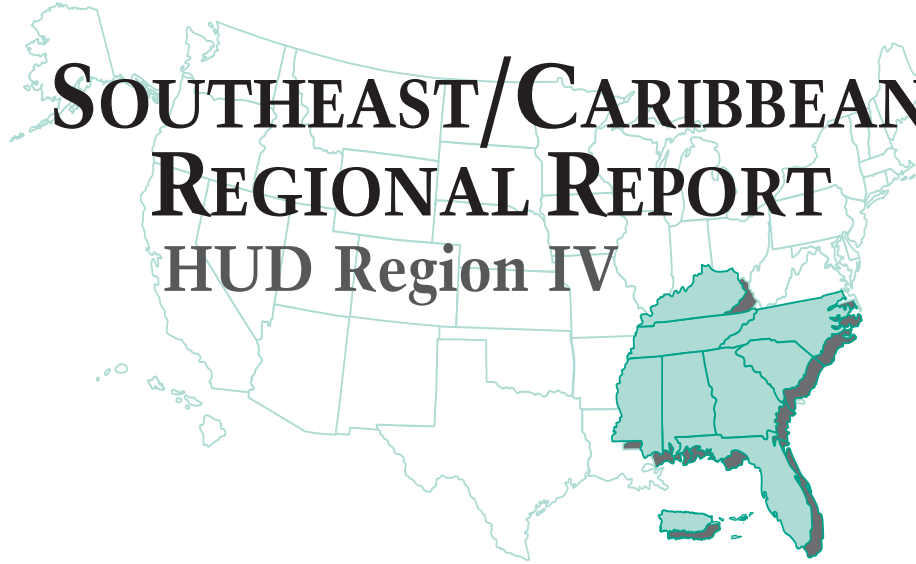




# U.S. Housing Market Conditions

## SOUTHEAST/CARIBBEAN REGIONAL REPORT HUD Region IV



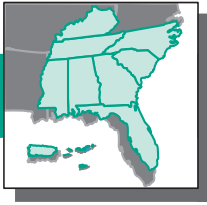
### 1st Quarter Activity

The following summary of the Southeast/Caribbean region's housing market conditions and activities has been prepared by economists in the U.S. Department of Housing and Urban Development's (HUD's) field offices. The report provides overviews of economic and housing market trends within the Southeast/Caribbean region. The report is based on information obtained by HUD economists from state and local governments, from housing industry sources, and from their ongoing investigations of housing market conditions carried out in support of HUD's programs.

After peaking at 27.4 million jobs in late 2007, employment in the Southeast/Caribbean region continued to decline during the 12 months ending March 2010. Nonfarm employment in the region averaged 25.1 million jobs, a decrease of 1.3 million jobs, or almost 5 percent, compared with the number of jobs recorded during the 12 months ending March 2009. Employment decreased in every major sector except the education and health services sector, which increased by 47,000 jobs, or 1.4 percent. The largest employment declines occurred in the manufacturing, construction, and trade sectors, with decreases of 318,400, 239,800, and 225,400 jobs, or 12, 19, and 5 percent, respectively.

Total nonfarm employment during the period fell in each of the eight states in the region, in Puerto Rico, and in the Virgin Islands. The declines ranged from 3.5 percent in the Virgin Islands to 5.3 percent in Florida. Job losses of 400,000 in Florida, 208,500 in Georgia, and 193,700 in North Carolina accounted for 62 percent of the job losses in the region. During the 12 months ending March 2010, the unemployment rate in the region averaged 11.1 percent, a 3.5-percentage point increase from the average rate of 7.6 percent recorded during the 12 months ending March 2009. The unemployment rate increased in every state in the region and in Puerto Rico, ranging from 10 percent in Georgia to 15.5 percent in Puerto Rico.

Most local housing markets in the Southeast/Caribbean region are soft because of weak economic conditions. Although some markets show early signs of stabilizing, according to Lender Processing Services Mortgage Performance Data, in March 2010, the number of home loans in foreclosure, 90 days or more delinquent, or in REO (real estate owned) in the region increased to 12 percent of total loans from 9 percent in March 2009. In Florida, the increase was from 14 to 19 percent of total loans, the highest percentage in the region. Lower sales prices from the sale of foreclosed and other distressed properties contributed to higher



sales activity in Florida. According to data from the Florida Realtors®, during the 12 months ending March 2010, 170,400 existing homes were sold statewide, a 30-percent increase compared with the number sold in the 12 months ending March 2009. In comparison, an average 187,500 homes were sold annually between 2005 and 2007. The median price of an existing single-family home sold in Florida during the first quarter of 2010 was \$133,700, a decrease of 5 percent from \$140,900 during the first quarter of 2009. During the 12 months ending March 2010, sales of existing condominiums increased by 58 percent to 62,700 units statewide, surpassing the annual average of 60,600 units sold during the 2005-to-2007 period. The median price of an existing condominium sold during the first quarter of 2010 was \$95,700, which is 13 percent less than the median price during the first quarter of 2009. In Miami, during the 12 months ending March 2010, single-family home sales increased by 38 percent to 6,850 and condominium sales increased by 49 percent to 7,475. During the first quarter of 2010, the median price of a single-family home sold in Miami was \$197,500, a decrease of 4 percent compared with the price recorded during the first quarter of 2009, and the median price of a condominium unit sold was \$138,800, a decrease of 8 percent from a year earlier.

