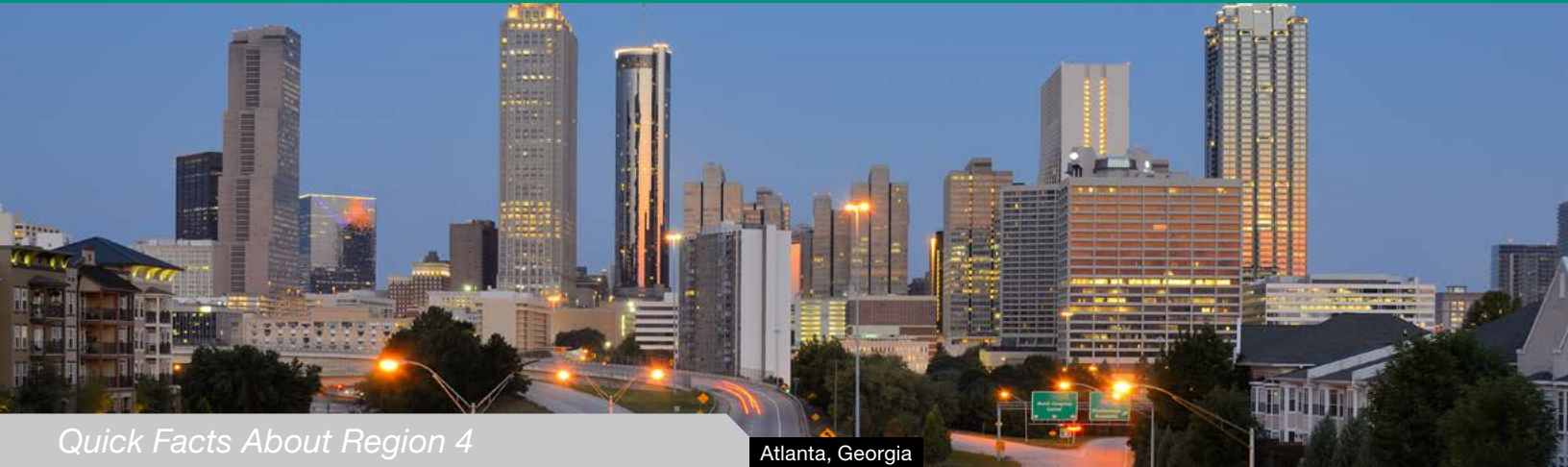


HUD PD&R Regional Reports

Region 4: Southeast/Caribbean

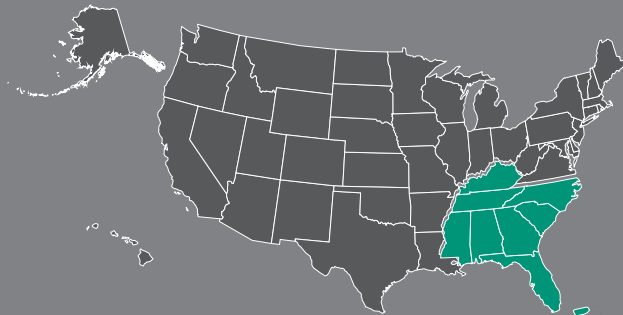


Atlanta, Georgia

By T. Michael Miller | 1st quarter 2014

Quick Facts About Region 4

- **Sales market conditions—**
First quarter 2014: mixed (balanced to soft).
Fourth quarter 2013: mixed (balanced to soft).
First quarter 2013: soft.
- **Apartment market conditions—**
First quarter 2014: mixed (soft to tight).
Fourth quarter 2013: balanced.
First quarter 2013: balanced.



Overview

The economy in the Southeast/Caribbean region continued the expansion that began in late 2010. Nonfarm payrolls increased 1.8 percent in the first quarter of 2014 compared with the slightly lower rate of 1.7 percent recorded a year ago. Home sales and prices increased in most states in the region as the number of distressed loans and REO (Real Estate Owned) properties declined significantly. The demand for apartments increased throughout the region during the first quarter of 2014. Apartment rents increased from 2 to 6 percent in all major metropolitan areas of the region, and vacancy rates declined in most metropolitan areas. Multifamily construction activity increased in every state in the region except North Carolina, where activity remained unchanged from the first quarter of 2013.

