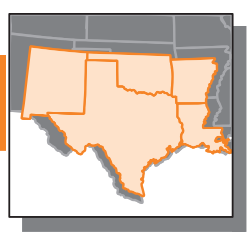
Multifamily construction, as measured by the number of units permitted, in the Midwest region increased 31 percent to 20,200 units during the 12 months ending June 2012, according to preliminary data. Multifamily permit data were mixed for the six states, with four states reporting increased multifamily construction activity and two states reporting decreased activity. During the 12 months ending June 2012, the number of multifamily permits issued in Ohio increased 76 percent, to 4,900, with 70 percent of the increase in the Columbus metropolitan areas. In Illinois, the increase was 47 percent, to 5,025 units, and in Minnesota and Indiana, multifamily units permitted increased by 40 and 27 percent, respectively, to 2,950 and 3,250 units. In Wisconsin and Michigan, multifamily units permitted declined, 7 and 17 percent, to 2,950 and 1,100, respectively, because permits were down in both Milwaukee and Detroit.

The rental housing markets in major metropolitan areas in the Midwest region, which are balanced to tight, have strengthened in the past year due in part to the improved economy. Each of the eight metropolitan areas surveyed reported stronger occupancy and increased rents from a year ago. In Milwaukee, the apartment market is tight, with a vacancy rate of 3.5 percent in the second quarter of 2012, down from 4 percent a year ago, according to data from Reis, Inc., and the average rent increased 2 percent, to $860. The apartment markets in Indianapolis and Detroit for the second quarter of 2012 are balanced, with vacancy rates of 5.7 and 4.8 percent and rent increases of 3 percent in each city, to average rents of $710 and $860, respectively. In Columbus, the apartment market is also balanced, with a vacancy rate of 6.1 percent, down from 8 percent a year ago. The average monthly rent increased 3 percent, to $715.

Apartment markets in Chicago, Cleveland, Cincinnati, and Minneapolis are currently tight. In the Chicago metropolitan area, the apartment vacancy rate was 4.1 percent in the second quarter of 2012, down from 5.3 percent a year ago, according to data from MPF Research, and the average rent increased 2 percent, to $1,165. In the Loop submarket of downtown Chicago, conditions are also tight, with a vacancy rate of 4 percent in the second quarter of 2012, down from 7.3 percent during the second quarter of 2011, while rents increased 13 percent, to an average of $1,890. Also, according to data from MPF Research, apartment vacancy rates in Cleveland and Cincinnati are 4.2 and 4.3 percent in the second quarter of 2012, down from 5.2 and 6 percent a year ago, while rents increased 5 percent in each market, to $785 and $760, respectively. In the Minneapolis metropolitan area, the apartment market remains tight. GVA Marquette Advisors reported that the vacancy rate in the second quarter of 2012 was 2.7 percent, up from 2.4 percent in the second quarter of 2011, and that the average rent rose 3 percent, to $950. In downtown Minneapolis, conditions are also tight, with a 1.7-percent apartment vacancy rate in the second quarter of 2012, up from 1.2 percent in the previous year; the average rent rose 4 percent, to $1,275.

Southwest

HUD Region VI



Nonfarm payroll job growth in the Southwest region continued to accelerate during the past 12 months after declines in 2009 and 2010. During the 12 months ending June 2012, average nonfarm payrolls increased 1.9 percent, or by 300,100 jobs, to 16.14 million jobs. By comparison, during the previous 12 months, nonfarm payrolls grew 1.3 percent, or by 210,800 jobs. With recent gains, the region needs to add only 40,000 more jobs to recover to the peak level of 16.18 million jobs recorded in 2008. During the 12 months ending June 2012, the education and health services, professional and business services, leisure and hospitality, and trade sectors recorded the greatest total growth, adding 70,900, 58,800, 54,900, and 48,500 jobs, respectively. The mining and logging subsector, which benefited from high oil and gas prices, was the region's fastest growing sector, with an increase of 46,700 jobs, or 13.4 percent. The manufacturing, financial activities, transportation and utilities, and other services sectors and the construction subsector also added jobs during the 12 months ending June 2012. The gain of 100 jobs, or 0.1 percent, was the first year-over-year increase in construction employment in more than 3 years. During the 12 months ending June 2012, the government sector and information sector recorded losses of 55,900 and 1,500 jobs, respectively. The decline in the number of government-sector jobs, which began during the third quarter of 2010, comes after more than 10 years of job growth and resulted from lower state and local tax revenues.

During the 12 months ending June 2012, nonfarm payrolls grew year over year in every state in the region, except Arkansas. Texas led job growth with an increase of 2.2 percent, or 229,400 jobs; the government and information sectors recorded the only job losses, with declines of 58,700 and 100 jobs, respectively. In Louisiana, nonfarm payrolls increased by 38,100 jobs, or 2.0 percent, with the largest gain of 14,200 jobs, or 5.2 percent, occurring in the education and health services sector. In Oklahoma, nonfarm payrolls increased by 31,000 jobs, or 2.0 percent; small declines in the other services and the information sectors and in the construction subsector were more than offset by increases in all other sectors and subsectors. Nonfarm payrolls in New Mexico increased by 2,600 jobs, or 0.3 percent, led by an increase of 2,400 jobs, or 12.3 percent, in the mining and logging subsector. In Arkansas, nonfarm payrolls declined by 1,000 jobs, or 0.1 percent, during the 12 months ending June 2012; the manufacturing sector, in which losses accelerated to 4,300 jobs, or 2.7 percent, has declined by more than 85,000 jobs, or 35 percent, since peaking in 2008. During the 12 months ending June 2012, the unemployment rate in the region declined to 7.3 percent compared with the 7.9-percent rate recorded during the previous 12 months. The average unemployment rates ranged from 5.8 percent in Oklahoma to 7.7 percent in Arkansas. New Mexico, Louisiana, and Texas recorded unemployment rates of 7.1, 7.2, and 7.4 percent, respectively.

Many sales housing markets in the Southwest region began to return to balanced conditions during the 12 months ending June 2012, helped by moderate job gains during the past 2 years. In Texas, during the 12 months ending June 2012, new and existing home sales increased 13 percent, to approximately 218,800 homes sold, compared with sales during the previous year, according to the Real Estate Center at Texas A&M University; however, sales remained 20 percent less than the level recorded during the peak sales years of 2006 through 2008. During the 12 months ending June 2012, the inventory of unsold homes in Texas was at a 6.5-month supply, down from 7.8 months during the previous year but still somewhat higher than the 5.0-month average supply recorded from 2006 through 2008. In all major metropolitan areas in Texas, new and existing home sales increased during the 12 months ending June 2012, with gains ranging from 7 percent in San Antonio to 21 percent in Austin. Dallas, Fort Worth, and Houston recorded increases in home sales of 9, 14, and 16 percent, respectively. During the 12 months ending June 2012, the average home sales price in Texas increased 2 percent, to $200,000, compared with the average home sales price during the previous 12-month period. Among major metropolitan areas in Texas, home sales prices were essentially unchanged in Dallas and San Antonio, but Austin, Fort Worth, and Houston recorded increases of 1, 2, and 2 percent, respectively.

Home sales also increased in a number of markets elsewhere in the Southwest region during the 12 months ending June 2012. In New Orleans, according to the New Orleans Metropolitan Association of REALTORS® and Gulf South Real Estate Information Network, Inc., new and existing single-family home sales increased 20 percent, to 8,275 homes, and the average home sales price declined approximately 3 percent, to $205,800. During the 12 months ending June 2012, according to data from the Greater Baton Rouge Association of REALTORS®, home sales in Baton Rouge increased 21 percent, to 7,175 homes sold, and the average home sales price decreased 3 percent, to $188,900. The Greater Albuquerque Association of REALTORS® reported that, during the 12 months ending June 2012, single-family home sales in Albuquerque increased 12 percent, to 6,900 homes, compared with sales during the previous 12 months, and the average sales price declined 5 percent, to $201,300. Condominium sales in Albuquerque increased 5 percent, to 620 sales, during the same period. According to the Oklahoma Association of REALTORS®, during the 12 months ending June 2012, new and existing home sales in Oklahoma City increased by 2,775 sales, or 19 percent, to 17,025 homes sold, and the average home sales price increased approximately 1 percent, to $159,300, compared with the average sales price during the previous 12 months. According to the Arkansas REALTORS® Association, during the 12 months ending June 2012, the number of new and existing home sales in the state increased by 1,775, or 8 percent, to 23,550 homes compared with the number of homes sold during the previous year, and the average home sales price increased 3 percent, to $149,000.

Increases in home sales throughout the region led to increased single-family construction activity, as measured by the number of single-family building permits issued, in four of the five states in the region. Based on preliminary data, during the 12 months ending June 2012, 92,000 single-family homes were permitted, an increase of 11,700 homes, or 15 percent, compared with the number permitted during the previous 12 months. Texas recorded a 17-percent increase in the number of single-family homes permitted, increasing by 9,875 permits to 68,200 homes permitted during the 12 months ending June 2012. The other four states in the region experienced changes in the number of single-family homes permitted ranging from a 2-percent decline in New Mexico to a 22-percent increase in Oklahoma. Louisiana and Arkansas recorded increases of 2 and 14 percent, respectively.

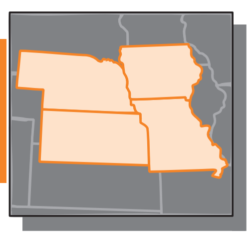
Apartment market conditions in most of the large metropolitan areas in Texas remained somewhat soft during the second quarter of 2012. Reduced multifamily building activity during the past 3 years has allowed for vacancy rates to decline, however, to their lowest levels since the early to mid-2000s and for moderate rent increases to occur. The Austin apartment market is currently balanced. According to ALN Systems, Inc., the apartment vacancy rate in Austin for the second quarter of 2012 was 5.4 percent, down from 5.8 percent during the second quarter of 2011, and the average rent increased 6 percent to $910. Most other major Texas apartment markets remain slightly soft but are moving toward becoming balanced. In San Antonio, the apartment vacancy rate declined by 0.2 percentage points to 8.1 percent from the second quarter of 2011, and the average rent increased 5 percent, to $780. The apartment markets in Dallas and Fort Worth also improved during the second quarter of 2012, with apartment vacancy rates of 7.3 and 7.9 percent, respectively, down from 8.3 and 8.4 percent, respectively, during the second quarter of 2011. The average rents in Dallas and Fort Worth increased 5 and 4 percent, to $850 and $740, respectively, compared with rents during the second quarter of 2011. The Houston apartment market was the softest of all major apartment markets in Texas during the second quarter of 2012, but it also improved the most, with a 9.7-percent apartment vacancy rate, down 2.0 percentage points from the second quarter of 2011. Average rents in Houston increased 4 percent, to $820, during that period.

Apartment market conditions also improved in other large metropolitan areas throughout the Southwest region. The apartment market in Albuquerque was somewhat tight during the second quarter of 2012. According to Reis, Inc., the apartment vacancy rate in Albuquerque was 4.0 percent, down from 4.4 percent a year earlier, and the average rent increased 2 percent, to $740. Apartment markets in Little Rock, Oklahoma City, and New Orleans improved significantly during the past year and are currently balanced. During the second quarter of 2012, the apartment vacancy rate was 5.4 percent in Little Rock, down significantly from 6.7 percent a year earlier, and the average rent increased approximately 2 percent, to $670. In Oklahoma City, the apartment vacancy rate declined from 7.5 percent in the second quarter of 2011 to 6.3 percent in the second quarter of 2012, and the average rent increased 3 percent, to $580. Apartment market conditions improved in New Orleans during the second quarter of 2012; the apartment vacancy rate fell to 7.0 percent from the 8.2-percent rate recorded a year earlier, and the average rent increased 2 percent, to $890.

Responding to improved rental markets in many large metropolitan areas, builders increased development in the past year. Multifamily construction activity, as measured by the number of units permitted, increased in the region during the 12 months ending June 2012 after substantial declines during the previous 2 years. Based on preliminary data, 48,400 multifamily units were permitted during the 12 months ending June 2012, a 62-percent increase compared with the number of units permitted during the previous 12 months. Multifamily permitting levels remain approximately 26 percent less than the average of 65,800 units recorded during the peak years of 2006 through 2008. During the 12 months ending June 2012, the number of multifamily units permitted in Texas increased 81 percent, or by 18,550 units, from the previous year, to 41,950 units. In other states in the region, the changes in multifamily permitting activity ranged from declines of 750 and 600 units in Arkansas and Louisiana, respectively, to increases of 580 and 620 units in Oklahoma and New Mexico, respectively.

Great Plains

HUD Region VII



Economic conditions in the Great Plains region improved steadily during the second quarter of 2012, a modest improvement from the economic conditions of a year ago. During the 12 months ending June 2012, average nonfarm payrolls increased 0.3 percent, or by 21,900 jobs, to 6.4 million jobs. By comparison, average nonfarm payrolls increased 0.2 percent, or by 12,900 jobs, in the 12 months ending June 2011. The manufacturing sector recorded the largest growth in the region, gaining 18,900 jobs, a 2.7-percent increase. Despite the significant increase, employment levels in the manufacturing sector remain 102,700 jobs below the peak of more than 822,500 jobs recorded in the sector during the third quarter of 2006. Significant job gains also occurred during the past 12 months in the professional and business services sector, which increased by 17,100 jobs, or 2.4 percent; every state in the region, with the exception of Iowa, recorded increased payrolls in the sector. In Iowa, the professional and business services sector declined by 800 jobs, or 0.7 percent, because of the reclassification of jobs from temporary employment agencies to full-time employment in other sectors. During the 12 months ending June 2012, nonfarm payrolls continued to decline in the information sector, which decreased by 4,300 jobs, or 3.2 percent, compared with a decrease of 6,100 jobs, or 4.4 percent, during the 12 months ending June 2011. The government sector, which recorded job declines in every state in the region during the 12 months ending June 2012, lost 16,200 jobs, a 1.4-percent decrease.

During the second quarter of 2012, nonfarm payroll gains in Iowa, Kansas, and Nebraska more than offset minimal job losses in Missouri. In Iowa, nonfarm payrolls increased by 12,000 jobs, or 0.8 percent, during the 12 months ending June 2012, led by the growth of more than 10,000 jobs, or 4.9 percent, in the manufacturing sector. Manufacturing jobs in Iowa are predominantly in the food production industry; however, during the past year, job growth has been primarily in industrial machinery and fabricated metals. In Kansas, nonfarm payrolls increased by 8,300 jobs, or 0.6 percent, led by a gain of 6,800 jobs, or 4.7 percent, in the professional and business services sector. During the 12 months ending June 2012, nonfarm payrolls in Nebraska increased by 4,900 jobs, or 0.5 percent, from the previous 12 months. A gain of 2,700 jobs, or 2.7 percent, in the professional and business services sector accounted for nearly 40 percent of the nonfarm payroll increases in Nebraska. In Missouri, nonfarm payrolls declined by 3,300 jobs, with declines in the construction subsector and the government sector accounting for approximately 50 percent of the total loss. During the second quarter of 2012, the average unemployment rate in the region decreased to 6.5 percent, an improvement from the 7.3-percent rate recorded during the second quarter of 2011. The unemployment rates ranged from 4.2 percent in Nebraska to 7.8 percent in Missouri. Iowa and Kansas recorded rates of 5.5 and 6.4 percent, respectively.

