



U.S. Housing Market Conditions



SOUTHEAST/CARIBBEAN REGIONAL REPORT HUD Region IV

2nd Quarter Activity

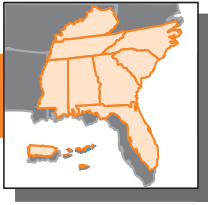
The following summary of the Southeast/Caribbean region's housing market conditions and activities has been prepared by economists in the U.S. Department of Housing and Urban Development's (HUD's) field offices. The report provides overviews of economic and housing market trends within the Southeast/Caribbean 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.

Since peaking at 27.1 million jobs in 2007, nonfarm employment in the Southeast/Caribbean region has continued to decline. During the 12 months ending June 2010, nonfarm employment in the region averaged 25 million jobs, a decrease of 940,200 jobs, or 3.6 percent, compared with a loss of 1,090,000 jobs, or 4 percent, during the previous 12-month period. During the 12 months ending June 2010, employment declined in each of the region's eight states and in the Caribbean; losses ranged from 2.2 percent, or 1,000 jobs, in the Virgin Islands to 3.8 percent, or 286,800 jobs, in Florida.

Employment declines in the goods-producing sectors accounted for 480,000 jobs lost, or about one-half of

total job losses in the region during the 12-month period ending June 2010. For the same period, the largest job declines occurred in the manufacturing and construction sectors, which decreased by 247,000 jobs, or 10 percent, and 197,000 jobs, or 17 percent, respectively. Construction employment continued to decline primarily as a result of soft housing market conditions. Florida lost 82,800 construction sector jobs, or 18 percent, during the 12 months ending June 2010, more than any other state, and accounted for 42 percent of construction job losses in the region. The only sectors in the region to record job increases during the 12 months ending June 2010 were the education and health services sector, which increased by 54,700 jobs, or 1.6 percent, and the government sector, which increased by 10,600 jobs, or less than 1 percent. The average unemployment rate for the Southeast/Caribbean region increased to 11.2 percent during the 12-month period ending June 2010, up from 8.7 percent during the same period a year earlier. The average unemployment rate increased in each state and in the Caribbean and ranged from 10.2 percent in Georgia to 16.0 percent in Puerto Rico.

Home sales market conditions throughout the Southeast/Caribbean region are generally soft due to homebuilding exceeding demand from 2003 through 2006 and significant job losses in the region during the



past 2 years. Although some local housing markets recorded increases in the number of homes sold during the 12 months ending June 2010, the large number of home mortgages in default put downward pressure on sales prices in many housing markets in the region. According to Lender Processing Services Mortgage Performance Data, 12 percent of home loans in the region were in foreclosure, 90 days or more delinquent, or in REO (Real Estate Owned) in June 2010 compared with 10 percent in June 2009. The percentage of loans in these three categories increased for all states in the region. Florida recorded the highest rate in the region at 19 percent in June 2010, up from 16 percent in June 2009. During the 12 months ending June 2010, according to data from the Florida Realtors®, 178,400 existing single-family homes were sold in Florida, a 29-percent increase from the same period a year earlier. During the first 6 months of 2010, the median sales price for an existing home in Florida was \$143,400, a decrease of 3 percent from the first 6 months of 2009. Statewide sales of existing condominiums during the 12 months ending June 2010 totaled 69,000 units, a 61-percent increase. The median home sales price for the first 6 months of 2010 for existing condominiums was \$95,000, 16 percent less than during the first 6 months of 2009.

The Alabama Center for Real Estate reported that 40,900 new and existing single-family homes and condominiums sold statewide during the 12 months ending June 2010, a 6-percent increase from the number sold during the 12 months ending June 2009. The average home sales price was approximately \$145,300 for the 12 months ending June 2010, down 3 percent from the 12 months ending June 2009. During the 12 months ending June 2010, the Alabama Center for Real Estate reported that the number of home sales increased in three of the four largest metropolitan areas of the state—Birmingham, Mobile, and Montgomery—where sales increased by 2, 5, and 9 percent, respectively. During the same period, average home sales prices in the three metropolitan areas fell, with declines ranging from 2 to 6 percent.

In the two largest metropolitan areas of Kentucky, sales of existing single-family homes increased significantly in 2010. The Greater Louisville Association of REALTORS® reported that during the 12 months ending June 2010, home sales increased by 28 percent to approximately 13,100 homes compared with the number sold during the previous 12 months. During the 12 months ending June 2010, the average home sales price increased 1 percent to \$161,100. The Lexington Bluegrass Association of REALTORS® reported the number of homes sold during the 12 months ending June 2010 increased 16 percent to approximately 7,650 compared with the number of homes sold during the previous 12 months. The average sales price decreased by 1 percent to \$167,500 for the 12 months ending June 2010. For the same period, approximately 650 condominiums

and townhomes were sold in the Lexington metropolitan area, up 14 percent from the number sold during the 12 months ending June 2009. The average price of a condominium or townhome sold during the 12 months ending June 2010 decreased by 1 percent from the previous period to \$137,000.

