

HUD PD&R Regional Reports

Region 4: Southeast/Caribbean



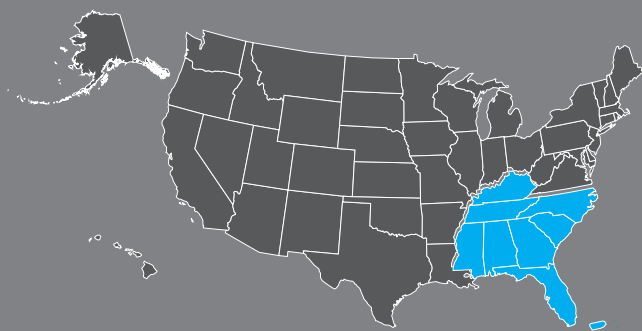
Quick Facts About Region 4

Miami, Florida

By Tammy Fayed | 4th quarter 2013

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

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



Overview

Continued moderate employment growth and increased demand for sales housing led to improvements in sales housing markets in the Southeast/Caribbean region during the fourth quarter of 2013, but the large volume of apartments under construction tempered multifamily building activity. Nonfarm payrolls increased in every state in the region, with growth ranging from 0.2 percent in Alabama and Kentucky to 2.5 percent in Florida. Distressed home sales accounted for 33 percent of existing home sales in the region during the 12 months ending November 2013, down from 38 percent during the previous 12 months (CoreLogic, Inc.). This decline resulted in higher home sales prices.

- Nonfarm payrolls grew a moderate 1.6 percent in the fourth quarter of 2013, an increase of 410,500 jobs from a year earlier, to 26.42 million jobs.
- Conduit Global, a call center and office support company, announced plans to hire 1,000 employees at a new call center in Memphis, including 300 positions to be filled in the first quarter of 2014. The company plans to hire 100 additional employees each quarter through the end of 2015.
- The number of single-family homes permitted increased 12 percent between the fourth quarters of 2012 and 2013; the current single-family building activity is at the highest level recorded in the region since 2008.



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Nonfarm payrolls increased in every state in the Southeast/Caribbean region, led by Florida.

	Fourth Quarter		Year-Over-Year Change	
	2012 (thousands)	2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	26,010.7	26,421.2	410.5	1.6
Goods-producing sectors	3,490.5	3,544.0	53.5	1.5
Mining, logging, and construction	1,145.9	1,184.2	38.3	3.3
Manufacturing	2,344.6	2,359.8	15.2	0.6
Service-providing sectors	22,520.2	22,877.1	356.9	1.6
Wholesale and retail trade	4,284.3	4,380.6	96.3	2.2
Transportation and utilities	1,000.5	1,010.3	9.8	1.0
Information	453.8	459.4	5.6	1.2
Financial activities	1,444.4	1,466.9	22.5	1.6
Professional and business services	3,406.7	3,524.6	117.9	3.5
Education and health services	3,540.9	3,596.4	55.5	1.6
Leisure and hospitality	2,865.1	2,956.2	91.1	3.2
Other services	991.4	989.0	-2.4	-0.2
Government	4,533.3	4,493.7	-39.6	-0.9

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

Source: U.S. Bureau of Labor Statistics

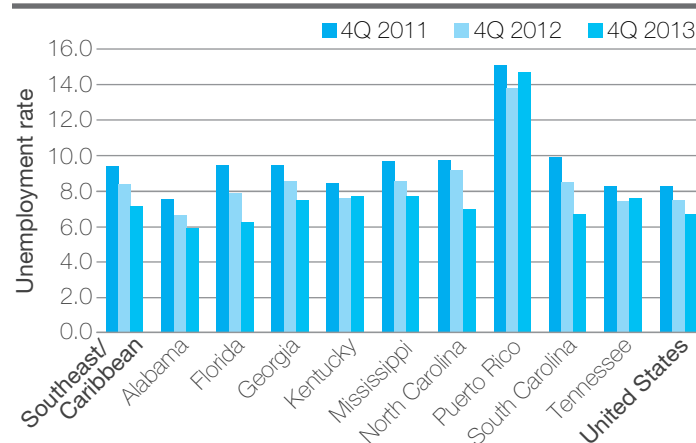
Economic Conditions

Economic conditions in the Southeast/Caribbean region began to improve during the third quarter of 2010, a trend that continued at a moderate pace during the fourth quarter of 2013. Nonfarm payroll growth was virtually unchanged from growth during the same quarter a year ago, at 1.6 percent. The professional and business services and the wholesale and retail trade sectors led payroll growth in the region, increasing by 117,900 and 96,300 jobs, or 3.5 and 2.2 percent, respectively. The unemployment rate for the region averaged 7.2 percent, down from 8.4 percent a year earlier and the peak of 11.5 percent during the first quarter of 2010.

