

HUD PD&R Regional Reports

Region IV: Southeast/Caribbean



Quick Facts About Region IV

By Tammy Fayed | 1st quarter 2013



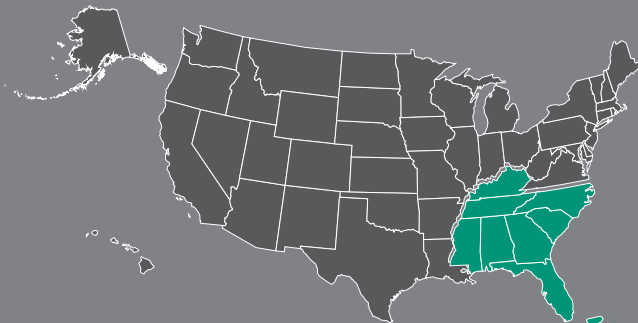
Sales market conditions—

First quarter 2013: soft.
Fourth quarter 2012: soft.
First quarter 2012: soft.



Rental market conditions—

First quarter 2013: balanced.
Fourth quarter 2012: balanced.
First quarter 2012: mixed (balanced to soft).



Overview

Although local economies are weak and sales housing markets are soft in the Southeast/Caribbean region, conditions have been improving since the third quarter of 2010. During the first quarter of 2013, nonfarm payrolls in the states in the region expanded 1 to 2 percent, a similar pace as in the first quarter of 2012, although nonfarm payrolls declined in the territories of Puerto Rico and the Virgin Islands. Unemployment rates declined in every state in the region and in Puerto Rico. Home sales and prices are beginning to increase after 4 years of decline, with the greatest gains in prices in Florida and Georgia, states hard hit by the recent foreclosure crisis. Apartment markets in the region, in general, are balanced but continue to tighten.

- Nonfarm payrolls in the region increased 1.6 percent during the first quarter of 2013.
- Partially because of improving sales markets in the region, permitting of single-family homes increased 29 percent during the first quarter of 2013 compared with the number of homes permitted a year ago. The number of multifamily units permitted increased 11 percent.



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

	First Quarter		3-Month Change (2012–13)	
	2012 (thousands)	2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	25,408.7	25,814.6	405.9	1.6
Goods-producing sectors	3,421.7	3,446.2	24.5	0.7
Mining, logging, and construction	1,114.3	1,106.9	– 7.5	– 0.7
Manufacturing	2,307.3	2,339.3	32.0	1.4
Service-providing sectors	21,987.0	22,368.4	381.4	1.7
Wholesale and retail trade	4,142.5	4,219.4	76.9	1.9
Transportation and utilities	967.4	986.3	18.9	2.0
Information	451.7	453.9	2.2	0.5
Financial activities	1,417.7	1,438.6	21.0	1.5
Professional and business services	3,279.6	3,374.6	95.1	2.9
Education and health services	3,461.2	3,535.5	74.3	2.1
Leisure and hospitality	2,755.1	2,866.1	111.0	4.0
Other services	980.1	983.9	3.8	0.4
Government	4,531.8	4,510.0	– 21.8	– 0.5

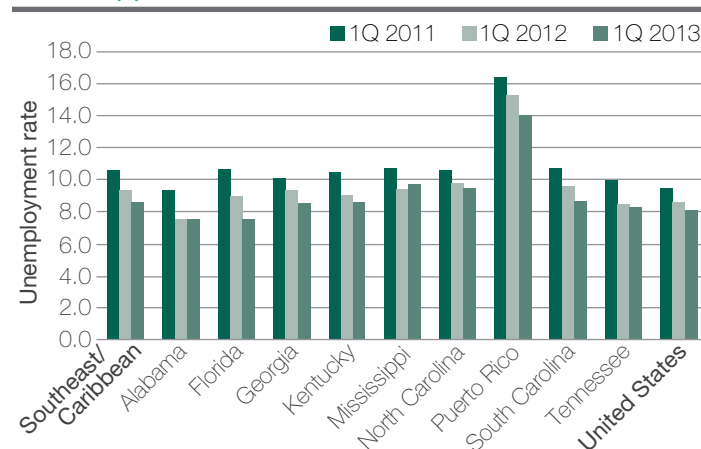
Source: U.S. Bureau of Labor Statistics

Economic Conditions

During the first quarter of 2013, the economy of the Southeast/Caribbean region continued to expand at a similar pace as that in the first quarter of 2012. Every state in the region reported nonfarm payroll growth, led by Florida, North Carolina, and Georgia. Puerto Rico and the Virgin Islands trailed the states of the region, decreasing by 14,700 and 3,400 jobs, or 1.6 and 3.4 percent, respectively. Florida recorded the greatest improvement in the unemployment rate, a decrease from 9.9 to 8.2 percent from the first quarter of 2012 to the first quarter of 2013. The unemployment rate in Puerto Rico was 14.2 percent, the highest in the region but improved from 15.3 percent during the first quarter of 2012, a greater decline than in any area besides Florida. The state unemployment rates ranged from 7.3 percent in Alabama to 9.4 percent in North Carolina during the first quarter of 2013, down from 8.2 and 10.0 percent, respectively, a year ago.