According to the North Carolina Association of REALTORS®, Inc., 86,300 existing homes were sold statewide during the 12 months ending June 2010, a 13-percent increase from the number sold during the previous 12-month period. The number of home sales increased in 17 of 20 reported areas. The statewide average home sales price decreased to \$200,200, a 3-percent decline. Home prices fell in 17 out of the 20 reported areas during the 12 months ending June 2010. The three largest metropolitan areas of North Carolina recorded increases in the number of homes sold and decreases in average prices. During the 12 months ending June 2010, in Charlotte, Greensboro, and Raleigh, the number of homes sold increased by 8, 13, and 22 percent, respectively. During the same period, average home prices fell by 2, 4, and 5 percent, respectively. During the 12 months ending June 2010, South Carolina REALTORS® reported that the number of homes sold statewide increased by 23 percent to 23,400 homes. Sales increased in 13 of the 15 reported areas. The statewide median price of a home sold was virtually unchanged between the first 6 months of 2009 and the first 6 months of 2010, at \$140,000. The median home price increased in 10 of the 15 areas reported; increases ranged from less than 1 percent to 30 percent. The remaining 5 reporting areas recorded price declines ranging from 4 to 16 percent, offsetting the price increases and resulting in a stable median home price for the state.

During the 12 months ending June 2010, the Greater Nashville Association of REALTORS® reported that sales of single-family homes and condominiums increased 12 and 15 percent to approximately 19,100 homes and 2,850 units, respectively. From June 2009 to June 2010, the monthly median home sales price increased 2 percent to \$181,300 for a single-family home and decreased 5 percent to \$145,000 for a condominium unit. According to the Knoxville Area Association of REALTORS®, 10,150 single-family homes sold during the 12 months ending June 2010, with an average sales price of \$171,100, a 4-percent decline. During the same period, 1,100 condominium units were sold at an average price of \$159,600, down 4 percent. During the 12 months ending June 2010, the Memphis Area Association of REALTORS® reported that sales increased by 1 percent for single-family homes, to 11,350, and by 4 percent for condominium units, to 450. The average sales price increased for each type of home by 2 percent, to \$143,800 and \$141,900, respectively.



In the region, during the 12-month period ending June 2010, single-family homebuilding activity, as measured by the number of permits issued, increased by 6,800 homes, or 6 percent, to 114,100 homes, based on preliminary data. Current single-family homebuilding activity is significantly below the average of 467,600 homes permitted from 2003 through 2006. During the 12 months ending June 2010, all states in the region recorded increases in single-family building permit activity, except Mississippi, where the number of permits issued decreased by 560, or 12 percent, to approximately 4,350 homes. The number of permits issued for single-family homes in Florida increased by 3,600 homes, or 13 percent, the largest increase in the region.

Apartment markets throughout the Southeast were soft but improving during the second quarter of 2010, primarily because of decreases in apartment construction activity during the past 2 years. During the 12 months ending June 2010, the number of multifamily units permitted decreased by 43 percent, to approximately 27,000 units, with declines in each state, based on preliminary data. Fewer units were permitted in 2009 than in any other year during the past three decades. During the past 12 months, the largest decline in the number of multifamily units permitted in the region occurred in Florida, falling by 6,725 units, or 47 percent, to 7,500 units.

Because of the significant cutbacks in apartment construction throughout the region during the past 2 years, apartment vacancy rates have generally declined. According to Reis, Inc., vacancy rates ranged from 5.7 percent in Chattanooga to 13.2 percent in Jacksonville. Out of the 20 areas reported in the region, 11 markets recorded vacancy rate declines between the second quarter of 2009 and the second quarter of 2010; the vacancy rate in the remaining 8 markets each increased less than 1 percentage point. The apartment markets in South Carolina recorded the largest decreases in vacancy rates during the past 12 months. During the second quarter of 2010, the vacancy rates fell from 13.2 to 11.2 percent in Columbia, from 13.3 to 10.6 percent in Charleston, and from 11.7 to 9.8 percent in Greenville. The vacancy rate in Atlanta was virtually unchanged during the second quarter of 2010, at 11.4 percent. Miami recorded a slight increase in the vacancy rate from 5.9 to 6.2 percent from the second quarter of 2009 to the second quarter of 2010. During the same period, average rents decreased in 9 of 20 covered areas in the region. Rents in Orlando and Atlanta had the largest declines; rents fell by approximately 2 percent in each area to \$863 and \$841, respectively. Average rents in the reporting areas with rent growth increased by approximately 1 percent or less between the second quarter of 2009 and the second quarter of 2010.