



U.S. Housing Market Conditions



SOUTHEAST/CARIBBEAN REGIONAL REPORT HUD Region IV

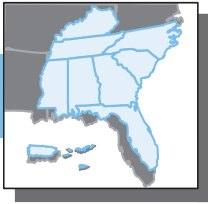
4th Quarter Activity

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 conditions in the Southeast/Caribbean region strengthened during the fourth quarter of 2012, continuing a growth trend that began during the third quarter of 2010. In 2012, nonfarm payrolls averaged 25.53 million jobs, an increase of 258,600 jobs, or 1.0 percent, from 2011. Florida and Georgia reported the greatest increases in jobs. In Florida, payrolls increased by 72,000 jobs, or 1.0 percent, to average 7.34 million jobs, and, in Georgia, payrolls increased by 51,500 jobs, or 1.3 percent, to 3.93 million jobs. Mississippi was the only state in the region that recorded a payroll decline, of 1,800 jobs, or 0.4 percent, but the Caribbean territories also reported declines. In Puerto Rico, nonfarm payrolls

averaged 916,800 jobs, a decrease of 5,800 jobs, or 0.6 percent, and in the Virgin Islands, payrolls averaged 41,900 jobs, a decline of 2,200 jobs, or 5 percent.

The greatest job gains in the region occurred in the professional and business services, education and health services, and leisure and hospitality sectors, which accounted for a combined 80 percent of nonfarm payroll growth in the region during 2012. The professional and business services sector gained 94,900 jobs, or 2.9 percent, and payrolls in this sector increased in every area of the region except Puerto Rico and Mississippi, which lost 1,700 and 1,300 jobs, respectively. In 2012, the education and health services sector in the region increased by 65,600 jobs, or 1.9 percent, and payrolls in the sector increased or remained stable in every state and territory in the region, led by gains of 21,900 jobs, or 2.0 percent, in Florida. The leisure and hospitality sector, which increased by 45,200 jobs, or 1.6 percent, in the region, reported job losses only in Mississippi, where payrolls fell slightly by 600 jobs, or 0.6 percent. Losses in the construction subsector and the government sector of 37,700 and 17,700 jobs, or 3.7 and 0.4 percent, respectively, partially offset nonfarm payroll gains in the region. Losses in the government sector primarily occurred in the federal



and state government subsectors; payrolls in the local government subsector increased less than 1.0 percent, or by 7,300 jobs. The average unemployment rate for the region decreased from 10.3 percent in 2011 to 9.0 percent in 2012, and the rates declined in each state and territory in the region to their lowest recorded levels since 2008. Florida reported the greatest change in the unemployment rate, declining from 10.5 percent in 2011 to 8.7 percent in 2012. Other statewide rates ranged from 7.7 percent in Alabama to 9.5 percent in North Carolina, and Puerto Rico continued to report the highest rate of any area in the region, at 14.2 percent.

Sales housing markets throughout the Southeast/Caribbean region are soft but improving. In 2012, home sales generally increased and prices stabilized in many areas, partially because of a decreasing percentage of distressed home sales. Data from CoreLogic, Inc., show that the percentage of REO (Real Estate Owned) and short sales in the region decreased to 25 percent of all home sales during the 12 months ending November 2012, down from 28 percent during the previous 12 months. According to LPS Applied Analytics, the percentage of home loans that were 90 or more days delinquent, were in foreclosure, or transitioned into REO decreased from 10.8 percent in December 2011 to 9.9 percent in December 2012. Statewide percentages ranged from 6.0 percent in North Carolina to 15.8 percent in Florida, where distressed loans and REO properties account for 57 percent of the regional total. Excluding Florida, the percentage of homes in the region that were 90 or more days delinquent, were in foreclosure, or transitioned into REO was 6.6 percent in December 2012, down from 7.0 percent in December 2011.

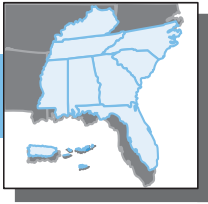
According to data from Florida Realtors®, sales of existing homes in Florida totaled 204,400 in 2012, a 10-percent increase from 2011, and the median sales price was \$154,000, 14 percent more than during the previous year. Sales of existing townhomes and condominiums in Florida increased 16 percent, from 87,600 in 2011 to 101,900 in 2012, and the median sales price increased 26 percent, to \$117,500. The Georgia Association of REALTORS® reported that approximately 87,900 existing homes and condominiums sold statewide during 2012, 8 percent more than in 2011. The median price of a home sold during 2012 was \$109,900, an increase of 5 percent compared with the median sales price during the previous year. According to data from South Carolina REALTORS®, 4,450 homes sold statewide during 2012, an increase of approximately 500 homes, or 13 percent, and the average sales price increased 2 percent, to \$194,900. The number of homes sold increased in 13 of the 16 reported areas in South Carolina, and median sales prices increased in 9 of the 16 reported areas.