- Nonfarm payrolls in the region increased by 405,900 jobs, or 1.6 percent, to 25.8 million jobs during the first quarter of 2013.
- The greatest employment gains in the region occurred in Florida, North Carolina, and Georgia, which gained 137,800, 83,000, and 76,800 jobs, or 1.9, 2.1, and 2.0 percent, respectively, compared with the number of jobs recorded during the first quarter of 2012.
- Nonfarm payroll growth in the region during the first quarter of 2013 occurred in multiple sectors, led by the leisure and hospitality, professional and business services, and education and health

Unemployment rates in the Southeast/Caribbean region continued to decline in all states except Mississippi.



1Q = first quarter.

Source: U.S. Bureau of Labor Statistics

services sectors, which increased by 111,000, 95,100, and 74,300 jobs, or 4.0, 2.9, and 2.1 percent, respectively, accounting for approximately 70 percent of payroll growth during the quarter.

- The government sector declined more than any other sector in the region, by 21,800 jobs, or 0.5 percent, with losses distributed relatively equally among the federal, state, and local government subsectors.
- The unemployment rate in the region averaged 8.7 percent during the first quarter of 2013, down from 9.9 percent during the first quarter of 2012.

Sales Market Conditions

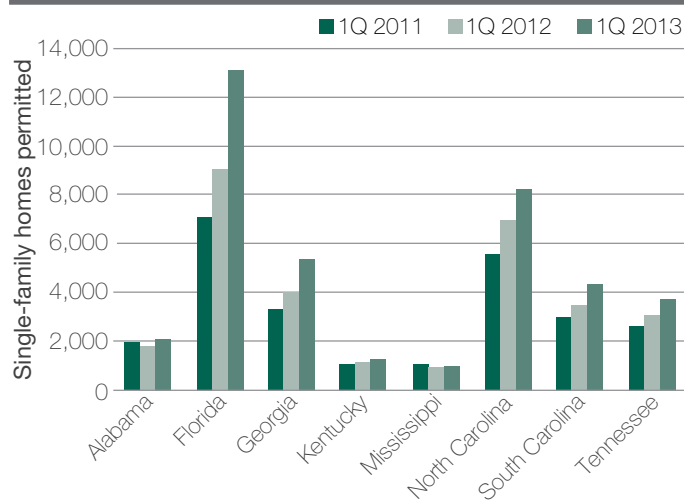
Sales housing markets in the Southeast/Caribbean region remain soft but are improving. Sales prices began to stabilize or increase because of improving labor market conditions, increasing home sales, and declining sales of distressed and REO (Real Estate Owned) properties competing with regular for-sale homes. In March 2013, 9.6 percent of home loans in the region were 90 or more days delinquent, were in foreclosure, or transitioned into REO, down from 11.1 percent in March 2012 (LPS Applied Analytics). With more than 377,000 distressed loans and REO properties, Florida accounts for 57 percent of the region total. Excluding Florida from the region, the percentage of distressed loans and REO properties falls to 6.4 percent of all home loans, down from 7.2 percent in March 2012. During the 12 months ending March 2013, the number of homes sold in North Carolina increased 18.7 percent, to approximately 97,350 homes, the greatest increase in the region during the period. The average sales price in North Carolina increased 3.3 percent, to \$202,400. South Carolina, where sales increased 14.2 percent, to 55,150 homes, and the average price increased 1.7 percent, to \$195,500, also recorded significant gains. Median home sales prices increased approximately 15 percent each in Florida and Georgia, to \$160,000 and \$115,000, respectively, the greatest price gains in the region. Reflecting the widespread improvement in sales markets in the region, homebuilding, as measured by the number of single-family homes permitted, increased during the first quarter of 2013.

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

- Permits were issued for approximately 39,100 single-family homes, an increase of 8,700 homes, or 29 percent, from the first quarter of 2012.

