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Policy Development & Research

Analysis of the Montgomery, Alabama Housing Market

As of January 1, 2003



ECONOMIC RESEARCH

U.S. Department of Housing and Urban Development

Foreword

This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (HUD) in its operations. The factual information, findings, and conclusions may be useful also to builders, mortgagees, and others concerned with local housing conditions and trends. The analysis does not purport to make determinations with respect to the acceptability of any particular mortgage insurance proposals that may be under consideration in a particular locality or the housing market area.

The factual framework for this analysis was developed by HUD's Economic and Market Analysis Division as thoroughly as possible on the basis of information available on the "as-of" date from both local and national sources. As such, they may be modified by subsequent developments. We wish to express our appreciation to those industry sources and government officials who provided data and information on local economic and housing market conditions.

This analysis takes into consideration changes in the economic, demographic, and housing inventory characteristics of the market area during three periods: 1990 to 2000, 2000 to the as-of date of the analysis ("Current date"), and from the Current date to a "Forecast date." The analysis presents counts and estimates of employment, population, households, and housing inventory as of the 1990 and 2000 Censuses, the Current date, and Forecast date. For the purposes of this analysis the forecast period is 24 months.

The prospective demand expressed in the analysis should not be construed as a forecast of building activity; rather, it presents the prospective housing production that would maintain a reasonable balance in demand-supply relationship given the market's condition on the as-of date of the analysis. This analysis was prepared by Mr. Peter L. Chestney, the Division's Field Economist in the Jacksonville Field Office, based on fieldwork conducted in January 2003. If there are questions regarding the findings and conclusions of the analysis, he may be reached at (904) 232-1777, extension 2111 and at Peter_L._Chestney@hud.gov.

Housing Market Area

The Montgomery Housing Market Area (HMA) is comprised of the counties of Montgomery, Autauga, and Elmore. For the purposes of this analysis the HMA has been divided into three submarkets: Montgomery County, Autauga County, and Elmore County. Montgomery, the central city of the HMA, is the capital of Alabama and employment in its downtown focuses on the business of government, both state and local. In recent years it has developed like many other Sunbelt cities with housing built on the fringe, particularly toward the east and south, followed by infill commercial and office parks. As the HMA economy has diversified a number of employment centers and distinct housing markets have evolved in Prattville and Autauga County to the northwest and in Elmore County to the north.

Summary

The economic base of the Montgomery HMA grew moderately but consistently from 1992 through 1998, increasing by an average of 3,900 jobs a year. Since 1998 economic conditions have been sluggish with total civilian employment increasing by a total of only 1,500 jobs throughout the 4-year period. Montgomery is the state capital and the presence of 30,000 state and local government employees has helped to dilute the impact of the national recession on the local economy. Economic conditions are expected to improve during the forecast period largely because work has begun on two significant manufacturing facilities. Hyundai is building a plant that will produce 300,000 vehicles a year and employ 1,600 people. The first cars are expected to roll off the assembly line in early 2005. Mobis, a subsidiary of Hyundai Motor Company, is constructing a plant to manufacture components for the Santa Fe sport utility vehicle and Sonata sedan. The plant will open several months earlier and create another 430 jobs.

Housing market conditions in the HMA mirrored the relatively stable employment picture between 1990 and 2000. Owners made up 67 percent of all households in 1990 and by 2000 that percentage had increased slightly to 69 percent. Owner occupancy was 98 percent in 1990 and remained unchanged in 2000. Renter occupancy was 90 percent in 1990, increasing somewhat during the first half of the decade then decreasing to 89 percent by 2000 as production of multifamily units exceeded demand during the second half of the decade. Multifamily housing production has declined to unusually low levels in the 3 years prior to January 2003 and renter occupancy has increased to 91 percent as of the Current date.

Montgomery County has accounted for 44 percent of the increase in the housing inventory in the HMA since 2000. The balance of the increase was fairly evenly divided between the other two counties, with Autauga and Elmore accounting for 27 and 29 percent, respectively. This distribution is expected to remain consistent during the forecast period, with areas east and south of Montgomery experiencing the most growth.