Sales housing market conditions in the Great Plains region improved in Nebraska and Missouri during the past year but remained soft in Iowa and Kansas, despite the modest job gains that began in the second quarter of 2011. According to Hanley Wood, LLC, during the second quarter of 2012, the number of new and existing homes sold in the region declined by 2 percent, to 161,800, compared with the number sold a year ago. Home sales in Iowa reflected the largest absolute decline in the region. During the 12 months ending June 2012, 33,000 homes sold, down 23 percent, or 9,000 homes, from the 12 months ending June 2011. During the same period, home sales in Kansas declined to 26,000 homes sold, a 3-percent decrease. In Nebraska and Missouri, new and existing home sales increased 5 and 7 percent, to 20,300 and 82,500 homes sold, respectively. Despite the decline in home sales for the region during the 12 months ending June 2012, the average home sales price increased to $166,000, up 5 percent compared with the average sales price from a year earlier. According to LPS

Applied Analytics, during June 2012, the percentage of mortgage loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) increased slightly in every state in the region, except Nebraska, where the rate remained unchanged at 3.4 percent compared with the rate in June 2011. In Iowa and Kansas, the rates increased 0.3 percentage points each to 5.0 and 5.1 percent, respectively. During June 2012, distressed loans in Missouri increased slightly, to 5.2 percent of total loans compared with the 5.0-percent rate recorded during June 2011.

Sales housing market conditions continued to improve in the large metropolitan areas throughout the region during the second quarter of 2012. According to the Kansas City Regional Association of REALTORS® and Heartland Multiple Listing Service, Inc., during the 12 months ending June 2012, the number of homes sold in Kansas City increased 17 percent, to 24,750, and the average home sales price increased 1 percent, to $160,200. In St. Louis, existing home sales increased by 1,900 homes, or 15 percent, to 14,300 homes sold, based on city and county data from the St. Louis Association of REALTORS®, and the average home sales price decreased 3 percent, to $175,400. For the 12 months ending June 2012, the Des Moines Area Association of REALTORS® reported that home sales in Des Moines increased 26 percent, to 8,350 homes, compared with the number sold during the previous 12-month period. The average home sales price in Des Moines increased slightly to $164,600, a 2-percent increase. According to the Wichita Area Association of REALTORS®, during the 12 months ending June 2012, the number of homes sold in Wichita increased 11 percent to 7,750 homes, despite a 3-percent decrease from a year ago in the average home sales price, to $131,200. The Omaha Area Board of REALTORS® reported that the number of home sales in Omaha increased 25 percent, to 9,625 homes sold during the 12 months ending June 2012, and the average home sales price decreased 1 percent, to $166,700, from the 12 months ending June 2011.

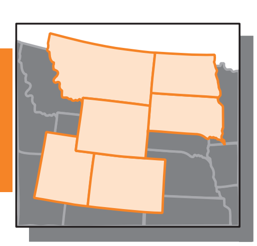
Single-family construction activity, as measured by the number of single-family building permits issued, increased during the second quarter of 2012. During the 12 months ending June 2012, based on preliminary data, 17,000 single-family homes were permitted in the region, an increase of 1,375 homes, or 9 percent, compared with the number permitted during the previous 12 months. The only state to record a decline was Kansas, where the number of single-family homes permitted during the 12 months ending June 2012 decreased 2 percent, or by 60 homes, to 2,850 homes permitted compared with the number permitted during the previous 12 months. Conversely, Nebraska recorded a 14-percent increase to 3,200 single-family homes permitted during the same period. Likewise, in Iowa, the number of single-family homes permitted increased 10 percent, to 5,300 homes. During the 12 months ending June 2012, the number of single-family homes permitted in Missouri increased 11 percent, to 5,650, representing the largest increase in construction activity in the state since January 2011.

Apartment markets were balanced to tight in most large metropolitan areas in the Great Plains region during the second quarter of 2012. The apartment market in Wichita was balanced, with a 5-percent vacancy rate, down from 5.8 percent a year earlier, and the average rent increased 2 percent, to $540, according to Reis, Inc. In Omaha, during the second quarter of 2012, the apartment market was tight, with a 3.8-percent vacancy rate, down from 4.6 percent a year earlier, and the average rent increased by approximately 3 percent, to $730. Apartment markets in the largest metropolitan areas in Missouri improved significantly during the past year. In Kansas City, during the second quarter of 2012, the apartment vacancy rate declined from 6.9 to 5.5 percent, and the average rent increased 2 percent, to $730. In St. Louis, the apartment vacancy rate declined from 6.9 percent in the second quarter of 2011 to 6.2 percent for the same period in 2012, and the average rent increased 2 percent, to $750. The apartment market in Des Moines tightened during the second quarter of 2012, with a 3.1-percent apartment vacancy rate, down from 4 percent a year earlier, and the average rent increased by about 3 percent, to $730.

Multifamily construction, as measured by the number of multifamily units permitted, increased 34 percent, to 8,075 units, in the region during the past year compared with the number permitted during the 12 months ending June 2011, according to preliminary data. This level represents approximately one-half of the multifamily construction activity from 2005 through 2008, which averaged 15,850 units permitted annually. During the 12 months ending June 2012, the number of multifamily units permitted in Iowa increased 37 percent, to 1,900 units, representing the largest increase in permits issued since August 2010. As rental housing market conditions improved in Nebraska during the 12 months ending June 2012, approximately 2,000 multifamily units were permitted, up significantly from 1,050 units during the previous 12 months. In Kansas, permits were issued for 2,150 units, an increase of 1,225 units, or 130 percent, from a year ago. Since 2010, weak economic conditions and limited credit availability in the multifamily capital markets reduced construction levels in Missouri. The number of multifamily units permitted in Missouri declined 24 percent, or 620 units, from the previous year, to 2,025 units in the 12 months ending June 2012.

Rocky Mountain

HUD Region VIII



Employment levels increased in the Rocky Mountain region in the second quarter of 2012, continuing a trend that began in early 2011. During the 12 months ending

June 2012, nonfarm payrolls averaged approximately 5.03 million jobs, a gain of 93,800 jobs, or 1.9 percent, from a year earlier. Employment levels remain below the peak in 2008, however, when nonfarm payrolls averaged 5.12 million jobs. During the past 12 months, the largest payroll increases occurred in the professional and business services, education and health services, and manufacturing sectors and in the mining and logging subsector, which added approximately 25,100, 14,200, 10,900, and 10,600 jobs, increases of 4.2, 2.2, 3.3, and 11.8 percent, respectively. Partly offsetting these gains, government payrolls decreased by 4,500 jobs, or 0.5 percent. Although state government payrolls in the region increased by 3,200 jobs, or 1.3 percent, federal and local government payrolls declined by 4,900 and 2,800 jobs, decreases of 3.6 and 0.5 percent, respectively.

North Dakota and Utah had the highest rates of job growth, not only in the region, but also in the nation, with payrolls increasing by 22,500 and 29,400 jobs, or 5.9 and 2.5 percent, respectively. Job growth in North Dakota was led by gains in the mining and logging subsector, which increased by 5,700 jobs, or 42 percent, as well as gains in the professional and business services and the transportation and utilities sectors, which added 3,300 and 3,100 jobs, increases of 11 and 18 percent, respectively. In Utah, the sectors with the largest job gains included professional and business services, manufacturing, and education and health services, which added 7,200, 4,400, and 3,600 jobs, increases of 4.6, 3.9, and 2.3 percent, respectively. Within the region, Colorado had the largest total employment gain, with nonfarm payrolls increasing by 38,500 jobs, or 1.7 percent. The sectors with the largest job gains in Colorado were professional and business services, leisure and hospitality, education and health services, and manufacturing, which increased by 11,500, 8,100, 7,200, and 3,500 jobs, or 3.4, 3.0, 2.7, and 2.8 percent, respectively. Payrolls in Wyoming and South Dakota grew by 2,600 and 1,900 jobs, or 0.9 and 0.5 percent, respectively, but payrolls in Montana declined by 1,000 jobs, or 0.2 percent. The job losses in Montana were concentrated in the government sector, which declined by 4,800 jobs, or 5.3 percent. The largest decrease occurred in local government educational services, which declined by 3,000 jobs, or 11 percent, although federal and state government payrolls were also down by 800 and 1,300 jobs, or 5.6 and 4.9 percent, respectively. The unemployment rate for the Rocky Mountain region averaged 6.7 percent during the 12 months ending June 2012, down from 7.5 percent a year earlier. State unemployment rates within the region ranged from 3.3 percent in North Dakota to 8.1 percent in Colorado, but all states in the region had unemployment rates below the 8.5-percent national average.

Sales housing markets in the Rocky Mountain region remain somewhat soft, but market conditions improved in the past 12 months. Based on data from CoreLogic®, sales increased in most states of the region. In Colorado and Utah, approximately 82,200 and 42,300 existing homes sold during the 12 months ending May 2012, increases of 10 and 8 percent, respectively. In Montana, North Dakota, and Wyoming, approximately 12,400, 12,300, and 5,200 existing homes sold, increases of 10, 18, and 11 percent, respectively. Home sales prices increased in some states, and remained unchanged in others. Based on the CoreLogic® Home Price Index, average sales prices for existing single-family homes in the 12 months ending May 2012 increased 3 percent in Montana and 2 percent in both North Dakota and South Dakota compared with average prices from a year earlier. In Colorado, Wyoming, and Utah, home sales prices were relatively unchanged. Home prices decreased in some of the major metropolitan areas of the region, but the volume of home sales increased in most areas. During the 12 months ending May 2012, existing home sales prices in the Denver-Aurora-Broomfield and Colorado Springs areas averaged approximately $249,500 and $203,500, respectively, relatively unchanged from a year earlier, but, in the Fort Collins-Loveland area, prices averaged $243,800, up 1 percent from the previous 12 months. Sales of existing homes in the Fort Collins-Loveland and Denver-Aurora-Broomfield areas increased 8 and 14 percent, to approximately 5,300 and 41,600 homes sold, respectively, while existing home sales remained unchanged at 9,500 in Colorado Springs. In the Provo-Orem, Ogden-Clearfield, and Salt Lake City areas, home sales prices declined 3, 3, and 4 percent, to $214,600, $192,600, and $243,800, respectively, but the number of sales increased 4, 5, and 10 percent, to 7,100, 7,800, and 18,700 homes sold, respectively. As a sign of improvement, the rate of distressed home loans in the Rocky Mountain region declined in the past 12 months. In June 2012, based on data from LPS Applied Analytics, 4.1 percent of mortgages in the region were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from 4.4 percent a year earlier. Within the region, distressed mortgage rates ranged from 1.9 percent in North Dakota to 5.3 percent in Utah, but all states in the region had rates that were less than the 7.7-percent national average.

Construction of single-family homes increased in the Rocky Mountain region during the past 12 months, but building activity remains well below average levels. Based on preliminary data, during the 12 months ending June 2012, single-family construction, as measured by the number of building permits issued, was up 30 percent from a year earlier, to approximately 23,900 homes. By comparison, single-family construction in the region averaged more than 65,000 homes a year from 2000 through 2007. Building activity increased during the past year in every state in the region. In South Dakota, Wyoming, and Montana, approximately 1,775, 1,325, and 1,200 single-family homes were permitted in the 12 months ending June 2012, increases of 17, 8, and 16 percent, respectively. In Colorado, Utah, and North Dakota, approximately 9,650, 7,450, and 2,525 homes were permitted, increases of 27, 33, and 68 percent, respectively.

Rental housing markets tightened in the Rocky Mountain region during the past 12 months, and conditions currently range from balanced to tight in most areas. Based on data from *Apartment Insights*, in the second quarter of 2012, conditions in the Fort Collins-Loveland and Boulder metropolitan areas in Colorado were tight, with apartment vacancy rates of 4.0 and 3.7 percent, respectively, down from 4.2 and 4.1 percent a year ago. During the same period, average apartment rents increased by 7 and 5 percent, to approximately $960 and $1,040, respectively. The Denver-Aurora-Broomfield apartment market was somewhat tight, with a 5.0-percent vacancy rate, down from 5.1 percent a year ago, and average rents increased by 6 percent, to about $930. In the Colorado Springs and Greeley metropolitan areas, rental conditions were balanced, with apartment vacancy rates of 6.4 and 6.1 percent, respectively, up from 5.8 and 5.0 percent a year ago. In both areas, a large number of new or renovated units came on line in the past 6 months. Despite the rise in vacancies, average rents in Colorado Springs and Greeley increased 2 and 3 percent, to approximately $750 and $700, respectively. Markets in the major metropolitan areas of Utah, in general, were tight. Based on data from Reis, Inc., apartment markets in the Salt Lake City and Ogden-Clearfield areas were somewhat tight in the second quarter of 2012, with vacancy rates of 4.1 and 3.5 percent, respectively, down from 5.8 and 4.7 percent a year earlier. The average apartment rent increased by 3 percent in Salt Lake City, to about $790, and by 2 percent in Ogden-Clearfield, to $710. The Provo-Orem apartment market was somewhat tight, with a 4.3-percent vacancy rate in the second quarter of 2012, up from 4.0 percent a year earlier, but rents increased only slightly during that period, from about $770 to $780. Rental conditions generally ranged from balanced to tight in northern areas of the region. Data from the South Dakota Multi-Housing Association, in June 2012, indicate the Sioux Falls apartment market was tight, with a 3.0-percent vacancy rate, down from 4.6 percent a year ago. Data from Appraisal Services, Inc., for June 2012 indicate the Fargo apartment market was somewhat tight, with a 4.0-percent vacancy rate, down from 5.0 percent a year ago.

In response to tightening rental markets, multifamily construction in the Rocky Mountain region nearly doubled in the past 12 months, with building activity increasing in every state of the region. Based on preliminary data, during the 12 months ending June 2012, approximately 15,200 multifamily units were permitted in the Rocky Mountain region compared with 8,650 units permitted during the previous 12 months. In Montana, North Dakota, and South Dakota, multifamily construction was up 27, 33, and 83 percent, to approximately 800, 2,575, and 1,000 units permitted, respectively. In Wyoming, multifamily construction more than doubled, to approximately 575 units permitted, during the same period. In Utah, multifamily permits increased 23 percent, to more than 3,100 units compared with the 2,525 units permitted in the previous 12 months. The most active metropolitan areas within Utah were Salt Lake City and Logan, with nearly 1,200 and 575 units permitted, respectively. In Colorado, multifamily construction more than doubled, with about 7,150 units permitted during the 12 months ending June 2012 compared with fewer than 2,800 units permitted during the previous 12 months. In the Boulder metropolitan area, multifamily building activity more than tripled, to 410 units permitted. In the Colorado Springs metropolitan area, more than 1,000 units were permitted, up from 300 a year earlier, and in the Denver-Aurora-Broomfield metropolitan area, more than 5,100 units were permitted compared with fewer than 1,700 units during the previous 12 months.

PACIFIC

HUD Region IX

Economic conditions are improving in the Pacific region after 3 years of significant job losses from 2008 through 2010. During the 12 months ending June 2012, the region added 215,400 nonfarm payroll jobs, an increase of 1.2 percent from the previous 12 months. Job growth was led by the professional and business services and education and health services sectors, which added 74,750 and 59,400 jobs, or 2.8 and 2.5 percent, respectively. The government sector realized the largest percentage decline in nonfarm payrolls, with the loss of 51,500 jobs, or 1.9 percent, because of budget cuts.

