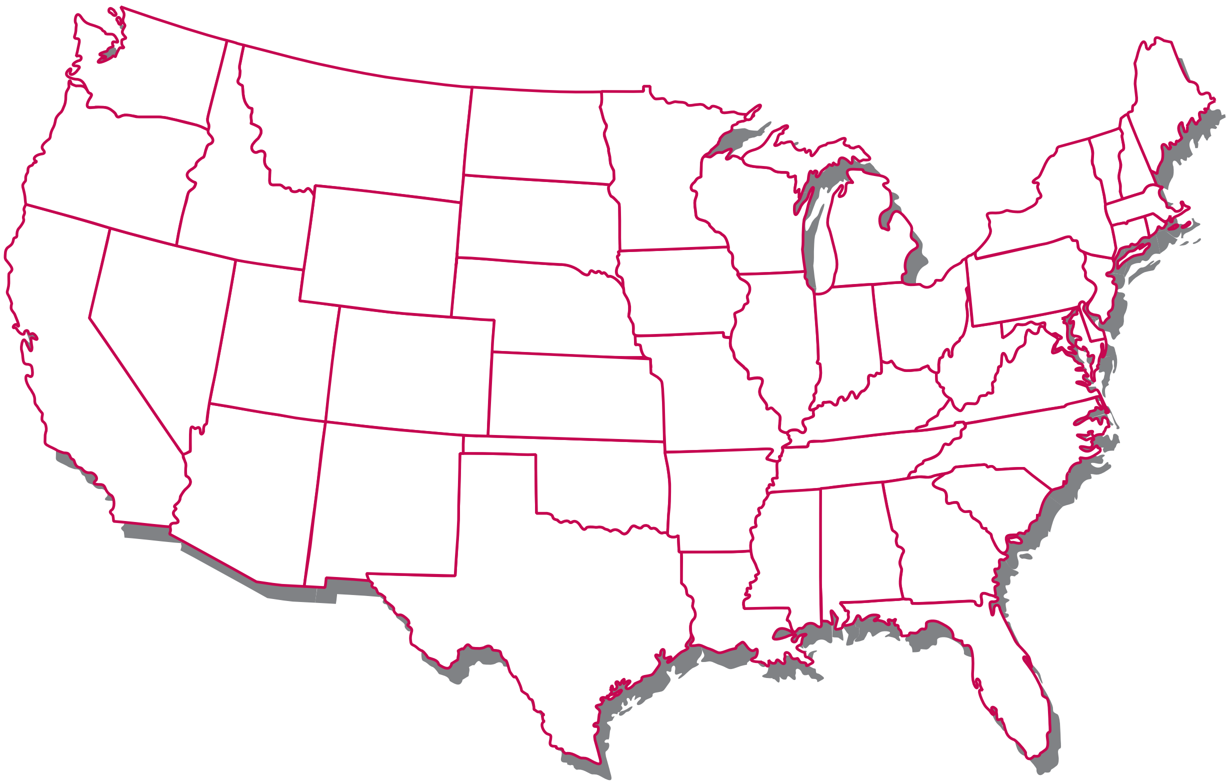
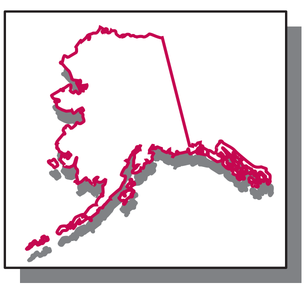
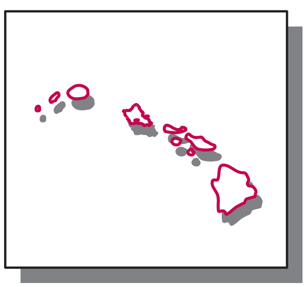
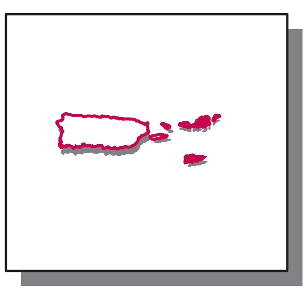
Regional Activity







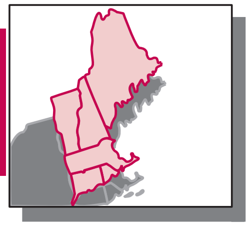


The following summaries of housing market conditions and activities have been prepared by economists in the U.S. Department of Housing and Urban Development's (HUD's) field offices. The reports provide overviews of economic and housing market trends within each region of HUD management. Also included are profiles of selected local housing market areas that provide a perspective of current economic conditions and their impact on the housing market. The reports and profiles are 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.

Regional Reports

New England

HUD Region I*



Nonfarm payrolls in the New England region grew by 66,800 jobs, or 1.0 percent, to 6.9 million jobs during the 12 months ending September 2011 compared with a loss of 93,300 jobs, or 1.4 percent, during the previous 12 months. The education and health services sector continued its strong growth, increasing by 26,600 jobs, or 2.0 percent, after adding 17,400 jobs, a 1.3-percent increase, during the previous 12 months. The professional and business services and the leisure and the hospitality sectors grew by 20,700 and 20,500 jobs, or 2.5 and 3.2 percent, respectively. The information sector increased by 1,400 jobs, or 0.9 percent, a reversal of the decrease of 5,900 jobs, or 3.7 percent, during the previous 12 months. The retail trade subsector and the manufacturing sector added 8,200 and 6,300 jobs, increases of 1.1 and 1.0 percent, respectively. During the 12 months ending September 2011, jobs in the government sector declined by 14,300, or 1.4 percent. The declines divided evenly between the federal government and local government subsectors, which were down nearly 7 percent, or 7,700 jobs, and 1.1 percent, or 6,500 jobs, respectively. Payrolls in the construction subsector were down only 2,000 jobs, or 0.9 percent, a significant improvement compared with the loss of 22,700 jobs, or 8.9 percent, during the previous 12 months.

All states in the New England region have continued to increase nonfarm payrolls through most of 2011. Vermont, where 4,900 jobs were added, recorded the region's greatest percentage increase in jobs, 1.7 percent, nearly twice the growth rate of the remainder of the region. Vermont lost 2,800 jobs, or 0.9 percent, during the same period a year earlier. Job gains were most pronounced in the leisure and hospitality and the professional and business services sectors, up 1,800 and 1,400 jobs, or 5.6 and 6.0 percent, respectively. Massachusetts accounted for more than 50 percent of the net job gain in the region, with an increase of 34,800 jobs, or 1.1 percent, compared with a loss of 27,000 jobs, or 0.8 percent, during the previous 12 months. The education and health services sector, which represents 23 percent of all service-providing jobs in the state, accounted for 42 percent of the net gain with an increase of 13,500 jobs, or 2.0 percent. The leisure and hospitality and the professional and business services sectors increased by 8,200 and 8,500 jobs, or 2.7 and 1.8 percent, respectively. Connecticut gained 14,400 jobs, or 0.9 percent, compared with a loss of 38,700 jobs, or 2.4 percent, during the previous year. A decline in the government sector of 2,400 jobs, or 1.0 percent, partially offset gains of 5,500 and 7,900 jobs, or 2.9 and 2.6 percent, in the professional and business services and the education and health services sectors, respectively. New Hampshire gained 6,400 jobs, an increase of 1.0 percent, with significant gains of 6.5 and 8.1 percent, or 4,100 and 5,000 jobs, in the professional and business services and the leisure and hospitality sectors, respectively. Maine and Rhode Island had small nonfarm payroll increases of 0.6 and 0.5 percent, or 3,700 and 2,500 jobs, respectively. During the 12 months ending September 2011, the unemployment rate in the New England region averaged 8.0 percent, down from 8.6 percent a year earlier. Rates ranged from 5.7 percent in Vermont to 11.0 percent in Rhode Island.

Although job gains accelerated in the third quarter of 2011 and interest rates have moved to historic lows, the home sales markets in the region continue to be soft. During the 12 months ending September 2011, sales were down in all six states in the region. According to the Massachusetts Association of REALTORS® (MAR), during the 12 months ending September 2011, existing home sales totaled 36,350, down nearly 9 percent from sales during the previous 12 months, but 4 percent higher than total sales for the 12 months ending September 2009. The median sales price in September 2011 increased by nearly 2 percent to $294,950. In Connecticut, during the 9 months ending September 2011, Prudential Connecticut Realty reported 16,325 existing home sales, a decrease of 9 percent compared with sales during the 9 months ending September 2010. For the third quarter of 2011, the median sales price was $253,800, down 2 percent from prices in the third quarter of 2010. The Rhode Island Association of REALTORS® (RIAR) reported that, during the 12 months ending September 2011, existing home sales declined 12 percent to 6,515 homes and that, during the third quarter of 2011, the median sales price declined 8 percent to $202,250 compared with prices during the third quarter of 2010.

According to the Maine Real Estate Information System, Inc., during the 12 months ending September 2011, existing home sales totaled 9,670, down more than 11 percent compared with sales a year earlier. The median sales price for September 2011 was $159,000, a decrease of more than 6 percent from the September 2010 median. The Northern New England Real Estate Network (NNEREN) reported that in New Hampshire, 10,500 new and existing homes sold during the 12 months ending September 2011, down more than 5 percent from sales during the 12 months ending September 2010. The NNEREN also reported that home sales in Vermont totaled 4,040, down

*For an explanation of HUD's regions, please turn to page 50 at the end of the Regional Reports section.

just more than 3 percent from the previous 12 months' sales. The median sales prices for New Hampshire and Vermont were $195,350 and $212,000, down 10 percent and up almost 9 percent, respectively, from prices during the previous year.

According to the Federal Housing Finance Agency House Price Index, in the second quarter of 2011 (the most recent data available), home prices in the New England census region decreased by 2.4 percent compared with prices during the second quarter of 2010. This decrease represents the second lowest rate of price depreciation of the nine census regions, behind only West South Central (Texas and the surrounding states), and compares favorably with a decline of 5.9 percent for the nation. LPS Applied Analytics reported that, in September 2011, 6.4 percent of home loans in the New England region were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), unchanged from the September 2010 rate.

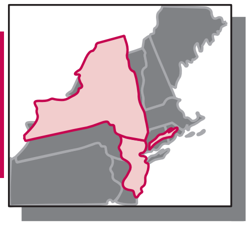
For the 12 months ending September 2011, condominium markets in the New England region continued to be soft. According to the MAR, during the 12-month period ending September 2011, condominium sales in Massachusetts totaled 14,240 units, down 14 percent compared with sales during the previous 12 months but virtually unchanged from the 12 months ending September 2009. The median sales price of $272,000 was up more than 5 percent from a year ago. In Connecticut, Prudential Connecticut Realty reported that condominium sales declined nearly 15 percent to 4,140 units during the first 9 months of 2011 compared with sales during the first 9 months of 2010. The median sales price for the third quarter of 2011 was $156,500, a decrease of more than 5 percent from a year earlier. According to the RIAR, condominium sales in Rhode Island totaled 1,085 units, a 14-percent decline, and the third quarter median sales price declined 7 percent to $200,000 compared with prices during the same period a year earlier. During the 12 months ending September 2011, the NNEREN reported that condominium sales in Vermont and New Hampshire declined by more than 8 and 11 percent to 925 and 2,530 units, respectively. In September 2011, median prices in the two states were $188,000 and $155,000, down more than 5 and 6 percent, respectively.