The demand-supply conditions in the Montgomery HMA's sales market can best be described currently as balanced overall, while the rental market has improved since the

census but is still somewhat soft. Demand for both new sales and rental housing is moderate, reflecting the area's recent economic conditions. The rates of population and household growth in the past 24 months have been flat because of the recessionary conditions both nationally and locally. The rate of economic growth is expected to increase during the 2-year forecast period.

Conditions in both the sales and rental housing markets are expected to be balanced during the next 2 years as construction increases to meet the demand from growth in employment, population, and households. With the increase in the supply of new units, future increases in sales prices and rents are expected to be moderate.

During the 2-year forecast period ending January 2005 demand for new sales housing is estimated at 1,500 homes annually. Demand for new market rate rental housing during the period is estimated at 300 units annually.

Economy of the Area

Employment growth in the HMA during the 1990s was modest but consistent and almost exclusively in the service and trade sectors. The economy of the HMA has been affected by the current slowdown experienced in much of the nation. However, while many areas have experienced significant job losses during the past 2 years, nonagricultural wage and salary employment in the HMA has remained virtually unchanged since 2000. The steady presence of the state government is the underlying foundation of the economy and has helped the HMA to fare better than many areas. The trends in annual average civilian labor force and total employment and nonagricultural wage and salary employment by industry sector, from 1990 through the Current date, are presented in Tables 1 and 2, respectively.

From 1990 to 2000 resident total employment increased at a rate of 1.9 percent annually and nonagricultural employment increased at a 2.0-percent annual rate. Employment growth in the HMA was very consistent throughout the decade. Nonagricultural wage and salary employment increased 2.1 percent each year during the first half of the decade and 2.0 percent annually during the latter half. At the same time, resident employment grew at an average annual rate of 2.1 percent during the early 1990s and 1.9 percent over the second 5 years. Employment has been flat since 2000. In the 12 months ending December 2002 nonagricultural wage and salary employment in the Montgomery metropolitan area averaged 165,000 persons, virtually unchanged from the comparable period ending in December 2001 when it averaged 165,100.

Montgomery is the state capital and consequently nearly one in every five nonagricultural wage and salary jobs is in either state or local government. State and local government employment increased at an average annual rate of 0.9 percent as it climbed slowly but steadily from 27,300 in 1990 to 30,500 in 2002. Federal civilian employment has been very consistent, ranging between 6,900 and 7,200 since 1993. The civilian strength numbers at Maxwell Air Force Base (AFB) and the Gunter Annex account for only 2 percent of civilian employment in the HMA, but the economic impact of the two facilities

on the local economy is significantly larger. As of September 2001 (the most recent data available) almost 3,250 civilians were employed at Maxwell AFB and the Gunter Annex. This figure represents approximately 46 percent of all federal civilian employment in the HMA. Additionally, there were 4,550 military personnel attached to the two facilities as of September 30, 2001. This number has decreased at a rate of 2.8 percent a year since 1994 when the military strength was approximately 5,550. The AFB has had little impact on the local housing market in recent years because of on-base military housing and declining military strength levels while the civilian workforce has changed little over the past 7 years.

Manufacturing employment in the Montgomery HMA increased during a period when employment in manufacturing in many parts of the country was declining. Manufacturing employment went from 16,600 at the bottom of the recession in 1992 to a high of 18,200 in 1998, an average annual increase of 1.5 percent. It remained stable for the next 2 years before falling to 17,600 in 2001 and further to 17,000 in 2002. The largest employer in the manufacturing sector is Rheem Water Heaters with 1,150 employees. Sylvest Farms, Inc., involved in poultry processing, is second with 900 employees and Winn-Dixie, the grocery chain, is third with 750.

In April 2002 ground was broken on the Riverwalk Amphitheater, the initial project of a three-phase 20-year revitalization plan for downtown Montgomery. Plans also call for a baseball stadium, an expanded civic center and convention center, and eventually a riverwalk lined with retail shops, nightclubs, and restaurants. It will be complemented by the \$8 million to \$10 million Intermodal Transfer Center for Montgomery Area Transit System buses, a meeting hall, and parking for between 500 and 800 automobiles.