During the fourth quarter of 2013—

- Florida and Georgia led payroll growth in the region, adding 147,600 and 85,300 jobs, increases of 2.0 and 2.2 percent, respectively.
- Nonfarm payrolls in Puerto Rico and the Virgin Islands declined by 30,700 and 1,500 jobs, or 3.3 and 3.7 percent, respectively. A sustained economic recovery has not yet taken hold in the territories, and payrolls continued generally downward trends that began in 2005 in Puerto Rico and 2008 in the Virgin Islands.
- North Carolina recorded the greatest decline in the unemployment rate, to 7.0 percent from 9.2 percent during the fourth quarter of 2012.
- Tennessee and Kentucky were the only states in the region where the unemployment rates increased, to 7.6 and 7.7 percent from 7.4 and 7.6 percent a year ago, respectively.
- The unemployment rate also increased in Puerto Rico, to 14.7 percent, the highest rate in the region, after falling to 13.9 percent during the fourth quarter of 2012.

Unemployment rates in the Southeast/Caribbean region continued to fall, primarily as a result of declines in the labor force.



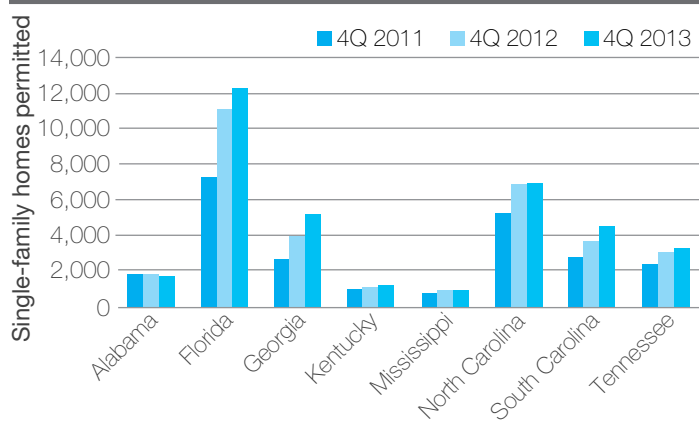
4Q = fourth quarter.

Source: U.S. Bureau of Labor Statistics

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 most states. The greatest increase occurred in Georgia, where sales markets had been weak since mid-2007. Sales of new and existing homes in Georgia increased 19.9 percent, to 152,500 homes sold (CoreLogic, Inc.). Kentucky and Mississippi were the only states in the region in which home sales fell, decreasing 13.6 and 36.6 percent, to 45,700 and 8,525 homes sold, respectively. In

Single-family permitting in the Southeast/Caribbean region increased as a result of improving sales housing market conditions.



4Q = fourth quarter.

Note: Based on preliminary data.

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

both states, the decline was a result of decreases in nondistressed existing home sales. Home sales prices were up in every state in the region, with increases ranging from 3.7 percent in Alabama to 28.5 percent in Mississippi. Distressed mortgage rates also declined. The percentage of mortgage loans in the region that were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) decreased from 10.1 percent in November 2012 to 7.7 percent in November 2013, but the rate for the region remained greater than the 5.7-percent rate for the nation (Black Knight Financial Services, Inc.). The greatest decrease in the region occurred in Florida, where the percentage of distressed mortgages fell from 16.2 to 11.2 percent.

During the fourth quarter of 2013 (preliminary data)—

- Approximately 35,950 single-family homes were permitted in the region, an increase of 3,775 homes, or 12 percent, from the fourth quarter of 2012.
- Permitting growth slowed from a year ago, when the number of homes permitted was up 36 percent from the previous year.
- Single-family home construction, as measured by the number of homes permitted, increased in every state in the region except Alabama, where 1,725 homes were permitted, down 4 percent from a year earlier.
- Georgia, Florida, and South Carolina led permitting growth in the region with increases of 1,250, 1,225, and 860 homes, or 32, 11, and 24 percent, respectively.

A decline in the percentage of distressed home sales contributed to rising home prices in every state in the Southeast/Caribbean region.

