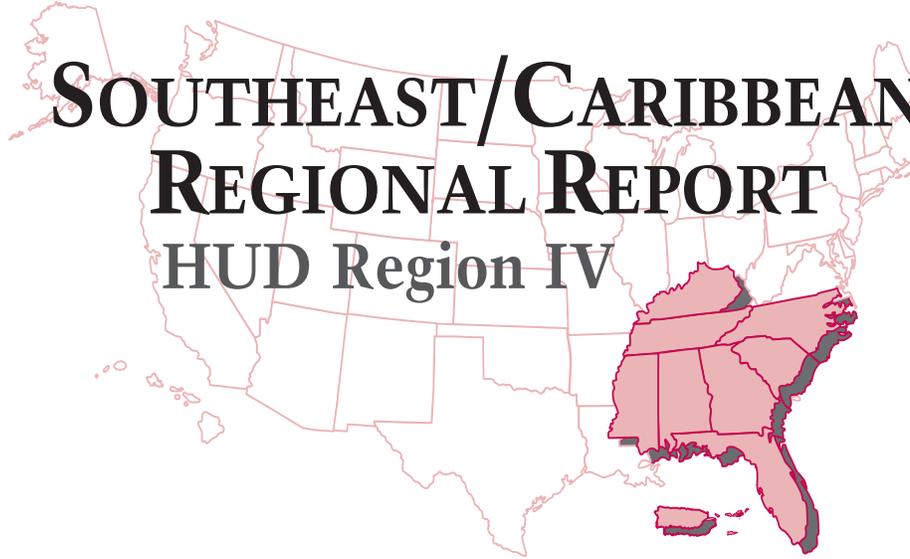


U.S. Housing Market Conditions

SOUTHEAST/CARIBBEAN REGIONAL REPORT HUD Region IV



3rd 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.

For the first time in more than 2 years, the number of jobs in the Southeast/Caribbean region increased slightly during a quarter—the third quarter of 2010—relative to a year earlier. During the third quarter of 2010, nonfarm payrolls averaged 25 million jobs, an increase of 14,900 jobs, or less than one-half percent, compared with the number of jobs in the third quarter of 2009. During the 12 months ending September 2010, however, nonfarm payrolls decreased by 545,100 jobs, or 2.1 percent, to an average of 25 million jobs compared with a loss of nearly 1.4 million jobs, or 5 percent, during the 12-month period ending September 2009. During the past 12 months, employment declined in each of the region's eight states and in the Caribbean.

During the 12 months ending September 2010, the goods-producing sectors decreased by 334,400 jobs, which accounted for 61 percent of the total job losses in the region. The largest sector declines occurred in the manufacturing and construction sectors, which decreased by 144,900 and 160,600 jobs, or 13 and 7 percent, respectively. As a result of soft sales and rental markets in the region, the largest job declines in the construction sector occurred in Florida, where construction employment fell by 14 percent, or 58,500 jobs, which was nearly one-half of the 119,900 jobs lost in the sector in Florida during the previous 12 months. During the 12 months ending September 2010, nonfarm payrolls in the region increased in two sectors: the education and health services sector, which was up by 62,900 jobs, or 1.9 percent, and the government sector, which added 15,400 jobs, up less than one-half percent. During the 12-month period ending September 2010, the unemployment rate for the Southeast/Caribbean region averaged 11.1 percent compared with 9.7 percent during the previous 12-month period. Unemployment rates, which increased in each state and in the Caribbean, ranged from 10.2 percent in Georgia and Tennessee to 16.1 percent in Puerto Rico.

Sales housing markets throughout the Southeast/Caribbean region remain soft because of the large number of distressed properties. According to Lender Processing



Services Mortgage Performance Data, in September 2010, nearly 12 percent of home loans in the region were 90 days or more delinquent, in foreclosure, or in REO (Real Estate Owned), up slightly from 11 percent in September 2009. The rate of distressed properties increased for all states in the region except Alabama, where the rate was unchanged at 6.5 percent, and Tennessee, where the rate fell from 6.9 to 6.7 percent. Florida recorded the highest distressed-property rate in the region at nearly 19 percent, up from 17 percent in September 2009. According to data from Florida Realtors®, 179,600 existing homes were sold in Florida during the 12 months ending September 2010, a 20-percent increase from the previous 12 months, when 149,200 homes were sold. Through September 2010, the year-to-date median sales price for an existing single-family home in Florida was \$137,200, a decrease of 4 percent from the price recorded during the same period in 2009. During the 12 months ending September 2010, sales of existing condominiums increased 48 percent to 48,100 units. The year-to-date median price of an existing condominium was \$93,100, down 15 percent from a year earlier. In Miami, during the 12 months ending September 2010, sales of single-family homes increased by 11 percent to 7,000 homes sold, but the year-to-date median price decreased by 2 percent to \$188,000. Condominium sales increased by 50 percent to 9,025, but the year-to-date median price decreased by 25 percent to \$99,400.