Based on the recent employment trends, announced plans by Hyundai to construct an assembly plant and by Mobis to build a plant to manufacture components used by Hyundai in assembling its automobiles, and the continuing presence of state employment, total employment is forecast to increase during the next 2 years somewhat faster than the past 24 months: 0.8 percent or 1,300 jobs annually. It is estimated that most of the forecast employment growth will be south of Montgomery in southern Montgomery County where the Hyundai and Mobis plants will be located.

Household Incomes

According to HUD's Economic and Market Analysis Division, the median family income in the Montgomery HMA was estimated to be \$51,300 in 2003, a 12 percent increase since the 2000 Census. The rate of increase in median family income during the past 3 years is slightly higher than the 3.6 percent average annual rate of increase from 1990 to 2000. The impact of state employment has contributed to the consistency in median family income.

Population

As of the January 1, 2003 the population of the Montgomery HMA was estimated to be 344,200, or an average annual gain of 1.2 percent since the 2000 Census. This compares to an annual average gain of 1.3 percent between 1990 and 2000. The moderate increase in population parallels the modest increase in employment and the stability of the local economy. The trends in population from 1990 through the Forecast date for the HMA and the three submarkets are presented in Table 3.

The cause of the increase in population in the HMA from 1990 to 2000 was evenly divided between net natural increase (resident births minus resident deaths), which accounted for 57 percent of the change, and in-migration that accounted for the other 43 percent. In the previous decade in-migration averaged almost 1,900 persons annually. Population change as a result of net natural increase averaged approximately 2,150 persons a year between 1990 and 2000. Annual data from the Alabama Department of Public Health indicate the stable rate of increase in the prior decade has continued since then and net natural increase continued to account for 57 percent of the estimated change in population since 2000. From 2000 to the Current date net in-migration has averaged an estimated 1,925 persons annually.

Combined undergraduate and graduate student enrollment at Auburn University Montgomery peaked at nearly 6,275 in 1991. Since 1991 enrollment has decreased each year to a total of more than 4,725 in the fall term of 2000 (the last year for which data are available). The student population has little impact on the housing market in the HMA and is not expected to impact the demand for housing during the forecast period.

As noted earlier, assigned military strength at Maxwell AFB and the Gunter Annex declined an average of almost 150 a year from nearly 5,550 in 1994 to 4,550 as of September 2001 (the last year for which data are available). Civilian employment has been less affected by cuts, but still decreased an average of 60 per year during the same period reaching a total of fewer than 3,250 as of September 2001. As is the case with students, military-related households make up a small portion of the market for housing in the HMA and will not have a significant impact on the demand for housing during the forecast period.

Based on the level of economic growth and in-migration anticipated during the 2-year forecast period and the expectation that annual net natural increase will continue at approximately the same absolute level as it did between 2000 and the Current date, population growth is expected to continue at about the same rate during the forecast period as it did from 2000 to January 2003. As of the January 1, 2005 population of the Montgomery HMA will be an estimated 352,350 persons. This translates to an average annual gain of 4,075 persons, or 1.2 percent.

Households

The trends in growth in the number of households in the Montgomery HMA have been comparable to the changes in the area's population during the past 12 years. Between 1990 and 2000 the data indicate an average annual rate of growth of more than 1,925 households, or an increase of 1.7 percent. As was the case with net natural increase and in-migration, this growth was evenly spread throughout the decade. There are an estimated 129,700 households in the Montgomery HMA as of January 1, 2003, reflecting an average annual increase of more than 1,775 since the 2000 Census. The trends in households from 1990 through the Forecast date for the HMA and the three submarkets are presented in Table 3. Civilian and assigned military strength at Maxwell AFB and Gunter Annex has declined during the past 7 years and there is no indication at this time that these trends will change. Therefore, the growth of military and military-connected civilian households during the forecast period is expected to be negligible.

Based on current characteristics of household size and the rate of population growth expected as a result of employment increases and continued in-migration, it is estimated that the number of households in the HMA will increase by 1,850 annually during the 2-year forecast period to total 133,400 households as of January 2005.

