

HUD PD&R Regional Reports

Region 4: Southeast/Caribbean

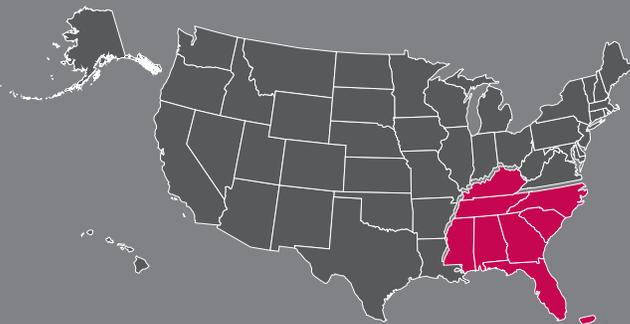


Quick Facts About Region 4

Charleston, South Carolina

By Robyn E. Bowen | 3rd quarter 2013

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



Overview

Economic growth in the Southeast/Caribbean region, which began during the third quarter of 2010 after 3 years of decline, continued during the 3 months ending August 2013. Nonfarm payrolls increased 1.5 percent during the 3-month period, less than the rate of 1.6 percent during the same period in 2012 and less than the U.S. rate of 1.7 percent. Sales housing market conditions ranged from balanced to soft during the third quarter of 2013, but home sales and prices increased in most states in the region, and the number of distressed loans and REO (Real Estate Owned) properties declined. Apartment housing demand continued to increase throughout the region during the third quarter of 2013. Apartment vacancy rates declined in most of the major metropolitan areas, and rents increased from 2 to 6 percent. Residential construction activity in the region increased from the previous year, although the rate of growth in multifamily production decreased significantly.

During the 3 months ending August 2013—

- Nonfarm payrolls in the region increased by 384,300 jobs compared with the 400,300 jobs added during the same period in 2012.
- Permitting of single-family homes and multifamily units increased 24 and 3 percent, respectively, compared with the increases of 22 and 98 percent, respectively, during the 3 months ending August 2012.



Nonfarm payrolls in the Southeast/Caribbean region increased moderately, led by the leisure and hospitality sector.

	3 Months Ending August		Year-Over-Year Change	
	2012 (thousands)	2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	25,594.5	25,978.8	384.3	1.5
Goods-producing sectors	3,491.7	3,509.9	18.2	0.5
Mining, logging, and construction	1,152.9	1,168.4	15.5	1.3
Manufacturing	2,338.8	2,341.5	2.7	0.1
Service-providing sectors	22,102.8	22,468.9	366.1	1.7
Wholesale and retail trade	4,186.5	4,280.3	93.8	2.2
Transportation and utilities	974.6	991.0	16.4	1.7
Information	453.9	458.4	4.5	1.0
Financial activities	1,442.1	1,465.9	23.8	1.7
Professional and business services	3,368.1	3,469.0	100.9	3.0
Education and health services	3,457.4	3,503.2	45.8	1.3
Leisure and hospitality	2,914.2	3,039.3	125.1	4.3
Other services	996.2	994.1	- 2.1	- 0.2
Government	4,309.7	4,267.6	- 42.1	- 1.0

Note: Data lag 1 month because of data release delays that occurred when the federal government shut down October 1–16, 2013.
Source: U.S. Bureau of Labor Statistics

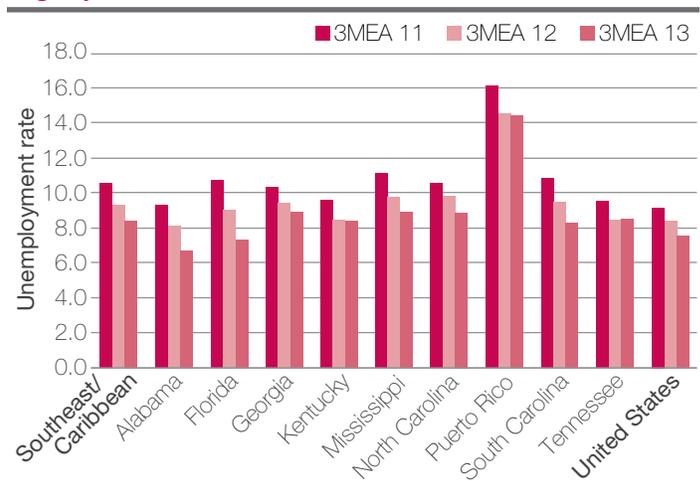
Economic Conditions

During the 3 months ending August 2013, the economy in the Southeast/Caribbean region expanded slightly less than during the 3 months ending August 2012. Every state in the region recorded nonfarm payroll growth, led by Florida, Georgia, and North Carolina. Payrolls declined in Puerto Rico and the Virgin Islands by 32,000 and 900 jobs, or 4.0 and 2.2 percent, respectively. The unemployment rate declined in seven states, with Florida recording the greatest improvement, from 9.1 to 7.3 percent, from the 3 months ending August 2012 to the 3 months ending August 2013. Tennessee reported the only unemployment rate increase in the region, from 8.4 to 8.5 percent, as the labor force grew slightly more than employment. Alabama had the lowest unemployment rate in the region, at 6.7 percent, and Puerto Rico had the highest rate, at 14.5 percent.