Single-family home construction activity, as measured by the number of building permits issued, continued to decline in the third quarter of 2011 in response to declining sales and tighter credit standards. During the 12 months ending September 2011, based on preliminary data, 9,820 new single-family homes were permitted in the New England region, a 16-percent decline compared with the number permitted during the previous 12 months, but a 5-percent increase from the 12 months ending September 2009. All states in the region posted declines in single-family home construction during the 12 months ending September 2011, ranging from a 24-percent decline in Rhode Island, to 610 homes, to a 15-percent decline in New Hampshire, to 1,320 homes. Massachusetts and Connecticut had declines of 15 and 16 percent, to 4,150 and 1,860 homes, respectively; together, however, they continue to represent more than 60 percent of the single-family home construction in the region. In the northern part of the region, single-family construction in Maine and Vermont had 19- and 18-percent declines, to 1,410 and 470 homes, respectively.

During the 12 months ending September 2011, multifamily construction, as measured by the number of units permitted, decreased in the region by more than 13 percent, to 4,870 units. Based on preliminary data, the most significant decline occurred in Connecticut, where units permitted totaled 995, down 27 percent from the previous 12 months and down 42 percent from the 12 months ending September 2009. Multifamily building activity in Massachusetts was down 19 percent to 2,320 units but was unchanged from the 12 months ending September 2009. The number of units permitted in Rhode Island remained relatively unchanged at 170 during the past 12 months. Maine and New Hampshire posted gains of 34 and 19 percent, to 235 and 770 units, respectively, and multifamily building activity in Vermont was virtually flat, with 375 units permitted.

Rental markets in the New England region are currently a mix of balanced and tight conditions, but almost all rental markets are tightening as homeownership becomes more difficult to attain and as new additions to the rental inventory have been limited in most markets. According to MPF Research, for the third quarter of 2011, the apartment vacancy rate in the Boston metropolitan area was 3.1 percent, down from 3.5 percent a year earlier. The average effective rent was $1,606, up nearly 6 percent from the average during the same period of 2010. With the city's economy strengthening, rental demand increasing, and capital markets for real estate investment favorable, several new rental projects are under way in Boston: Avalon Exeter, The Kensington, and The Victor together total more than 800 units. In the Hartford metropolitan area, MPF reported a 2.9-percent apartment vacancy rate in the third quarter of 2011, down from the 4.5-percent rate in the third quarter of 2010. The average asking rent was $1,110, a 6-percent increase from asking rents a year earlier. According to Reis, Inc., in Fairfield County, Connecticut, adjacent to New York City, the apartment vacancy rate increased during the past 12 months from 5.2 to 5.4 percent in the third quarter of 2011. During the same period, the average asking rent increased nearly 3 percent, from $1,765 to $1,816. In the Providence metropolitan area, the apartment vacancy rate decreased nearly 2 percentage points, from 6.4 to the current 4.5 percent. The average asking rent rose less than 1 percent, to $1,221, during the past 12 months.

New York/ New Jersey



HUD Region II

In the New York/New Jersey region, nonfarm payroll jobs increased for the third consecutive quarter but remain below the peak of more than 12.8 million jobs recorded during the third quarter of 2008. During the 12 months ending September 2011, nonfarm payrolls totaled nearly 12.5 million jobs, an increase of 66,700 jobs, or 0.5 percent, compared with a year ago. New York State, where payrolls increased to an average of 8.6 million jobs, accounted for the growth, adding 69,600 jobs, a 0.8-percent gain. Increases in New York State were partially offset by losses in New Jersey, which reported a 0.1-percent decrease, or 2,900 jobs lost, and where nonfarm payrolls averaged 3.8 million jobs. Conditions improved in New Jersey, with recent losses being far less than the decline of 69,800 jobs, or 1.8 percent, that occurred during the 12 months ending September 2010. In New York City (NYC), nonfarm payrolls increased by 40,000 jobs, or 1.1 percent, to 3.7 million jobs during the 12 months ending September 2011.

The employment sectors with the largest nonfarm payroll job gains in the New York/New Jersey region during the 12 months ending September 2011 were education and health services, professional and business services, and leisure and hospitality. The education and health services sector recorded an increase of 49,000 jobs, or 2.1 percent, with gains of 40,300 jobs, or 2.4 percent, in New York and 8,700 jobs, or 1.4 percent, in New Jersey. The professional and business services sector gained 42,000 jobs, or 2.5 percent, in the region and registered the largest job increase among all sectors in New Jersey, with a gain of 9,500 jobs, or 1.6 percent. The leisure and hospitality sector expanded by 20,500 jobs, a 1.9-percent increase, adding 18,500 and 2,000 jobs, or 2.5 and 2.0 percent, in New York and New Jersey, respectively. In NYC, the sectors with the highest job growth were the education and health services sector, which increased by 21,500 jobs or 2.9 percent; the professional and business services sector, which increased by 20,200 jobs, or 3.5 percent; and the leisure and hospitality sector, which increased by 8,200 jobs, or 2.6 percent. NYC accounted for 40 percent or more of the job growth in each of those sectors in the region.

Offsetting job gains in the region, the government and manufacturing sectors and the construction subsector lost the most jobs during the 12 months ending September 2011. The government sector declined by 52,600 jobs, or 2.4 percent, with decreases of 29,400 jobs, or 1.9 percent, in New York and 23,200 jobs, or 3.6 percent, in New Jersey, resulting from state and local government budget cuts that began in the summer of 2010. Job losses in the manufacturing sector and the construction subsector were less than one-fourth of the totals recorded a year ago, registering job declines of 10,500 and 8,600, or 1.5 and 2.0 percent, respectively, during the 12 months ending September 2011. The manufacturing sector recorded a 2.2-percent decrease, or 5,600 jobs, in New Jersey and a 1.1-percent decline, or 4,800 jobs, in New York. The construction subsector decreased by 6,900 jobs, or 2.2 percent, in New York and decreased by 1,700 jobs, or 1.3 percent, in New Jersey. During the 12 months ending September 2011, average unemployment rates declined from 9.0 to 8.5 percent for the region and from 8.7 to 8.1 percent and 9.6 to 9.3 percent in New York and New Jersey, respectively.

In the third quarter of 2011, sales housing markets in the region were softer than they were in the preceding quarter and the previous year. According to data from the New York State Association of REALTORS®, during the 12 months ending September 2011, the number of existing single-family home sales in the state (excluding parts of NYC) declined by 12 percent, to 70,700 homes, compared with the number sold during the same period a year earlier. During the 12 months ending September 2011, the median sales price of an existing home decreased by more than 3 percent to $220,000. The number of homes sold declined but sales prices were relatively stable in Upstate New York during the third quarter of 2011. The Greater Rochester Association of REALTORS® reported an 18-percent decline in sales, to 9,025 homes sold, and an unchanged median sales price of $123,000 in the Rochester metropolitan area during the 12 months ending September 2011. In the Albany-Schenectady-Troy metropolitan area, the Greater Capital Association of REALTORS® reported that home sales declined 15 percent to nearly 7,000 but that the median sales price increased by less than 1 percent to $187,000 during the 12 months ending September 2011. According to the Buffalo-Niagara Association of REALTORS®, during the 12 months ending September 2011, the number of homes sold declined by 8 percent to 8,325 homes and the median sales price decreased by more than 3 percent to $117,000.

The NYC home sales market was slightly soft during the third quarter of 2011, relatively unchanged compared with the market during the third quarter of 2010. Home sales prices increased in Brooklyn and Queens and the sales market stabilized in Manhattan and Brooklyn, although the number of homes sold fell significantly in Queens. Miller Samuel reported that, during the 12 months ending September 2011, the number of existing home sales in Manhattan, Brooklyn, and Queens decreased 12 percent to 28,650 units compared with the number sold during the 12 months ending September 2010. During the 12 months ending September 2011, the average sales price rose by more than 10 percent to $827,100 and the average number of days a home remained on the market increased slightly to 123, which is 5 days more than the average during the 12 months ending September 2010. During the past year, the number of condominiums and cooperatives sold increased nearly 2 percent to 10,450 in Manhattan but the median sales price declined less than 1 percent to $911,300. The current number of home sales in Manhattan is 9 percent less than the average annual rate of 11,500 homes sold in 2007 and 2008. Home sales increased by more than 3 percent to 8,000 homes sold in Brooklyn, where the median sales price increased by 5 percent to $510,000. In Queens, home sales declined nearly 30 percent to 10,200 in response to the expiration of the federal homebuyer tax credit, and the median sales price increased by more than 8 percent to $385,000.

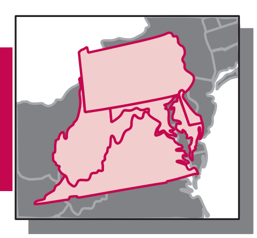
In New Jersey, home sales markets were soft during the second quarter of 2011 compared with markets during the previous quarter and the previous year because of the declining number of homes sold and decreasing home sales prices. According to data from the New Jersey Association of REALTORS®, the number of existing homes sold during the 12 months ending June 2011 (the latest information available) decreased by 27,700, or 22 percent, to 100,100 homes sold compared with the 127,800 sold during the previous 12 months. The median home sales price in New Jersey decreased by nearly 2 percent to $300,300. All three regions of the state reported a decreased number of home sales, with declines of 26 percent in Southern New Jersey and about 20 percent in both Central and Northern New Jersey, to 24,300, 26,500, and 49,300 homes sold, respectively. Median sales prices declined by 5 percent to $196,300 in Southern New Jersey and by nearly 2 percent in both Northern and Central New Jersey, to $366,100 and $309,800, respectively.

In September 2011, according to LPS Applied Analytics, the number of mortgage loans in the region that were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) increased by 14,750, or 6.2 percent, to 252,500 compared with the number of distressed loans in September 2010. This level represents a rate of 8.9 percent of all loans in September 2011 compared with a rate of 8.3 percent a year earlier. The rates rose from 9.2 to 10.2 percent in New Jersey and from 7.6 to 8.0 percent in New York. In September 2011, the national rate was 7.7 percent.