Housing Inventory

Like the HMA's population and households, the housing inventory has grown moderately since 1990. The inventory of single-family units increased by more than 1,375 units annually from 1990 to 2000; and the multifamily inventory increased an average of more than 370 units during the same period. As of January 2003 it is estimated that there are approximately 143,300 housing units in the Montgomery HMA, or an average annual increase of nearly 1,625 since the 2000 Census. The counts of housing inventory and occupancy and vacancy by tenure for the 1990 and 2000 Censuses and the Current date are presented in Table 4.

From 1990 through 1999 single-family permits averaged more than 1,375 a year. Total single-family permits varied considerably from year to year. From 1990 through 1994 single-family building permit activity averaged 1,400 homes annually, slightly higher than the average for the decade. Then from 1995 to 1999 the annual average decreased to 1,350, slightly lower than the 10-year average. The stagnant economy appeared to have an effect on new home construction from 2000 through mid-2002 as single-family permits averaged approximately 1,225 each year, 9.4 percent less a year than during the last half of the prior decade. Annual totals for 2002 are not yet available from all permit-issuing localities, but preliminary numbers indicate that activity picked up during the second half of 2002. New construction sales housing has been almost exclusively single-family detached units. Condominium and townhouse communities have not held a strong appeal for consumers in this market.

Most of the multifamily activity during the 1990s occurred while the national economy was strong during the second half of the decade. From 1995 through 1999 multifamily

permits averaged 490 a year, nearly twice as much as the annual average of fewer than 260 that occurred between 1990 and 1994. Since 2000 multifamily activity as measured by building permits has declined once again. At fewer than 150 units a year, the rate is even less than during the first half of the previous decade. Data available from local permit issuing jurisdictions indicate that only 1 large multifamily project had been permitted in the HMA since January 2000, a 224-unit facility in Prattville located in Autauga County. The trends in building permit activity from 1990 through December 31, 2002 for single-family and multifamily housing in the HMA and the three submarkets are presented in Table 5.

Manufactured housing is an important and affordable housing resource in the more rural areas of Autauga and Elmore Counties. Based on census data and other sources, it is estimated that an average of 130 and 150 units of manufactured housing will be occupied annually in Autauga and Elmore Counties, respectively, during the forecast period.

Housing Vacancy

The steady economic growth and diversity of the economy in the HMA have led to a steady increase in homeownership since 1990. The change in the distribution of the housing inventory by tenure is a reflection of the area's changing market conditions and emphasis on single-family production. In 1990, 67 percent of all households in the Montgomery HMA were owners. By 2000 the homeownership rate had increased to 69 percent. During the 2.75 years from the census to January 2003, the rate has increased by 1 percentage point to 70 percent. Much of the shift in tenure in the past 3 years reflects continued low interest rates, the predominance of single-family construction over multifamily, and the continuing availability of land for single-family production.

Vacancy rates in the HMA reflect relative stability of market conditions since 1990. As of 1990 the sales vacancy rate was a 2.1 percent. The rental vacancy rate at that time was 10.4 percent, a result of an excess supply of apartments that had begun to enter the market. With strong demand for homes in the 1990s, the sales vacancy rate increased only one-tenth of a point to 2.2 percent in 2000. As a result of the shift of renter households to ownership during the decade and the increased multifamily activity in the HMA during the second half of the 1990s rental vacancy rate increased slightly to 10.7 percent by 2000. As of January 2003 the overall sales and rental vacancy rates had decreased to 1.9 and 9.0 percent, respectively.

Sales Market Conditions

Conditions are currently strong throughout all price ranges of the sales market in the Montgomery HMA. Demand has kept pace with increased housing production during 2002. From 1995 through 1997 demand was flat and average price increased only 0.5 percent each year. After a short-lived recovery in 1998, sales decreased 1.5 percent in 1999 and another 4.9 percent in 2000 and average price decreased 2.0 percent to \$117,300. As interest rates began to decrease during 2001 sales averaged 309 a month, or 5.5 percent more than in 2000. Increased demand caused average price to increase to

more than \$122,700, or 4.6 percent higher than 2000. Continued low interest rates and strong demand contributed to increased production in 2002. Sales in the 12 months ending December 2002 (the most recent data available) totaled more than 4,000 homes, an increase of 8.3 percent compared with the same period a year earlier. The median sales price for the period was \$111,500, or 4.2 percent higher than the prior period. To date, condominiums have not had a significant impact on the sales market in the HMA.