Nonfarm payroll growth was positive in all four states of the region during the 12 months ending June 2012. In California, 161,200 jobs were added, an increase of 1.2 percent, compared with a gain of 94,300 jobs, or 0.7 percent, during the previous 12 months. Job growth in the state was driven by the same sectors that led growth in the region. In California, the professional and business services sector added 65,500 jobs, or 3.1 percent, and the education and health services sector added 47,500 jobs, or 2.6 percent. The government sector declined by 46,050 jobs, or 1.9 percent. The San Francisco Bay Area and Southern California added 54,650 jobs and 71,200 jobs, or 1.9 and 0.9 percent, respectively. Nonfarm payroll jobs in Hawaii increased by 5,300 jobs, or 0.9 percent, during the 12 months ending June 2012 compared with a gain of 4,000 jobs, or 0.7 percent, during the previous 12 months. The leisure and hospitality sector led nonfarm payroll growth in the state, adding 4,500 jobs, or 4.4 percent. According to the Hawaii Tourism Authority, gross expenditures from tourism totaled $13.6 billion during the 12 months ending June 2012, an increase of 14 percent from the previous 12 months. Nonfarm payrolls rose by 38,250 jobs, or 1.6 percent, in Arizona during the

12 months ending June 2012 compared with a loss of 320 jobs during the previous 12 months. The education and health services and the leisure and hospitality sectors added 9,750 and 6,900 jobs, or 2.8 and 2.7 percent, respectively. In Nevada, nonfarm payrolls increased by 10,700 jobs, or 1 percent, during the 12 months ending June 2012 compared with the loss of 5,450 jobs during the previous 12 months. Job gains were most significant in the leisure and hospitality sector, which added 10,100 jobs, or 3.2 percent, because visitor volume increased by 82,150 people, or 2.4 percent, during the 12 months ending May 2012 compared with the number of visitors during the previous 12-month period. The average unemployment rate in the region decreased to 10.9 percent during the 12-month period ending June 2012 compared with 11.8 percent during the 12-month period ending June 2011. The average unemployment rate ranged from 6.6 percent in Hawaii to 12.7 percent in Nevada.

The sales housing market in all four states of the Pacific region was soft during the 12 months ending May 2012 as a result of high unemployment and slow job growth. According to Hanley Wood, LLC, new and existing home sales in the region fell by 15,600 homes, or 2 percent, to 636,000 homes sold, compared with the number sold during the 12 months ending May 2011. In Arizona, home sales declined by 8,450, or 6 percent, to 135,100 homes sold. The average home sales price increased by 10 percent to $186,600, because Real Estate Owned (REO) sales as a percentage of existing home sales decreased to 46 percent during the 12 months ending May 2012 compared with 57 percent during the previous 12 months. In Phoenix, home sales increased 2 percent to 110,100 homes sold and the average home sales price increased 4 percent to $178,300. Arizona was the only state in the region where new homes sales increased. The number of new homes sales in Arizona increased by 600 homes, or 7 percent, to 10,200 homes sold during the 12 months ending May 2012 compared with the number sold during the previous 12 months.

Sales of new and existing homes totaled 421,800 homes in California during the 12 months ending May 2012, a 1-percent decline compared with the number of homes sold during the previous 12 months. The average home sales price increased 4 percent to $372,600, because REO sales, as a percentage of existing home sales, declined to 39 percent from 42 percent a year ago. In the San Francisco Bay Area, 71,200 homes were sold, a 7-percent increase compared with the number sold during the previous 12 months; the average home sales price decreased by 2 percent, however, to $548,500 during the same period. The number of homes sold in Southern California increased by 1 percent to 235,200 homes, and the average home sales price fell 1 percent to $376,600.

In Hawaii, during the 12 months ending May 2012, new and existing home sales fell 10 percent, to 14,950 homes sold, compared with the number sold during the previous 12 months. The average home sales price increased 6 percent to $501,600. The home sales price increase resulted from REO sales as a percentage of all existing sales declining to 13 percent from 16 percent during the previous 12 months. In Nevada, during the 12 months ending May 2012, new and existing home sales remained flat at 64,150 homes sold. The average home sales price remained unchanged at $162,800. REO sales as a percentage of all existing home sales decreased from 60 percent in the 12 months ending May 2011 to 57 percent during the 12 months ending May 2012. In Las Vegas, during the same period, home sales rose by 7 percent, to 54,500 homes, and the average home sales price declined 6 percent to $146,100.

According to LPS Applied Analytics, the number of home loans in the region 90 or more days delinquent, in foreclosure, or in REO in June 2012 decreased by 139,000 homes, or 24 percent, to 444,300 homes compared with the number of distressed loans in June 2011. This level represents a rate of 7 percent of all loans in the region in June 2012 compared with a rate of 9.1 percent in June 2011; the national rate was 7.7 percent in June 2012.

Because of the increased number of new home sales in Arizona, new home construction activity, as measured by the number of single-family building permits issued, increased in the region during the 12 months ending June 2012. Based on preliminary data, during the 12 months ending June 2012, 42,700 single-family homes were permitted in the region, an increase of 5,150 permits, or 14 percent, compared with the number permitted during the previous 12 months. The increase in new home construction was most prominent in Arizona, where the number of single-family homes permitted increased by 3,950, or 43 percent, to 13,150. The number of single-family homes permitted in California remained flat at 22,000 homes and declined in Hawaii by 40 homes, or 2 percent, to 1,700 homes permitted.

Rental housing markets in the Pacific region varied from tight to balanced in California and Hawaii in the second quarter of 2012. Although apartment vacancies increased in the San Francisco Bay Area, the rental housing market remained tight; from the second quarter of 2011 to the second quarter of 2012, the apartment vacancy rates in San Jose, Oakland, and San Francisco increased from 2.6 to 3.2 percent, 3.7 to 4.0 percent, and 3.5 to 3.9 percent, respectively, according to Axiometrics, Inc. During the same period, the tight rental housing market resulted in average effective rents increasing 16 percent to $2,450 in San Francisco, 9 percent to $2,050 in San Jose, and 6 percent to $1,600 in Oakland. The average effective rent in the San Francisco Bay Area was $2,000 in the second quarter of 2012, up 9 percent, compared with the effective rent in the second quarter of 2011. The rental housing market was balanced in Sacramento in the second quarter of 2012, with an apartment vacancy rate of 5.8 percent, up from 5.2 percent in the second quarter of 2011. During the same period, rents increased by 2 percent to $1,000. Southern California rental market conditions remained tight, except for Riverside and San Bernardino Counties, which remained balanced. Axiometrics, Inc., reported that, between the second quarter of 2011 and the second quarter of 2012, the apartment rental vacancy rates increased from 5.3 to 5.7 percent in Riverside and San Bernardino Counties, 4.3 to 4.6 percent in Ventura County, and 4.5 to 4.8 percent in Orange County. During the same period, the apartment vacancy rate decreased from 5.2 to 4.8 percent in Los Angeles County and 4.7 to 4.6 percent in San Diego County. The average effective rent in Southern California was $1,575 in the second quarter of 2012, up 5 percent compared with the effective rent in the second quarter of 2011. Rental housing market conditions remained tight in Honolulu; however, the apartment vacancy rate increased to 3.6 percent in the second quarter of 2012 from 2.7 percent in the second quarter of 2011. During the second quarter of 2012, the average effective rent in Honolulu was $1,925, up 3 percent compared with the effective rent during the second quarter of 2011.

Rental housing markets in Arizona and Nevada remained slightly soft but are improving. According to Axiometrics, Inc., in the second quarter of 2012, the apartment vacancy rate in Phoenix was 7.1 percent, down from 7.4 percent in the second quarter of 2011, and the average effective rent increased 2 percent to $750. In Las Vegas, the apartment vacancy rate decreased from 8.0 to 7.8 percent, but the average effective rent remained unchanged at $750. The decline in vacancy rates in Arizona was caused in part by increasing population growth, whereas the vacancy rate declines in Nevada resulted from the high levels of foreclosures, which changed owners into renters.

Multifamily construction activity, as measured by the number of multifamily units permitted, increased in every state in the region, except Nevada, during the 12-month period ending June 2012. Based on preliminary data, 32,400 multifamily units were permitted in the region, a 32-percent increase from the previous 12 months. Increased renter demand and declining vacancy rates were the main impetus for rising multifamily permits. During the 12-month period ending June 2012, the number of multifamily units permitted increased in Arizona by 1,900, or 129 percent, to 3,375; in California, by 5,025, or 24 percent, to 26,050; and in Hawaii by 1,275, or 239 percent, to 1,825. The number of multifamily permits in Nevada declined by 400 units, or 26 percent, to 1,175.

Northwest

HUD Region X

Labor market conditions in the Northwest region continued to improve during the 12 months ending May 2012. Nonfarm payrolls in the Northwest region gained 57,600 jobs, or 1.1 percent, reaching a total of 5.39 million jobs; by comparison, payrolls grew by 29,200 jobs, or 0.6 percent, during the same period in 2011. In Alaska, nonfarm payrolls grew by 1,500 jobs, or 0.4 percent, to 329,100 jobs. In Oregon, nonfarm payrolls gained 10,800 jobs, a 0.7-percent increase, bringing nonfarm payrolls to 1.62 million. In Idaho, nonfarm payrolls averaged 610,500, up 5,500 jobs, or 0.9 percent. Washington added the most jobs, increasing nonfarm payrolls by 39,800 jobs, or 1.4 percent, to 2.84 million jobs. Among this region's metropolitan areas, the strongest nonfarm payroll growth during the 12 months ending May 2012 was in Bellingham, Washington, where nonfarm payrolls increased by 1,700 jobs, or 2.1 percent, to 83,400 jobs, and in Seattle-Tacoma-Bellevue, Washington, where the number of jobs increased by 30,900, or 1.9 percent, to 1.68 million jobs. Employment in the region grew faster than the labor force during the 12 months ending May 2012 and led to a decline in the average unemployment rate from 9.6 to 8.7 percent. The average unemployment rate was 9 percent in Oregon, 8.7 percent in Washington, 8.3 percent in Idaho, and 7.3 percent in Alaska.

Job growth in the region during the 12 months ending June 2012 included the manufacturing, education and health services, and leisure and hospitality sectors, which added 17,000, 18,600, and 10,900 jobs, or 3.4, 2.5, and 2.1 percent, respectively. Washington accounted for 85 percent of the increase in manufacturing sector payrolls, adding 14,400 jobs, a 5.5-percent increase, and for 46 percent of the growth in education and health services sector payrolls, adding 8,500 jobs, a 2.2-percent increase. Idaho contributed 15 percent of the increase in manufacturing sector payrolls, adding 2,200 jobs, or 4.1 percent. For the region, payrolls in the construction subsector stabilized at 252,500 jobs, nearly unchanged from the previous 12 months, after declining each year since reaching the peak of 377,200 jobs during the 12 months ending May 2008. Construction subsector payrolls continued to decline in Alaska, falling by 1,500 jobs, or 9.4 percent, and remained flat in Idaho, cancelling out gains in other states. In the region, local and state government budget constraints continued to affect the government sector as payrolls declined by 18,700 jobs, or 1.8 percent.

Home sales markets in the Northwest region continue to be soft. Although the existing home sales market has stabilized since the first quarter of 2012, the new home sales market has worsened. According to data from Hanley Wood, LLC, 140,200 existing homes sold in the region during the 12 months ending June 2012, unchanged from a year ago, and the average home sales price declined only 1 percent, to $247,100. Keeping existing home sales prices down, REO (Real Estate Owned) sales comprised approximately 29 percent of existing home sales, up from 26 percent during the previous 12 months. The number of new home sales declined 19 percent during the 12 months ending June 2012, to 14,050 homes sold compared with 17,450 homes sold during the same period a year ago. Conversely, the average sales price of a new home increased 3 percent to $287,800, despite declining sales, because of a shortage in available inventory.

In Washington, existing home sales increased 3 percent, to 64,250 homes sold, during the 12 months ending June 2012. During this time, REO sales accounted for 31 percent of existing home sales compared with 25 percent a year ago. REO sales contributed to a 3-percent decline in the average existing home sales price, to $276,100. New home sales totaled 8,550, representing a 20-percent decrease from the previous 12 months; however, the average sales price increased 5 percent to $309,800. In the Seattle metropolitan area, existing home sales increased 9 percent, to 23,900 homes sold, and the average home sales price fell by 4 percent, to $389,400. New home sales declined 6 percent, to 3,500 homes sold, and the average home sales price was $383,500, down by 3 percent.

During the 12 months ending June 2012, sales market conditions in Oregon were soft, because existing home sales decreased 2 percent, to 40,050 homes sold. REO sales comprised 27 percent of all existing homes sold during the 12 months ending June 2012 compared with 29 percent for the same period a year ago. The average existing home sales price was unchanged at $226,300. New home sales decreased 19 percent, to 2,825 homes sold, and the average sales price increased nearly 1 percent, to $266,200. In the Portland-Beaverton-Vancouver metropolitan area existing home sales increased 1 percent, to 22,900 homes sold, and the average home sales price decreased 2 percent, to $256,800. New home sales decreased 12 percent, to 2,275 homes sold, and the average home sales price declined 2 percent, to $259,500.

In Idaho, during the 12 months ending June 2012, existing home sales decreased 2 percent, to 27,850 homes sold, and the share of REO sales increased 2 percentage points to 32 percent. During the same time, the average existing home sales price rose 2 percent, to $173,800. New home sales decreased 21 percent, to 2,100 homes sold, but the average home sales price increased 4 percent to $208,300. Existing home sales totaled 14,350 in the Boise City-Nampa metropolitan area, down 4 percent compared with the number of homes sold a year ago, but the average home sales price increased 5 percent, to $164,600. During the past 12 months, 1,175 new homes sold, reflecting a 24-percent decline; however, the average home sales price increased 5 percent, to $218,400.

In Alaska, during the 12 months ending June 2012, 8,050 existing homes sold, down only 1 percent compared with the number sold a year ago, and the average home sales price increased 4 percent, to $269,600. REO sales accounted for 11 percent of existing home sales, relatively unchanged from a year earlier. Nearly 575 new homes sold during the 12 months ending June 2012, representing a 4-percent decrease; however, the average home sales price rose 4 percent, to $297,500. Existing home sales were relatively unchanged at 5,425 in the Anchorage metropolitan area, and the average home sales price increased 2 percent, to $285,400. New home sales totaled 400 homes sold, down nearly 6 percent compared with the number sold a year ago, and the average home sales price declined 3 percent, to $314,400.

An elevated level of troubled mortgage loans suggests that REO sales will continue to be a large portion of existing home sales for the duration of 2012. According to LPS Applied Analytics, in June 2012, the number of mortgage loans 90 or more days delinquent, in foreclosure, or in REO increased by 1,575, to 6.4 percent of all loans compared with 6.1 percent in June 2011. This rate increased from June 2011 to June 2012 in Washington from 6.4 to 7.2 percent and in Alaska from 2.6 to 2.8 percent. The rate was unchanged in Oregon at 6 percent and declined from 5.9 to 5.3 percent in Idaho.

In response to a decline in the inventory of homes for sale, single-family home construction, as measured by the number of building permits issued, increased by 2,375 homes, or 12 percent, to 21,450 during the 12 months ending May 2012, according to preliminary data. During the 12 months ending May 2011, the number of single-family permits issued decreased by 3,300, or 15 percent. Based on preliminary data, during the 12 months ending May 2012, the number of single-family homes permitted was 12,200 in Washington, 5,050 in Oregon, and 3,450 in Idaho, reflecting 7-, 15-, and 38-percent increases, respectively. In Alaska, permits were issued for 725 single-family homes, unchanged from a year ago.

Rental housing market conditions in the major metropolitan areas of the Northwest region were tight during the second quarter of 2012. According to MPF Research, the apartment vacancy rate in the Seattle metropolitan area, as of June 2012, was 4.7 percent compared with 5.1 percent a year ago, and the average asking rent increased 5 percent, to $1,081. According Reis, Inc., the apartment vacancy rate in the Bellingham metropolitan area was 2.5 percent in the second quarter of 2012 compared with 3.3 percent a year earlier, and the average asking rent increased slightly from $757 to $766. In the Portland metropolitan area, the average apartment vacancy rate declined from 3.5 percent in the second quarter of 2011 to 2.2 percent in the second quarter of 2012, and the average asking rent increased 5 percent to $831. The apartment vacancy rate in the Eugene metropolitan area decreased to 3.2 percent in the second quarter of 2012 from 4.4 percent a year ago, and the average asking rent increased 2 percent, from $715 to $733. The average asking rent in the Anchorage metropolitan area increased 3 percent to $1,068, in the second quarter of 2012 from a year ago and the rental apartment vacancy rate declined from 3.3 to 2.5 percent. In the Boise-Nampa metropolitan area, the apartment vacancy rate in the second quarter of 2012 was 4.6 percent compared with 5.9 percent a year earlier, and the average asking rent increased from $702 to $718 during the same period.