During the first quarter of 2014—

- Nonfarm payrolls in the region increased by 470,300 jobs compared with the increase of 419,900 jobs during the first quarter of 2013.
- The permitting of single-family homes and multifamily units increased 2 and 25 percent, respectively, compared with increases of 32 and 15 percent, respectively, during the first quarter of 2013.
- The population in the Southeast/Caribbean region increased by 500,900, or 0.8 percent, from July 2012 to July 2013 compared with 0.7-percent growth for the nation overall.



PD&R

Nonfarm payrolls increased slightly more in every state in the Southeast/Caribbean region than during the first quarter of 2013.

	First Quarter		Year-Over-Year Change	
	2013 (thousands)	2014 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	25,811.3	26,281.6	470.3	1.8
Goods-producing sectors	3,462.3	3,541.8	79.5	2.3
Mining, logging, and construction	1,121.5	1,176.0	54.5	4.9
Manufacturing	2,340.8	2,365.9	25.1	1.1
Service-providing sectors	22,349.0	22,739.8	390.8	1.7
Wholesale and retail trade	4,187.1	4,286.3	99.2	2.4
Transportation and utilities	983.8	1,002.6	18.8	1.9
Information	455.0	456.6	1.6	0.4
Financial activities	1,436.4	1,453.5	17.1	1.2
Professional and business services	3,400.7	3,521.9	121.2	3.6
Education and health services	3,530.8	3,584.2	53.4	1.5
Leisure and hospitality	2,849.5	2,940.5	91.0	3.2
Other services	977.7	991.1	13.4	1.4
Government	4,528.1	4,503.2	-24.9	-0.5

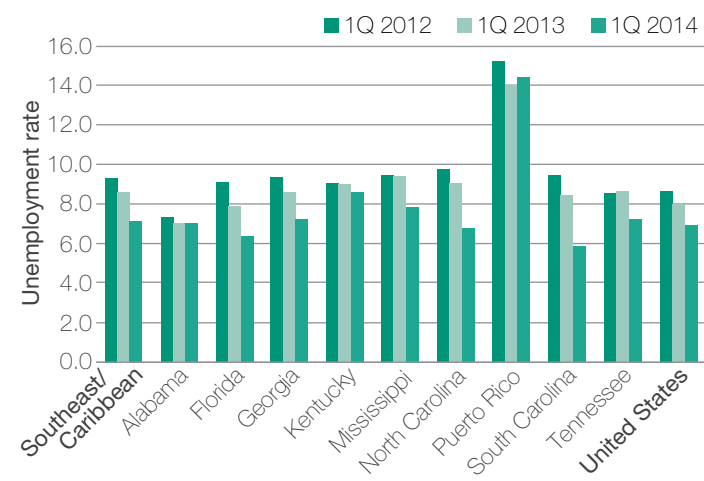
Note: Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Economic Conditions

During the first quarter of 2014, the economy of the Southeast/Caribbean region expanded at a slightly higher rate than in the first quarter of 2013. Every state in the region recorded nonfarm payroll growth, led by Florida and South Carolina, which accounted for a combined 56 percent of the increase. Payrolls declined in Puerto

Unemployment rates declined in every state in the Southeast/Caribbean region except Alabama, where the rate remained unchanged.



1Q = first quarter.

Source: U.S. Bureau of Labor Statistics

Rico and the Virgin Islands by 2,100 and 1,400 jobs, or 0.2 and 3.5 percent, respectively. The unemployment rate declined in every state except Alabama, where the rate remained unchanged. The greatest declines in the unemployment rate were in South Carolina and North Carolina, down 2.5 and 2.3 percentage points, respectively. The highest unemployment rate in the region continued to be in Puerto Rico, where the rate increased to 14.3 from 14.1 percent in the first quarter of 2013.