Rental Market Conditions

The Montgomery HMA's economic and demographic changes were steady but unremarkable during the 1990s, and the rental market remained consistent over the period as well. In the early 1990s the rental market was overbuilt and soft market conditions and high vacancies were the norm. Apartment construction averaged more than 250 units a year during the first half of the decade, fewer than half of the units produced in the late 1980s, and conditions in the rental market improved. From 1995 through 1999 multifamily production nearly doubled to 500 units a year. Consequently, by the time of the 2000 Census the renter vacancy rate was back to 10.7 percent compared with 10.4 percent in 1990. Annual rent increases in the low single digits were common during much of the second half of the decade. Since 2000 the renter vacancy rate has fallen and is estimated to be 9.1 percent as of January 1, 2003. This is because additions to the rental inventory, as measured by building permits, did not keep pace with the increase in renter households during that time.

The average rent for a two-bedroom/two-bath unit in a newly completed Class A development is \$750 in Montgomery. Rents are somewhat lower in comparable developments in suburban Autauga and Elmore Counties. Market conditions in the two suburban counties are somewhat weaker than in Montgomery County. Overall apartment occupancy in Montgomery County is currently estimated to be 92 percent compared with 88 percent in Autauga and 90 percent in Elmore.

Tax credit financing is playing an increasing role in the rental housing market in the Montgomery HMA. There is an estimated 3,300 rental units in the HMA funded using Low Income Housing Tax Credits. Eighty-one percent of these units are located in Montgomery County. Autauga and Elmore have 11 and 8 percent, respectively. Not all of these units represent additions to the inventory. Of the 970 units funded in the last 2 years 460, or 47 percent are existing units that will be rehabilitated and placed back into the rental market. The Alabama Housing Finance Authority has announced its 2002 funding and it includes 400 new construction units in Montgomery County that should be available at the end of the forecast period.

Forecast Housing Demand

The principal factor of demand is forecast household growth. In addition, there will be a need to replace an estimated 1,175 units expected to be lost from the inventory due to demolitions and other causes. Based on anticipated household growth and current market conditions, it is estimated that there will be a demand for approximately 3,600 new housing units during the 2-year forecast period ending January 1, 2005. This demand could be met successfully by construction of 1,500 units of sales housing and 300 market-rate rental units, annually. This level of construction would ensure the maintenance of balanced demand-supply conditions. The portion of total demand met by sales housing is expected to continue to increase due to the tenure shift of renter households to homeownership fueled by lower mortgage interest rates and the new higher paying employment opportunities in the HMA. It is anticipated that much of the demand for detached homes will be for properties priced between \$100,000 and \$150,000.

The acceptance of condominiums as an affordable or a convenient homeownership opportunity is expected to remain minimal. Demand for new manufactured homes is expected to remain a distant second to single-family detached housing. The sale of new manufactured homes will primarily be for placement on individual lots and acreage in Autauga and Elmore Counties. It is estimated that an average of approximately 375 and 350 units of manufactured housing will be added to the inventory annually in Autauga and Elmore Counties, respectively, during the forecast period.

The annual volume of rental demand forecast is considerably more than the average annual building permit volume of the 3 years prior to January 2003. This is because of the unusually low number of multifamily permits issued during the period. However, it is 45 percent less than the annual average issued during the second half of the 1990s when production exceeded demand and vacancies increased. The distribution of forecast demand for market-rate rental units by bedroom size is based on the distribution of renter households by size, the distribution of the rental inventory as of the 2000 Census, the trends in production since the census, the current pipeline, and market conditions. During the forecast period demand is expected to be strongest for two-bedroom units. It is estimated that there will be an annual demand for approximately 100, 1-bedroom units; 115, 2-bedroom units; and 85, 3-bedroom units. A tabular summary of rental qualitative demand for the HMA in total is located in Table 6.