Tight rental housing markets during the 12 months ending May 2012 led to an increase of 41 percent in the number of multifamily units permitted, to 12,200 units, based on preliminary data. More than 65 percent of the increase in multifamily construction activity occurred in Washington, where the number of permits increased by 2,050 units, or 34 percent, to 7,975 units permitted. Multifamily permitting increased by 1,300 units, or 65 percent, to 3,375 units in Oregon; increased by 275 units, or 58 percent, to 750 units permitted in Idaho; and decreased by 70 units, to 110 units permitted in Alaska.

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

Baltimore-Towson, Maryland

The Baltimore-Towson metropolitan area, which comprises Anne Arundel, Baltimore, Carroll, Harford, Howard, and Queen Anne's Counties and the city of Baltimore, borders the northeast section of the Washington-Arlington-Alexandria metropolitan area. As of July 1, 2012, the population of the Baltimore-Towson metropolitan area was estimated at 2.74 million, accounting for nearly one-half of the total population in Maryland. During the 12 months ending June 2012, population growth totaled 13,900 people, or 0.5 percent, with net in-migration totaling 3,000 people. By comparison, from July 2008 through July 2011, the population increased by an average annual rate of 16,450, or 0.6 percent, and net in-migration averaged 4,575 people, annually. The higher net in-migration from July 2008 through July 2011 was primarily the result of job gains at Fort Meade, the largest employer in the metropolitan area, with 56,000 employees, because of Base Closure and Realignment (BRAC) relocations.

Economic conditions in the Baltimore-Towson metropolitan area improved during the past 2 years, after declines were recorded during 2009 and 2010. During the 12 months ending May 2012, total nonfarm payrolls in the area averaged approximately 1.3 million jobs, an increase of 18,300 jobs, or 1.4 percent, compared with the number of jobs during the previous 12-month period. The largest payroll gain was recorded in the education and health services sector, the largest sector in the metropolitan area, which added 8,550 jobs, or 3.5 percent. Employers in this sector include Johns Hopkins University and Johns Hopkins Hospital, the second and third largest employers in the area, with 30,250 and 18,750 employees, respectively. In May 2012, as part of a $1.1 billion expansion, Johns Hopkins Hospital completed a new 1.6 million-square-foot facility, which created approximately 700 new jobs. Other significant gains were recorded in the professional and business services and government sectors, which added 7,700 and 4,875 jobs, or 4.1 and 2.1 percent, respectively. Gains in these sectors were partially attributed to 5,700 jobs added at Fort Meade as a result of BRAC actions. Of the total jobs added from the BRAC relocations, approximately 55 percent were civilian, 35 percent were contractors, and 10 percent were military.

Maryland Live! Casino opened in June 2012, creating approximately 900 new jobs. This opening was the first of two phases of the $500 million project. The second phase, which consists of expanding the casino and adding additional restaurants, is expected to be completed during 2012 and will add an additional 600 new jobs. Despite these additions, employment in the leisure and hospitality sector declined by 940 jobs, or 0.8 percent, during the 12 months ending May 2012. Other losses were recorded in the transportation and utilities and the information sectors, which declined by 2,250 and 1,725 jobs, or 5.3 and 9.1 percent, respectively. More than 30 percent of the losses in the information sector were in the telecommunications industry, which declined by 530 jobs, or 6.2 percent. The unemployment rate during the 12 months ending May 2012 averaged 7.3 percent, a decrease from the 7.9-percent rate recorded during the previous 12 months.

The sales housing market in the Baltimore-Towson metropolitan area currently is soft, with an estimated 2.5-percent vacancy rate, an increase from 2.1 percent in April 2010. Based on data from Hanley Wood, LLC, during the 12 months ending May 2012, approximately 14,900 new and existing single-family homes sold. The current volume is a decrease of 1,550 homes, or 9 percent, compared with the number sold during the previous 12 months, and a 12-percent decline from the average volume of 16,950 units sold annually from May 2008 through May 2010. During the 12 months ending May 2012, the average sales price of new and existing homes sold declined 3 percent, to $342,400. The current home sales price is 15 percent less than the average sales price of $402,800 from 2006 through 2008. Trends in the condominium market, which comprises approximately 17 percent of the total sales market, were similar to trends in the single-family sales market. During the 12 months ending May 2012, approximately 3,075 new and existing condominium homes were sold, a decrease of 180 homes, or 6 percent, compared with the number sold during the previous 12 months. The average sales price of new and existing condominium homes sold declined 5 percent to $221,800. According to LPS Applied Analytics, 8.3 percent of mortgage loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) in May 2012 compared with 7.0 percent of loans in May 2011.

Despite soft sales housing market conditions, home construction activity, as measured by the number of building permits issued for single-family homes, increased recently. According to preliminary data, during the 12 months ending May 2012, approximately 3,600 homes were permitted, a 3-percent increase from the 3,500 homes permitted during the previous 12-month period. The current level of construction activity is also an increase of 5 percent compared with an average of 3,425 homes permitted annually from May 2008 through May 2010. Most of the homebuilding activity during the 12 months ending May 2012 was concentrated in Anne Arundel County, where Fort Meade is located, and was attributed to the jobs added at the base. In Anne Arundel County, the number of homes permitted increased by 220, or 29 percent, to 980 homes permitted. By comparison, in the remainder of the metropolitan area, the number of homes permitted declined by 120 homes, or 4 percent. Condominium building activity has been limited recently.

During the 12 months ending May 2012, 15 condominium units were constructed. By comparison, an average of approximately 380 condominium units was constructed annually from 2008 through 2010. Based on data from Hanley Wood, LLC, during the 12 months ending May 2012, the average sales price of new single-family homes in the area was $510,600.

The rental housing market in the Baltimore-Towson metropolitan area currently is balanced, with an estimated overall vacancy rate of 6.8 percent, a decline from 8.4 percent in April 2010. Since 2010, because of economic hardships that resulted from weakened economic conditions, some households have moved from owner to renter units out of necessity, while others have postponed buying. As a result, rental demand outpaced new rental construction, vacancy rates declined, and market conditions became more balanced. According to Reis, Inc., in the first quarter of 2012, the apartment vacancy rate in the metropolitan area was 3.8 percent, down from the 4.7-percent rate recorded a year earlier. The average asking rent was approximately $1,025, up more than 2 percent from the first quarter of 2011. Multifamily building activity, as measured by the number of multifamily units permitted, recently increased. Based on preliminary data, during the 12 months ending May 2012, approximately 3,025 multifamily units were permitted, and approximately 99 percent of the permitted units were apartments. The current building activity is more than double the 1,425 units that were permitted during the previous 12-month period, approximately 72 percent of which were apartment units. Nearly 60 percent of the multifamily units permitted during the past year were located in Anne Arundel County. Current construction in the metropolitan area includes 560 units at Dorsey Ridge Apartments in Hanover, 375 units at The View at Mill Run in Owings Mills, and 190 units at 1901 South Charles Street in Baltimore City; all units are expected to be completed during the next 12 to 18 months. Asking rents for newly constructed one-, two-, and three-bedroom apartments in the metropolitan area start at $1,200, $1,400, and $1,800, respectively.

Bridgeport-Stamford-Norwalk, Connecticut

The Bridgeport-Stamford-Norwalk metropolitan area, a global financial center in southwestern Connecticut, along Long Island Sound and approximately 30 miles northeast of New York City, comprises Fairfield County, the most populous county in Connecticut. As of July 1, 2012, the estimated population was 931,000, representing an average annual increase of 6,300, or 0.7 percent, since April 1, 2010. From 2007 through 2010, the population increased at an average annual rate of 7,025, or 0.8 percent. Since 2007, net in-migration has accounted for 35 percent of the growth, reversing a trend of net out-migration that began in 2000. According to Moody's Analytics, Inc., the largest employers in the area are Sikorsky Aircraft Corporation, UBS A.G., and Western Connecticut Health Network, with 9,300, 5,000, and 4,000 employees, respectively.

Economic conditions are mixed because the growth in nonfarm payroll jobs that began in early 2011 has slowed. During the 12 months ending May 2012, nonfarm payrolls remained relatively unchanged at 398,800 jobs compared with an increase of 4,300 jobs, or 1.1 percent, during the previous 12 months. The education and health services sector exhibited the largest gains during the 12 months ending May 2012, when the sector increased by 1,900 jobs, or 2.9 percent. The wholesale trade subsector added 400 jobs, a 3.1-percent increase. Losses in the financial activities sector and retail trade subsector of 1,200 and 900 jobs, or 2.8 and 1.9 percent, respectively, partially offset those gains. NBC Sports is expected to move its headquarters from New York City to a 32-acre campus on the site of the former Clairol building in the city of Stamford beginning in September 2012, which is expected to add 750 jobs by early 2013. The city of Bridgeport announced that Bass Pro Shops®, an outdoor sports retailer, will be the first major tenant of Steelpointe Harbor, a 50-acre transited-oriented mixed-use development. The 150,000-square-foot store is scheduled to open by the end of 2013 and expected to add 250 full- and part-time jobs. During the 12 months ending May 2012, the unemployment rate declined to 7.6 percent from 8.4 percent during the previous 12 months.

The home sales market in the Bridgeport-Stamford-Norwalk metropolitan area is currently soft because of tight lending practices and mixed economic conditions. Based on data from Prudential Connecticut Realty, during the 12 months ending June 2012, new and existing single-family home sales totaled 5,700, down 3 percent from 5,900 during the same period a year earlier. Single-family home sales are up 8 percent from the average annual rate of 5,275 homes sold during 2008 and 2009 but remain 34 percent less than the average annual rate of 8,575 homes sold from 2005 through 2007. The year-to-date median sales price for new and existing single-family homes was $450,000, an 8-percent decrease from $490,000 a year earlier. Median home sales prices peaked in 2007 at $580,000. During the 12 months ending June 2012, sales for new and existing condominiums represented 24 percent of all home sales in the metropolitan area, totaling 1,800 sales, a 1-percent increase from 1,775 sales a year earlier but a 5-percent decrease from the average annual rate of 1,900 sales from 2008 through 2009. The year-to-date median condominium sales price remained at $228,500, unchanged from the same period a year earlier. According to LPS Applied Analytics, as of June 2012, 8.4 percent of total home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), up from 7.6 percent in June 2011.

Soft sales housing market conditions have resulted in historically low levels of single-family homebuilding activity, as measured by the number of permits issued. Based on preliminary data, during the 12 months ending May 2012, the number of single-family homes permitted decreased to 520 compared with the 560 homes permitted during the previous 12 months. An average of 590 homes was permitted annually during 2008 and 2009, down from the 1,700 homes permitted annually during the peak period of 2004 through 2007. Since 2010, The Summit at Bethel, a townhome community in the town of Bethel, has brought 55 units onto the market, with sales prices ranging from $400,000 to $500,000 for base models. Another 177 units are expected to be complete by 2014.

Overall rental housing market conditions in the metropolitan area are balanced and tightening. The overall rental vacancy rate is currently estimated at 6.5 percent, down from 7.8 percent in April 2010, reflecting increased rental demand. The apartment market is balanced to tight. According to Reis, Inc., during the second quarter of 2012, the apartment vacancy rate decreased to 4.9 percent from 5.1 percent in the second quarter of 2011, despite above-average inventory growth resulting, in part, from Harbor Point, a redevelopment in Stamford. The average market rent increased 2 percent to $1,850, representing the most expensive apartment market in New England. During the first quarter of 2012, in western Fairfield County, which is closer to New York City and includes Stamford and Norwalk, the rental vacancy rate was 4.9 percent and rents averaged $2,100, an increase of 3 percent from a year earlier. In eastern Fairfield County, which includes Bridgeport and Danbury, the rental vacancy rate was 4.4 percent and rents increased 2 percent to $1,325. Based on preliminary data, during the 12 months ending May 2012, multifamily construction, as measured by the number of units permitted, increased to 700 units compared with the 260 units permitted during the previous 12 months. An average annual rate of 590 units was permitted during 2008 and 2009. Harbor Point, a transit-oriented redevelopment of an 80-acre parcel in Stamford, has brought 1,125 residential units onto the market since 2008, with nearly 3,000 additional units expected by 2018. Rents for studio, one-, two-, and three-bedroom apartments start at $1,650, $1,850, $2,475, and $3,625, respectively.

Columbia, South Carolina

The Columbia metropolitan area, which consists of Calhoun, Fairfield, Kershaw, Lexington, Richland, and Saluda Counties, is in central South Carolina. Richland and Lexington Counties, which account for nearly 90 percent of the total population and include the city of Columbia, the state capital, make up the economic core of the metropolitan area. As of July 1, 2012, the population of the metropolitan area was estimated at 784,400, an average increase of approximately 7,475, or 1.0 percent, annually since April 1, 2010, compared with an average annual increase of 13,450, or 1.8 percent, from 2007 to 2010. The population grew by an average of 10,900, or 1.6 percent, annually from 2000 through 2006, peaking in 2006 at 15,950, or 2.3 percent. Population growth has slowed annually since 2007 because of the decreasing net in-migration resulting from the weakened economy.

Economic conditions in the metropolitan area improved during the past 2 years, after 3 years of declining nonfarm payrolls. During the 12 months ending May 2012, nonfarm payrolls increased by 3,800 jobs, or 1.1 percent, from the previous 12 months to an average of 348,500 jobs. Nonfarm payrolls increased by 800 jobs, or 0.2 percent, during the previous 12-month period. Before the recent increase, nonfarm payrolls declined by an average of 7,200 jobs annually from 2008 through 2010, led by job losses in the wholesale and retail trade and the professional and business services sectors. The professional and business services sector had the most job growth during the most recent 12-month period, adding 2,000 jobs, a 4.9-percent increase from the previous 12 months. Verizon Communications Inc., a provider of voice, data, and video products, hired approximately 500 new employees at its Elgin call center in 2011. The manufacturing sector added 1,400 jobs, a 4.9-percent increase from the previous 12-month period. The wholesale and retail trade and the leisure and hospitality sectors both increased by 600 jobs, or 1.2 and 1.9 percent, respectively. Part of this job growth is because Amazon.com Inc., an online retailer, opened a $100 million distribution center in Cayce last year that is expected to add 2,000 full-time jobs by the end of 2012. The government sector, the largest in the metropolitan area, includes Fort Jackson, the largest Initial Entry Training Center in the U.S. Army and the largest employer in the area, with 9,200 military and civilian workers. The government sector led job losses during the past 12 months, declining by 800 jobs, or 1.0 percent, from the previous 12 months. The education and health services sector—which includes the second and third largest employers in the metropolitan area, Palmetto Health and BlueCross BlueShield of South Carolina, with 8,400 and 6,800 employees, respectively—also declined, by 600 jobs, or 1.5 percent. The unemployment rate declined from 9.0 percent during the previous 12 months to 8.5 percent during the most recent 12-month period.

Conditions in the Columbia metropolitan area home sales market are currently soft, with an estimated vacancy rate of 2.5 percent. According to CoreLogic®, during the 12 months ending April 2012, existing single-family home sales totaled 4,050 homes, a 22-percent decline from the number sold during the previous 12-month period. The increase in foreclosures and distressed sales in the metropolitan area has led to a decrease in home prices. The median sales price of existing single-family homes in April 2012 was $126,000, down 4 percent from April 2011. New single-family home sales declined 3 percent during the past 12 months to total 1,275 homes sold, and the median price declined less than 1 percent to $170,400. Existing home sales peaked in 2005, when nearly 15,000 homes sold, and declined from 2006 through 2011 by an annual average of 2,150 homes, or 14 percent, as job losses increased. According to LPS Applied Analytics, the share of all mortgage loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) increased to 7.5 percent in May 2012 from 6.8 percent in May 2011.