Builders responded to softer sales housing market conditions in the New York/New Jersey region by reducing single-family homebuilding; however, construction of multifamily units increased in both states. During the 12 months ending September 2011, based on preliminary data, the number of single-family homes permitted in the region decreased by 14 percent to 14,000 homes compared with a 10-percent increase recorded during the same period a year earlier. The current number of single-family permits issued amounts to approximately 60 percent of the average annual 23,000 homes permitted in the region from 2007 through 2009. Single-family home construction decreased by 1,000, or 16 percent, to 5,375 homes permitted in New York and by 1,025, or 13 percent, to 6,625 homes permitted in New Jersey. During the 12 months ending September 2011, multifamily building activity, as measured by the number of units permitted, increased by 5,400, or 41 percent, to 18,550 units permitted compared with a 1-percent decrease during the previous 12 months, based on preliminary data. More than 90 percent of the increase in multifamily construction activity in the region occurred in New York, with an increase of 5,025 units permitted to a total of 12,400. New Jersey registered a 7-percent increase, or 390, to a total of 6,150 permits issued for multifamily units, down from the 13-percent increase recorded during the same period a year ago. As indicated by the McGraw-Hill Construction Pipeline database, apartments account for more than 80 percent of the 29,250 multifamily units under construction in the region, and 98 percent of the 11,900 units being built in NYC.

Rental housing market conditions in the region became tighter in the third quarter of 2011 compared with market conditions in the second quarter of 2011 and a year earlier, as shown by declining vacancy rates and rising rents. Conditions were balanced to tight in Upstate New York and New Jersey, and NYC remained one of the tightest rental markets in the country. According to Reis, Inc., in the third quarter of 2011, the apartment vacancy rate in NYC was 2.6 percent, down from the 3.6-percent rate recorded a year earlier, and the average asking rent increased by more than 3 percent to $2,940. On Long Island, the vacancy rate declined from 3.9 to 3.5 percent and rents increased by nearly 3 percent to $1,590. The rental housing market tightened in the Syracuse metropolitan area, with the vacancy rate declining from 4.6 to 3.3 percent; the average rent increased slightly more than 2 percent to slightly more than $700. In the Buffalo metropolitan area, the vacancy rate decreased from 5.0 to 4.1 percent and the average rent increased by 2 percent to $750. In Northern New Jersey, the vacancy rate decreased from 4.8 to 4.3 percent and the average rent increased by more than 2 percent to $1,530. In Central New Jersey, the vacancy rate declined from 4.1 to 3.4 percent and the average rent increased by nearly 2 percent to $1,175.

MID-ATLANTIC



HUD Region III

The economy of the Mid-Atlantic region continued to improve through the third quarter of 2011 after declining during 2009 and 2010. During the 12 months ending September 2011, nonfarm payrolls increased by 97,300 jobs, or 0.7 percent, compared with the loss of 143,900 jobs, or nearly 1.1 percent, during the 12-month period ending September 2010. During the 12 months ending September 2011, the average number of jobs in the region totaled 13.7 million, up from 13.6 million a year earlier. The education and health services sector accounted for 40 percent of the net increase in the region, growing by 40,100 jobs, or 1.8 percent, an improvement over the gain of 33,250 jobs, or 1.5 percent, reported during the 12 months ending September 2010. The professional and business services sector contributed 39 percent of the regional increase in jobs with a gain of 38,200 jobs, up 1.9 percent from a year ago. Job growth also occurred in the manufacturing sector, where additions of 9,800 jobs in Pennsylvania, a 1.7-percent increase, offset losses of 2,050 jobs in Maryland, a decline of 1.8 percent, to contribute to a regional gain of 7,300 jobs, or 0.7 percent. The trade sector grew by 18,400 jobs, or 1 percent, and the mining, logging, and construction sector added 5,470 jobs, up 0.8 percent, despite the decrease of 0.3 percent, or 1,670 jobs, in the construction portion of that sector. The government sector lost 19,000 jobs during the 12 months ending September 2011, down 0.8 percent from the same period in 2010. The federal government subsector reported a loss of 4,000 jobs, or 0.6 percent, compared with the addition of nearly 32,000 jobs, or 5 percent, during the 12 months ending September 2010. The Washington, D.C. metropolitan area accounted for the loss of 3,000 jobs, or 75 percent of the decline in that subsector.

Job gains in the states in the region during the 12 months ending September 2011 ranged from 500 new jobs in Delaware, up 0.1 percent, to 63,800 new jobs in Pennsylvania, an increase of 1.1 percent. The gain in Pennsylvania more than offset the 57,350 jobs lost in that state during the previous 12-month period. Approximately 38 percent of all new jobs in Pennsylvania were in the education and health services sector, which added 24,000 jobs, up 2.1 percent from the previous year, and accounted for 60 percent of all new jobs in the sector in the region. Virginia reported a net increase of 17,400 jobs, or 0.5 percent, with 16,400 jobs added in the professional and business services sector. Maryland and West Virginia added 6,000 jobs, an increase of 0.2 percent, and 5,550 jobs, an increase of 0.7 percent, respectively. Both states recorded gains in the professional and business services and education and health services sectors, offsetting losses in the construction subsector and the manufacturing and financial services sectors in Maryland and losses in the construction subsector and the government sector in West Virginia. During the 12 months ending September 2011, the average unemployment rate in the Mid-Atlantic region decreased from 8.0 to 7.5 percent. Unemployment rates among the states in the region ranged from 6.4 percent in Virginia to 8.9 percent in West Virginia. The unemployment rate in the District of Columbia was 10.2 percent, which was the highest rate in the region.

Home sales market conditions in the Mid-Atlantic region were soft in the third quarter of 2011. During the 12 months ending September 2011, the total number of home sales declined in the region. According to the Maryland Association of REALTORS®, the number of existing home sales in Maryland totaled 50,900, down 9 percent compared with the 56,100 homes sold during the 12 months ending September 2010, and the average home sales price declined 3 percent to $282,600 from $290,600. In the Baltimore metropolitan area, 22,200 homes sold, down nearly 10 percent from the 24,600 sold during the previous year, according to Metropolitan Regional Information Systems, Inc. (MRIS®). The 12-month average home sales price declined by 5 percent to $264,000 compared with $277,000 during the previous year.

Sales housing market conditions were also soft in Virginia. During the 12 months ending September 2011, the Virginia Association of REALTORS® reported a 7-percent decline in the number of existing homes sales, to 81,700 homes sold. During the third quarter of 2011, the median home sales price decreased 6 percent to $235,000 from $249,900 a year ago. Home sales increased in the greater Richmond area during the third quarter of 2011, up nearly 17 percent to 3,350 homes sold, while the median sales price decreased by 6 percent to $185,500. During the second quarter of 2011 (the most recent data available), existing home sales declined in Delaware, Pennsylvania, and West Virginia, according to the NATIONAL ASSOCIATION OF REALTORS®. The seasonally adjusted annual home sales rate decreased 23 percent in Pennsylvania and 20 percent in Delaware, to 154,400 and 11,200 homes, respectively, relative to the sales rate during the second quarter of 2010. Home sales declined in West Virginia by 13 percent to a seasonally adjusted annual rate of 25,200 homes sold. According to MRIS®, in the District of Columbia during the 12 months ending September 2011, 6,275 homes were sold, down nearly 10 percent from the 6,925 homes sold during the previous year. Despite the decline, average home sales prices increased by 7 percent from $488,000 to $519,500. According to LPS Applied Analytics, during September 2011, the percentage of home loans that were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) in the region declined to 5.9 percent from 6.2 percent during September 2010 and remained significantly less than the 7.7-percent rate reported for the nation.

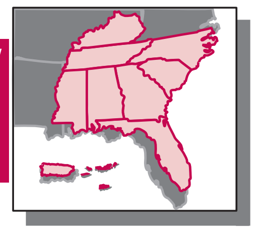
Single-family home construction declined in the region as a result of soft sales market conditions. Homebuilding activity, as measured by the number of single-family building permits issued, decreased by 3,800 permits, or 10 percent, to a total of 35,250 homes permitted during the 12 months ending September 2011 compared with a nearly 11-percent increase reported during the previous 12-month period, based on preliminary data. The largest percentage declines occurred in West Virginia, down 14 percent to 1,180 homes permitted; Delaware, down 13 percent to 2,450 homes permitted; and Virginia and

Pennsylvania, each down slightly more than 10 percent to 13,250 and 10,600 homes permitted, respectively. In Maryland, single-family home construction decreased nearly 8 percent to 7,510 homes permitted. In contrast, construction activity in the District of Columbia increased by 170 homes to 260 homes permitted. In the region's largest metropolitan areas, construction activity declined. The largest decrease occurred in the Philadelphia metropolitan area, down 12 percent to 4,720 homes permitted. The Washington, D.C. metropolitan area and the Baltimore metropolitan area each declined by slightly more than 7 percent to 9,050 and 3,320 homes permitted, respectively.

Multifamily building activity, as measured by the number of units permitted, increased by 18 percent to 14,900 units in the Mid-Atlantic region during the 12 months ending September 2011. Multifamily building activity increased the most in the District of Columbia, up 240 percent to 2,960 units permitted, followed by Delaware and West Virginia, up 21 and 19 percent to 450 and 175 units permitted, respectively. In Virginia, during the same period, the number of multifamily units permitted increased by 15 percent to 5,870 units permitted. Despite the overall gain in the region, Pennsylvania and Maryland declined by 17 and 6 percent to a total of 2,210 and 3,220 units permitted, respectively. In most of the region's largest metropolitan areas, multifamily construction activity also declined. In the Philadelphia metropolitan area, the number of multifamily units permitted decreased by 25 percent to 1,780 units permitted, and, in the Baltimore metropolitan area, the number of multifamily units permitted declined by 16 percent to 1,740 units permitted during the 12 months ending September 2011. The Washington, D.C. metropolitan area reported 7,200 units permitted, 84 percent more than during the previous year.

Apartment market conditions throughout the region were mixed during the third quarter of 2011 and changed little during the past year. The apartment market in the Philadelphia metropolitan area was tight during the third quarter of 2011, unchanged from the previous year. Delta Associates reported that, from September 2010 to September 2011, vacancy rates in the Philadelphia suburbs decreased from 4.6 to 2.6 percent, while the average rent rose 3 percent, from $1,550 to $1,600. In the Center City Philadelphia submarket, during the same period, vacancy rates declined from 4.0 to 2.3 percent. Average rents in Center City increased 4 percent, from $2,075 to $2,160. In the Baltimore metropolitan area, conditions were balanced, despite the 1,600 newly constructed apartment units that increased the overall apartment vacancy rate to 8.9 percent from 7.4 percent during the previous year. Vacancy rates at stabilized properties in the Baltimore metropolitan area declined from 3.7 to 3.4 percent while concessions declined from 2.6 to 1.3 percent from September 2010 to September 2011. In Baltimore city, during the 12 months ending September 2011, vacancy rates, including units in leasing, were relatively unchanged at 8 percent, while vacancy rates at stabilized properties declined from 3.8 to 2.2 percent. Average rents in the Baltimore metropolitan area increased by 2 percent, from $1,590 to $1,620; in Baltimore city, they increased by 6 percent to $1,710. The Washington, D.C. metropolitan area rental housing market was balanced during the 12 months ending September 2011. During that period, Delta Associates reported a vacancy rate for Class A garden apartments of 5.3 percent, nearly unchanged from 5.4 percent reported a year earlier. Vacancy rates in highrise units declined from 9.2 to 5.5 percent. During the same 12-month period, the average rent for Class A garden and highrise apartments increased by 4 percent to $1,575 and $2,400, respectively.

