

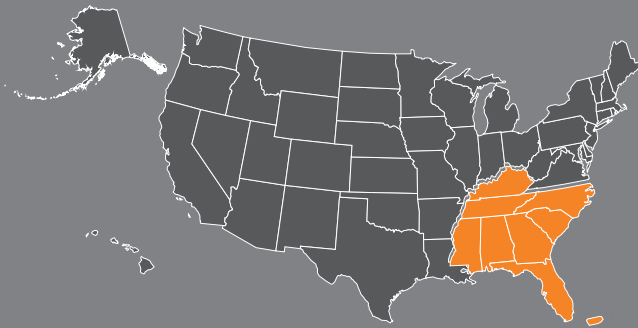
HUD PD&R Regional Reports

Region 4: Southeast/Caribbean



Quick Facts About Region 4

- **Sales market conditions—**
Second quarter 2013: mixed (balanced to soft).
First quarter 2013: soft.
Second quarter 2012: soft.
- **Apartment market conditions—**
Second quarter 2013: balanced.
First quarter 2013: balanced.
Second quarter 2012: mixed (balanced to soft).



By Charles P. Huggins | 2nd quarter 2013

Overview

After losing 2.1 million nonfarm payroll jobs from 2008 through 2010, the Southeast/Caribbean region began a period of expansion in late 2010 that continued at a modest pace during the second quarter of 2013. Nonfarm payrolls increased 1.4 percent in the quarter compared with the slightly higher rate of 1.6 percent recorded in both the same quarter last year and the first quarter of 2013. Home sales and prices and single-family construction activity increased throughout the region during the second quarter of 2013, and the number of distressed loans and REO (Real Estate Owned) properties declined. Widespread tightening occurred in the major metropolitan apartment markets as vacancy rates declined and rents increased. Multifamily construction activity in the region increased during the quarter, although the activity was mixed among the states.

During the second quarter of 2013—

- The region added 352,500 jobs compared with the 402,700 jobs added during the second quarter of 2012 and the 203,200 jobs added during the second quarter of 2011.
- Permits were issued for 45,400 single-family homes and 21,100 multifamily units in the region, increases of 35 and 33 percent, respectively, from the second quarter of 2012.



Nonfarm payrolls in the Southeast/Caribbean region increased at a modest pace during the second quarter.

	Second Quarter		Year-Over-Year Change	
	2012 (thousands)	2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	25,762.8	26,115.3	352.5	1.4
Goods-producing sectors	3,474.4	3,485.2	10.8	0.3
Mining, logging, and construction	1,143.3	1,148.3	5.0	0.4
Manufacturing	2,331.0	2,336.8	5.8	0.2
Service-providing sectors	22,288.4	22,630.2	341.7	1.5
Wholesale and retail trade	4,185.7	4,259.6	73.9	1.8
Transportation and utilities	974.5	989.1	14.6	1.5
Information	453.6	457.2	3.6	0.8
Financial activities	1,434.2	1,455.0	20.8	1.5
Professional and business services	3,361.0	3,459.8	98.9	2.9
Education and health services	3,483.9	3,538.4	54.5	1.6
Leisure and hospitality	2,908.3	3,017.9	109.6	3.8
Other services	995.8	993.9	- 1.9	- 0.2
Government	4,491.5	4,459.3	- 32.2	- 0.7

Source: U.S. Bureau of Labor Statistics

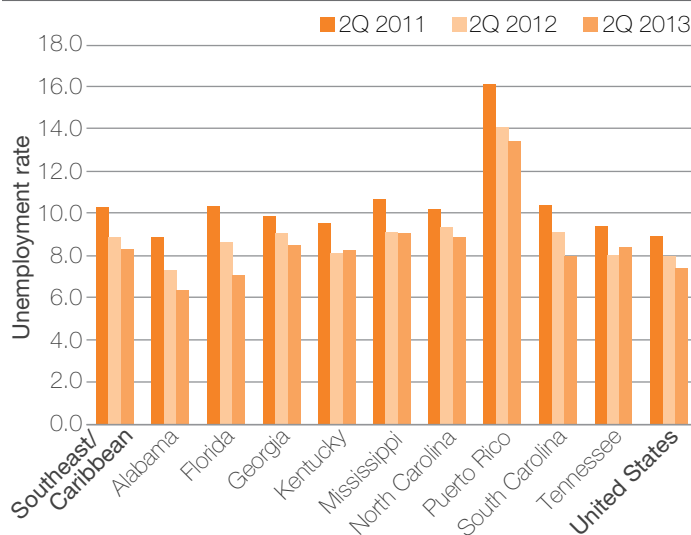
Economic Conditions

During the second quarter of 2013, the economy of the Southeast/Caribbean region expanded at a slightly slower pace than in the second quarter of 2012. Every state in the region recorded non-farm payroll growth during the quarter, led by Florida, Georgia, and North Carolina, which collectively accounted for three-fourths of the increase. Payrolls declined by 27,800 and 1,900 jobs, or 3.0 and 4.7 percent, respectively, in Puerto Rico and the Virgin Islands. The unemployment rate declined in five states and Puerto Rico but increased slightly in Kentucky and Tennessee and was unchanged in Mississippi. Alabama recorded the lowest unemployment rate in the region at 6.3 percent; Puerto Rico continued to post the highest rate in the region at 13.4 percent.