Single-family homebuilding, as measured by the number of building permits issued, increased during the past year despite the continued decline in home sales. According to preliminary data, during the 12 months ending May 2012, 2,375 homes were permitted, an increase of 130 homes, or 6 percent, from the previous 12 months. Single-family homebuilding peaked in 2005, when 6,650 homes were permitted. From 2006 through 2011, permitting declined by an average of 820 homes, or 20 percent, annually.

Rental housing market conditions in the Columbia metropolitan area are soft. The overall rental vacancy rate is currently estimated at 9.2 percent, down from 11.8 percent recorded in April 2010. According to Real Data, as of April 2012, the apartment vacancy rate was 8.9 percent compared with the 11.9-percent rate recorded in April 2011. Vacancy rates declined during the past year as demand for apartment units increased. The market absorbed approximately 1,250 units compared with the 340 units absorbed during the previous year. The average apartment rent increased 1 percent, from $756 in April 2011 to $762 in April 2012. The central Columbia submarket, which includes the city of Columbia, had the lowest vacancy rate of any submarket in the metropolitan area during the past year, 3.6 percent in April 2012, down from 7.2 percent in April 2011. The University of South Carolina contributes to the strength of the rental market in this submarket. Student housing accounts for 26 percent of the apartment market in the area.

Multifamily construction, as measured by the number of units permitted, increased during the past 12 months in response to the tightening rental market. Based on preliminary data, during the 12 months ending May 2012, the number of units permitted increased 16 percent, or by nearly 80 units, to 560 units. After the peak in multifamily permitting in 2006, when 1,625 permits were issued, permitting declined by an average of 160 units, or 10 percent, annually from 2007 through 2011. One property currently under construction is the 315-unit Ballentine Crossing in Irmo, which will consist of one-, two-, and three-bedroom units with rents ranging from $700 to $1,000, with an expected completion in the spring of 2013.

Columbus, Ohio

The Columbus metropolitan area is located in central Ohio and consists of eight counties: Delaware, Fairfield, Franklin, Licking, Madison, Morrow, Pickaway, and Union. As of July 1, 2012, the metropolitan area population was estimated to be 1.88 million, representing an average annual increase of 18,000, or 1.0 percent, since April 1, 2010, compared with the estimated average annual increase of 1.2 percent, or 21,800, during the previous 3 years. Net migration has been positive each year since 2000 and averaged 10,650 people from 2005 through 2008, before declining to an average annual figure of 6,500 people since 2008, a result of the slowing economy. As of July 1, 2012, an estimated 63 percent of the metropolitan area population resided in Franklin County, which includes the central city of Columbus, the state capital.

Economic conditions in the metropolitan area improved in the past year after registering declines from 2007 through 2010. During the 12 months ending May 2012, nonfarm payrolls increased by 12,800 jobs, or 1.4 percent, to an average of 922,900 jobs compared with an average annual decline of 13,100 jobs, or 1.4 percent, from 2008 through 2010. Despite recent gains, nonfarm payrolls in the metropolitan area are nearly 20,000 below the level in the 2007 calendar year, when nonfarm payrolls peaked at 939,800 jobs. During the 12 months ending May 2012, the education and health services sector led job growth, with an increase of 6,800 jobs, or 5.3 percent, compared with the number of jobs during the previous year. Growth in the sector reflects the expansion of several facilities, including Nationwide Children's Hospital in Columbus, which opened its expanded $780 million campus in June 2012 and is expected to add 2,400 total jobs by 2014. The Ohio State University's Medical Center is completing an expansion and OhioHealth is building a new facility; both are scheduled for completion in 2015. In total, an estimated 9,000 full-time healthcare jobs are expected to be created by 2015 in the metropolitan area. The only sector that declined during the 12 months ending May 2012 was the government sector, down 4,200 jobs, or 2.7 percent, with one-half of the job loss in local governments, due to declining tax revenues from the slower economic conditions registered since 2008. The largest employers in the metropolitan area include The Ohio State University, JPMorgan Chase & Co., and OhioHealth, with 29,700, 17,000, and 16,000 employees, respectively. The unemployment rate, which peaked at 8.7 percent in 2010, was 7.1 percent for the 12 months ending May 2012, down from 8.1 percent in the previous year.

Home sales market conditions in the Columbus metropolitan area are currently soft but have improved from a year ago. As of May 1, 2012, the sales vacancy rate was an estimated 2.2 percent compared with the 2.6 percent rate recorded in April 2010. The weak local economy and tighter lending standards contributed to the soft conditions. According to the Columbus Board of REALTORS®, during the 12 months ending May 2012, home sales increased by 5 percent, to 19,650 homes, and the average home sales price increased by 2 percent relative to the previous 12 months, to $160,300. The inventory of homes on the market in May 2012 was 11,950, equivalent to 6.6 months of supply, down 32 percent from the 17,600 homes on the market in May 2011. Home sales peaked in the middle of the decade, averaging approximately 26,200 annually from 2004 through 2007, before declining to 20,450 from 2008 through 2010. The average home sales price, which was $178,000 in 2005, declined by an average of 2 percent annually, to $160,000, in 2010. As of May 2012, 7.8 percent of home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), up from 7.2 percent in May 2011.

Single-family home construction, as measured by the number of building permits issued, has declined since 2007 as sales market conditions softened, and totaled approximately 2,525 homes during the 12 months ending May 2012, down 4 percent compared with the 2,625 homes permitted a year earlier, according to preliminary data. From 2004 through 2007, the number of single-family homes permitted averaged 7,400 annually, but the number declined 64 percent, to an average of 2,675 annually from 2008 through 2010. Multifamily construction, as measured by the number of units permitted, also declined in the latter half of the decade, before registering a significant increase during the past 12 months. After 1,550 units were permitted in the 12 months ending May 2011, the number of multifamily units permitted more than doubled, to 3,125, during the 12 months ending May 2012, according to preliminary data. Developers are starting more apartments in the Columbus metropolitan area in response to improving rental market conditions. The number of multifamily units permitted from 2004 through 2007 averaged 2,575 annually and declined 37 percent, to 1,625 annually, between 2008 through 2010. From 2000 through 2007, more than 50 percent of multifamily units permitted were estimated to be for owner occupancy, a proportion that had dropped to approximately 10 percent since 2008 in response to the softer home sales market conditions.

Rental housing market conditions in the Columbus metropolitan area have improved since 2010 but remain soft. As of May 1, 2012, the overall rental market vacancy rate in the HMA was estimated at 7.9 percent, down from 9.6 percent in April 2010, because tighter lending standards led to an increased demand for rental units. The apartment market is also slightly soft, with the average vacancy rate reported to be 6.1 percent in the second quarter of 2012, down from 8.0 percent in the second quarter of 2011, according to Reis, Inc. The average rent increased nearly 3 percent to $715 from the second quarter of 2011 to the second quarter of 2012. Grandview Yard, a mixed-use development in Grandview Heights, just northeast of downtown Columbus, includes 160 units in its first phase, with occupancy scheduled for October 2012 and rents ranging from $995 to $1,255 for a one-bedroom unit, $1,375 to $1,855 for a two-bedroom unit, and $1,825 to $2,095 for a townhome.

El Paso, Texas

The El Paso metropolitan area is located in west Texas along the Mexican border and consists of El Paso County. The metropolitan area is home to the University of Texas at El Paso (UTEP) and Fort Bliss Army Base, headquarters for the 1st Armored Division, the William Beaumont Army Medical Center, and the U.S. Army Sergeants Major Academy. As the largest employer in the area, with approximately 38,600 military and 13,100 civilian personnel, Fort Bliss has an estimated $3.7 billion annual economic impact on the metropolitan area, according to the U.S. Army. UTEP, with approximately 22,650 students and more than 2,875 faculty and staff, has an annual economic impact of $438 million on the metropolitan area, up from $295 million in 2008, according to UTEP.

As of July 1, 2012, the estimated population of the metropolitan area was 838,000, an average annual increase of 16,600, or 2.1 percent, since July 2010 compared with an average annual increase of 1.8 percent between 2007 and 2009. From 2005 through 2007, the average net out-migration was 3,850 people each year. Since 2008, the average net in-migration has been 5,275 people annually, primarily because of the addition of military personnel at Fort Bliss. As a result of Base Realignment and Closure (BRAC) legislation, the current number of military and civilian personnel has increased by an average of 9.2 percent annually since 2008.

Nonfarm payrolls in the metropolitan area averaged 282,200 jobs during the 12 months ending May 2012, up 3,425 jobs, or 1.2 percent, compared with an increase of 4,225 jobs, or 1.5 percent, during the previous 12 months. The education and health services sector grew by approximately 2,075 jobs, or 5.7 percent, from a year ago because of the opening of three new medical facilities: the Paul F. Foster School of Medicine, El Paso Children's Hospital, and the University Medical Center of El Paso, a leading academic teaching center. In addition, the leisure and hospitality sector increased by 1,525 jobs, or 5.4 percent, because of hiring in local hotels. Offsetting some of these gains, the government and the mining, logging, and construction sectors declined by 2,450 and 950 jobs, or 3.6 and 6.4 percent, respectively. Job losses in the government sector are predominantly at the local level because of lower revenues. The largest private employer is T & T Staff Management followed by University Medical Center, with 5,025 and 2,450 employees, respectively. During the 12 months ending April 2012, the average unemployment rate in the metropolitan area was 10 percent, unchanged from the rate recorded a year earlier.

Sales housing market conditions in the El Paso metropolitan area are currently balanced, with an estimated vacancy rate of 1.6 percent, unchanged compared with the rate reported a year ago. According to the Real Estate Center at Texas A&M University, during the 12 months ending May 2012, the number of new and existing single-family homes sold totaled 5,150, a decrease of 1 percent from the 5,200 homes sold during the previous 12-month period and relatively unchanged from the average of 5,450 homes sold from 2007 through 2009. In comparison, home sales volume peaked at 7,250 homes in 2006. According to the same source, the supply of unsold inventory averaged 7.5 months during the 12 months ending May 2012, up from 6.9 months of unsold inventory during the previous 12-month period. The average home sales price in the metropolitan area was $154,500 during the 12 months ending May 2012, up nearly 13 percent because of the higher cost of new home construction compared with the average home sales price during the previous 12 months, but less than the peak of about $161,000 in 2008. The average home sale price was less than the average price of $155,200 recorded during the comparable periods ending 2006 through 2009. According to LPS Applied Analytics, in May 2012, 4.6 percent of total home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), unchanged from May 2011.

In response to balanced sales housing market conditions, developers increased new home construction activity, as measured by the number of building permits issued for single-family homes. According to preliminary data, during the 12 months ending May 2012, building permits were issued for 3,050 new single-family homes, up 2 percent from the previous 12 months. Single-family home construction activity in the metropolitan area remains less than the average from 2006 through 2009, when 3,150 homes were permitted annually. An estimated 1,050 homes are currently under construction in the metropolitan area. New single-family subdivisions located west of the city of El Paso include the 136-home Cimarron Sky and the 285-home Falls at Cimarron, with home sales prices starting at $186,000 and $200,000, respectively. Approximately 50 percent of the homes have been built at Cimarron Sky, with completion expected for the fall of 2013.

Rental housing market conditions in the metropolitan area are tight because of the increase in the number of personnel at Fort Bliss since 2008 and a limited supply of new rental units in lease-up. The overall vacancy rate is estimated at 5.0 percent, up from 4.4 percent reported in April 2010. According to Reis, Inc., the apartment vacancy rate increased to 5.0 percent during the first quarter of 2012 from 4.8 percent during the first quarter of 2011, and the average asking rent increased nearly 3 percent to $695. Multifamily construction, which consisted almost entirely of rental apartment units during the past year, totaled 725 units during the 12 months ending May 2012, based on preliminary data, down 31 percent compared with the number of units permitted during the same period a year earlier. Multifamily permits averaged 820 units annually from 2008 through 2009 and remain lower than the peak of 1,190 units permitted in 2007. An estimated 1,025 apartment units currently are under construction. The Bungalows at Hueco Estates, located in El Paso's upper eastside, is a 430-unit apartment complex that opened in late 2011 and is in lease-up, with rents starting at $720, $905, and $1,060 for one-, two- and three-bedroom units, respectively. Currently under construction and expected to be completed by the end of 2012, is the 250-unit Puerta Villa at Cimarron Apartments, located west of El Paso, with rents starting at $790 for one-bedroom units, $960 for two-bedroom units, and $1,075 for three-bedroom units. The Reserve at Sandstone Ranch, a 246-unit complex located northeast of El Paso, is currently under construction and expected to be completed at the end of 2013, with rents starting at $645 and $875 for one- and two-bedroom units, respectively.

Memphis, Tennessee-Mississippi-Arkansas

The Memphis metropolitan area is located in the southwest corner of Tennessee and comprises Fayette, Shelby, and Tipton Counties in Tennessee; DeSoto, Marshall, Tate, and Tunica Counties in Mississippi; and Crittenden County in Arkansas. As of July 1, 2012, the population of the metropolitan area was estimated at 1.32 million, up 7,450 annually, or 0.6 percent, since April 1, 2010, slightly slower than the average annual growth of 8,150, or 0.6 percent, from 2007 through 2010. According to the Memphis Economic Development Plan, more than 10 million people visit Memphis annually, spending $3.1 billion on attractions such as Graceland and Beale Street in downtown Memphis, known for its blues and rock 'n' roll music clubs.

Two sectors form the foundation of the Memphis metropolitan area economy: transportation and utilities and education and health services. FedEx Corporation is the leading employer in the area, with 31,000 employees. In 2011, the Memphis airport ranked as the largest cargo airport by cargo volume in the nation; FedEx handled 98 percent of the 4.3 million tons of cargo. The education and health services sector is supported by the stable enrollment of 22,725 students and employment of 2,500 faculty and staff at the University of Memphis, which has a $1.43 billion economic impact on the area, according to the university. Methodist Le Bonheur Healthcare is the second leading employer in the metropolitan area, with 8,900 employees. In 2011, Methodist Le Bonheur Healthcare began construction of a $137 million, 100-bed hospital that is expected to create 500 jobs in the area during the next few years.

Economic conditions in the metropolitan area have improved since the second quarter of 2011 after declines during the past 2 years. During the 12 months ending June 2012, nonfarm payrolls averaged 600,600 jobs, an increase of 10,700 jobs, or 1.8 percent, compared with the number of jobs recorded during the previous 12 months. During the 12 months ending June 2012, job gains were largest in the professional and business services and education and health services sectors, with increases of 5,200 and 3,900 jobs, or 6.7 and 4.8 percent, respectively. Four of the largest employers in the area support the education and health services sector; namely, Methodist Le Bonheur Healthcare, Baptist Memorial Health Care Corporation, The University of Tennessee Health Science Center, and St. Jude Children's Research Hospital, which, combined, employ more than 22,575 people. Despite the overall job gains, the financial activities sector lost 400 jobs, or 1.4 percent, during the past 12 months. Since 2008, the financial activities sector has declined due to the consolidation, relocation, or closing of many financial institutions, including the recent sale and subsequent layoffs of 70 employees at Morgan Keegan & Co., Inc.

Sales housing market conditions in the Memphis metropolitan area are soft. Based on data from the Memphis Area Association of REALTORS®, for the 12 months ending June 2012, the number of new single-family homes sold in the area totaled 480, a decrease of 11 percent compared with the 540 new homes sold during the same period a year earlier. During the 12 months ending June 2012, 12,200 existing single-family homes sold in the area, an increase of 12 percent compared with the 10,900 existing homes sold during the same period a year earlier. Current new and existing home sales are 10 percent less than the 3-year average of 14,150 homes sold between 2008 and 2010. The median new home sales price increased to $245,300 in June 2012, an increase of 23 percent compared with June 2011. According to the Chandler Reports, in the second quarter of 2012, the average size of a new home was 2,600 square feet, an increase of 280 square feet, or 12 percent, when compared with the average size during the second quarter of 2011, contributing to the higher new home sales prices. The median sales price of existing homes sold, including distressed sales, during June 2012 was $89,600, up 5 percent compared with the median price in June 2011, comparably higher than 2008 and 2009, when the median home sales price was $85,000. Distressed property sales, such as REO (Real Estate Owned) homes, made up 31 percent of existing home sales in the 12 months ending June 2012, down from 34 percent during the same period a year earlier; although the median sales price of distressed homes sold in June 2012 was $42,600, a decrease of 5 percent when compared with the price in June 2011. According to LPS Applied Analytics, as of June 2012, 10.3 percent of total loans in the metropolitan area, or 16,500 loans, were 90 or more days delinquent, in foreclosure, or in REO, up from 9.5 percent a year earlier, but substantially higher than the 6.6-percent rate for Tennessee during the same period.