Southeast/ Caribbean



HUD Region IV

In the Southeast/Caribbean region during the 12-month period ending September 2011, nonfarm payrolls averaged about 25.1 million jobs, an increase of 84,000 jobs, or 0.3 percent, from the same period a year earlier. Slow job growth occurred in most areas within the region, with the largest payroll gains recorded in Florida, Kentucky, and Tennessee, which gained 29,400, 23,000, and 22,400 jobs, or 0.4, 1.3, and 0.9 percent, respectively. South Carolina, North Carolina, and Mississippi recorded job gains of 17,200, 10,900, and 6,300 jobs, or 1.0, 0.3, and 0.6 percent, respectively, during the same period. Nonfarm payrolls in Puerto Rico and Georgia declined by 15,200 and 9,800 jobs, or 1.6 and 0.3 percent, respectively. In Alabama, average nonfarm payroll jobs remained unchanged from the previous 12 months, but nonfarm payrolls for the third quarter of 2011 were down by 2,700 jobs, or 0.1 percent, compared with the third quarter of 2010, reflecting the continued effects of the tornadoes that struck the state in April 2011.

Three sectors accounted for 87 percent of the increased payrolls in the Southeast/Caribbean region during the 12 months ending September 2011. The largest increase in payrolls, 93,400 jobs, or 3.0 percent, occurred in the professional and business services sector. All eight states, Puerto Rico, and the Virgin Islands recorded job gains in the sector. The leisure and hospitality and the education and health services sectors followed, with increases of 66,800 and 47,000 jobs, or 2.5 and 1.4 percent, respectively. Job losses in the region during the 12 months ending September 2011 occurred in five sectors, led by the government sector, which fell by 83,200 jobs, or 1.8 percent, and the construction subsector, which declined by 49,400 jobs, or 5.1 percent. Government job losses occurred in federal, state, and local government subsectors. During the 12 months ending September 2011, the average unemployment rate for the region decreased to 10.6 percent, down from the 11.0-percent rate recorded during the previous 12-month period. During the past 12 months, all areas in the region reported unemployment rate declines but had unemployment rates above the 9.2-percent national average, with rates ranging from 9.5 percent in Alabama to 15.8 percent in Puerto Rico.

Most sales housing markets within the Southeast/Caribbean region are soft because of slow employment growth and large inventories of unsold homes, including numerous distressed properties. Conditions are not expected to improve significantly in the near term. According to LPS Applied Analytics, in September 2011, 10.8 percent of home loans in the region were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from 11.6 percent in September 2010. Within the region, the percentage of distressed loans in September 2011 ranged from 6.0 percent in Kentucky to 17.7 percent in Florida. The large number of distressed home loans in Florida, as well as falling home sales prices, continue to spur investor purchases in the state, resulting in increased home sales. According to data from Florida Realtors®, during the 12 months ending September 2011, existing single-family home and condominium sales in Florida increased by 4 and 16 percent, to 183,200 homes and 86,250 units sold, respectively, compared with the number sold during the previous 12-month period. The year-to-date median home sales price through September 2011 for single-family homes in the state decreased by 4 percent to $131,600 compared with the price during the same period in 2010; the year-to-date median sales price for condominiums also decreased by 4 percent to $88,200. In Miami, the number of existing single-family home sales increased by 36 percent to 9,500 homes sold and the number of condominium sales increased by 58 percent to 14,300 condominiums sold during the 12 months ending September 2011. The median sales price for a single-family home sold in September 2011 was $176,600, a decrease of 6 percent from September 2010; the median price for condominiums sold in September 2011 was $116,000, an increase of 17 percent from September 2010.

The Alabama Center for Real Estate reported that approximately 35,950 new and existing single-family homes and condominiums sold statewide during the 12 months ending September 2011, a 7-percent decrease from the 12 months ending September 2010. The average sales price for homes and condominiums was about $144,400, which was relatively unchanged from the previous 12 months. According to the Greater Louisville Association of REALTORS®, approximately 2,850 new and existing single-family homes and 310 condominiums sold in the Louisville metropolitan area during the third quarter of 2011, increases of 16 and 2 percent, respectively, from the third quarter of 2010. The median sales prices for single-family homes and condominiums sold during the third quarter of 2011 decreased by 2 and 6 percent, to $142,500 and $117,900, respectively. The Lexington Bluegrass Association of REALTORS® reported that about 6,050 new and existing single-family homes were sold in the Lexington metropolitan area during the 12 months ending September 2011, a 13-percent decrease from the previous 12 months. The average home sales price was unchanged from the previous 12 months, at $168,150. Approximately 450 condominiums and townhomes were sold in Lexington during the 12 months ending September 2011, down 24 percent from the previous 12 months, but the average sales price increased 9 percent to $153,525.

According to data from the North Carolina Association of REALTORS®, Inc., during the 12 months ending September 2011, the number of existing homes sold in the state decreased by approximately 5,150, or 6 percent, to 79,100 homes. The number of homes sold decreased in 19 of the 21 areas reported. Only the Outer Banks and Brevard areas recorded sales increases of 7 and 8 percent, to 310 and 1,360 homes, respectively. Sales decreased by 1, 6, and 12 percent in Charlotte, Greensboro-Winston Salem, and Raleigh to 22,550, 10,900, and 19,200 homes sold, respectively. Statewide, the average sales price for an existing home was approximately $199,500, a decline of $2,700, or 1 percent, from the previous 12 months. Average home sales prices decreased in 18 of the 21 reported areas, including Charlotte, Greensboro-Winston Salem, and Raleigh, where average home sales prices decreased by 2 percent or less in each area, to $202,800, $154,000, and $225,100, respectively. South Carolina REALTORS® reported 44,300 homes sold statewide during the 12 months ending September 2011, a 10-percent decrease from the previous 12 months. The number of homes sold declined in all 15 areas reported. Statewide, the median home sales price, year to date through September 2011, decreased by 1 percent to $147,900. Median home sales prices decreased in 9 of the 15 markets reported.

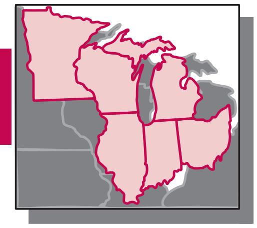
According to the Knoxville Area Association of REALTORS®, in the 12 months ending September 2011, the number of new and existing single-family homes sold in the Knoxville area decreased by 12 percent, to 8,425, but the average home sales price increased by 1 percent to about $174,700. Condominium sales in the Knoxville area decreased by 16 percent to 880, and the average sales price declined by 3 percent to $153,500. According to the Greater Nashville Association of REALTORS®, new and existing single-family home and condominium sales decreased by 8 and 19 percent, to 16,550 and 2,125 units sold, respectively, during the 12 months ending September 2011. The median home sales price for single-family homes decreased by 5 percent, from $171,800 in September 2010 to $163,000 in September 2011. The median sales price for condominiums decreased by 7 percent, from $155,000 to $144,900, during the same period.

Single-family home production, as measured by the number of permits issued, continued a 6-year decline in the Southeast/Caribbean region during the 12 months ending September 2011, because of soft home sales markets and reduced access to mortgage funds due to tighter lending standards. Based on preliminary data, during the 12-month period ending September 2011, single-family homebuilding in the region decreased by 9,575 homes permitted, or 9 percent, to 100,400 homes permitted. This number was approximately one-fifth the average number of homes permitted annually from 2004 through 2006. Every state in the region recorded a decrease, ranging from declines of approximately 350 homes, or 9 percent, in Mississippi to 2,975 homes, or 12 percent, in North Carolina. Multifamily construction, as measured by the number of units permitted, also remained below historical levels in the Southeast/Caribbean region. According to preliminary data, during the 12 months ending September 2011, the number of multifamily units permitted in the region decreased by 1,200 units, or 4 percent, to 27,525 units, also approximately one-fifth the average number of units permitted annually from 2004 through 2006. Permitting trends in the past 12 months varied widely within the region. Multifamily construction decreased by 2,625 units, or 55 percent, to 2,170 units in Tennessee but increased by 900, 800, and 930 units, or by 87, 9, and 35 percent in Kentucky, Florida, and Georgia, respectively.

Continued low levels of apartment construction and increased demand for rental units allowed many apartment housing markets in the region to reach or approach balanced conditions during the third quarter of 2011. According to Reis, Inc., between the third quarter of 2010 and the third quarter of 2011, vacancy rates decreased and asking rents increased in each of the 20 largest metropolitan areas surveyed in the region. In Miami, Charlotte, and Atlanta, apartment vacancy rates decreased over the period by 0.8, 0.2, and 2.2 percentage points to 5.1, 6.8, and 8.4 percent, respectively, and average asking rents increased between 2 and 3 percent to $1,093, $817, and $859, respectively. Real Data reports strong absorption in several apartment markets surveyed in the region during the third quarter of 2011. In the Raleigh-Durham apartment market, 3,065 apartment units were absorbed between July 2010 and July 2011, resulting in a decline of 2 percentage points in the vacancy rate to 6.7 percent in July 2011. Average rents in Raleigh-Durham increased by almost 5 percent to $824. In the Charleston apartment market, net absorption for the 12 months ending August 2011 was almost 1,100 units, reducing the vacancy rate by 3.5 percentage points to 6.3 percent. Average rents in the area increased by nearly 5 percent to $807.