During the second quarter of 2013—

- Nonfarm payrolls in the region increased by 352,500 jobs, or 1.4 percent, to 26.12 million jobs, slightly less growth compared with the increase of 402,700 jobs, or 1.6 percent, in the second quarter of 2012.
- Payroll increases were greatest in Florida, Georgia, and North Carolina, which gained 120,100, 74,800, and 67,600 jobs, or 1.6, 1.9, and 1.7 percent, respectively.
- The leisure and hospitality, professional and business services, and wholesale and retail trade sectors accounted for 80 percent of the total payroll growth in the region, with gains of 109,600, 98,900, and 73,900 jobs, or 3.8, 2.9, and 1.8 percent, respectively.

Unemployment rates in the Southeast/Caribbean region declined, except for small increases in Kentucky and Tennessee and stable rates in Mississippi.



2Q = second quarter.
Source: U.S. Bureau of Labor Statistics

- The government sector declined by 32,200 jobs, or 0.7 percent. Nearly 29 percent of the jobs lost in the government sector were in Puerto Rico, where budget constraints led to further declines in state government and local government subsector payrolls.
- The average unemployment rate in the region declined from 8.9 percent during the second quarter of 2012 to 8.3 percent but remained nearly 1 percentage point above the U.S. rate of 7.4 percent.



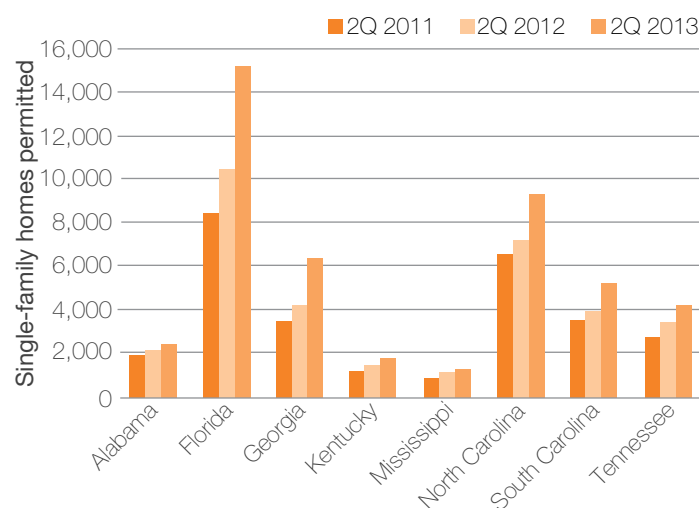
Sales Market Conditions

Sales housing markets in the Southeast/Caribbean region are currently mixed, ranging from balanced to soft conditions. In general, metropolitan areas in the region with more rapidly expanding local economies—such as Nashville, Orlando, and Miami—reached balanced market conditions and continued to tighten, whereas sales markets remain soft in areas such as Atlanta, where recovery from the recession lagged. Continued gradual economic growth in most local economies increased the demand for new and existing homes, and increased home sales and declining foreclosures caused a decline in available sales inventories. Home prices rose and developers increased the production of new homes to meet demand. In June 2013, 8.7 percent of home loans in the region were 90 or more days delinquent, were in foreclosure, or transitioned into REO, down from 10.9 percent in June 2012 and June 2011 (LPS Applied Analytics). Florida accounted for approximately 35 percent of the total loans but more than 56 percent of the distressed and foreclosed loans in the region. In the other states and territories in the region, the combined percentage of distressed loans and REO properties fell to 5.8 percent of all home loans, down from 7.1 percent in June 2012. During the 12 months ending June 2013, the number of homes sold in Florida increased by 24,600, to approximately 216,000 homes, the greatest increase in the region during the period. The median sales price in Florida, including distressed properties, was \$175,000 in June 2013, which was 15.0 percent higher than in June 2012. In North Carolina, during the 12 months ending June 2013, home sales increased by 9,300, to 104,100 homes sold, and the average price increased 3.5 percent, to \$204,100. During the same period, in

South Carolina, home sales increased by 9,050, or 18.3 percent, to 58,500 homes sold, and the average price increased a modest 2.6 percent, to \$198,500. Reflecting the widespread improvement in sales markets throughout the region, homebuilding, as measured by the number of single-family homes permitted, increased during the second quarter of 2013.

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Single-family permitting increased throughout the Southeast/Caribbean region.



2Q = second quarter.
 Note: Based on preliminary data.
 Source: U.S. Census Bureau, Building Permits Survey

Home sales and prices in the Southeast/Caribbean region continued to increase during the second quarter.