During the 3 months ending August 2013—

- Nonfarm payrolls in the region increased by 384,300 jobs, or 1.5 percent, to 25.98 million jobs, slightly less growth compared with the increase of 400,300 jobs, or 1.6 percent, during the 3 months ending August 2012.
- Payroll growth was greatest in Florida, Georgia, and North Carolina, which gained 131,600, 93,600, and 67,700 jobs, or 1.8, 2.4, and 1.7 percent, respectively.
- The leisure and hospitality, professional and business services, and wholesale and retail trade sectors led job growth, accounting for nearly 75 percent of total payroll growth in the region.

Unemployment rates in the Southeast/Caribbean region declined, except in Puerto Rico, where they were stable, and in Tennessee, where they increased slightly.



3MEA = 3 months ending August.
Note: Data lag 1 month because of data release delays that occurred when the federal government shut down October 1–16, 2013.
Source: U.S. Bureau of Labor Statistics

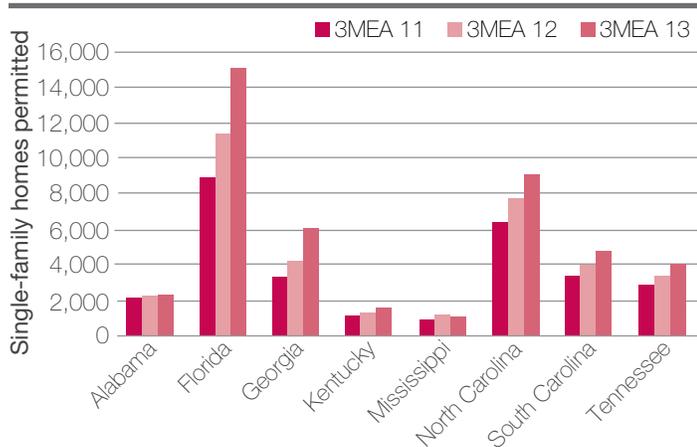
- The government sector had the greatest decline, of 42,100 jobs, or 1.0 percent, with approximately 35 percent of those losses occurring in Puerto Rico, where budget constraints led to continued declines in state government and local government subsector employment.
- The unemployment rate in the region averaged 8.4 percent, down from 9.4 percent during the 3 months ending August 2012.



Sales Market Conditions

Sales housing market conditions in the Southeast/Caribbean region were mixed, ranging from balanced to soft. Moderate economic growth continued to strengthen demand and increase home sales in most states throughout the region. During the 12 months ending August 2013 (the most recent data available), the number of homes sold in North Carolina increased by 40,000, or 24 percent, to approximately 206,400 homes, the greatest increase in the region during

Single-family permitting increased in every state in the Southeast/Caribbean region except Mississippi, where permitting declined slightly.



3MEA = 3 months ending August.

Notes: Data lag 1 month because of data release delays that occurred when the federal government shut down October 1–16, 2013. Based on preliminary data.

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

the period (CoreLogic, Inc.). Home prices increased in every state in the region except one, with median sales price increases ranging from 17.2 percent in Florida to 3.2 percent in South Carolina. Alabama was the only state in the region to record a decline in median home sales prices, of approximately 1 percent. The rate of distressed mortgages declined in every state in the region from a year ago. In September 2013, 8.1 percent of home loans in the region were 90 or more days delinquent, were in foreclosure, or transitioned into REO, down from 10.5 percent in September 2012 (LPS Applied Analytics). Florida accounted for 35 percent of total loans in the region but 55 percent of distressed and foreclosed loans. Excluding Florida, the percentage of distressed loans and REO properties in the region was 5.6 percent, down from 6.9 percent in September 2012. The percentage of distressed home loans in the region has been consistently greater than the national average, which was 6.0 percent in September 2013, down from 7.5 percent in September 2012. In response to improvement in most sales markets, single-family homebuilding, as measured by the number of single-family homes permitted, increased during the 3 months ending August 2013.

During the 3 months ending August 2013 (preliminary data)—

- Permits were issued for approximately 44,100 single-family homes, an increase of 8,525 homes, or 24 percent, from the 3 months ending August 2012.
- Every state in the region except Mississippi recorded an increase in single-family permitting, ranging from 5 percent, to approximately 2,350 homes, in Alabama to 45 percent, to 6,025 homes, in Georgia.

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Home sales and home sales prices increased throughout most of the Southeast/Caribbean region, although some markets remain soft.