MIDWEST

HUD Region V



Economic conditions in the Midwest region continued to improve during the third quarter of 2011, the third consecutive quarter of nonfarm payroll job gains. During the 12 months ending September 2011, nonfarm payrolls increased by 220,000 jobs, or by nearly 1 percent, to an average of 22.8 million jobs. Sectors reporting job gains were widespread, across both goods-producing and service-providing sectors, but were led by the professional and business services sector, which increased by 90,800 jobs, or 3.3 percent, followed by the education and health services and the manufacturing sectors, which increased by 78,600 and 69,000 jobs, or 2.2 and 2.5 percent, respectively. Nonfarm payroll declines were reported in the government, financial activities, and information sectors, which decreased by 54,400, 9,500, and 7,000 jobs, respectively, or 1.5, 0.7, and 1.9 percent. Almost 60 percent of the decline in government payrolls was at the state and local subsectors, in response to decreasing tax revenue. Each state in the Midwest region reported nonfarm payroll increases for the third consecutive quarter, led by Ohio, which added 58,500 jobs, a 1.2-percent increase, followed by Michigan and Illinois, which added 55,000 and 54,300 jobs, increases of 1.4 and 1.0 percent, respectively. In Wisconsin, Minnesota, and Indiana, increases in nonfarm payrolls totaled 23,400, 20,000, and 8,800, or 0.9, 0.8, and 0.3 percent, respectively. The unemployment rate declined in each of the six Midwest region states and in the region as a whole for the 12 months ending September 2011. For the region, the unemployment rate averaged 9.0 percent, down from an average of 10.4 percent during the previous year. By state, Minnesota reported the lowest average unemployment rate in the region, at 6.8 percent, followed by Wisconsin and Indiana, which reported average unemployment rates of 7.6 and 8.8 percent, respectively. The average unemployment rates in Ohio, Illinois, and Michigan were 9.1, 9.3, and 10.8 percent, respectively.

State and local REALTOR® associations reported soft sales housing markets, with a declining number of home sales and generally declining home sales prices. The Illinois Association of REALTORS® reported that the number of existing home sales in Illinois declined almost 11 percent, to 99,750, for the 12 months ending September 2011 compared with the number of sales in the previous 12-month period. The median home sales price in September 2011 was $136,900, almost 6 percent less than the median sales price reported in September 2010. In the Chicago metropolitan area, home sales declined 10 percent to 67,000 homes sold during the 12 months ending September 2011, while the median sales price declined 9 percent to $160,000 compared with the price during the previous 12 months. The Indiana Association of REALTORS® reported statewide sales of existing homes declined by nearly 9 percent, to 56,450, during the 12 months ending September 2011 compared with sales during the previous year. The Indiana statewide median sales price recorded in September 2011 was $113,000, representing a 2-percent increase from the median price in the previous year.

The Michigan Association of REALTORS® reported existing home sales in the state declined by more than 7 percent during the 12 months ending September 2011, to 104,400, while the average home sales price increased 2 percent, to $107,300. The Minnesota Association of REALTORS® identified a 4-percent decline in statewide home sales to 67,850 homes sold, and a nearly 7-percent decline in the median sales price to $140,000 in September 2011. According to the Ohio Association of REALTORS®, home sales in Ohio declined nearly 9 percent, to 95,450 homes sold and the average home sales price of $130,300 was 2 percent less than during the 12 months ending September 2010. In Wisconsin, the Multiple Listing Service data for the four-county Milwaukee area showed an 11-percent decline in home sales, to 11,250 homes sold, and more than a 2-percent increase in the median sales price to $168,900 during the 12 months ending September 2011. According to LPS Applied Analytics, in September 2011, the number of home mortgage loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) decreased to 487,400, or 8.0 percent of all mortgage loans recorded in the Midwest region. These data reflect an improvement from September 2010, when 506,900 mortgage loans, or 8.6 percent of the total outstanding number of mortgages, were in this status.

Although the economy in the Midwest region has improved, home sales markets remain weak and builders have adjusted new single-family home construction levels downward, as indicated by the number of building permits issued. For the region, approximately 38,650 new single-family homes were permitted during the 12 months ending September 2011, a decrease of 11 percent from the 43,400 single-family homes permitted in the previous 12 months, according to preliminary data. During the 12 months ending September 2011, single-family home construction activity declined in every state in the region except in Michigan, where the number of single-family homes permitted increased by 5 percent, to 6,200 homes, due to increasing production in the Detroit metropolitan area. The number of homes permitted decreased by 17 percent to 7,925 homes in Ohio and by 15, 14, and 13 percent, to 5,400, 5,475, and 5,350 homes, respectively, in Wisconsin, Minnesota, and Illinois. In Indiana, the decline in single-family home construction was 9 percent, to 8,300 homes permitted, during the 12 months ending September 2011.

Major metropolitan areas in the region also reported decreased single-family homebuilding activity during the 12 months ending September 2011, with the exception of Detroit, where the number of single-family homes permitted increased 26 percent, to 2,725, according to preliminary data. Elsewhere in the region, declines in single-family construction activity ranged from 4 percent in Milwaukee, to 890 homes permitted, to 22 percent in Columbus, to 2,325 homes permitted. Compared with totals for the previous year, the number of homes permitted declined by 6 percent to 3,650 homes in Indianapolis, by 11 percent to 4,025 homes in Chicago, by 12 percent to 3,575 homes in Minneapolis, by 18 percent to 2,525 homes in Cincinnati, and by 19 percent to 1,600 homes in Cleveland.

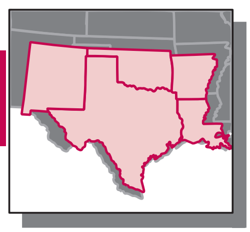
Multifamily construction activity, as measured by the number of units permitted, increased by 7 percent to 16,200 units permitted in the Midwest region during the 12 months ending September 2011, according to preliminary data. Multifamily production increased by 12 percent to 3,000 units permitted in Ohio, by 21 percent to 3,850 units in Illinois, by 24 percent to 3,300 units in Wisconsin, and by 26 percent to 1,350 units permitted in Michigan. The number of multifamily units permitted declined in Indiana and Minnesota, by 13 and 17 percent, respectively, to 2,725 and 1,950 units. Metropolitan areas in the Midwest region reported mixed construction activity for the 12 months ending September 2011, with increasing production in Chicago, Detroit, and Milwaukee, where the number of units permitted increased by 14, 22, and 45 percent, to 2,725, 660, and 980 units, respectively. The number of units permitted more than doubled, to 900, in Cincinnati and tripled, to 200, in Cleveland. The number of multifamily units permitted declined in Columbus, Minneapolis, and Indianapolis, by 1, 15, and 29 percent, respectively, to 1,600, 1,425, and 1,525 units permitted.

Rental housing market conditions were generally balanced to tight in major metropolitan areas in the Midwest region in the third quarter of 2011, and all areas showed improvement from the third quarter of 2010. The exception is the Columbus rental housing market, which, while stronger than in the third quarter of 2010, is still slightly soft, with an apartment vacancy rate of 7.7 percent, according to Reis, Inc., down from 8.9 percent a year ago. The average rent in the Columbus area rose 2 percent, to nearly $700, during the past year. In Detroit and Indianapolis, apartment conditions are balanced, with vacancy rates of 5.7 and 6.4 percent, respectively, down from 7.1 and 8.3 percent a year ago. The average rent rose 2 percent in each city, to nearly $840 in Detroit and to more than $690 in Indianapolis. In Milwaukee, apartment market conditions are tight, as the average vacancy rate decreased to 4.1 percent from 4.8 percent in the third quarter of 2010, and the average rent rose 1 percent to nearly $850, according to Reis, Inc.

In the Chicago area, according to MPF Research, apartment occupancy in the third quarter of 2011 indicated tight apartment housing conditions, with an estimated vacancy rate of 4.5 percent, down from the 6-percent rate reported in the third quarter of 2010. The average monthly rent in the Chicago area increased 5 percent, to nearly $1,150. In the Intown Chicago submarket, which includes downtown and surrounding neighborhoods, MPF Research reported the apartment vacancy rate was 5.1 percent, down from 7.5 percent in the third quarter of 2010, and the average rent increased almost 7 percent, to more than $1,600. In Minneapolis, GVA Marquette Advisors identified a tight rental housing market, with an apartment vacancy rate of 2.3 percent, down from 4.2 percent in the third quarter of 2010, and an average apartment rent that rose 2 percent, to $925. In downtown Minneapolis, the apartment market is also tight, with an apartment vacancy rate of 1 percent, down from 3.1 percent a year ago, and an average rent that rose nearly 9 percent, to $1,225.

Southwest

HUD Region VI



For the third consecutive quarter, nonfarm payroll jobs in the Southwest region recorded year-over-year increases following 2 years of declines. During the 12 months ending September 2011, average nonfarm payrolls increased by 1.8 percent, or 277,500 jobs, to 15.9 million jobs. By comparison, for the 12 months ending September 2010, average nonfarm payrolls declined by 1.3 percent, or 212,900 jobs. During the 12 months ending September 2011, the education and health services and the professional and business services sectors recorded the largest job growth, gaining 60,800 and 56,000 jobs, respectively. The mining and logging subsector, which benefited from increased oil and gas prices, was the region's fastest growing sector, with an increase of 38,900 jobs, or 12.1 percent. The construction subsector and the manufacturing and financial activities sectors each gained jobs during the most recent 12 months, with increases of 23,300, 20,100, and 5,200 jobs, respectively, as housing markets in parts of the region began to recover. The information and government sectors recorded the only jobs losses during the 12 months ending September 2011, down by 19,900 and 5,300 jobs, respectively. The decline in government jobs represents the second consecutive quarter of year-over-year employment losses in the sector following more than 10 years of job growth, because many state and local governments in the region responded to lower tax revenues by reducing staffing levels.

During the 12 months ending September 2011, a decline of 1,400 jobs, or 0.2 percent, in New Mexico was more than offset by nonfarm payroll gains in all other states in the region. Texas led job growth during that period with an increase of 2.2 percent, or 228,200 jobs spread throughout all sectors except the information and government sectors, which declined by 7,400 and 1,700 jobs, respectively. In Arkansas, nonfarm payrolls increased by 12,400 jobs, or 1.1 percent, because losses in the goods-producing sectors and the government sector were offset by gains in all private service-providing sectors. In Oklahoma, nonfarm payrolls increased by 21,700 jobs, or 1.4 percent, with a decline of 4,800 jobs in the government sector offset by gains in most other sectors, including the manufacturing sector, which gained 7,800 jobs, the largest year-over-year increase in the sector since 2006. In Louisiana, payrolls increased by 16,500 jobs, or 0.9 percent, the second consecutive quarter of year-over-year increases following 2 years of declines; however, total gains were partially offset by a decline of 10,200 jobs, or 2.8 percent, in the government sector. For the 12 months ending September 2011, the unemployment rate in the region remained unchanged at 7.9 percent compared with the rate for the previous 12 months. The average unemployment rates ranged from 6.1 percent in Oklahoma to 8.2 percent in Texas. New Mexico, Louisiana, and Arkansas recorded unemployment rates of 7.6, 7.7, and 8.0 percent, respectively.