During the first quarter of 2014—

- Nonfarm payrolls in the region increased by 470,300 jobs, or 1.8 percent, to 26.28 million jobs, a slight improvement compared with the increase of 419,900 jobs, or 1.7 percent, during the first quarter of 2013.
- The professional and business services and the wholesale and retail trade sectors led payroll growth in the region with increases of 121,200 and 99,200 jobs, or 3.6 and 2.4 percent, respectively.
- The government sector, which declined in every state in the region except South Carolina and North Carolina, was the only declining sector in the region, decreasing by 24,900 jobs, or 0.5 percent.
- The unemployment rate in the region averaged 7.2 percent, down from 8.6 percent during the first quarter of 2013.
- South Carolina had the lowest unemployment rate in the region at 5.9 percent compared with 8.4 percent a year earlier.

Population

As of July 1, 2013, the population in the Southeast/Caribbean region was 66.50 million, reflecting an average increase of 512,600 annually since April 2010. During the 12 months ending July 1, 2013, growth rates for the states in the region ranged from 0.2 percent in Mississippi to 1.2 percent in Florida (the state with the most net in-migration in the nation). More than 57 percent of the population growth in the region resulted from net in-migration of 284,600 people, of which 42 percent came from outside the United States. Only Mississippi and Puerto Rico recorded net out-migration.

During the 12 months ending July 1, 2013—

- The strong population growth in Florida was primarily a result of net in-migration of 190,900 people, representing 82 percent of the total population increase in the state.
- Florida, Georgia, and North Carolina recorded 76 percent of the population growth in the region.
- The population growth rate declined or remained unchanged from the previous 12 months in every state except Kentucky.
- Population in the Commonwealth of Puerto Rico declined by 36,450, or 1.1 percent.

More than one-third of the population increase since April 2010 in the Southeast/Caribbean region was a result of net in-migration to Florida.

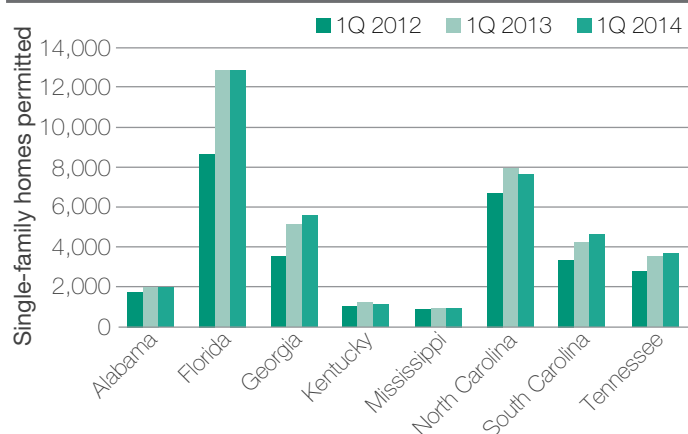
	Population Estimate (as of July 1)			Percent Change	
	2011	2012	2013	2011 to 2012	2012 to 2013
United States	311,582,564	313,873,685	316,128,839	0.7	0.7
Southeast/Caribbean	65,449,872	65,998,343	66,499,214	0.8	0.8
Alabama	4,801,627	4,817,528	4,833,722	0.3	0.3
Florida	19,083,482	19,320,749	19,552,860	1.2	1.2
Georgia	9,810,181	9,915,646	9,992,167	1.1	0.8
Kentucky	4,366,869	4,379,730	4,395,295	0.3	0.4
Mississippi	2,977,886	2,986,450	2,991,207	0.3	0.2
North Carolina	9,651,377	9,748,364	9,848,060	1.0	1.0
Puerto Rico	3,686,580	3,651,545	3,615,086	- 1.0	- 1.0
South Carolina	4,673,509	4,723,417	4,774,839	1.1	1.1
Tennessee	6,398,361	6,454,914	6,495,978	0.9	0.6