Table 1
 Labor Force and Employment Trends
 Montgomery HMA
 1993 to January 1, 2003

<u>Year</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>Current 12 Mos.</u>
Labor Force	146,900	149,500	152,900	156,100	161,900	162,600	163,200	163,900	164,300	166,200
Employment	137,900	142,300	144,300	149,800	155,000	157,300	157,100	157,900	157,700	158,800
Unemployment	9,000	7,200	8,600	6,300	6,900	5,300	6,100	6,000	6,600	7,400
Rate	6.1%	4.8%	5.6%	4.0%	4.3%	3.3%	3.7%	3.7%	4.0%	4.5%

Source: Alabama Department of Labor and Employment Security

Table 2
 Nonagricultural Wage and Salary Employment
 Montgomery HMA
 1993 to January 1, 2003

<u>Year</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>Current 12 Mos.</u>
Total	143,600	146,700	150,000	153,800	157,200	160,900	164,600	165,300	165,100	165,000
Manufacturing	17,500	17,800	18,100	17,800	17,800	18,200	18,100	18,200	17,600	17,000
Nonmanufacturing	126,100	128,900	131,900	136,000	139,400	142,700	146,500	147,100	147,500	148,000
Food and Kindred Products	2,200	2,200	2,500	2,500	2,500	2,600	2,600	2,500	2,700	2,600
Printing and Publications	1,600	1,700	1,700	1,700	1,600	1,600	1,500	1,700	1,700	1,700
Transportation and Public Utilities	6,000	6,300	6,300	6,400	6,500	6,800	7,300	7,400	7,300	7,300
Wholesale and Retail Trade	32,700	34,000	35,100	36,400	37,400	37,800	38,100	37,800	37,500	37,500
Finance, Insurance, and Real Estate	8,300	8,500	8,500	9,000	9,400	9,900	10,600	10,700	10,000	9,900
Services	35,400	35,800	37,800	39,400	41,000	42,800	44,300	45,600	46,600	46,800
Government	36,900	37,000	36,300	36,300	36,700	36,800	37,000	36,700	37,300	37,500
Federal	7,200	6,900	6,900	6,900	7,100	7,100	7,100	7,200	7,100	7,000
State and Local	29,500	29,800	29,400	29,400	29,600	29,700	29,900	29,500	30,200	30,500

Note: Numbers may not add to totals due to rounding.

Source: Alabama Department of Labor and Employment Security

Table 3
 Population and Household Trends
 Montgomery HMA
 1990 to January 1, 2005

	April 1, 1990	April 1, 2000	January 1, 2003	January 1, 2005	Average Annual Change					
					1990 to 2000		2000 to Current		Current to Forecast	
					Number	Rate	Number	Rate	Number	Rate
<u>Population</u>										
Montgomery HMA	292,517	333,055	344,200	352,350	4,054	1.3%	4,053	1.2%	4,075	1.2%
Montgomery County	209,085	223,510	227,450	230,200	1,443	0.7%	1,433	0.6%	1,375	0.6%
Autauga County	34,222	43,671	46,150	48,050	945	2.5%	901	2.0%	950	2.0%
Elmore County	49,210	65,874	70,600	74,100	1,666	3.0%	1,719	2.6%	1,750	2.4%
<u>Households</u>										
Montgomery HMA	105,531	124,808	129,700	133,400	1,928	1.7%	1,779	1.4%	1,850	1.4%
Montgomery County	77,173	86,068	88,250	89,900	890	1.1%	793	0.9%	825	0.9%
Autauga County	11,826	16,003	17,175	18,050	418	3.1%	426	2.6%	438	2.5%
Elmore County	16,532	22,737	24,275	25,450	621	3.2%	559	2.4%	588	2.4%

Note: Rate of change calculated on a compound basis.