	12 Months Ending	Number of Homes Sold			Average or Median	Price		
		2012	2013	Percent Change		2012 (\$)	2013 (\$)	Percent Change
Alabama (N&E)	November	39,200	42,800	9.2	AVG	144,300	149,600	3.7
Florida* (E)	December	204,400	227,400	11.3	MED	154,900	172,600	11.4
Georgia (N&E)	November	127,200	152,500	19.9	AVG	156,900	175,300	11.7
Kentucky (N&E)	November	52,900	45,700	-13.6	AVG	127,900	146,600	14.6
Mississippi (N&E)	November	13,450	8,525	-36.6	AVG	147,800	189,900	28.5
North Carolina (E)	November	92,327	111,500	20.8	AVG	200,355	207,974	3.8
South Carolina (N&E)	December	53,700	63,300	17.9	AVG	194,800	204,000	4.7
Tennessee (N&E)	November	114,500	125,500	9.6	AVG	138,600	151,000	8.9

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

*Florida data include only single-family homes.

Notes: Median prices for Florida are for December. Average prices in all other states are for the 12 months ending November or December.

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

Apartment Market Conditions

Apartment market conditions in the Southeast/Caribbean region were generally balanced during the fourth quarter of 2013. In some metropolitan areas, increases in the supply of new apartments and decreases in rental demand, resulting from strengthening sales housing markets, led to a slight weakening in apartment markets. In Miami, one of the largest and tightest apartment markets in the region, the apartment vacancy rate was 3.3 percent during the fourth quarter of 2013, up slightly from 3.1 percent during the fourth quarter of 2012 (MPF Research). During the same period, the vacancy rate also increased in Louisville, from 4.7 to 5.7 percent, and in Columbia, from 7.6 to 8.6 percent. The apartment vacancy rate in Atlanta decreased from 7.6 to 7.0 percent. Rents in Atlanta and Miami increased 6 and 5 percent in the fourth quarter of 2013 from a year earlier, to \$864 and \$1,208, respectively, the fastest rates of rent growth in the region during the period.

Multifamily construction activity, as measured by the number of multifamily units permitted, continued to increase in the region, but it decreased in some states compared with the number of units permitted a year ago.

Apartment markets in the Southeast/Caribbean region were generally balanced but began to soften as inventory increased.

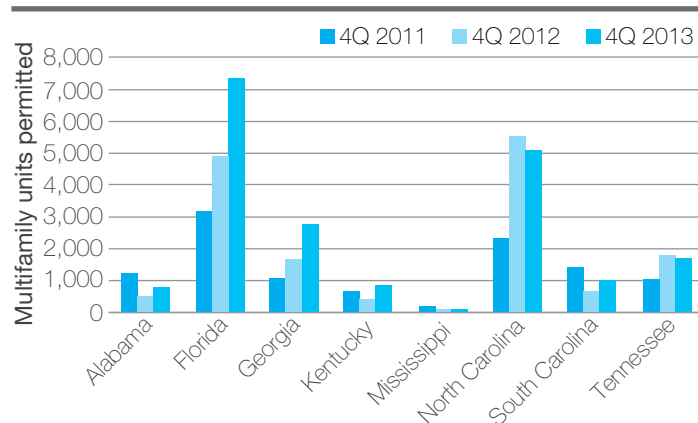
Metropolitan Area	Market Condition
Atlanta	Balanced
Birmingham	Balanced
Charlotte	Balanced
Columbia	Soft
Jackson	Balanced
Louisville	Balanced
Miami	Tight
Nashville	Balanced to tight

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

During the fourth quarter of 2013 (preliminary data)—

- The number of multifamily units permitted in the region increased 26 percent from a year earlier, to approximately 19,650 units.
- Approximately 60 percent of all units permitted in the region were in Florida and North Carolina, where job growth and tightening rental housing markets continue to attract developers.
- The large number of apartments under construction slowed the pace of development in several states in the region, including North Carolina, where the number of multifamily units permitted decreased 8 percent, to 5,550 units.
- In Kentucky, multifamily construction doubled from a year ago, to approximately 880 units permitted. In Georgia and Florida, the number of multifamily units permitted increased 68 and 49 percent, to approximately 2,750 and 7,325 units, respectively.
- The apartment development pipeline includes the \$35 million, 206-unit Gables Gate Tower under construction in West Miami, which is expected to be complete by the spring of 2015. Proposed rents have not yet been released.

Multifamily permitting in the Southeast/Caribbean region declined as apartment markets began to weaken.



4Q = fourth quarter.

Note: Based on preliminary data.

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