Source: U.S. Census Bureau

Sales Market Conditions

Sales housing market conditions in the Southeast/Caribbean region were mixed, ranging from balanced to soft. Improving economic conditions and increased demand for sales housing led to increased home sales in every state except Kentucky. In Kentucky, new and existing home sales declined 11 percent, to 49,000 homes, continuing a decline that began during the third quarter of 2013. The greatest absolute increase occurred in Georgia, where sales of new and existing homes increased 17 percent, to 157,900 homes sold (CoreLogic, Inc.). New and existing home sales also increased 17 percent in North Carolina and Mississippi, to 112,500 and 8,800 homes sold, respectively. Increased sales demand also led to a decline in the rate of distressed mortgages. In March 2014, 6.8 percent of home loans in the region were 90 or more days delinquent, were in foreclosure, or transitioned into REO status, down significantly from 9.6 percent in March 2013 (Black Knight Financial Services, Inc.).

Single-family permitting increased in the Southeast/Caribbean region despite declines in some states.



1Q = first quarter.

Note: Based on preliminary data.

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

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Although the region has the second highest percentage of distressed loans in the nation, the rate declined by more than in any other region during the 12 months ending March 2014. Florida accounted for 52 percent of the distressed loans in the region and had the highest distressed loan rate in the nation at 10.2 percent, down 2 percentage points from March 2013, the greatest decline in the nation. Increased demand and a decline in the number of distressed and REO properties resulted in increased new and existing home sales prices in every state except Mississippi, where prices remained relatively unchanged. Average new and existing home sales prices increased 12 percent in Georgia, to \$178,900, the highest percentage increase in the region.

Homebuilding, as measured by the number of single-family homes permitted, increased during the first quarter of 2014 in the region, with mixed results in the states.

Home sales prices increased or remained unchanged throughout the Southeast/Caribbean region, and home sales increased in every state except Kentucky.

	12 Months Ending	Number of Homes Sold			Average or Median	Price		
		2013	2014	Percent Change		2013 (\$)	2014 (\$)	Percent Change
Alabama (E)	March	39,800	43,300	9	AVG	146,300	151,200	3
Florida* (E)	March	208,600	229,600	10	AVG	227,500	253,100	11
Georgia (N&E)	February	134,700	157,900	17	AVG	160,200	178,900	12
Kentucky (N&E)	February	55,200	49,000	- 11	AVG	129,900	144,100	11
Mississippi (N&E)	March	7,550	8,800	17	AVG	201,500	201,400	0
North Carolina (N&E)	February	96,150	112,500	17	AVG	201,800	211,300	5
South Carolina (N&E)	March	55,550	63,500	14	AVG	195,600	205,600	5
Tennessee (N&E)	February	117,700	127,200	8	AVG	140,100	153,500	10

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

* Includes only single-family homes.

Note: Figures are rounded.

Sources: Alabama Center for Real Estate; CoreLogic, Inc.; Florida Realtors®; Metrostudy, A Hanley Wood Company; South Carolina REALTORS®