Building permits were issued for 2,000 single-family homes during the 12 months ending June 2012, up 38 percent from the previous 12 months in response to a 12-percent decrease in the inventory of unsold homes to 7,025 homes. The 6.3-month supply of unsold inventory in June 2012 is down from an 8-month supply in June 2011. Because of soft market conditions, however, building activity is still 33 percent less than the average from 2007 through 2010, when 2,825 single-family homes were permitted annually.

Rental housing market conditions in the Memphis metropolitan area are soft but have improved since the first quarter of 2011. According to Reis, Inc., the apartment vacancy rate declined from 11 percent in the second quarter of 2011 to 9.2 percent in the second quarter of 2012, and the average asking rent increased by more than 2 percent, to approximately $700. The University of Memphis enrolls 22,725 students and provides on-campus housing for 2,200 students; most of the remaining 20,525 students reside off campus in the area surrounding the university. In the second quarter of 2012, the area near the university had a vacancy rate of 7.8 percent, which is the lowest rate within the metropolitan area, down from 10.6 percent in the second quarter of 2011. In the second quarter of 2012, the asking rent near the university increased by approximately 2 percent to $630.

In response to increasing rents and decreasing vacancy rates, rental housing market conditions have improved enough to spur significant additional multifamily development. During the 12 months ending June 2012, multifamily construction activity, as measured by the number of units permitted, totaled 1,025 units, more than double the units permitted in the 12 months ending June 2011, based on preliminary data. By comparison, an average of 1,125 multifamily units was permitted annually from 2007 through 2010. An estimated 530 multifamily rental units are currently under construction. Orleans Place at Walnut Grove, a 180-unit apartment complex, is under construction and expected to be completed in 2012. Asking rents at Orleans Place start at $850 for a one-bedroom unit, $990 for a two-bedroom unit, and $1,200 for a three-bedroom unit. Grand Island Apartments, a 204-unit apartment complex located on Mud Island in downtown Memphis, was recently completed and is now leasing. Asking rents start at $940 for a one-bedroom unit, $1,325 for a two-bedroom unit, and $1,600 for a three-bedroom unit.

Midland-Odessa, Texas

The Midland-Odessa metropolitan area, also known as the Petroplex, comprises Ector and Midland Counties in western Texas, approximately 50 miles from the southeastern corner of New Mexico. The area serves as a hub for the extraction of oil and natural gas in the Permian

Basin, a geological formation rich in hydrocarbons. As of July 1, 2012, the population of the metropolitan area was estimated at 288,000, an increase of 6,225, or 2.2 percent, annually since April 1, 2010. By comparison, from 2007 through 2010, population growth averaged 4,925 people, or 1.9 percent, annually. Midland and Odessa are the largest cities in the metropolitan area, comprising 41 and 36 percent of the population, respectively.

After job losses in 2009, nonfarm payroll growth in the metropolitan area resumed during 2010, when oil prices increased to an annual average of $71 per barrel from the annual average of $53 per barrel recorded in 2009. During the 12 months ending May 2012, nonfarm payrolls increased by 10,500 jobs, or 7.9 percent, to 143,700 compared with an increase of 8,400 jobs, or 6.7 percent, in the previous 12 months. The largest job gains occurred in the mining, logging, and construction sector, which increased by 4,800 jobs, or 16.5 percent, because of increased oil and natural gas production in the Permian Basin. In May 2012, TMK IPSCO, a pipe manufacturer, broke ground in Odessa on a $4.5 million pipe preprocessing and threading facility that will consolidate six of the company's existing facilities in the new location. Construction is expected to be complete by the end of 2012, but new job gains from the facility will be negligible. The leisure and hospitality sector was the second fastest growing sector, gaining 1,400 jobs, or 10.2 percent, during the 12 months ending May 2012. During the same period, the unemployment rate averaged 4.6 percent, down from 5.8 percent a year earlier.

The sales housing market in the Midland-Odessa metropolitan area is tight because of strong employment and population growth. According to data from the Real Estate Center at Texas A&M University, during the 12 months ending April 2012 (the latest data available), new and existing home sales increased 11 percent, to 2,825 homes compared with the number sold during the previous 12 months. The current number of sales remains less than the average of 3,150 homes sold annually from 2007 through 2008. During the 12 months ending April 2012, the average sales price increased 9 percent, to $196,600. By comparison, from 2007 through 2009, home prices averaged $169,600. According to LPS Applied Analytics, as of May 2012, 2.0 percent of mortgage loans were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from 2.5 percent in May 2011.

Single-family homebuilding activity, as measured by the number of building permits issued, has increased each year since 2010 in response to employment and population growth resulting from increased oil and gas production. Based on preliminary data, during the 12 months ending May 2012, building permits were issued for 1,050 single-family homes, up 50 percent from the 700 homes permitted during the previous 12 months. By comparison, building permits were issued for an average of 730 homes annually from 2006 through 2008 before declining to 550 homes in 2009, because of reduced demand resulting from job losses in the oil and gas industry. Prices for new three-bedroom, single-family homes start at approximately $120,000. Ongoing developments include North Park, a subdivision in Odessa, with 400 homes completed during the past 3 years and another 200 expected to be complete within the next 2 years. Prices for three-bedroom homes in North Park start at $130,000.

Rental housing market conditions in the Midland-Odessa metropolitan area are tight. The overall rental vacancy rate is estimated at 4.5 percent, down from 9.2 percent recorded in April 2010, because of strong job and population gains coupled with the limited number of apartment completions since 2011. According to Reis, Inc., as of the first quarter of 2012 (the latest data available), the apartment vacancy rate was 3.8 percent, down from 4.5 percent recorded during the first quarter of 2011. Asking rents for all units averaged $690 during the first quarter of 2012, a 4-percent increase compared with the average rents during the first quarter of 2011. The average asking apartment rents by number of bedrooms were $590, $760, and $1,175 for one-, two-, and three-bedroom units, respectively. The current tight rental market conditions are primarily the result of strong labor market conditions in the oil and gas industry.

Based on preliminary data, during the 12 months ending May 2012, about 420 multifamily units were permitted, a 27-percent increase compared with the 330 units permitted during the previous 12 months. The current level of activity is greater than the average of 80 units permitted annually from 2000 through 2006. Recent developments include the 402-unit Andalucia Villas in Odessa, with 80 units complete and the remainder expected to be complete by the end of 2012; rents start at $1,095 for a one-bedroom unit. The 96-unit Gateway Plaza Apartments, a low-income housing tax credit development in Midland, completed construction in March 2012; rents start at $230 for a two-bedroom unit.

Olympia, Washington

The Olympia metropolitan area consists of Thurston County, which is located approximately 60 miles south of Seattle at the southern tip of the Puget Sound. From 2005 to 2009, the population grew at an average annual rate of 2.4 percent, or by 5,725, with net in-migration accounting for 80 percent of the increase, primarily due to stable employment growth and relatively affordable housing. Because of prolonged weak economic conditions, population growth has slowed to an average of 0.9 percent, or 2,275 people, during the 12 months ending June 2012, with net in-migration accounting for about one-half of the growth. As of July 1, 2012, the population in the metropolitan area was estimated at 258,900. Home to the state capital, the Olympia economy is largely supported by state and local government agencies and the Joint Base Lewis-McChord (JBLM) in Pierce County. The two largest private employers are St. Peter's Hospital, with 2,275 employees, and Xerox Corporation, with 1,000 employees.

Economic conditions in the Olympia metropolitan area began improving a year ago, after losing nearly 5,000 nonfarm payroll jobs from 2009 through 2010. During the 12 months ending May 2012, nonfarm payrolls increased by 1,200 jobs, or 1.2 percent, to a total of 99,400 jobs. The largest payroll increase occurred in the professional and business services sector, which added 400 jobs, or 5.1 percent. The government sector, which accounts for 36 percent of nonfarm payrolls, has continued to decline since 2009, although the rate of job loss has slowed. During the 12 months ending May 2012, the government sector declined by 400 jobs, or 1.1 percent, compared with a decline of 600 jobs, or 1.6 percent, during the previous 12 months. This trend is expected to persist as state and local government agencies continue to face budget difficulties. As the third largest employer in Washington, JBLM has a significant statewide economic impact, estimated at $6.1 billion in a 2012 study by South Sound Military & Community Partnerships; approximately 13,850 people, or one-third of total base personnel, reside in Thurston County. The unemployment rate averaged 8.0 percent during the 12 months ending May 2012, down from 8.3 percent during the previous 12 months.

Sales housing market conditions in the Olympia metropolitan area are soft. According to Hanley Wood, LLC, 2,325 existing single-family homes sold during the 12 months ending May 2012, a decrease of 10 percent compared with 2,575 homes sold during the previous 12 months. The average home sales price increased 5 percent, from $223,200 to $235,300. During the 12 months ending May 2012, 34 percent of existing homes sales were Real Estate Owned (REO) properties, up from 26 percent during the previous 12 months. During the 12 months ending June 2012, the average sales price of an REO property was $192,300, nearly 20 percent less than a regular resale property. According to LPS Applied Analytics, 7.2 percent of the total home loans in the area were 90 or more days delinquent, in foreclosure, or REO in May 2012, up from 5.7 percent in May 2011. The market for new homes remained soft as sales declined by 28 percent to 675 homes during the 12 months ending May 2012 compared with 940 new homes sold during the previous 12 months and the average home sales price increased nearly 11 percent from $243,000 to $268,700.

Homebuilding activity, as measured by the number of single-family building permits issued, continued to decrease because of the soft sales housing market, a trend that began in 2007. Based on preliminary data, 670 single-family building permits were issued during the 12 months ending May 2012, a 14-percent decrease compared with 780 homes permitted during the previous 12 months. By comparison, an average of 2,275 homes was permitted annually from 2004 to 2007.

Rental housing market conditions in the Olympia metropolitan area are balanced, with an estimated vacancy rate of 7 percent as of July 1, 2012, unchanged from the 7-percent rate recorded by the 2010 Census. According to Dupre + Scott Apartment Advisors, Inc., the apartment vacancy rate increased from 5.2 percent in March 2011 to 6.2 percent in March 2012. The average monthly rent increased by 1 percent from the previous year to $845, and rents averaged $733 for a one-bedroom unit, $811 for a two-bedroom and one-bathroom unit, and $1,048 for a three-bedroom unit. Based on preliminary data, building permits were issued for 95 multifamily units during the 12 months ending May 2012, down from the 130 units permitted during the previous 12 months. Recently opened apartment complexes include the 72-unit Parkview, which opened in 2012, with rents ranging from $950 to $1,395, and the 284-unit Woodland Apartments, which opened in 2011, with rents ranging from $843 to $1,302.

Palm Bay-Melbourne-Titusville, Florida

The Palm Bay-Melbourne-Titusville metropolitan area, 35 miles east of Orlando, consists of Brevard County. Known as the "Space Coast," the metropolitan area was home to the National Aeronautics and Space Administration's (NASA's) space shuttle program before the program ended in July 2011. As of July 1, 2012, the population of the metropolitan area was estimated at 545,000, an increase of 800, or 0.1 percent, annually since April 2010 compared with an annual increase of 2,325, or 0.6 percent, from 2006 through 2009. The slower population growth resulted from fewer employment opportunities and negative net natural change (resident births minus resident deaths) resulting from a large retiree population: an estimated 110,700 people ages 65 and older, 20 percent of the total population, lived in the metropolitan area in 2010.

Economic conditions in the metropolitan area have been weak for the past 6 years. During the 12 months ending May 2012, total nonfarm payrolls averaged 193,500 jobs, a loss of 1,400 jobs, or 0.7 percent, compared with the loss of 300 jobs, or 0.1 percent, during the previous 12 months. Nonfarm payroll jobs declined by 22,450, or 11.6 percent, from peak levels in 2007. During the past 12 months, the greatest rate of nonfarm payroll job decline occurred in the professional and business services sector, which lost 8.7 percent, or 2,800 jobs, primarily because of contractor layoffs after the space shuttle program ended. United Space Alliance, the main contractor for the NASA shuttle program, laid off approximately 2,850 employees during 2011 and is expected to lay off an additional 200 employees in mid-2012. The transportation and utilities sector showed the greatest rate of nonfarm payroll increase, of 26.0 percent, or 800 jobs, mostly because of new jobs pertaining to Port Canaveral, the second largest cruise port in the world. According to the Canaveral Port Authority, the port had an economic impact of 13,100 jobs and $648.8 million in wages during 2010, the most recent data available. The largest employers in the metropolitan area are Patrick Air Force Base, with 9,475 military personnel and 600 civilian employees, and Harris Corporation, a Florida-based international communications equipment company with 8,500 employees. The average unemployment rate during the 12 months ending May 2012 was 10.5 percent, down from 11.0 percent during the previous 12 months.

The sales housing market in the Palm Bay-Melbourne-Titusville metropolitan area is currently soft partly because job declines continue. As of July 1, 2012, the estimated sales vacancy rate was 3.8 percent, unchanged from 2010. According to Hanley Wood, LLC, during the 12 months ending May 2012, 6,500 new and existing single-family homes sold in the area, a 19-percent decrease from a year earlier, but the average sales price increased 6 percent, to $169,600. By comparison, from 2007 through 2009, new and existing single-family home sales averaged 6,900 annually, and the average price was $216,200. During the past 12 months, 1,625 condominiums sold, 9 percent more than sold a year earlier; the average sales price for condominiums was $148,850, a less-than-1-percent decrease from a year earlier. According to LPS Applied Analytics, as of May 2012, approximately 14,300 home loans, or 15.6 percent, were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), up slightly from 15.3 percent in May 2011. Although the current rate is twice the 7.8-percent national rate, it is less than the 17.8-percent state rate. The high volume of distressed loans combined with recent job losses is expected to delay housing market recovery in the metropolitan area.

Reflecting soft home sales market conditions in the metropolitan area, single-family homebuilding activity, as measured by the number of building permits issued, has declined 88 percent since peaking at 7,325 homes in 2005. Home construction averaged 2,025 homes a year from 2006 through 2009. Based on preliminary data, 810 permits were issued for single-family homes during the 12 months ending May 2012, down 4 percent from a year earlier. Some small-scale development remains in the metropolitan area, with most new construction activity in the city of Palm Bay, including Parkside West, which has approximately 11 home sites available with new home sale prices ranging from $117,900 to $181,300.

Rental housing market conditions in the Palm Bay-Melbourne-Titusville metropolitan area are currently soft as a result of continued job losses and overbuilding. The current overall rental vacancy rate, including apartments, single-family homes, and other rental units, is estimated at 13.7 percent, a decrease from the 14.5-percent rate reported in April 2010. According to ALN Apartment Data, Inc., the apartment vacancy rate during March 2012 was 10.3 percent, relatively unchanged from March 2011. The average asking rent in the area in March 2012 was approximately $690, down 1 percent from a year earlier. Average rents for one-, two-, and three-bedroom apartment units were $590, $710, and $830, respectively. Retirees and the military are two of the largest populations affecting the rental market. According to the Shimberg Center for Housing Studies, most elderly people in the metropolitan area reside in Melbourne, which includes nearly 70 percent of the area's surveyed housing units for elderly people. Average rents for the surveyed units were $620 for one-bedroom, one-bathroom units and $750 for two-bedroom, two-bathroom units, and occupancy rates averaged 98 percent. The military primarily affects rental market conditions in central Brevard County, near Cocoa Beach and Merritt Island. The apartment market in the Merritt Island community, with a vacancy rate estimated at 8 percent, is more balanced than the overall apartment market in the metropolitan area. Cinnamon Cove Phase II, a 160-unit, market-rate apartment property in Palm Bay, is currently in the planning stages. Based on preliminary data, virtually no multifamily units were permitted during the 12 months ending May 2012, reflecting soft rental market conditions. Approximately 230 units were permitted during the previous 12 months, and 610 units were permitted annually from 2006 through 2009.