According to data from the North Carolina Association of REALTORS®, Inc., the number of existing homes sold during the 12 months ending March 2010 declined by 2,350 homes, or almost 3 percent, to 82,550 compared with the 84,900 sold during the previous 12 months. The number of homes sold decreased in 13 of the 18 reported areas. The average price of a home in North Carolina decreased by \$11,270, or 5 percent, during the past 12 months. Home prices fell in 15 of the 18 reported areas. Raleigh was the only one of the three largest metropolitan areas of North Carolina to record an increase in sales for the 12 months ending March 2010. In the other two largest areas, Charlotte and Greensboro, the year-to-year rate of decline in home sales and average home prices slowed compared with rates of decline recorded for the 12-month periods ending December 2009 and September 2009. Sales of new and existing homes in Raleigh increased nearly 4 percent to 21,350 homes; the average home price decreased 8 percent to \$221,600. In Charlotte, the number of existing homes sold declined by 8 percent to 22,500 homes; the average price of a home fell 6 percent to \$202,900. The number of existing homes sold in Greensboro fell 4 percent to 11,275 homes, and the average price declined 7 percent to \$157,500.

According to data from South Carolina REALTORS®, the number of homes sold in the state during the 12 months ending March 2010 was relatively unchanged at 43,900 compared with the number sold during the previous 12 months. Sales decreased in 9 of 15 reported areas of the state. Sales increased primarily in coast-

al areas, where sales had previously fallen more dramatically than in other areas of the state. During the first quarter of 2010, the median sales price of a home in South Carolina increased by nearly 2 percent to \$138,000 compared with the median price recorded during the first quarter of 2009. The median price increased in 9 of 15 reported areas. Areas with median price declines were primarily in coastal areas. In Alabama, according to the Alabama Center for Real Estate, approximately 39,375 homes were sold during the 12 months ending March 2010, a 4-percent decline compared with the 40,850 homes sold during the 12 months ending March 2009. During the past 12 months, the average inventory of unsold homes decreased by almost 6 percent to 40,050 homes and the average sales price declined by 5 percent to \$145,700.

Sales and prices of existing homes declined or remained relatively unchanged in the three largest metropolitan areas of Tennessee during the past year. During the 12 months ending March 2010, The Greater Nashville Association of REALTORS®, Inc., reported that sales of single-family homes in Nashville decreased by 2 percent to 18,000 units. Condominium sales in Nashville decreased 8 percent to 2,650 units. According to the Knoxville Area Association of REALTORS®, during the 12 months ending March 2010, single-family home sales in Knoxville totaled 9,650 homes, relatively unchanged from the number of homes sold during the previous 12 months. In the same period, condominium sales decreased by 4 percent to approximately 1,050 units. During the 12 months ending March 2010, the average price of a single-family home decreased by 5 percent to \$172,200 and the average price of a condominium unit decreased by 4 percent to \$159,300. In Memphis, single-family home sales fell by 4 percent to 11,150 homes and condominium sales remained flat at approximately 450 units during the past 12 months. Average prices for single-family homes and condominiums each remained relatively unchanged at \$145,400 and \$142,700, respectively.

Single-family home construction activity, as measured by the number of building permits issued, declined in the region during the past 12 months but at a much lower rate than during the previous 12 months. According to preliminary data, during the 12 months ending March 2010, 113,000 homes were permitted, a decrease of 12,500 homes, or 10 percent, compared with the number permitted during the 12 months ending March 2009. In comparison, single-family unit permits decreased by 112,100, or 47 percent, to 125,500 units during the 12 months ending March 2009 compared with the 12 months ending March 2008. Between 2000 and 2007, an average of 399,300 single-family homes were permitted annually. Single-family home production declined in all states in the region during the past 12 months except Kentucky, where the number of permits increased by 2 percent to 5,575 homes permitted. The greatest decline occurred in Georgia, where 3,700



fewer units were permitted, a decrease of 22 percent. Multifamily construction in the region declined significantly during the past year in all states as apartment and condominium builders reduced production because of soft conditions in the condominium and rental housing markets. According to preliminary data, during the 12 months ending March 2010, the number of multifamily units permitted declined from 57,450 to 27,850 units, or 52 percent. The largest decline occurred in Florida, where the number of multifamily units permitted declined by 12,800, or 69 percent, to 6,900 units. In North Carolina, the decline was by 5,900 to 7,450 units.

Apartment markets remained soft throughout the region during the first quarter of 2010, with 11 of the 19 markets surveyed by Reis, Inc., reporting vacancy rates above 10 percent. Vacancy rates in 14 of the 19 markets surveyed increased from the rates recorded during the first quarter of 2009. Exceptions were the eastern Tennessee markets of Chattanooga and Knoxville and the three South Carolina markets of Columbia, Charleston, and Greenville. Conditions have eased to a more balanced state in Chattanooga, where the vacancy rate fell to 6.1 percent, which is 2.7 percentage points lower than the rate recorded a year earlier. In Knoxville, the rate decreased slightly

to 7.6 percent from 7.8 percent last year. Although vacancy rates decreased in the three South Carolina markets, soft market conditions continue with vacancy rates of 12 percent in Columbia, 11.6 percent in Charleston, and 10.9 percent in Greenville. As reported by Reis, Inc., apartment markets in the Southeast/Caribbean region accounted for the three highest vacancy rates in the nation, including 13.8 percent in Jacksonville, 13.2 percent in Memphis, and 12.8 percent in Greensboro-Winston Salem. All three markets recorded vacancy rate increases from a year earlier. The softer markets resulted from an oversupply of apartment units as demand contracted because of significant job losses in the areas. High vacancy rates flattened rent growth in most markets in the region. Although six markets recorded average asking rent increases for the period, for five of the six markets, the increases were negligible. Chattanooga recorded the largest rent increase of 1 percent, which occurred because of demand from construction workers building the Volkswagen assembly plant scheduled for completion next year. Rents held steady in Lexington but declined in the remaining 12 markets. The largest rent decrease occurred in Orlando, where the average asking rent declined by more than 2 percent as the vacancy rate rose to 11.5 percent.