Apartment Market Conditions

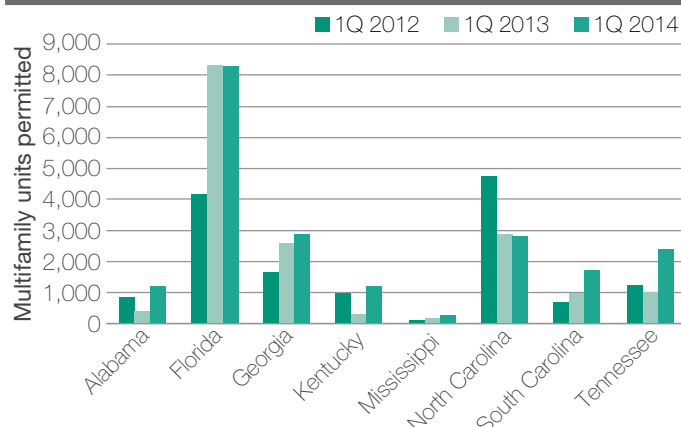
Apartment market conditions in the Southeast/Caribbean region were mixed, ranging from tight in Miami and Nashville to soft in Lexington, during the first quarter of 2014. The apartment vacancy rate in Miami, 3.1 percent, was the lowest in the region and down from 3.2 percent in the first quarter of 2013 (MPF Research). The average rent in Miami increased 6 percent from the first quarter of 2013, to \$1,216, the highest average rent ever recorded by MPF Research in Miami. Strong economic growth and moderate multifamily building activity in Nashville during the past year resulted in a tight apartment market. During the first quarter of 2014, rents increased 6 percent in Nashville to average \$910 and the apartment vacancy rate dropped to 4.2 percent from 5.1 percent during

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During the first quarter of 2014 (preliminary data)—

- Approximately 38,650 single-family homes were permitted, an increase of 600 homes, or 2 percent, from the first quarter of 2013.
- The number of single-family homes permitted increased 9, 8, and 6 percent, to 5,600, 4,625, and 1,000 homes, respectively, in Georgia, South Carolina, and Mississippi.
- The number of single-family homes permitted declined 4, 3, and 3 percent, to 7,675, 1,950, and 1,150 homes, respectively, in North Carolina, Alabama, and Kentucky.
- The number of single-family homes permitted increased 4 percent, to 3,725 homes, in Tennessee and remained unchanged at 12,875 homes in Florida.

Multifamily permitting increased in the Southeast/Caribbean region except in North Carolina and Florida.



1Q = first quarter.

Note: Based on preliminary data.

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

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the first quarter of 2013. In Charleston, increased building activity during 2012 resulted in a soft apartment market a year ago. Moderate building activity and strong population growth during the past year allowed for excess units to be absorbed, and the apartment market is now balanced. The apartment vacancy rate decreased from 7.2 to 5.9 percent and rents increased 5 percent, from \$830 to \$870, from the first quarter of 2013 to the first quarter of 2014.

Multifamily construction activity, as measured by the number of multifamily units permitted, continued to increase in the region.

During the first quarter of 2014 (preliminary data)—

- The number of multifamily units permitted in the region increased 25 percent from a year earlier, to approximately 21,050 units.
- The number of multifamily units permitted increased in every state except Florida and North Carolina, where the number of units permitted remained unchanged at 8,325 and 2,850 units, respectively, representing 53 percent of all units permitted in the region.
- The greatest gain in the number of multifamily units permitted was in Tennessee, where 2,425 units were permitted, an increase of 1,350 units.
- The number of multifamily units permitted in Alabama and Kentucky more than doubled and tripled, respectively, compared with the number permitted during the first quarter of 2013, to 1,225 units each.
- The number of multifamily units permitted increased 78, 49, and 13 percent, to 1,775, 290, and 2,950 units, respectively, in South Carolina, Mississippi, and Georgia.

Apartment markets in the Southeast/Caribbean region were mixed, with most balanced to tight.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		1Q 2013 (%)	1Q 2014 (%)	Percentage Point Change	1Q 2013 (\$)	1Q 2014 (\$)	Percent Change
Atlanta	Balanced	8.5	7.5	– 1.0	828	867	5
Birmingham	Slightly soft	7.0	7.7	0.7	781	805	3
Charleston	Balanced	7.2	5.9	– 1.3	830	870	5
Lexington	Soft	6.5	6.8	0.3	721	753	4
Miami	Tight	3.2	3.1	– 0.1	1,147	1,216	6
Nashville	Tight	5.1	4.2	– 0.9	860	910	6
Raleigh	Balanced	5.1	6.1	1.0	890	907	2

1Q = first quarter.

Sources: market condition—HUD, PD&R, Economic and Market Analysis Division; vacancy rate and average monthly rent—MPF Research