Richmond, Virginia

The Richmond metropolitan area comprises 16 counties and 4 independent cities in eastern Virginia, including the city of Richmond, the state capital. As of July 1, 2012, the population of the metropolitan area was estimated at 1.28 million, an average annual increase of 9,225, or 0.7 percent, since April 2010. By comparison, annual population growth averaged 11,350 people, or 0.9 percent, from July 2008 to April 2010. Net in-migration has accounted for 39 percent of the population growth since April 2010 compared with the 44-percent share recorded from July 2008 to April 2010.

Total nonfarm payrolls in the metropolitan area increased for nearly 2 years after a recent low during the 12 months ending June 2010. During the 12 months ending May 2012, nonfarm payrolls increased by 7,500 jobs, or 1.2 percent, to an average of 612,900 jobs compared with an increase of 4,800 jobs, or 0.8 percent, during the previous 12 months. The leisure and hospitality, financial activities, and wholesale and retail trade sectors increased by 3,200, 2,100, and 1,500 jobs, or 6.2, 4.9, and 1.7 percent, respectively. Approximately 75 percent of the jobs that the leisure and hospitality sector gained resulted from jobs added at accommodations and food services establishments. Amazon.com Inc. is expected to add 1,450 jobs to the retail trade subsector with the opening of two order-fulfillment centers in late 2012. Capital One Bank, the largest private employer in the metropolitan area, with 10,000 employees, added 2,125 jobs during 2011. Virginia Commonwealth University Health System, with 7,925 employees, and HCA Virginia Health System, with 7,225 employees, are also among the largest employers. Fort Lee, the U.S. Army's third largest training base, is in Prince George County. During 2011, Fort Lee had 5,250 military personnel, 7,450 civilian employees and contractors, and an average daily enrollment of 9,700 students, according to the Base Realignment and Closure (BRAC) Synchronization Office at Fort Lee. As a result of activities related to the 2005 BRAC Commission, the total population of Fort Lee increased from 11,800 in 2008 to 22,400 in 2011. During the 12 months ending May 2012, the unemployment rate in the metropolitan area averaged 6.7 percent, down from 7.3 percent during the previous 12 months.

The home sales market in the Richmond metropolitan area is soft, with an estimated vacancy rate of 2.0 percent. According to the Virginia Association of REALTORS®, during the 12 months ending June 2012, 13,400 new and existing homes were sold, a 15-percent increase compared with the number sold during the previous 12-month period and equal to the average annual sales level from 2008 through 2010. Sales in Chesterfield and Henrico Counties, which surround the city of Richmond, increased 20 percent, to 7,325 homes sold, whereas sales in the city of Richmond increased 11 percent, to 2,075 homes sold during the 12 months ending June 2012. The average sales price in the metropolitan area declined 2 percent, to $212,200, compared with the average sales price during the previous 12 months and is 9 percent less than the average sales price from 2008 through 2010. An increase in the number of distressed homes for sale has caused the average sales price to decline 22 percent since peaking in June 2008. According to CoreLogic®, during the 12 months ending April 2012, 48 percent of existing homes sold were short sales or REO (Real Estate Owned) properties, up from 41 percent during the previous 12 months and significantly greater than the 10-percent average share recorded from 2007 through 2009. According to LPS Applied Analytics, as of May 2012, 5.5 percent of home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO, up from 5.0 percent in May 2011.

Builders responded to improved home sales by increasing homebuilding activity. According to preliminary data, during the 12 months ending May 2012, permits were issued for 2,550 single-family homes, a 6-percent increase from the previous 12-month period. After single-family home permitting peaked at 9,125 homes in 2005, homebuilding activity declined each year through 2011. Permits were issued for an average of 3,050 single-family homes each year from 2008 through 2010. New units in planning include The Ridings, a 650-home, equestrian-themed community in Henrico County, where construction is expected to begin in the spring of 2013. According to preliminary data, during the 12 months ending May 2012, multifamily construction activity increased to 800 units permitted, a 15-percent increase compared with the number permitted during the previous 12 months but a 9-percent decrease compared with the number permitted annually from 2008 through 2010. Apartments under construction include 187 units at Link Apartments Manchester in the city of Richmond and 70 units at Star Tobacco Apartments in Petersburg, both expected to open in late 2012. The construction of 420 units at Bacova Luxury Apartments in Henrico County, with rents ranging from $1,000 to $1,400, is expected to begin in September 2012.

The rental housing market in the Richmond metropolitan area is slightly soft, with an overall vacancy rate of 7.8 percent. Apartment market conditions are more balanced. According to Reis, Inc., during the second quarter of 2012, the apartment vacancy rate was 5.0 percent, down from 5.8 percent during the same quarter a year earlier. The average apartment rent increased more than 2 percent, to approximately $810. As of January 2012, according to the most recent information available from Real Data, the apartment vacancy rate in the city of Richmond, where conditions are balanced, was 6.7 percent, unchanged from a year earlier. Improving economic conditions in the city of Richmond during 2011 resulted in an average rent of more than $1,000, a 6-percent increase from a year ago. The rental market is soft in and around the cities of Petersburg and Hopewell, where the vacancy rate rose from 7.1 percent as of January 2011 to 9.8 percent as of January 2012, according to Real Data. A late 2011 change in offpost lodging policy prohibits personnel in training at Fort Lee from short-term stays at apartments, contributing to the increased vacancy rate. The completion of a 1,000-room hotel at Fort Lee in late 2012 may cause apartment vacancies in the southern part of the metropolitan area to remain elevated during the next few years.

San Antonio-New Braunfels, Texas

The San Antonio-New Braunfels metropolitan area encompasses eight counties in south-central Texas. The principal city of San Antonio, the seventh largest in the United States, is in Bexar County. New Braunfels, in both Comal and Guadalupe Counties, is situated 30 miles northeast of San Antonio and approximately 45 miles southwest of the state capital, Austin. As of July 1, 2012, the population of the metropolitan area was estimated at 2.23 million, an average annual increase of approximately 41,100, or 1.9 percent, since April 2010. By comparison, from 2006 through 2010, the population increased at an average annual rate of 49,400, or 2.4 percent. During the past 2 years, net in-migration has accounted for approximately 60 percent of population growth because of improving economic conditions, but that share is down from nearly 70 percent of population growth from 2005 through 2008.

After 2 continuous years of modest job growth, the economy of the metropolitan area has fully recovered from the 5-year low of 835,800 nonfarm payroll jobs recorded during the 12 months ending February 2010 and surpassed the decade-high average of 852,700 jobs recorded during the 12 months ending December 2008. During the 12 months ending June 2012, nonfarm payrolls increased by 9,900 jobs, or 1.2 percent, to 858,800 jobs compared with the number of jobs during the same period a year ago. The largest nonfarm payroll gains during the past 12 months occurred in the leisure and hospitality and the education and health services sectors, which grew by 4,300 and 3,200 jobs, or 4.1 and 2.5 percent, respectively. The government sector, which accounts for approximately 20 percent of nonfarm payrolls in the metropolitan area, recorded the largest decline, down 3,400 jobs, or 2.1 percent, to 158,400 jobs. The local government subsector accounted for approximately 90 percent of the loss because cities and municipalities continue to be revenue constrained. Despite recent job losses in the government sector, a strong military presence continues to stabilize the local economy. Joint Base San Antonio, which formed in accordance with congressional legislation as part of the Base Realignment and Closure Act, includes Fort Sam Houston, Lackland Air Force Base (AFB), Randolph AFB, and Camp Bullis; it is the largest employer in the area, with an estimated 80,000 military and civilian personnel. Top private employers in the metropolitan area include the United Services Automobile Association and Methodist Healthcare, with 15,000 and 7,750 employees, respectively. During the 12 months ending May 2012, the unemployment rate in the metropolitan area averaged 7.2 percent, down from 7.4 percent during the previous 12 months. From 2005 through 2009, the unemployment rate averaged 5 percent.

Home sales market conditions in the San Antonio metropolitan area are currently soft but improving. The 1.9-percent estimated sales vacancy rate is down slightly from 2 percent in April 2010. Increased employment levels and low interest rates have combined to increase the demand for single-family homes. Based on data from the Real Estate Center at Texas A&M University, during the 12 months ending June 2012, new and existing home sales in the metropolitan area totaled approximately 19,050, a 7-percent increase compared with the 17,800 homes sold during the previous 12-month period but 16 percent less than the average of 22,800 homes sold annually from 2004 through 2008. During the 12 months ending June 2012, the average sales price of new and existing homes remained virtually unchanged at about $188,200 compared with the previous 12 months. The amount of unsold inventory declined from an 8-month supply in June 2011 to 7 months inventory in June 2012. According to data from LPS Applied Analytics, in June 2012, 4.5 percent of the total home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), up from 4.2 percent in June 2011.

Home construction activity, as measured by the number of single-family building permits issued, has increased in the metropolitan area but remains at levels much less than those recorded earlier in the decade. According to preliminary data, during the 12 months ending May 2012, permits were issued for 4,675 single-family homes, a 7-percent increase compared with the 4,350 permits issued during the previous 12 months. By comparison, an average of 5,750 homes was permitted annually from 2008 through 2009. After peaking at 14,700 homes permitted in 2005, single-family home construction activity declined each year through 2011. Stonehaven-The Enclave is currently under construction north of San Antonio, in Boerne. Prices at The Enclave start at $196,500 for new three-bedroom, two-bathroom homes and are as high as $256,500 for larger luxury homes.

The improving economy and steady population growth have led the number of multifamily units permitted to increase since 2009, after a surge in building activity during the middle of the past decade. Based on preliminary data, during the 12 months ending May 2012, approximately 2,950 multifamily units were permitted, up nearly 190 percent from 1,575 during the previous 12 months. Multifamily construction activity peaked at an average of 5,600 units permitted annually from 2004 through 2007 then fell to an average of 2,500 units permitted annually from 2008 through 2009. Condominiums and townhomes are estimated to account for less than 5 percent of all multifamily units in the metropolitan area, but they have accounted for slightly more than 10 percent of all multifamily units under construction or completed since 2010, according to data from the McGraw-Hill Construction Pipeline database.

The rental housing market in the San Antonio metropolitan area is currently somewhat soft. Rental market conditions have improved since the first quarter of 2010, because apartment production declined, which allowed for the supply of vacant available units to be absorbed. According to ALN Systems, Inc., in the second quarter of 2012, the apartment vacancy rate in the metropolitan area was 8 percent compared with the 9-percent rate recorded in the second quarter of 2011. The average apartment rent in the metropolitan area increased from approximately $740 to $780, or 5 percent, compared with the rents recorded during the second quarter of 2011. Recent apartment completions include Westover Oaks and Slate Creek at Westover Hills, with 256 and 241 units, respectively. Both properties, which are in western San Antonio outside Loop 410, are offering concessions averaging $500 on a 12-month lease. Of the 650 apartment properties that ALN Systems, Inc., surveys in the metropolitan area, approximately 50 percent are currently offering concessions averaging $40 a month.

Shreveport-Bossier City, Louisiana

The Shreveport-Bossier City metropolitan area in the northwest corner of Louisiana includes Bossier, Caddo, and De Soto Parishes. Natural gas drilling in the Haynesville Shale Field has been the primary economic driver in the area since 2008. As of July 1, 2012, the population of the metropolitan area was estimated at 406,800, an average annual increase of approximately 3,650, or 0.9 percent, since April 2010. From 2006 through 2009, the population increased at an average annual rate of 1,775, or 0.5 percent. In-migration to the metropolitan area increased considerably during the past 2 years in response to job opportunities, primarily in the mining and logging subsector. The largest employers in the HMA are the Barksdale Air Force Base (AFB), Louisiana Department of Civil Service, and Louisiana State University Health Sciences Center, with 10,450, 9,350, and 5,900 employees, respectively.

The economy of the metropolitan area improved during the past year. Nonfarm payrolls increased by 1,500 jobs, or 0.9 percent, to 178,300 jobs during the 12 months ending June 2012 compared with an increase of 1,200 jobs, or 0.7 percent, during the previous 12 months. In contrast, the number of jobs declined by an average 2,600, or 1.4 percent, annually in 2009 and 2010. The largest nonfarm payroll gains during the past 12 months occurred in the trade and government sectors, which grew by 1,600 and 600 jobs, and the mining and logging subsector, which grew by 300 jobs. The construction subsector recorded the largest payroll decline, losing 1,100 jobs, or 13.3 percent. Recent job losses in this subsector were partly the result of a sharp reduction in the price of natural gas, which led to a decline in the construction of infrastructure related to the Haynesville Shale Field. Other job losses in the 12 months ending June 2012 occurred in the manufacturing and information sectors, which declined by 500 and 300 jobs, respectively. During the same period, the unemployment rate declined from 7.1 to 6.8 percent, but it remains higher than the average rate of 5.2 percent recorded annually from 2003 through 2008.

Home sales market conditions in the Shreveport-Bossier City metropolitan area are balanced. The home sales vacancy rate is estimated to be 1.4 percent, unchanged from April 2010. Based on data from Hanley Wood, LLC, during the 12 months ending June 2012, the number of new and existing home sales in the metropolitan area totaled approximately 6,975, a 2-percent increase from the 6,875 homes sold during the previous 12-month period. By comparison, an average of 13,550 homes sold annually from 2005 through 2008. During the 12 months ending June 2012, the average sales price of new and existing homes declined by 3 percent, to $164,400, from the $168,700 home sales price recorded during the previous 12 months. According to data from LPS Applied Analytics, in May 2012, 7.3 percent of the total home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), an increase from the 7-percent rate recorded in May 2011.

Home construction activity, as measured by the number of single-family building permits issued, increased in the metropolitan area but remains much less than building levels recorded earlier in the decade. During the 12 months ending June 2012, according to preliminary data, permits were issued for 1,125 single-family homes, a 5-percent increase from the 1,075 permits issued during the previous 12 months. After peaking in 2006, when 1,800 single-family homes were permitted, single-family home construction activity declined each year through 2009. Recent single-family construction activity has been concentrated in north Bossier City and southeast Shreveport.

Multifamily construction activity in the Shreveport-Bossier City metropolitan area remains low, maintaining a slightly tight rental market. Based on preliminary data, during the 12 months ending June 2012, approximately 280 multifamily units were permitted, up from the 250 units permitted during the previous 12 months. Multifamily construction activity averaged 510 units permitted annually from 2002 through 2008, then fell to an average of 210 units annually from 2009 through 2010. The most recent multifamily development was completed in south Bossier City near Barksdale AFB. Jamestown Place Apartments, a 212-unit complex, completed its first phase of construction in May 2010 and is currently in the second phase of construction, which will add 132 units.

The rental housing market in the metropolitan area is slightly tight. The apartment market has tightened since 2008, when the average apartment vacancy rate was 5 percent because of lower apartment production, which allowed the supply of vacant available units to be absorbed. According to Axiometrics Inc., the apartment vacancy rate in Shreveport-Bossier City increased from 3 percent in the second quarter of 2011 to 4.6 percent in the second quarter of 2012, due in part to recent completions. During the same period, the average apartment rent in Shreveport-Bossier City remained unchanged at $740.