Sales housing market conditions in the Southwest region remained soft during the third quarter of 2011 despite modest job gains in the region over the past 12 months. In Texas, during the 12 months ending September 2011, the number of new and existing homes sold declined by 5 percent, to approximately 202,000 homes, compared with the number sold during the previous 12 months, according to the Real Estate Center at Texas A&M University. For the 12-month period ending September 2011, the inventory of unsold homes in Texas was at a 7.7-month supply, up from the 7.2-month supply for the previous 12-month period and well above the 5-month average supply recorded from 2006 through 2008. In most major metropolitan areas in Texas, new and existing home sales fell during the 12 months ending September 2011, with declines ranging from 1 percent in Austin to 9 percent in Fort Worth. Houston, San Antonio, and Dallas recorded decreases in home sales of 3, 5, and 7 percent, respectively. During the 12 months ending September 2011, the average home sales price in Texas increased 4 percent to $196,300 compared with the average price during the previous 12 months. Among major metropolitan areas in Texas, home sales price increases ranged from 2 percent in Fort Worth and 3 percent in Houston to 4 percent in Dallas, Austin, and San Antonio.

Home sales also declined in a number of housing markets elsewhere in the region during the 12 months ending September 2011. In New Orleans, according to the New Orleans Metropolitan Association of REALTORS® and Gulf South Real Estate Information Network, Inc., new and existing single-family home sales fell 4 percent to 7,200 homes, and the average home sales price remained essentially unchanged at $209,900. Based on data from the Greater Baton Rouge Association of REALTORS®, during the 12 months ending September 2011, the number of homes sold in Baton Rouge declined by 6 percent to 6,300 homes, and the average home sales price increased 2 percent to $194,900. The Greater Albuquerque Association of REALTORS® reported that, during the 12 months ending September 2011, the number of single-family home sales in Albuquerque was down 8 percent to 6,425 homes compared with the number of sales during the previous 12 months, and the average home sales price declined 3 percent to $206,800. The number of condominium sales in Albuquerque declined by 21 percent, to 600, during the same time. According to the Oklahoma Association of REALTORS®, during the second quarter of 2011 (the most recent data available), the number of new and existing homes sold in Oklahoma was down 7,250, or 16 percent, to 38,800 homes sold, and the average home sales price increased by approximately 5 percent, to $151,400, compared with the average price during the second quarter of 2010. According to the Arkansas REALTORS® Association, during the 12 months ending May 2011, the number of new and existing homes sold in the state declined by 1,025, or 4 percent, to 22,950 homes compared with the number of homes sold during the previous 12 months, and the average home sales price declined by 2 percent to $142,600.

Builders in the Southwest region responded to declining home sales by reducing single-family construction activity, as measured by the number of building permits issued. During the 12 months ending August 2011, 81,300 single-family homes were permitted, a decline of 10,000 homes, or 11 percent, compared with the number permitted during the previous 12 months, based on preliminary data. For the 12 months ending August 2011, Texas recorded an 11-percent decrease in the number of single-family homes permitted, down by 7,500 homes to 59,300 homes permitted. Other states in the region also experienced declines in the number of single-family homes permitted, ranging from 2 percent in Louisiana to 19 percent in Arkansas. New Mexico and Oklahoma recorded declines of 14 and 15 percent, respectively.

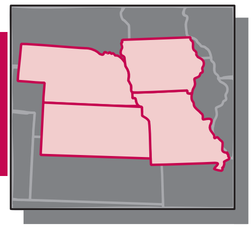
Rental housing market conditions are soft in most of the large metropolitan areas in Texas; however, because building activity remains well below the levels recorded during the mid-2000s, conditions improved significantly during the second quarter of 2011. The Austin rental market is currently balanced. According to ALN Systems, Inc., the apartment vacancy rate in Austin for the third quarter of 2011 was 5.3 percent, down from 7.8 percent during the third quarter of 2010, and the average rent increased 6 percent to $900. All other major Texas rental markets are currently soft. In San Antonio, the apartment vacancy rate declined from 9.4 to 8.1 percent during the third quarter of 2011, and the average rent increased 3 percent to $760. Rental markets in Dallas and Fort Worth remained soft, with apartment vacancy rates of 7.6 and 8.7 percent, respectively, during the third quarter of 2011. The average rents in Dallas and Fort Worth increased by 3 and 2 percent to $830 and $710, respectively, compared with rents during the third quarter of 2010. The Houston rental market was the softest of all major rental markets in Texas, with an 11-percent apartment vacancy rate during the third quarter of 2011, down from 13.2 percent during the third quarter of 2010. Rents remained essentially unchanged during that period at $790.

Rental housing market conditions also improved in other large metropolitan areas throughout the Southwest region during the third quarter of 2011. Rental markets in Albuquerque and Little Rock are currently balanced. According to Reis, Inc., in the third quarter of 2011, the apartment vacancy rate in Albuquerque was 4.1 percent, down from 5.6 percent a year earlier, and the average rent increased 2 percent to $730. In Little Rock, during the third quarter of 2011, the apartment vacancy rate was 6.2 percent, down from 7.8 percent a year earlier, and the average rent increased approximately 1 percent to $660. Rental markets in the largest metropolitan areas in Oklahoma are improving but remained soft during the third quarter of 2011. In Oklahoma City, the apartment vacancy rate declined significantly from the third quarter of 2010 to the third quarter of 2011, from 9.2 to 7.1 percent, and the average rent increased 2 percent to $560. Rental market conditions improved in New Orleans during the third quarter of 2011; the apartment rental vacancy rate fell to 7.7 percent, down from the 9.5-percent rate recorded a year earlier, and the average rent increased by 2 percent to $880.

Despite continued soft conditions in many large metropolitan areas, builders responded to improving rental housing market conditions. Multifamily construction activity, as measured by the number of units permitted, increased in the Southwest region during the 12 months ending August 2011, after large activity declines during the previous 2 years. Based on preliminary data, during the 12 months ending August 2011, the 29,300 units permitted reflect a 52-percent increase compared with the number of units permitted during the previous 12 months. For the 12 months ending August 2011, multifamily permitting levels remain approximately 55 percent below the average of 65,800 units recorded during the peak years of 2006 through 2008. During the 12 months ending August 2011, the number of multifamily units permitted in Texas increased by 60 percent, or 9,750 units, from the previous year, to 25,900 units. In other states in the region, changes in multifamily units permitted ranged from a decline of 160 units in Arkansas to an increase of 1,225 units in Louisiana. New Mexico and Oklahoma recorded increases of 70 and 220 units, respectively.

Great Plains

HUD Region VII



Nonfarm payrolls in the Great Plains region increased during the third quarter of 2011, the first consecutive quarterly increase in nonfarm payroll jobs since 2005. During the 12 months ending September 2011, average nonfarm payrolls increased by 0.3 percent, or 20,900 jobs, to 6.4 million jobs. In comparison, average nonfarm payrolls declined by 2 percent, or 132,500 jobs, during the 12 months ending September 2010. The professional and business services sector recorded the largest growth in the region, gaining 13,400 jobs, a 2-percent increase. The manufacturing sector increased by 12,000 jobs, or 1.7 percent, with every state in the region recording increased payrolls in the sector. Despite the significant increase in the manufacturing sector, employment levels remain 117,200 jobs below the peak of more than 822,500 jobs recorded in the sector during the third quarter of 2006. The number of jobs continued to decline from the previous quarter in the government sector, which decreased by 11,900 jobs, or 1 percent, compared with an increase of 2,200 jobs, or 0.2 percent, during the 12 months ending September 2010. Job losses in the sector are predominantly at the local level as many cities and municipalities continue to struggle with less revenue. The information sector, which recorded declines in every state in the region, lost 7,300 jobs, a 5.3-percent decrease, during the 12 months ending September 2011.

Nonfarm payroll gains in Nebraska, Iowa, and Missouri offset job losses in Kansas during the 12 months ending September 2011. In Nebraska, nonfarm payrolls increased by 13,100 jobs, or 1.4 percent, led by an increase of more than 6,200 jobs, or 6.2 percent, in the professional and business services sector. In Iowa, nonfarm payrolls increased by 11,800 jobs, or 0.8 percent, led by gains of 4,300 jobs, or 3.3 percent, in the leisure and hospitality sector and 3,900 jobs, or 3.2 percent, in the professional and business services sector. Nonfarm payrolls in Missouri increased slightly by 200 jobs during the 12 months ending September 2011, the first quarterly increase in the number of jobs since the third quarter of 2008. Nonfarm payroll increases were led by gains of 5,800 jobs, or 2.4 percent, in the manufacturing sector, which partially offset losses totaling 6,900 jobs in the government sector. In Kansas, nonfarm payrolls declined by 4,200 jobs, or 0.3 percent, with declines in the information and financial activities sectors accounting for nearly 50 percent of the total loss. For the 12 months ending September 2011, the unemployment rate in the region decreased to an average of 7.2 percent, an improvement from the 7.6-percent rate recorded during the previous 12 months. The average unemployment rates ranged from 4.3 percent in Nebraska to 9.1 percent in Missouri. Iowa and Kansas recorded rates of 6.1 and 6.8 percent, respectively.

Sales housing market conditions remained soft throughout all the states in the Great Plains region during the third quarter of 2011, despite modest job gains in the region during the past 12 months. According to Hanley Wood, LLC, during the 12 months ending September 2011, the number of new and existing homes sold in the region declined by 17 percent to 133,500 homes compared with the number sold during the previous 12-month period. Missouri recorded the largest absolute decline in the number of homes sold during the past year, down by 10,550 homes, or 14 percent, to 66,450 homes sold. During the same period, home sales in Nebraska declined to 12,900 homes, a 33-percent decrease, representing the largest rate of decline of any state in the region. In Kansas and Iowa, new and existing home sales decreased by 17 and 15 percent, to 23,800 and 30,350 homes sold, respectively. During the 12 months ending September 2011, despite the decline in sales, the average sales price in the region increased to $153,100, up 4 percent compared with the sales price from a year earlier, mostly because of a 17-percent decrease in distressed sales. According to LPS Applied Analytics, during the third quarter of 2011, the percentage of total loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) fell in every state in the region except Iowa, where the rate remained unchanged at 4.8 percent. The rate fell from 5.4 to 5.1 percent in Missouri, from 3.7 to 3.4 percent in Nebraska, and from 4.9 to 4.8 percent in Kansas during the past year.