	12 Months Ending	Number of Homes Sold			Price			
		2012	2013	Percent Change	Average or Median	2012 (\$)	2013 (\$)	Percent Change
Alabama (E)	June	38,700	41,000	5.9	AVG	142,200	147,900	4.0
Florida (E)*	June	191,400	216,000	12.9	MED	152,200	175,000	15.0
Georgia (N&E)	June	71,650	73,300	2.3	MED	100,000	125,000	25.0
North Carolina (E)	June	84,800	104,100	22.8	AVG	197,200	204,100	3.5
South Carolina (N&E)	June	49,450	58,500	18.3	AVG	193,400	198,500	2.6
Lexington (N&E)	June	7,350	8,950	21.8	AVG	175,700	177,300	0.9
Nashville (N&E)*	June	19,100	24,000	25.7	MED	182,000	205,950	13.2

AVG = average. E = existing. MED = median. N&E = new and existing.

*Florida and Nashville data are for only single-family sales.

Notes: Figures are rounded. Median prices for Florida and Nashville are for June. Prices in all other areas are for the 12 months ending June.

Sources: Alabama Center for Real Estate; Florida Realtors®; Georgia Association of REALTORS®; North Carolina Association of REALTORS®, Inc.; South Carolina REALTORS®; Lexington-Bluegrass Association of REALTORS®; Greater Nashville Association of REALTORS® Inc.



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Based on preliminary data, during the second quarter of 2013—

- Permits were issued for approximately 45,400 single-family homes, an increase of 11,800 homes, or 35 percent, from the second quarter of 2012.

Apartment Market Conditions

Apartment markets in the Southeast/Caribbean region, which are mostly balanced, tightened during the past year because of increased demand resulting from improving economic conditions and the delivery of a relatively few new units compared with the number delivered during past periods of economic recovery. During the second quarter of 2013, the apartment vacancy rates in Atlanta and Miami were 6.5 and 3.8 percent, down from 7.4 and 4.3 percent, respectively, during the second quarter of 2012 (Reis, Inc.). Rents increased approximately 2 percent from a year ago in each of those two metropolitan areas, to \$885 and \$1,135, respectively. Rents in the Nashville and Charlotte metropolitan areas increased approximately 4 and 3 percent, to \$815 and \$860, respectively, more than any other major metropolitan areas in the region. Vacancy rates in those two metropolitan areas decreased to 4.3 and 4.7 percent during the second quarter of 2013, from 4.9 and 5.4 percent a year earlier, respectively.

Most metropolitan apartment markets in the Southeast/Caribbean region continued to strengthen from last quarter and last year.

Metropolitan Area	Market Condition
Atlanta	Balanced to soft
Birmingham	Balanced
Charlotte	Balanced to tight
Columbia	Balanced
Louisville	Balanced to tight
Miami	Tight
Nashville	Balanced to tight

Source: HUD, PD&R, Economic and Market Analysis Division

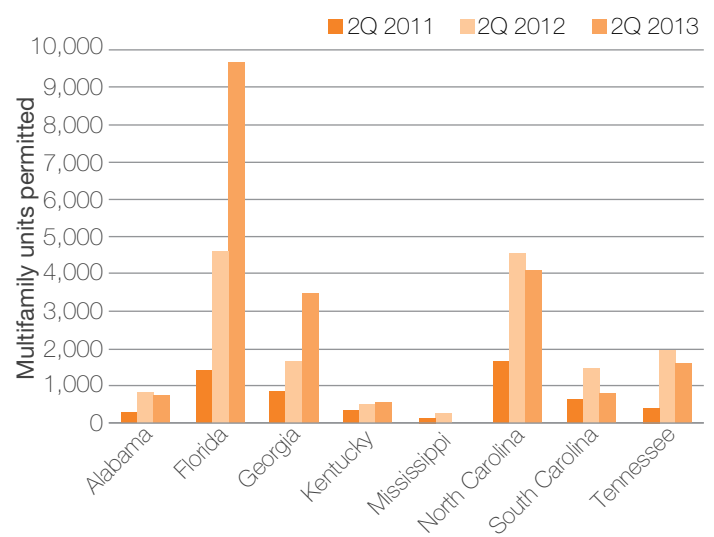
- Every state in the region recorded an increase in single-family permitting, ranging from 14 percent in Alabama, to approximately 2,400 homes, to 53 percent in Georgia, to 6,325 homes.
- Single-family permitting increased 45, 34, and 29 percent, to 15,150, 5,200, and 9,275 homes, respectively, in Florida, South Carolina, and North Carolina.

Tightening apartment markets in the region led to an overall increase in multifamily construction, although production levels within the region varied greatly.

Based on preliminary data, during the second quarter of 2013—

- Permits were issued for 21,100 multifamily units, 33 percent more than during the same quarter of 2012.
- The number of multifamily units permitted in Florida and Georgia more than doubled compared with the number permitted during the second quarter of 2012, to 9,650 and 3,500 units, respectively.
- Only one other state in the region, Kentucky, recorded an increase in the number of multifamily units permitted, a modest increase of 20 units.
- After a 175-percent increase during the second quarter of 2012, permitting in North Carolina decreased 10 percent, to 4,100 units.

Multifamily permitting in the Southeast/Caribbean region was mixed, with significant increases in Florida and Georgia.



2Q = second quarter.

Note: Based on preliminary data.

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