- Every state in the region recorded an increase in single-family permitting, ranging from 8 percent in Mississippi, to approximately 1,100 homes, to 45 percent in Florida, to 13,100 homes, respectively.
- Single-family permitting increased 32, 24, and 23 percent, to 5,350, 4,350, and 3,750 homes, respectively, in Georgia, South Carolina, and Tennessee.

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



1Q = first quarter.

Note: Based on preliminary data.

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

Home sales and prices are increasing in the Southeast/Caribbean region, reflecting improving sales markets.

	12 Months Ending	Number of Homes Sold			Average or Median	Price		
		2012	2013	Percent Change		2012 (\$)	2013 (\$)	Percent Change
Alabama (E)	March	37,500	39,600	5.6	AVG	140,500	145,900	3.8
Florida (E)*	March	198,800	208,900	5.1	MED	138,900	160,000	15.2
Georgia (N&E)	March	71,150	72,300	1.6	MED	100,000	115,000	15.0
North Carolina (E)	March	82,000	97,350	18.7	AVG	195,900	202,400	3.3
South Carolina (N&E)	March	48,300	55,150	14.2	AVG	192,300	195,500	1.7
Lexington (N&E)	March	7,050	8,425	19.5	AVG	157,400	166,200	5.6
Nashville (N&E)*	March	17,850	22,550	26.3	MED	168,500	189,000	12.2

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 March. Average prices for Lexington are for the first quarter. Prices in all other areas are for the 12 months ending March.

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.

Rental Market Conditions

Apartment markets in the Southeast/Caribbean region are currently balanced and have tightened during the past year because completed units are few and the regional economy is strengthening. During the first quarter of 2013, the apartment vacancy rates in the Atlanta and Miami metropolitan areas were 6.6 and 3.8 percent, down from 7.6 and 4.4 percent, respectively, during the first quarter of 2012 (Reis, Inc.). Rents increased 2 percent from a year ago in each of those two metropolitan areas, to \$880 and \$1,130, respectively. Rents in the Nashville and Charlotte metropolitan areas increased approximately 5 and 3 percent, to \$810 and \$850, respectively, more than in the other major metropolitan areas of the region. Vacancy rates in those two metropolitan areas decreased to 4.3 and 4.9 percent during the first quarter of 2013, from 5.2 and 5.6 percent a year earlier, respectively.

Tightening apartment markets in the region led to an increase in multifamily construction for the region as a whole, but state trends were mixed. More than 95 percent of multifamily units permitted in the region were estimated to be for apartments.

Most metropolitan apartment markets in the Southeast/Caribbean region are balanced.

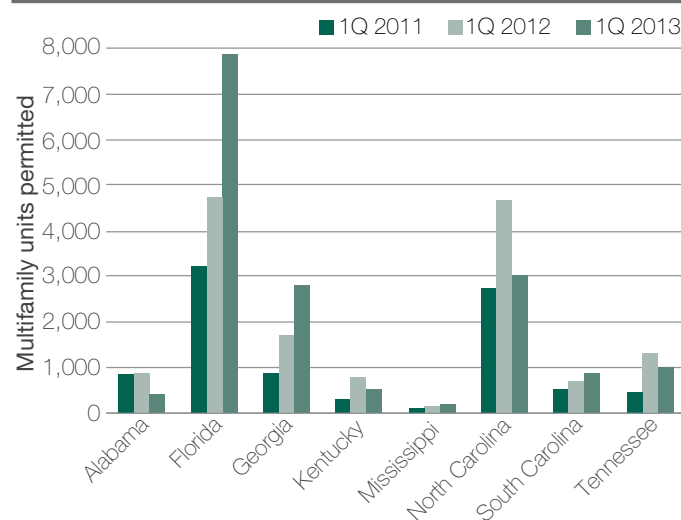
Metropolitan Area	Market Condition
Atlanta	Balanced to soft
Birmingham	Balanced
Charlotte	Balanced
Columbia	Balanced
Louisville	Balanced
Miami	Tight
Nashville	Balanced

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

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

- Permits were issued for 16,600 multifamily units, 11 percent more than during the same quarter in 2012.
- The number of units permitted increased in four of the eight states in the region: Florida, Georgia, Mississippi, and South Carolina, where permitting increased 66, 65, 39, and 26 percent, respectively.
- The greatest gain in the number of multifamily units permitted was in Florida, where approximately 7,850 units were permitted.
- After a 71-percent increase during the first quarter of 2012, permitting in North Carolina fell 36 percent, to 3,000 units, the greatest decline in the region.

Multifamily permitting was relatively stable in the Southeast/Caribbean region, except in Florida, where permitting increased dramatically.



1Q = first quarter.

Note: Based on preliminary data.

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