Home sales continued to decline in all major sales housing markets throughout the region during the third quarter of 2011, following state trends, although home prices in most major markets continued to stabilize. According to the Kansas City Regional Association of REALTORS® and Heartland Multiple Listing Service, Inc., during the 12 months ending September 2011, the average price of a home in Kansas City decreased 4 percent to $155,900. Home sales in Kansas City fell 9 percent to 22,450 homes sold. In St. Louis, existing home sales decreased by 1,900 homes, or 13 percent, to 13,000 homes sold, based on city and county data from the St. Louis Association of REALTORS®, but the average home sales price was unchanged at $179,600. For the 12 months ending September 2011, the Des Moines Area Association of REALTORS® reported that home sales declined 7 percent in Des Moines to 7,275 homes compared with the number sold during the previous 12-month period. The average home sales price in Des Moines was up slightly to $162,300, indicating a 2-percent increase. According to the Wichita Area Association of REALTORS®, during the 12 months ending September 2011, the number of homes sold in Wichita declined by 12 percent to 7,375 homes, and the average home sales price remained unchanged at $134,700. According to the Omaha Area Board of REALTORS®, during the 12 months ending September 2011, the number of home sales in Omaha decreased by 8 percent to 8,325 homes sold, and the average home price increased by 1 percent to $166,300.

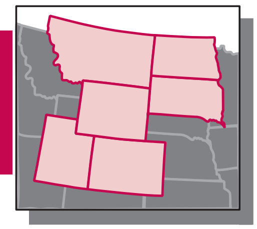
Single-family construction activity, as measured by the number of single-family building permits issued, declined in every state in the region, with the exception of Iowa, as builders responded to the decreased number of home sales. During the 12 months ending September 2011, based on preliminary data, 15,900 single-family homes were permitted in the region, a decrease of 1,300 homes, or 8 percent, compared with the number permitted during the previous 12 months. Missouri recorded a 13-percent decrease in the number of single-family homes permitted, down 780 to 5,050 homes permitted, which represents the largest numerical decline in the region. Permitted homes declined 9 percent in Kansas and 12 percent in Nebraska. Iowa recorded a 3-percent increase to 5,025 single-family homes permitted, the first quarterly increase since 2010.

Rental housing market conditions were mixed in the large metropolitan areas throughout the Great Plains region during the third quarter of 2011. The apartment market in Wichita was balanced during the third quarter of 2011, with a vacancy rate of 5.4 percent, down from 7.6 percent a year earlier, and the average rent remained relatively unchanged at $520, according to Reis, Inc. In Omaha, during the third quarter of 2011, the apartment market was tight, with a vacancy rate of 4.5 percent, down from 4.9 percent a year earlier, and the average rent increased approximately 2 percent to $710. Rental markets in the largest metropolitan areas in Missouri improved significantly during the past year. In Kansas City, during the third quarter of 2011, the apartment vacancy rate declined from 8.6 to 6.5 percent, and the average rent increased 2 percent to $720. In St. Louis, the vacancy rate declined from 8 percent in the third quarter of 2010 to 6.7 percent for the same period in 2011, and the average rent increased by 1.5 percent to $740. The rental market in Des Moines tightened during the third quarter of 2011, with a 3.7-percent apartment vacancy rate, down from 5.2 percent a year earlier, and the average rent increased by about 2 percent to $720.

Multifamily construction, as measured by the number of multifamily units permitted, increased by 5 percent, to 7,125 units, in the Great Plains region during the past year compared with the number permitted during the 12 months ending September 2010, according to preliminary data. In comparison, multifamily construction activity averaged 15,850 units permitted annually from 2005 through 2008. During 2009 and 2010, weakened economic conditions and limited credit availability have reduced construction levels in Missouri and Iowa. In Missouri, during the 12 months ending September 2011, the number of multifamily units permitted declined by 13 percent, or 370 units, to 2,475 units compared with the previous year. During the same 2011 period, the number of multifamily units permitted in Iowa declined 16 percent to 1,550 units. Improving rental market conditions in Kansas led to the permitting of 1,650 units, an increase of 130 units, or 8 percent. In Nebraska, permits were issued for 1,450 units, up from the 600 units permitted for the 12 months ending September 2010.

Rocky Mountain

HUD Region VIII



After 2 years of job losses in the Rocky Mountain region, nonfarm payroll growth resumed in early 2011. Growth was helped by strong energy demand and a recovery in the manufacturing sector. For the 12 months ending September 2011, nonfarm payrolls averaged about 4.9 million jobs, an increase of 58,700 jobs, or 1.2 percent, from the previous 12 months. By contrast, nonfarm payrolls for the 12 months ending September 2010 were down by 93,400 jobs, or 1.9 percent, from a year earlier. The sector with the largest employment gain in the past 12 months was the leisure and hospitality sector, which added 17,700 jobs, a 3.3-percent increase. The education and health services and professional and business services sectors followed; both grew by 2.6 percent, gaining 16,200 and 15,200 jobs, respectively. Reversing a trend, manufacturing sector payrolls grew by 5,900 jobs, or 1.8 percent, after falling by 19,200 jobs, or 5.6 percent, in the previous 12 months, and mining and logging subsector payrolls grew by nearly 13,000 jobs, or 16 percent, after falling by about 4,000 jobs, or 5 percent, in the previous 12 months. The recent payroll growth was partly offset by continued losses in the financial activities sector and the construction subsector, which declined by 6,300 and 8,500 jobs, or 2.1 and 3.2 percent, respectively.

Within the region, North Dakota had the fastest rate of job growth, with nonfarm payrolls increasing by 16,100 jobs, or 4.3 percent, from a year earlier. North Dakota continued to have the fastest rate of job growth among all states in the nation, much of it driven by energy-related activity. In the past 12 months, mining and logging subsector payrolls in the state increased by 5,200 jobs, or 57 percent, from a year earlier. In Utah and Wyoming, nonfarm payrolls grew by 1.7 percent, gaining 19,900 and 4,900 jobs, respectively. The manufacturing and the professional and business services sectors, which increased by 3,600 and 8,400 jobs, or 3.2 and 5.6 percent, respectively, led job growth in Utah. In Wyoming, much of the payroll growth was in the mining and logging subsector, which increased by 2,400 jobs, or 9.8 percent. In South Dakota, Montana, and Colorado, nonfarm payrolls increased by 3,200, 3,100, and 11,400 jobs, or by 0.8, 0.7, and 0.5 percent, respectively. In Colorado, mining and logging subsector payrolls increased by 12 percent, but this increase was offset by losses in the construction subsector and the financial activities sector, which declined by 7.3 and 2.8 percent, respectively. Recent payroll growth, as expected, has caused the unemployment rate in the region to decline. During the 12 months ending September 2011, the unemployment rate in the region averaged 7.5 percent, down from an average of 7.7 percent in the previous 12 months. Within the region, unemployment rates for the past 12 months ranged from 3.5 percent in North Dakota to 8.8 percent in Colorado, but all states in the region remained below the 9.2-percent national average.

Despite recent employment gains and low interest rates, the sales housing market in the Rocky Mountain region remains soft. According to the NATIONAL ASSOCIATION OF REALTORS®, in the second quarter of 2011 (the most recent data available), home sales in the region fell 14 percent from a year earlier, to an annual average of 176,400 homes sold. While home sales in Wyoming were up 9 percent, declines in other states ranged from 11 percent in Colorado to 30 percent in North Dakota. The fall in the number of home sales is partly a result of the expiration of the homebuyer tax credit in April 2010. Home sales prices were also down for most states in the region. Based on the Federal Housing Finance Agency home price index, prices in the region in the second quarter of 2011 were down 2.8 percent from a year ago. Although home prices in North Dakota were up 4.5 percent, prices remained flat in South Dakota. Home prices fell 3.2 percent in both Montana and Wyoming and 3.5 and 6.1 percent, respectively, in Colorado and Utah.

Home sales for the 12 months ending August 2011 were down in most metropolitan areas of the Rocky Mountain region, but home prices were up in a few areas. Based on data from Hanley Wood, LLC, the number of existing homes sold in the Denver-Aurora, Colorado Springs, and Fort Collins-Loveland metropolitan areas of Colorado was down 11, 12, and 7 percent from a year earlier, to about 35,600, 8,400, and 4,800 homes sold, respectively. In Grand Junction, contrary to trends in other parts of Colorado, the number of existing home sales was up 11 percent, to about 2,300 homes sold. Much of that increase, however, consisted of REO (Real Estate Owned) transactions. In the 12 months ending August 2011, the number of REO sales in the area doubled from a year earlier, to about 900 homes sold. As a result, existing home sales prices in Grand Junction fell by 12 percent, to about $184,200. Average sales prices in Denver-Aurora and Fort Collins-Loveland were up by 2 and 3 percent, respectively, to $249,600 and $242,600, but declined by 1 percent, to $207,000, in Colorado Springs. In the major metropolitan areas of Utah, home sales and prices both have declined. In the 12 months ending August 2011, sales of existing homes in Salt Lake City, Ogden-Clearfield, and Provo-Orem were down by 10, 16, and 7 percent, to 16,300, 6,700, and 6,800 homes sold, respectively. Average prices for existing homes were down 2, 1, and 5 percent in Salt Lake City, Ogden-Clearfield, and Provo-Orem, respectively, to $241,700, $196,100, and $210,600. Elsewhere in the region, home sales were down, but average prices were up in some areas. In the 12 months ending August 2011, existing home sales in Fargo, Billings, and Cheyenne were down 23, 17, and 1 percent from a year earlier, to about 2,500, 1,800, and 1,550 homes sold, respectively, but average prices were up by 5, 1, and 4 percent, to $167,000, $202,400, and $196,900, respectively.

Home sales markets in the Rocky Mountain region may be stabilizing because the rate of mortgage delinquencies has declined in the past year. Based on data from LPS Applied Analytics, 4.8 percent of home mortgage loans in the region were delinquent 30 days or more in September 2011, down from 5.3 percent a year ago. Delinquencies in the region peaked in early 2010, at 6.4 percent, but declined in 2010 and 2011. Within the region, mortgage delinquency rates in September 2011 ranged from 2.9 percent in North Dakota to 6.5 percent in Utah, but all states in the region were below the 7.2-percent national average.

Continued softness in the home sales market has caused single-family homebuilding activity in the Rocky Mountain region to decline. Based on preliminary data, in the 12 months ending August 2011, single-family construction, as measured by the number of permits issued, was down 7 percent compared with a year earlier, to about 19,100 homes. By comparison, from 2004 through 2006, single-family construction in the region averaged more than 72,000 homes a year. In the 12 months ending August 2011, single-family construction in North Dakota and Wyoming was up by 5 and 4 percent, to 1,700 and 1,200 homes permitted, respectively; in Colorado, Utah, Montana, and South Dakota, however, single-family activity fell by 5, 9, 18, and 19 percent, to 7,700, 6,000, 1,000, and 1,500 homes permitted, respectively.

Multifamily construction, as measured by the number of permits issued, is showing signs of strengthening for the region overall, but construction activity remains weak in some areas. Multifamily construction activity in the region increased by 32 percent in the 12 months ending August 2011, to about 9,900 units permitted. In Colorado, multifamily activity more than doubled, to 3,900 units permitted, with more than one-half of the construction, or 2,300 units, occurring in the Denver-Aurora metropolitan area. In Utah, Montana, and North Dakota, multifamily construction activity increased by 10, 44, and 54 percent, to 2,600, 600, and 1,900 units permitted, respectively. In South Dakota and Wyoming, however, multifamily construction declined by 37 and 59 percent, to 600 and 350 units permitted, respectively.