The Alabama Center for Real Estate reported that, during the 12 months ending September 2010, 38,300 new and existing homes and condominiums sold statewide, 6 percent more than were sold during the 12 months ending September 2009. During the 12 months ending September 2010, the average price for a home or condominium sold was approximately \$143,900, relatively unchanged from the price recorded for the previous 12-month period. According to the North Carolina Association of REALTORS®, Inc., during the 12 months ending September 2010, the number of existing homes sold in 21 reported areas of North Carolina totaled 88,000 homes, a 12-percent increase from the previous 12 months. During that same period, the average price of a home decreased by \$5,500, or nearly 3 percent. The number of homes sold was higher in 18 of the 21 reported areas, but the average price of a home decreased in 17 areas. The only areas with average price increases were Brunswick, Fayetteville, Greenville, and Pinehurst, with increases ranging from 0.5 percent in Pinehurst to 3.8 percent in Fayetteville. South Carolina REALTORS® reported that, during the 12 months ending September 2010, approximately 46,000 homes were sold statewide, an increase of 11 percent from the number of sales recorded during the same period a year earlier. During the 12 months ending September 2010, the number of homes sold increased in 13 of the 15 reported areas. The median sales price year-to-date through September 2010 was virtually unchanged compared with the price for the same period in 2009 at \$149,900. During the 12 months ending September 2010, the median price increased in 9 of 15 reported areas.

During the third quarter of 2010, the Kentucky Association of REALTORS® reported about 8,275 new and existing homes and condominiums sold statewide, 23 percent fewer than during the third quarter of 2009. The average price for a home or condominium sold during the third quarter of 2010 was about \$129,200, about 1 percent more than the price during the third quarter of 2009. The Greater Louisville Association of REALTORS® reported that, during the 12 months ending September 2010, about 11,000 new and existing single-family homes and townhomes sold, up 15 percent from the previous 12-month period. During the 12 months ending September 2010, the average selling price of a single-family home or townhome was \$163,000, a 4-percent increase from the same period a year earlier. During the 12 months ending September 2010, the Lexington-Bluegrass Association of REALTORS® reported the number of homes sold in the Lexington area increased 5 percent to about 7,000 homes sold and the average price of a home increased 1 percent to \$168,100. During the 12 months ending September 2010, about 590 condominiums and townhomes sold, up 5 percent from the previous 12-month period, and the average price increased 5 percent to \$141,000. In Knoxville, during the 12 months ending September 2010, the number of single-family homes sold increased by 7 percent, or 660 homes, to 9,575, according to the Knoxville Area Association of REALTORS®, but the average price decreased 1 percent to \$172,400. Knoxville condominium sales increased by 12 percent to 1,060 homes sold, and the average condominium sales price declined by 4 percent to \$156,200. According to the Memphis Area Association of REALTORS®, during the 12 months ending September 2010, the total number of single-family homes and condominiums sold in Memphis decreased by 2 percent to 10,700 and by 3 percent to 400, respectively. The average price of a single-family home decreased by 1 percent to \$142,100; the price of a condominium averaged \$147,900, a 14-percent increase. The Greater Nashville Association of REALTORS® reported sales of single-family homes and condominiums each increased by 9 percent to 18,000 and 2,625 homes sold, respectively, during the 12 months ending September 2010. In September 2010, the median price for a single-family home increased 7 percent to \$171,800 and the median price for a condominium increased 9 percent to \$155,000.

Based on preliminary data, during the 12-month period ending September 2010, single-family building activity in the region, as measured by the number of building permits issued, increased by 10,000 homes, or 10 percent, to 109,900 homes. All states in the region recorded an increase in single-family building activity, except Alabama, where permits were virtually unchanged at 8,000 homes, and Mississippi, where permits decreased by 570 homes, or 13 percent, to approximately 4,000 homes. During the 12-month period ending September 2010, the largest increases in single-family home construction in the region occurred in Florida, where permits increased by 5,300



homes, or 21 percent, and in North Carolina, which had an increase of 2,500 homes, or 11 percent.

As a result of decreased apartment construction during the past 2 years, apartment markets throughout the Southeast/Caribbean region were generally soft but continued to tighten during the third quarter of 2010. According to preliminary data, during the 12 months ending September 2010, the number of multifamily units permitted decreased by 20 percent to approximately 28,000 units. During that same period, the number of multifamily units permitted in North Carolina totaled 7,350 units, a decrease of nearly 1,900 units, or 20 percent, which represents the largest decline in the region. Tennessee was the only state in the region with an increase in the number of units permitted, increasing by approximately 1,150 units, or 32 percent, to 4,750 units.

Following significant cutbacks in apartment construction throughout the region during the past 2 years, apartment vacancy rates in all of the 20 reported metropolitan areas

in the region declined during the third quarter of 2010. According to Reis, Inc., apartment vacancy rates ranged from 5.5 percent in Chattanooga, Tennessee to 12.1 percent in Jacksonville, Florida. During the past 12 months, apartment markets in South Carolina recorded the largest decreases in vacancy rates. Between the third quarter of 2009 and the third quarter of 2010, vacancy rates fell by at least 3 percentage points to 9.6, 9.1, and 8.4 percent in Columbia, Charleston, and Greenville, respectively. Vacancy rates in Atlanta and Miami decreased to 10.5 and 5.9 percent, respectively, from 11.3 and 6.2 percent a year earlier. During the third quarter of 2010, rents throughout the Southeast/Caribbean region were relatively stable; 12 reported metropolitan areas had rent changes of less than 1 percent compared with rents during the third quarter of 2009. In the third quarter of 2010, rents averaged approximately \$845 in Atlanta and \$1,070 in Miami, virtually unchanged from rents during the third quarter of 2009.