Source: 1990 and 2000—U.S. Census Bureau
 Current and Forecast—Estimates by Analyst

Table 4

Housing Inventory Tenure and Vacancy

Montgomery HMA

1990 to January 2003

	Montgomery HMA			Montgomery County Submarket Area			Autauga County Submarket Area			Elmore County Submarket Area		
	1990	2000	Current	1990	2000	Current	1990	2000	Current	1990	2000	Current
Total Housing												
Inventory	116,754	138,832	143,275	84,525	95,437	97,425	12,732	17,662	18,840	19,497	25,733	27,010
Occupied Units	105,531	124,808	129,700	77,173	86,068	88,250	11,826	16,003	17,175	16,532	22,737	24,275
Owners	70,774	86,559	90,700	48,070	55,137	57,250	9,422	12,929	13,800	13,282	18,493	19,650
%	67.1%	69.4%	69.9%	62.3%	64.1%	64.9%	79.7%	80.8%	80.3%	80.3%	81.3%	80.9%
Renters	34,757	38,249	39,000	29,103	30,931	31,000	2,404	3,074	3,375	3,250	4,244	4,625
%	32.9%	30.6%	30.1%	37.7%	35.9%	35.1%	20.3%	19.2%	19.7%	19.7%	18.7%	19.1%
Vacant Units	11,223	14,024	13,575	7,352	9,369	9,175	906	1,659	1,665	2,965	2,996	2,735
Available Units	5,568	6,571	5,675	4,689	4,806	4,100	328	759	665	551	1,006	910
For Sale	1,535	1,990	1,800	1,130	1,340	1,225	136	232	185	269	418	390
Rate	2.1%	2.2%	1.9%	2.3%	2.4%	2.1%	1.4%	1.8%	1.3%	2.0%	2.2%	1.9%
For Rent	4,033	4,581	3,875	3,559	3,466	2,875	192	527	480	282	588	520
Rate	10.4%	10.7%	9.0%	10.9%	10.1%	8.5%	7.4%	14.6%	12.5%	8.0%	12.2%	10.1%
Other Vacant	5,655	7,453	7,900	2,663	4,563	5,075	578	900	1,000	2,414	1,990	1,825

Source: 1990 and 2000—U.S. Census Bureau
Current and Forecast—Estimates by Analyst

Table 5

<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002*</u>
936	1,215	1,630	1,932	2,598	2,251	1,888	1,213	2,027	1,844	1,270	1,518	1,704
822	1,071	1,577	1,806	1,753	1,522	1,439	1,139	1,400	1,264	1,218	1,238	1,579
114	144	53	126	845	729	449	74	627	580	52	280	125
839	918	1,218	1,464	2,041	1,608	1,110	647	1,481	1,127	835	841	967
725	814	1,188	1,394	1,257	975	841	635	954	779	811	817	927
114	104	30	70	784	633	269	12	527	348	24	24	40
87	178	255	265	272	259	281	251	275	253	181	400	276
87	142	255	209	215	219	281	199	179	215	181	176	276
0	36	0	56	57	40	0	52	96	38	0	224	0
10	119	157	203	285	384	497	315	271	464	254	277	461
10	115	134	203	281	328	317	305	267	270	226	245	376
0	4	23	0	4	56	180	10	4	194	28	32	85

Source: U.S. Census Bureau, C-40 Series

Table 6

Estimated Qualitative Annual Demand for
New Market Rate Rental Housing

Montgomery HMA

January 1, 2003 to January 1, 2005

1 Bedroom		2 Bedrooms		3 Bedrooms	
Monthly Gross Rent	Units of Demand	Monthly Gross Rent	Units of Demand	Monthly Gross Rent	Units of Demand
\$650	95	\$750	110	\$800	80
\$700	80	\$800	90	\$850	65
\$750	75	\$850	80	\$900	60
\$800	65	\$900	70	\$950	55
\$850	55	\$950	55	\$1,000	50
\$900	45	\$1,000	45	\$1,050	40
\$950	35	\$1,050	35	\$1,100	35
\$1,050	30	\$1,150	30	\$1,200	30
\$1,150	20	\$1,250	20	\$1,300	25
\$1,250	15	\$1,350	15	\$1,400	15
\$1,350	10	\$1,450	15	\$1,500	0
\$1,450 or more	0	\$1,550 or more	0	\$1,600 or more	0

Note: Distribution above is noncumulative. Demand of fewer than 10 units is shown as 0.
Numbers have been rounded for comparison.

Source: Estimates by Analyst