



# U.S. Housing Market Conditions



## SOUTHEAST/CARIBBEAN REGIONAL REPORT HUD Region IV

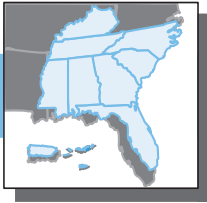
### 4th Quarter Activity

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 in 2007, employment in the Southeast/Caribbean region continued to decline in 2009. Nonfarm employment in the region averaged 25.6 million jobs, a decrease of 1.2 million jobs, or 4.4 percent, compared with the number of jobs recorded during 2008. Employment decreased during the year in every major sector except the education and health services sector, which increased by 49,700 jobs, or 1.5 percent. The largest employment declines occurred in the manufacturing, professional and business services, and construction sectors, with decreases of 307,900, 213,300, and 211,000 jobs, or 11, 6, and 16 percent, respectively. Total nonfarm employment during the period fell in each of the eight states in the region and in Puerto Rico and the

Virgin Islands. Job losses of 363,500 in Florida, 202,200 in Georgia, and 185,900 in North Carolina accounted for 64 percent of the job losses in the region. During 2009, the unemployment rate in the region averaged 10.6 percent, a 4.1-percentage point increase from the average rate of 6.5 percent recorded during 2008. The unemployment rate increased in every state in the region and in Puerto Rico, ranging from 9.5 percent in Alabama to 15 percent in Puerto Rico.

The weakening regional economy contributed to the third consecutive year of slower population growth as fewer people moved into the region. According to the Census Bureau, the region's population was approximately 64.5 million as of July 1, 2009, an increase of 574,900, or 0.9 percent, since July 1, 2008, down from the increase of 742,800 recorded during the previous year. Net in-migration slowed from the 396,200 people recorded between July 1, 2007, and July 1, 2008, to 279,100 people between July 1, 2008, and July 1, 2009. Population growth slowed during 2009 for all states in the region and in Puerto Rico compared with the population growth recorded the previous year. North Carolina recorded the region's largest gain in population, increasing by approximately 133,800, followed closely by Georgia, with an increase of 131,400; the population of both states increased at a rate of 1.4 percent. In Florida in



2009, the population increase of 114,100, or 0.6 percent, was significantly less than the average annual increase of 288,500 recorded during the previous 5 years.

Most local housing markets in the Southeast/Caribbean region are soft because of weak economic conditions and lenders' tight credit standards. In Florida, home sales markets remained soft during the past year, but lower prices induced higher sales activity for both single-family homes and condominiums. According to data available from the Florida Association of REALTORS®, during 2009, 163,100 existing homes were sold statewide, a 31-percent increase compared with the number sold in 2008, but still below the average 187,500 homes that were sold annually between 2005 and 2007. The average price of an existing single-family home sold in Florida declined by 24 percent from \$187,700 in 2008 to \$142,600 in 2009. During the same period, sales of existing condominiums increased by 47 percent to 56,000 units statewide, near the annual average of 60,600 units sold during the 2005-to-2007 period. The average price of an existing condominium sold in 2009 was \$108,000, 34 percent less than the price a year earlier. In Miami, single-family home sales increased 53 percent to 6,675, but the median price decreased 29 percent to \$195,300. Con-dominium sales in Miami increased 50 percent to 6,850, but the median price declined by 40 percent to \$142,500.

In Alabama, according to the Alabama Center for Real Estate, approximately 37,925 homes were sold during 2009, a 10-percent decline compared with the 42,225 homes sold during 2008. During 2009, the average inventory of unsold homes decreased by 6 percent to 40,300 homes, which still represents approximately a 12-month supply. The average number of days that a home remained on the market increased from 133 during 2008 to 151 during 2009, and the average sales price declined by 7 percent to \$150,900.

The Georgia Multiple Listing Service reported that approximately 60,700 homes were sold statewide in 2009, 2 percent fewer than were sold in 2008. The median price of \$122,000 for homes sold during 2009 was 18 percent lower than the median price for homes sold during 2008. In the Atlanta metropolitan area, although the 50,100 homes sold during 2009 was nearly the same as the number sold during 2008, the median price of \$120,000 was approximately 19 percent less than the price in 2008. The number of condominiums and townhouses sold in the Atlanta metropolitan area during 2009 totaled 6,800, 2 percent fewer than were sold in 2008; the median price was \$103,500, approximately 23 percent less than the price last year.

