



U.S. Housing Market Conditions



SOUTHEAST/CARIBBEAN REGIONAL REPORT HUD Region IV

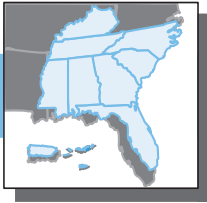
4th Quarter Activity

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.

Employment in the Southeast/Caribbean region declined in 2010 for the third consecutive year, but the rate of job losses slowed compared with losses recorded in 2008 and 2009. In 2010, nonfarm payrolls averaged 25.1 million, a decrease of 200,300 jobs, or 0.8 percent, compared with the number of jobs recorded during 2009. Job losses totaled 428,400, or 1.6 percent, in 2008 and almost 1.5 million, or 5.5 percent, in 2009. During 2010, payrolls decreased in every major sector except the education and health services sector, which increased by 67,400 jobs, or 2 percent; the professional and business services sector, which added 34,500 jobs, or 1.1 percent; and the government sector, which

recorded a minimal gain of 9,500 jobs. The largest declines occurred in the construction, manufacturing, and financial activities sectors, with decreases of 97,100, 79,800, and 44,100 jobs, or 9.2, 3.4, and 3.1 percent, respectively. During 2010, total nonfarm payrolls fell in Puerto Rico and in six of the eight states in the region; they remained relatively unchanged from 2009 levels in Kentucky, South Carolina, and the Virgin Islands. Job losses of 60,000 in Georgia, 54,800 in Florida, and 33,500 in Puerto Rico accounted for 74 percent of the job losses in the region. During 2010, the unemployment rate in the region averaged 11 percent, up slightly from the average rate of 10.6 percent recorded during 2009. The unemployment rate ranged from 9.9 percent in both Alabama and Tennessee to 16.1 percent in Puerto Rico. The largest increase in the unemployment rate occurred in Florida, where the rate increased by 1.4 percentage points to 11.9 percent. Mississippi and Puerto Rico recorded 1.1-percentage point increases, but the remaining states in the region reported rates that were relatively unchanged from the 2009 levels.

Most local housing markets in the Southeast/Caribbean region are soft because of weak economic conditions, lenders' tight credit standards, and the large number of distressed properties. According to Lender



Processing Services Mortgage Performance Data, in December 2010, 11.5 percent of home loans in the region were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down slightly from 12.2 percent in December 2009. The rate of distressed properties declined for all states in the region. Florida reported the highest distressed-property rate in the region, at 18.6 percent, down from 19.1 percent in December 2009. The lower rate of distressed properties in Florida was due to an increase in home sales activity. Although markets in Florida remained soft during the past year, lower prices induced higher sales activity for both single-family homes and condominiums. According to data available from Florida Realtors®, during 2010, 170,900 existing homes were sold statewide, a 5-percent increase compared with the number sold in 2009 and 38 percent higher than the number sold in 2008, but still below the average of 187,500 homes that were sold annually between 2005 and 2007. In Florida, during 2010, the median price of an existing single-family home sold declined by 4 percent to \$136,500, down from \$142,500 in 2009. In 2010, sales of existing condominiums increased by 29 percent to 72,050 units, nearly doubling the number sold in 2008. In 2010, the median price of an existing condominium sold was \$91,300, 15 percent less than the price a year earlier. In Miami, single-family home sales increased by 9 percent to 7,300 homes, but the median price decreased by 3 percent to \$189,400. Condominium sales in Miami increased 43 percent to 9,775 units, but the median price declined by 18 percent to \$116,900.

In Alabama, according to the Alabama Center for Real Estate, during 2010, approximately 36,250 new and existing homes and condominiums were sold, a 4-percent decline compared with the 37,900 homes and condominiums sold during 2009. During 2010, the average inventory of unsold homes was unchanged from the 2009 level of 40,300, which represents approximately a 13-month supply. The average number of days that a home remained on the market was also relatively unchanged at 149 days, and the average price increased by less than 1 percent to \$145,500. Data from South Carolina REALTORS® indicate that, during 2010, the number of existing homes sold in the state increased by less than 0.5 percent to 47,050. Sales decreased in 8 of 15 reported areas of the state. Declines in sales ranged from more than 5 percent in Columbia to 23 percent in Myrtle Beach. From 2009 to 2010, the median home price increased nearly 1 percent statewide, to \$150,000. The median price increased in 10 of 15 reported areas, ranging from slightly more than 1 percent in Columbia to 8 percent in Greenwood. According to data from the North Carolina Association of REALTORS®, in 2010, the number of existing homes sold statewide decreased to 80,500, a decline of 650 homes, or 1 percent. The number of homes sold decreased in 9 of 21 reported areas, including Raleigh, where sales decreased by 3 percent to 20,250 homes. Sales volumes were virtually unchanged

in the other two largest metropolitan areas in the state, Charlotte and Greensboro, at 22,150 and 10,850 homes, respectively. In North Carolina, the average price of an existing home sold increased by \$2,400, or 1 percent, to \$203,100. Average prices decreased in 12 of 21 reported areas, including Greensboro, where the average price of a home decreased by 2 percent to \$155,900. In Charlotte and Raleigh, average prices increased by 3 percent to \$207,000 and \$229,100, respectively.