	12 Months Ending	Number of Homes Sold			Price			
		2012	2013	Percent Change	Average or Median	2012 (\$)	2013 (\$)	Percent Change
Alabama (E)	September	38,750	42,400	9.4	MED	125,600	123,900	- 1.4
Florida (E)*	September	195,600	224,900	15.0	MED	145,000	170,000	17.2
Georgia (N&E)	August	119,700	139,200	16.3	MED	119,900	140,000	16.8
Kentucky (N&E)	August	51,750	46,250	- 10.6	MED	110,000	126,100	14.6
Mississippi (N&E)	August	8,225	7,875	- 4.3	MED	160,200	171,200	6.9
North Carolina (E)	August	166,400	206,400	24.0	AVG	198,100	206,400	4.2
South Carolina (N&E)	September	51,200	59,950	17.1	MED	154,000	159,000	3.2
Tennessee (N&E)	August	110,600	119,900	8.4	MED	110,000	119,000	8.2

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

*Florida data are for only single-family sales.

Notes: Figures are rounded. Median prices for Alabama, Florida, Georgia, Kentucky, Mississippi, and Tennessee are for August or September. Prices in all other areas are for the 12 months ending August or September.

Sources: Alabama Center for Real Estate; CoreLogic, Inc.; Florida Realtors®; North Carolina Association of REALTORS®, Inc.; South Carolina REALTORS®



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- The number of homes permitted in Mississippi declined 4 percent, to 1,150 homes, after increasing 27 percent during the 3 months ending August 2012.

Apartment Market Conditions

Apartment markets were mostly balanced in major metropolitan areas throughout the Southeast/Caribbean region during the third quarter of 2013. Strong economic growth increased demand, offsetting new supply, in Miami and Nashville, where markets are tightening, with reported apartment vacancy rates of 3.0 and 4.0 percent, down from 3.2 and 4.2 percent, respectively, during the third quarter of 2012 (MPF Research). Rents in the two metropolitan areas increased 5 and 4 percent, to \$1,190 and \$915, respectively, more than any other major metropolitan area in the region. The apartment vacancy rate in Charlotte increased to 4.5 percent during the third quarter of 2013 from 4.1 percent during the same quarter of 2012, as delivery of new units increased. Rents increased nearly 4 percent, to \$870. Atlanta reported an apartment vacancy rate of 7.3 percent during the third quarter of 2013, down from 7.8 percent a year earlier, resulting from the continued improvement in the local economy. Rents increased approximately 3 percent from the third quarter of 2012, to \$855.

Multifamily construction in the region increased overall as rental demand continued to grow, although the increase in the number of units permitted declined from a year ago.

Metropolitan apartment markets in the Southeast/Caribbean region ranged from balanced to tight.

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

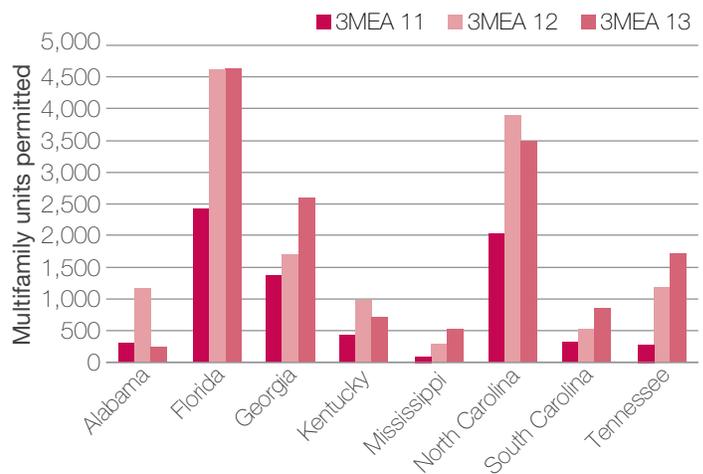
Source: HUD, PD&R, Economic and Market Analysis Division

- Single-family permitting increased 32, 20, and 19 percent, to 15,100, 4,825, and 1,600 homes, respectively, in Florida, South Carolina, and Kentucky.

During the 3 months ending August 2013 (preliminary data)—

- Permits were issued for 14,800 multifamily units, a 3-percent increase from the number of units permitted during the 3 months ending August 2012.
- The number of units permitted increased in five of the eight states in the region: Mississippi, South Carolina, Georgia, Tennessee, and Florida, where permitting increased 80, 61, 54, 43, and 1 percent, respectively.
- The greatest gain in the number of multifamily units permitted was in Georgia, where 2,600 units were permitted, an increase of nearly 920 units.
- After nearly tripling to 1,175 units during the 3 months ending August 2012, multifamily permitting in Alabama declined 79 percent, to 250 units, the greatest decline in the region.

Multifamily permitting in the Southeast/Caribbean region was mixed, with a sharp decline in Alabama and a significant increase in Georgia.



3MEA = 3 months ending August.

Notes: Data lag 1 month because of data release delays that occurred when the federal government shut down October 1–16, 2013. Based on preliminary data.

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