Data from South Carolina REALTORS® indicate that the number of homes sold in the state during 2009 declined by nearly 9 percent to 42,700. Sales decreased in 13 of 15 reported areas of the state. The only areas to record sales increases were the Myrtle Beach and Hilton Head areas,

both of which suffered significant declines during 2007 and 2008. Declines ranged from less than 1 percent in Beaufort to 20 percent in Greenwood. In 2009, the median sales price of \$141,000 for homes in the state was 8 percent lower than the median price in 2008. Median prices declined in 13 areas, ranging from a decline of less than 1 percent in the Sumter area to a decline of 15 percent in Myrtle Beach.

According to data from the North Carolina Association of REALTORS®, in 2009, the number of existing homes sold declined by 11,200 homes, or 12 percent, to 81,250. The number of homes sold decreased in 17 of 21 reported areas. In Charlotte in 2009, the number of existing homes sold declined 18 percent from the 2008 sales volume to 22,100 and the average home sales price fell 9 percent from the 2008 sales price to \$201,400. In 2009, the number of existing homes sold in Greensboro declined 14 percent from the number sold in 2008 to 10,900, and the average home sales price decreased 8 percent from the 2008 sales price to \$158,300. From 2008 to 2009, sales of new and existing homes in Raleigh decreased by 9 percent to 20,750 and the average home sales price decreased 8 percent to \$223,100.

In Kentucky, according to the Greater Louisville Association of REALTORS®, during 2009, the total number of single-family homes and townhomes sold was approximately 11,700, up nearly 3 percent from the number sold in 2008. The median sales price in 2009 was \$132,000, or 2 percent less than the sales price in 2008. The Lexington-Bluegrass Association of REALTORS® reported that, from 2008 to 2009 the number of homes sold decreased by 3 percent to about 7,400. The median price of a home sold decreased by 2 percent from the 2008 sales price to \$140,300. About 650 condominiums and townhomes were sold in the Lexington area during 2009, down 19 percent from the number sold in 2008; the median price decreased by 3 percent to \$116,900.

In the Southeast/Caribbean region, single-family home construction activity, as measured by the number of building permits issued, declined significantly during 2009 as builders continued to curtail production in response to slower home sales and large inventories of unsold new and existing homes in most markets. Between 2004 and 2007, an average of 437,900 single-family homes were permitted annually in the region. During 2009, only 103,100 homes were permitted, a decrease of 47,400 homes and 32 percent below the number permitted in 2008, according to preliminary data. Single-family home production declined in all states in the region. Multifamily construction in the region also declined significantly during the past year in all states. Between 2004 and 2007, an average of 121,300 multifamily units were permitted annually in the region. During 2009, the number of multifamily units permitted declined by 36,750 units, or 55 percent, to 30,200 units, according to preliminary data. All states in the region reported



fewer multifamily units permitted during the past year as apartment and condominium builders continued to reduce production because of the soft condominium sales and rental housing markets throughout region.

Apartment markets remained soft throughout the region during the fourth quarter of 2009, with 12 of 19 markets surveyed by Reis, Inc., reporting vacancy rates above 10 percent. Vacancy rates in 17 of the 19 markets surveyed increased from the rates recorded during the fourth quarter of 2008. The two exceptions were Chattanooga and Columbia. Conditions were balanced in Chattanooga, where the vacancy rate fell by 2.2 percentage points, to 6.4 percent, from the rate recorded a year earlier. The tighter market resulted from increased rental demand by the employment generated from the ongoing construction of the \$1 billion Volkswagen assembly plant scheduled to open in early 2011. In Columbia, the vacancy rate decreased by 1.2 percentage points but remained high at 12.6 percent. The largest vacancy rate increase in the region was recorded in the Charlotte market, a 3.1-percentage point increase to 11.3 percent. As reported by

Reis, Inc., the highest apartment vacancy rate in both the region and in the nation during the fourth quarter of 2009 was in Jacksonville, where the rate increased to 14.4 percent compared with 12.3 percent during the same quarter in 2008. The increase was a result of an oversupply of apartment units because the area recorded significant job losses. According to Reis, Inc., 2,150 apartment units were completed in 2008 and another 2,500 units in 2009, more than double the number added in the 2 preceding years.

During 2009, soft market conditions weakened rent growth throughout the region. Only three markets recorded average asking rent increases between the fourth quarter of 2008 and the fourth quarter of 2009, all of which were less than 1 percent. The largest rent decrease occurred in Miami, where the average asking rent declined by more than 3 percent. In contrast, between the fourth quarter of 2007 and the fourth quarter of 2008, all markets in the region recorded rent increases or the rents were relatively unchanged.