According to the Greater Louisville Association of REALTORS®, reporting data for new and existing homes, about 10,200 single-family homes and 1,200 condominiums sold during 2010, decreases of 2 and 4 percent, respectively, compared with the number sold during 2009. During 2010, the median prices of single-family homes and condominiums sold increased by 4 percent to \$140,000 and 5 percent to \$124,500, respectively, compared with the prices recorded during 2009. The Lexington Bluegrass Association of REALTORS®, reporting data for new and existing homes, recorded that, during 2010, 6,700 homes were sold, a decrease of 9 percent from 2009. From 2009 to 2010, the median price of a home sold increased 1 percent, to \$141,500. About 550 condominiums or townhomes sold, down 16 percent from 2009. From 2009 to 2010, the median price of a condominium or townhome sold increased 2 percent, to \$119,500. During 2010, the Greater Nashville Association of REALTORS® reported sales of new and existing single-family homes and condominiums decreased 4 and 10 percent, respectively, to approximately 16,900 and 2,350 units. From December 2009 to December 2010, the monthly median sales price increased 6 percent to \$174,500 for a single-family home and decreased 7 percent to \$140,000 for a condominium unit. According to the Knoxville Area Association of REALTORS®, during 2010, 9,050 single-family homes were sold, a decrease of 3 percent, and the average price remained relatively unchanged at \$172,600. During the same period, 990 condominium units were sold, a decrease of 3 percent, and the average price declined by 4 percent to \$154,700. During 2010, the Memphis Area Association of REALTORS® reported that new and existing sales decreased by 11 percent to 10,000 single-family homes and by 14 percent to 380 condominium units. The average price of a single-family home decreased by less than 1 percent to \$143,000, but the average price of a condominium increased by 8 percent to \$144,800.

In the Southeast/Caribbean region, during 2010, single-family home construction activity, as measured by the number of building permits issued, increased by 2 percent to 105,300 homes relative to 2009. Despite the increase, home construction remained well below the average of 438,100 single-family homes that were permitted annually between 2004 and 2007. During 2010, home construction activity increased in four states. In Florida, North Carolina, and Georgia, permits



increased by 3,525, 725, and 460 homes, respectively, to 29,650, 24,350, and 12,600 homes. In Kentucky, permits increased by less than 1 percent to 5,175 homes. In 2010, multifamily construction in the region continued to decline but at a much lower rate compared with the rate of decline during 2009. During 2010, 28,100 multifamily units were permitted, a decline of 1,975 units, or 7 percent, compared with the number permitted during 2009. In contrast, between 2004 and 2007, an average of 121,300 multifamily units were permitted annually in the region. Multifamily construction declined in all but three states in the region for the period. Multifamily unit permits increased by 1,700 units, or 62 percent, to 4,450 units in Tennessee; by 350 units, or 33 percent, to 1,400 units in Kentucky; and by 285 units, or 3 percent, to 8,650 units in Florida.

Limited construction of new apartments and stabilizing labor markets during 2010 contributed to both declining vacancy rates in the Southeast/Caribbean and a mix of soft, balanced, and near-balanced apart-

ment markets. For the second consecutive quarter, all 20 primary market areas surveyed by Reis, Inc., recorded vacancy rate decreases compared with rates recorded for the same quarter last year. During the fourth quarter of 2010, apartment vacancy rates ranged from 5.3 percent in Louisville to 11.4 percent in Memphis. During the past year, markets with the largest declines in vacancy rates included the South Carolina markets of Columbia, Charleston, and Greenville, where 3- to 4-percentage point decreases were recorded; the rates fell to 9.1, 8.2, and 7.7 percent, respectively. In Jacksonville, the vacancy rate declined by 3.5 percentage points to 10.9 percent, and, in Atlanta, the rate decreased by 2 percentage points to 9.7 percent, although soft conditions persisted in both areas. During 2010, improved occupancy enabled property owners to increase rents in some markets. Average asking rents increased by 2 percent or less in 17 markets. In Greenville, South Carolina, the average asking rent increased by nearly 4 percent to \$645, the largest rate of increase recorded in the region.