Stockton, California

The Stockton metropolitan area is located in Central Valley, about 70 miles east of San Francisco. Consisting of San Joaquin County, the Stockton area had an estimated population of 705,400 as of July 1, 2012, reflecting a 1.2-percent average annual growth rate since the 2010 Census. Net natural increase (resident births minus resident deaths) has accounted for nearly 70 percent of the population gain since 2010.

Economic conditions in the metropolitan area are beginning to recover. After declining each year since 2008, nonfarm payrolls during the 12 months ending May 2012 increased by 2,600 jobs to average 188,700, a 1.4-percent gain compared with the number of jobs during the previous 12-month period. By comparison, payrolls declined 5.3 percent in 2009 and 2.7 percent in 2010. During the 12 months ending May 2012, the trade, transportation, and utilities, the education and health services, and the manufacturing sectors added 1,700, 700, and 600 jobs, increases of 3.5, 2.2, and 3.5 percent, respectively. Construction payrolls remained unchanged during the past 24 months, despite work on the new $1.03 billion California Health Care Facility–Stockton, a 1,722-bed medical facility for patient-inmates, which has created about 500 construction jobs since work began in May 2011. The government sector had the largest decline during the most recent 12 months with a decrease of 800 jobs, a 2.2-percent change. Job losses occurred primarily at the local level because the city of Stockton needed to cut staff for the past 2 years in an effort to balance its budget before ultimately filing for bankruptcy protection in June 2012. The average unemployment rate for the 12 months ending May 2012 was 16.1 percent, down from the 17.3-percent rate for the previous 12-month period.

The trade, transportation, and utilities, the government, and the manufacturing sectors are the largest in the metropolitan area, with 26-, 19-, and 10-percent shares of total nonfarm payrolls, respectively. With a port on the San Joaquin River in the city of Stockton, the county is well situated for logistics and warehousing activities. The Defense Distribution Depot San Joaquin, which distributes goods for military bases throughout the Western United States and the greater Pacific basin, is the largest single public employer in the county, with 1,500 jobs. The top 10 private employers include 4 hospitals, with St. Joseph Medical Center as the largest, with 2,500 employees. The next 2 largest private employers include Blue Shield of California, a health insurance provider with 1,600 employees, and Safeway Inc., a food retailer with 1,400 employees at its distribution center. Agriculture is also a significant component, providing about 8 percent of all jobs and producing nearly $2 billion of crops in 2010, with milk, grapes, and walnuts being the top three products.

Sales housing market conditions in the Stockton metropolitan area are currently balanced, with a 1.6-percent vacancy rate. According to CoreLogic®, existing sales totaled 10,850 homes during the 12 months ending April 2012, reflecting a 3-percent decrease compared with sales during the previous 12-month period. Sales housing market activity had peaked with 13,750 homes sold in 2005, while average home sales prices continued to increase to $411,600 in 2006. During 2007, foreclosures increased quickly and REO (Real Estate Owned) homes and short sales exerted downward pressure on home sales prices. The number of REO home sales and short sales collectively constituted 57 percent of all existing home sales in the most recent 12-month period, down from 65 percent during the previous 12-month period. During the 12 months ending April 2012, the average sales price for existing homes was $186,500 for a short sale, $163,400 for a nondistressed resale, and $146,600 for an REO home, which reflected decreases of 2, 6, and 6 percent, respectively, compared with average home sales prices in the preceding 12-month period. The share of loans in the foreclosure process and seriously delinquent mortgages has diminished since 2010 but remains elevated. In April 2012, 3.5 percent of all active loans were in the foreclosure process and 8.7 percent of all loans were reported as 90 or more days delinquent, down from 5.3 and 17.7 percent, respectively, in January 2010. Sales activity of new homes declined 11 percent to 750 homes sold in the 12-month period ending April 2012 and the average home sales price increased by nearly 1 percent to $263,600. Some subdivisions are testing the market with small home sales price increases in each new phase.

As sales of new homes began to decline in 2005, builders immediately curtailed new home construction, as measured by the number of building permits issued. From 2000 through 2005, an average of 5,650 permits for single-family homes was issued annually, which declined to an average annual level of 2,825 permits from 2006 through 2007. New construction activity began to stabilize in 2008 when an average of nearly 800 single-family permits was issued each year from 2008 through 2010. Based on preliminary data, during the 12 months ending May 2012, 800 permits were issued for single-family homes, down 3 percent from the number issued during the preceding 12-month period.

Multifamily construction activity, as measured by the number of units permitted, has been low since 2008. From 2000 through 2007, an average of 260 multifamily units was permitted annually. The average annual number of permits issued declined to 20 multifamily units from 2008 through 2010 and 0 units were permitted in 2009. Based on preliminary data, during the 12 months ending May 2012, 0 multifamily permits were issued compared with 164 units permitted during the previous 12-month period. Of the units permitted in the 12 months ending May 2011, 152 were in the Juniper Apartments, a low-income housing tax credit project that is now under construction in Manteca. After the project is completed at the end of the summer of 2012, the units will be available to households earning no more than 60 percent of the Area Median Income.

The decline in multifamily construction activity has caused the apartment rental market to tighten considerably since 2010, and apartment market conditions continue to be tight. According to Reis, Inc., the overall apartment rental vacancy rate was 3.1 percent in the first quarter of 2012, down from 3.5 percent in the first quarter of 2011. Overall apartment rents averaged $890 in the first quarter of 2012, nearly 2 percent greater than rents in the same quarter of the previous year. Asking rents averaged approximately $770 for a one-bedroom unit, $970 for a two-bedroom unit, and $1,200 for a three-bedroom unit.

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

HUD Region and State	2012 Through June			2011 Through June			Ratio: 2012/2011 Through June		
	Total	Single Family	Multi-family*	Total	Single Family	Multi-family*	Total	Single Family	Multi-family*
Connecticut	2,244	1,044	1,200	1,403	1,034	369	1.599	1.010	3.252
Maine	1,289	1,068	221	1,000	891	109	1.289	1.199	2.028
Massachusetts	4,963	2,412	2,551	3,402	2,052	1,350	1.459	1.175	1.890
New Hampshire	1,099	945	154	1,136	742	394	0.967	1.274	0.391
Rhode Island	329	311	18	312	259	53	1.054	1.201	0.340
Vermont	657	494	163	572	387	185	1.149	1.276	0.881
New England	**10,581**	**6,274**	**4,307**	**7,825**	**5,365**	**2,460**	**1.352**	**1.169**	**1.751**
New Jersey	8,129	3,482	4,647	6,482	3,252	3,230	1.254	1.071	1.439
New York	11,143	4,319	6,824	11,033	3,637	7,396	1.010	1.188	0.923
New York/New Jersey	**19,272**	**7,801**	**11,471**	**17,515**	**6,889**	**10,626**	**1.100**	**1.132**	**1.080**
Delaware	2,124	1,383	741	1,495	1,231	264	1.421	1.123	2.807
District of Columbia	1,256	150	1,106	2,190	154	2,036	0.574	0.974	0.543
Maryland	6,924	4,635	2,289	5,166	3,999	1,167	1.340	1.159	1.961
Pennsylvania	9,258	7,069	2,189	8,136	6,395	1,741	1.138	1.105	1.257
Virginia	13,111	8,928	4,183	11,226	8,087	3,139	1.168	1.104	1.333
West Virginia	952	801	151	774	670	104	1.230	1.196	1.452
Mid-Atlantic	**33,625**	**22,966**	**10,659**	**28,987**	**20,536**	**8,451**	**1.160**	**1.118**	**1.2617**
Alabama	5,688	3,983	1,705	5,022	3,912	1,110	1.133	1.018	1.536
Florida	29,161	19,717	9,444	20,890	15,781	5,109	1.396	1.249	1.849
Georgia	11,870	8,603	3,267	9,088	7,278	1,810	1.306	1.182	1.805
Kentucky	4,272	2,569	1,703	3,292	2,391	901	1.298	1.074	1.890
Mississippi	2,483	2,087	396	2,203	1,987	216	1.127	1.050	1.833
North Carolina	23,894	14,538	9,356	16,536	12,329	4,207	1.445	1.179	2.224
South Carolina	9,752	7,551	2,201	7,736	6,600	1,136	1.261	1.144	1.938
Tennessee	9,285	6,596	2,689	6,527	5,519	1,008	1.423	1.195	2.668
Southeast/Caribbean	**96,405**	**65,644**	**30,761**	**71,294**	**55,797**	**15,497**	**1.352**	**1.176**	**1.985**
Illinois	5,644	4,081	1,563	4,897	3,349	1,548	1.153	1.219	1.010
Indiana	6,946	5,336	1,610	5,515	4,497	1,018	1.259	1.187	1.582
Michigan	5,249	4,711	538	4,250	3,605	645	1.235	1.307	0.834
Minnesota	5,340	3,745	1,595	3,493	2,856	637	1.529	1.311	2.504
Ohio	7,651	5,046	2,605	6,184	4,726	1,458	1.237	1.068	1.787
Wisconsin	5,227	3,490	1,737	5,391	3,290	2,101	0.970	1.061	0.827
Midwest	**36,057**	**26,409**	**9,648**	**29,730**	**22,323**	**7,407**	**1.213**	**1.183**	**1.303**
Arkansas	3,269	2,482	787	3,445	1,983	1,462	0.949	1.252	0.538
Louisiana	6,168	5,533	635	6,495	5,135	1,360	0.950	1.078	0.467
New Mexico	2,425	1,877	548	1,985	1,847	138	1.222	1.016	3.971
Oklahoma	5,788	4,648	1,140	4,663	3,389	1,274	1.241	1.371	0.895
Texas	64,646	40,005	24,641	46,387	33,184	13,203	1.394	1.206	1.866
Southwest	**82,296**	**54,545**	**27,751**	**62,975**	**45,538**	**17,437**	**1.307**	**1.198**	**1.592**
Iowa	4,265	3,247	1,018	3,653	2,721	932	1.168	1.193	1.092
Kansas	2,931	1,675	1,256	2,235	1,625	610	1.311	1.031	2.059
Missouri	4,830	3,503	1,327	4,377	2,655	1,722	1.103	1.319	0.771
Nebraska	3,073	2,096	977	2,218	1,815	403	1.385	1.155	2.424
Great Plains	**15,099**	**10,521**	**4,578**	**12,483**	**8,816**	**3,667**	**1.210**	**1.193**	**1.248**
Colorado	10,194	6,012	4,182	5,894	4,505	1,389	1.730	1.335	3.011
Montana	1,195	828	367	916	666	250	1.305	1.243	1.468
North Dakota	3,110	1,745	1,365	1,866	1,045	821	1.667	1.670	1.663
South Dakota	2,017	1,471	546	1,344	1,041	303	1.501	1.413	1.802
Utah	5,788	4,537	1,251	4,126	3,182	944	1.403	1.426	1.325
Wyoming	828	768	60	851	699	152	0.973	1.099	0.395
Rocky Mountain	**23,132**	**15,361**	**7,771**	**14,997**	**11,138**	**3,859**	**1.542**	**1.379**	**2.014**
Arizona	10,195	8,188	2,007	6,005	5,294	711	1.698	1.547	2.823
California	26,670	12,487	14,183	22,964	11,609	11,355	1.161	1.076	1.249
Hawaii	1,660	960	700	1,334	891	443	1.244	1.077	1.580
Nevada	4,658	3,629	1,029	3,727	2,495	1,232	1.250	1.455	0.835
Pacific	**43,183**	**25,264**	**17,919**	**34,030**	**20,289**	**13,741**	**1.269**	**1.245**	**1.304**
Alaska	491	469	22	467	372	95	1.051	1.261	0.232
Idaho	3,198	2,636	562	1,833	1,614	219	1.745	1.633	2.566
Oregon	4,934	3,241	1,693	3,589	2,534	1,055	1.375	1.279	1.605
Washington	13,018	8,194	4,824	10,106	6,977	3,129	1.288	1.174	1.542
Northwest	**21,641**	**14,540**	**7,101**	**15,995**	**11,497**	**4,498**	**1.353**	**1.265**	**1.579**
United States	**381,291**	**249,325**	**131,966**	**295,831**	**208,188**	**87,643**	**1.289**	**1.198**	**1.506**

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

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

CBSA	CBSA Name	2012 Through June		
		Total	Single Family	Multifamily*
26420	Houston-Sugar Land-Baytown, TX	19,520	14,350	5,170
19100	Dallas-Fort Worth-Arlington, TX	16,645	8,674	7,971
35620	New York-Northern New Jersey-Long Island, NY-NJ-PA	12,441	3,302	9,139
12420	Austin-Round Rock, TX	10,007	4,050	5,957
47900	Washington-Arlington-Alexandria, DC-VA-MD-WV	9,774	5,631	4,143
31100	Los Angeles-Long Beach-Santa Ana, CA	9,152	2,270	6,882
42660	Seattle-Tacoma-Bellevue, WA	8,110	3,828	4,282
38060	Phoenix-Mesa-Scottsdale, AZ	7,282	6,283	999
12060	Atlanta-Sandy Springs-Marietta, GA	7,006	4,441	2,565
33100	Miami-Fort Lauderdale-Miami Beach, FL	6,912	2,325	4,587
16740	Charlotte-Gastonia-Concord, NC-SC	5,964	3,185	2,779
19740	Denver-Aurora, CO	5,616	2,573	3,043
39580	Raleigh-Cary, NC	5,442	2,983	2,459
36740	Orlando-Kissimmee, FL	4,600	3,234	1,366
37980	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	4,387	2,685	1,702
14460	Boston-Cambridge-Quincy, MA-NH	4,370	1,850	2,520
45300	Tampa-St. Petersburg-Clearwater, FL	4,171	2,769	1,402
29820	Las Vegas-Paradise, NV	3,910	3,059	851
41700	San Antonio, TX	3,907	2,574	1,333
34980	Nashville-Davidson--Murfreesboro, TN	3,798	2,561	1,237
33460	Minneapolis-St. Paul-Bloomington, MN-WI	3,630	2,389	1,241
16980	Chicago-Naperville-Joliet, IL-IN-WI	3,557	2,374	1,183
38900	Portland-Vancouver-Beaverton, OR-WA	3,544	2,264	1,280
36420	Oklahoma City, OK	3,386	2,567	819
12580	Baltimore-Towson, MD	3,382	2,053	1,329
47260	Virginia Beach-Norfolk-Newport News, VA-NC	3,067	1,770	1,297
18140	Columbus, OH	3,066	1,412	1,654
41740	San Diego-Carlsbad-San Marcos, CA	3,040	989	2,051
41940	San Jose-Sunnyvale-Santa Clara, CA	2,931	757	2,174
16700	Charleston-North Charleston, SC	2,832	1,593	1,239
40140	Riverside-San Bernardino-Ontario, CA	2,800	1,956	844
27260	Jacksonville, FL	2,627	2,109	518
41860	San Francisco-Oakland-Fremont, CA	2,613	1,456	1,157
26900	Indianapolis, IN	2,509	1,986	523
41180	St. Louis, MO-IL	2,423	1,974	449
28140	Kansas City, MO-KS	2,100	1,503	597
19820	Detroit-Warren-Livonia, MI	2,037	1,828	209
32580	McAllen-Edinburg-Mission, TX	1,959	1,531	428
17900	Columbia, SC	1,953	1,415	538
20500	Durham, NC	1,912	767	1,145
21340	El Paso, TX	1,898	1,603	295
36540	Omaha-Council Bluffs, NE-IA	1,835	1,113	722
31140	Louisville, KY-IN	1,793	1,202	591
40060	Richmond, VA	1,787	1,391	396
32820	Memphis, TN-MS-AR	1,761	1,099	662
38300	Pittsburgh, PA	1,734	1,528	206
17820	Colorado Springs, CO	1,727	1,130	597
41620	Salt Lake City, UT	1,711	1,294	417
19780	Des Moines, IA	1,677	1,185	492
14260	Boise City-Nampa, ID	1,639	1,311	328

*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