According to the Alabama Center for Real Estate, during the 12 months ending November 2012, 36,300 homes and condominiums sold in Alabama, down 2 percent from the previous 12 months. The average home sales price was \$145,000, up 3 percent from the previous 12-month

period. During 2012, three of the four largest metropolitan areas in Alabama reported increased sales of homes and condominiums. The greatest increase took place in Birmingham, where 10,800 homes and condominiums sold, 10 percent more than sold in 2011, and where the average sales price increased 6 percent, to \$182,700. The North Carolina Association of REALTORS®, Inc., reported that about 92,350 homes sold statewide during the 12 months ending November 2012, 13 percent more than during the 12 months ending November 2011. The average sales price during the same 12-month period was approximately \$200,400, up 2 percent from the preceding 12 months. Among major metropolitan areas in North Carolina, existing home sales increased 16, 15, and 10 percent, to 23,250, 26,900, and 12,350 homes, respectively, in Raleigh-Durham (which includes new home sales), Charlotte, and Greensboro-Winston Salem during the 12 months ending November 2012. Average sales prices increased 3 percent in Charlotte, to \$205,700, and were stable in Raleigh-Durham and Greensboro at \$224,000 and \$151,300, respectively.

The Kentucky Association of REALTORS®, reporting data for new and existing homes, recorded about 38,500 homes and condominiums sold statewide during the 12 months ending November 2012, 14 percent more than in the previous 12 months. The median price for a home or condominium sold during the third quarter of 2012 was about \$108,600, down approximately 1 percent from the third quarter of 2011. According to the Greater Louisville Association of REALTORS®, sales of new and existing homes and condominiums increased 14 percent, to about 12,600 homes, during the 12 months ending November 2012; the median sales price was up 6 percent in the third quarter of 2012, to \$143,500. The Lexington Bluegrass Association of REALTORS® reported that approximately 8,100 homes and condominiums sold during the 12 months ending November 2012, up 21 percent from the previous 12 months. The median price for a home or condominium sold during the third quarter of 2012 was about \$143,000, down 2 percent from the third quarter of 2011.

According to the Greater Nashville Association of REALTORS®, during 2012, the number of new and existing single-family homes sold in Nashville increased 26 percent, to 21,600 homes, and the median price in December 2012 increased 12 percent, to \$187,900, compared with the median sales price recorded in December 2011. According to the Memphis Area Association of REALTORS®, the number of existing single-family homes sold in Shelby County increased to 13,300 homes in 2012, 19 percent more than the number sold in 2011. The median sales price of \$78,500 in December 2012 was approximately 2 percent less than the median price in December 2011. According to the Knoxville Area Association of REALTORS®, in 2012, the number of new and existing single-family homes sold in Knoxville increased 23 percent, to 10,500, and the average sales price remained virtually unchanged at \$171,300.



As a result of improving sales markets, single-family homebuilding, as measured by the number of homes permitted, increased throughout the Southeast/Caribbean region. According to preliminary data, permits were issued for approximately 128,800 single-family homes during 2012, an increase of 24,900 homes, or 24 percent, from 2011. The greatest increases occurred in Florida and North Carolina, where permits increased 32 and 22 percent, to 41,450 and 28,250 homes, respectively. The number of single-family homes permitted in Florida, Georgia, North Carolina, South Carolina, and Tennessee was higher in 2012 than during any year since 2008. As rental markets continued to tighten in the region, the number of multifamily units, primarily apartments, permitted also increased. According to preliminary data, permits were issued for approximately 63,000 multifamily units in 2012, nearly double the 32,200 units permitted during 2011. The number of units permitted increased at least 20 percent in every state in the region but increased the most in Florida and North Carolina. In Florida, the number of units permitted more than doubled, to 20,600 units, and in North Carolina, 17,400 units were permitted, an increase of 10,800 units, or 147 percent. More multifamily units were permitted in North Carolina in 2012 than during any of the past 10 years.

Apartment markets in the Southeast/Caribbean region are generally balanced to tight and continued to strengthen during the past year. According to MPF Research, vacancy rates decreased in 19 of the 25 reported areas in the region. The greatest vacancy rate decrease, from 9.7 percent during the fourth quarter of 2011 to 6.3 percent during the fourth quarter of 2012, occurred in the Palm Bay metropolitan area. Miami had the lowest vacancy rate among reported areas in the region, 3.1 percent, down from 3.8 percent during the fourth quarter of 2011. Atlanta had one of the highest apartment vacancy rates in the region, 7.6 percent, down from 8.6 percent a year ago. Among the six areas with increasing vacancy rates during the past year, Greensboro-Winston Salem was the only area where the increase was by more than 1 percentage point, from 6.5 to 8.1 percent. The area was also the only area with a decline in average rents during the period; rents decreased approximately 1 percent, to \$670. In Miami, rents averaged \$1,135 during the fourth quarter of 2012, nearly 3 percent more than during the same quarter a year ago. In Atlanta, rents increased 1 percent, to approximately \$820.