Rental housing markets in the Rocky Mountain region have tightened in the past year, a result of growth in the number renter households. In addition, rental construction in many areas has not kept pace with demand. Rental market conditions now range from balanced to tight in most areas. Based on data from Apartment Insights, Inc., in the third quarter of 2011, the Denver-Aurora, Fort Collins-Loveland, and Boulder markets were tight, with apartment vacancy rates of 5.0, 3.8, and 3.7 percent compared with 5.5, 3.6, and 4.2 percent, respectively, a year ago. In the Denver-Aurora and Boulder areas combined, about 1,700 units are expected to be completed in 2011, down from an average of about 4,300 units annually for 2008 and 2009. In 2012, however, completions in the Denver-Aurora area are expected to increase. The Colorado Springs rental housing market is somewhat tight, with a 5.2-percent vacancy rate, down from 6.6 percent a year ago. The Colorado Springs rental market is expected to reach a more balanced state, however, when an estimated 650 units are completed during the next 12 to 18 months, the largest number of completions in the past 8 years. Apartment rents in the Fort Collins-Loveland area increased by 8 percent, to an average of $920 a month. In both the Colorado Springs and Boulder areas, rents increased by 4 percent, to $740 and $1,000 a month, respectively, while rents in the Denver-Aurora area increased by 5 percent, to $900 a month. Based on data from Reis, Inc., apartment markets in the Salt Lake City and Ogden-Clearfield areas are somewhat tight, with third quarter 2011 vacancy rates of 5.4 and 4.4 percent, down from 6.8 and 5.0 percent, respectively, a year ago. Average rents increased by 2 and 1 percent, to about $770 and $700 a month, respectively. In Salt Lake City and Ogden-Clearfield, based on the number of units in the pipeline, it appears that construction is keeping pace with demand. In the Provo-Orem area the apartment market is tight, with a 3.6-percent vacancy rate, down from 5.5 percent a year ago, but rents remain stable at about $770 a month. In the past 12 months, fewer than 250 multifamily units were permitted in Provo-Orem, and supply does not appear to be keeping pace with demand. Based on data from Appraisal Services, Inc., as of the second quarter of 2011, the Fargo rental housing market was balanced to tight, with a 5-percent vacancy rate, down from 6 percent a year ago. Recent flooding of the Red River resulted in the loss of hundreds of homes in the area, which is expected to lead to tightening in the Fargo rental housing market.

PACIFIC

HUD Region IX

Economic conditions in the Pacific region are showing modest signs of improvement after declining by an average of 169,100 jobs annually between October 2008 and September 2010. Nonfarm payrolls increased by 36,700 jobs, or 0.8 percent, during the 12 months ending September 2011 compared with the number of jobs during the previous 12 months. The professional and business services sector led job growth in the region, adding 17,200 jobs, an increase of 2.6 percent. The construction subsector had the largest decline in nonfarm payrolls, with a loss of 3,250 jobs, or 1.7 percent, because of slow residential and commercial construction.

Gains in the number of nonfarm payroll jobs occurred in Arizona, California, and Hawaii, but the number of jobs declined in Nevada. California added 135,700 jobs, an increase of 1.0 percent, during the 12 months ending September 2011, compared with a loss of 406,500 jobs, or 2.8 percent, during the previous 12 months. Job growth was driven by an increase of 66,250 jobs, or 3.2 percent, in the professional and business services sector as a result of employers hiring additional administrative support staff. The government sector declined by 47,000 jobs, or 1.9 percent. The San Francisco Bay Area and Southern California added 12,850 and 56,250 jobs, or 0.3 and 0.4 percent, respectively. In Hawaii, 7,075 jobs, or 1.2 percent, were added during the 12 months ending September 2011 compared with a loss of 12,400 jobs, or 2.1 percent, during the previous 12 months. The retail trade subsector had the largest percentage gain in employment, adding 1,425 jobs, or 14.9 percent, resulting from a 16-percent increase in tourist spending during the 12 months ending September 2011, compared with the number of jobs during the previous 12 months. Nonfarm payrolls increased by 8,725 jobs, or 0.4 percent, in Arizona during the 12 months ending September 2011. The education and health services sector added 14,050 jobs, an increase of 3.2 percent. In Nevada, nonfarm payrolls fell by 4,775 jobs, or 0.4 percent, to an average of 1,115,000 jobs. The largest percentage declines in both Arizona and Nevada were in the construction subsector, which lost 1,875 and 6,550 jobs, or 1.7 percent and 10.5 percent, respectively. The average unemployment rate in the region increased to 11.8 percent, up slightly from 11.7 percent during the previous year. The average unemployment rate ranged from 6.2 percent in Hawaii to 14.2 percent in Nevada.

The new and existing sales housing markets in all four states of the Pacific region were soft during the 12 months ending September 2011 due to high unemployment and stricter lending standards. According to Hanley Wood, LLC, new and existing home sales fell by 7 percent to 605,300. In Arizona, the number of sales decreased to 114,100 homes, a 6-percent decline compared with the number sold during the previous 12-month period. The average home sales price declined by 7 percent to $167,700. Arizona REO (Real Estate Owned) sales as a percentage of existing home sales decreased to 48 percent during the 12 months ending September 2011 compared with 55 percent during the previous 12 months. In the Phoenix area, the number of homes sold declined by 1 percent to 95,700 homes and the average home sales price declined by 8 percent to $168,900.

California reported 415,800 new and existing homes sales during the 12 months ending September 2011, an 8-percent decline compared with the number of homes sold during the previous 12 months. The average home sales price increased by 2 percent to $357,700. REO sales, as a percentage of existing home sales, decreased to 38 percent from 44 percent a year ago. In the San Francisco Bay Area, 67,050 homes were sold, a 6-percent decline compared with the number sold during the previous 12 months, but the average home sales price increased by 1 percent to $550,200. The number of homes sold in Southern California decreased by 10 percent to 226,100 and the average home sales price was unchanged at $380,000.

The number of new and existing home sales fell by 11 percent in Hawaii during the 12 months ending September 2011 to 15,550 homes sold compared with the number sold during the previous 12 months, and the average home sales price increased by 2 percent to $499,600. REO sales, as a percentage of all existing home sales, increased from 12 to 16 percent. In Nevada, the number of new and existing home sales fell by 6 percent to 59,900 homes during the 12 months ending September 2011 compared with the number sold during the previous 12-month period; the average home sales price fell by 11 percent to $155,900. From the 12 months ending September 2010 to the 12 months ending September 2011, REO sales, as a percentage of all existing home sales, declined from 62 to 56 percent. In Las Vegas, the number of home sales fell by 4 percent to 48,850 homes and the average home sales price declined by 11 percent to $149,000 during the 12-month period ending September 2011 compared with sales and prices during the previous 12 months.

According to LPS Applied Analytics, the number of homes in the region 90 or more days delinquent, in foreclosure, or in REO in September 2011 decreased by 176,400 homes, or 25 percent, to 540,600 homes compared with the number reported in September 2010. This level represents a rate of 8.3 percent of all mortgage loans in the region in September 2011 compared with a rate of 10.6 percent in September 2010; the national rate was 7.7 percent in September 2011.

Because of weak sales housing market conditions, new home construction activity, as measured by the number of single-family building permits issued, declined in every state in the Pacific region during the 12 months ending August 2011. Based on preliminary data, 37,300 single-family homes were permitted, a 16-percent decline compared with the number permitted during the previous 12 months. The number of single-family homes permitted declined in Arizona by 2,525, or 21 percent, to 9,425; in California by 3,325, or 13 percent, to 21,600; in Hawaii by 140, or 7 percent, to 1,775; and in Nevada by 1,325, or 23 percent, to 4,500.

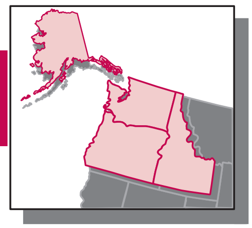
Rental housing markets varied from tight to balanced in California and Hawaii in the third quarter of 2011. Rental market conditions remained tight in the San Francisco Bay Area. According to AXIOMETRICS, Inc., from the third quarter of 2010 to the third quarter of 2011, the apartment rental vacancy rates in Oakland, San Jose, and San Francisco declined from 3.7 to 3.5 percent, 3.6 to 3.2 percent, and 3.7 to 2.9 percent, respectively. During the same period, average effective rents increased by 10 percent to $1,575 in Oakland, 15 percent to $1,950 in San Jose, and 17 percent to $2,250 in San Francisco. The rental housing market was balanced in Sacramento in the third quarter of 2011, with a rental vacancy rate of 5.5 percent, up from 5.1 percent in the third quarter of 2010, and rents increased by 3 percent to $1,000. AXIOMETRICS, Inc., also reported that apartment rental vacancy rates decreased throughout most of Southern California from the third quarter of 2010 to the third quarter of 2011. Riverside and San Bernardino Counties remained balanced, with the apartment vacancy rate declining from 6.3 to 5.7 percent. The apartment vacancy rate decreased from 5.8 to 4.9 percent in Los Angeles County, from 5.3 to 4.5 percent in Orange County, and from 4.8 to 4.1 percent in San Diego County. The only increase occurred in Ventura County, where the vacancy rate rose from 4.4 to 4.7 percent during the same period. The average rent in Southern California was $1,550 in the third quarter of 2011, up 6 percent compared with rent during the third quarter of 2010. The apartment rental vacancy rate in Honolulu declined to 3.5 percent in the third quarter of 2011, down from 5.4 percent in the third quarter of 2010. The average rent in Honolulu increased by 19 percent to $1,925 during the same period.

The rental housing markets in both Arizona and Nevada remain soft, but are improving. According to AXIOMETRICS, Inc., in the third quarter of 2011, the apartment rental vacancy rate in Phoenix was 7.5 percent, down from 8.5 percent in the third quarter of 2010, and the average rent increased by 5 percent to $740. In Las Vegas, the vacancy rate fell from 8.6 to 7.8 percent and the average rent increased by about 1 percent to $760 during the same period. The decline in housing vacancy rates in both states is partly the result of rising foreclosures, which lead to an increased demand for rental units.

Multifamily construction activity, as measured by the number of multifamily units permitted, increased in every state in the region except in Hawaii. During the 12-month period ending August 2011, based on preliminary data, permits for 25,200 multifamily units were issued in the region, a 44-percent increase from the number of units permitted during the previous 12 months. Increased renter demand, declining vacancy rates, and rising rents were the main impetus for an increase in the number of multifamily permits. During the 12-month period ending August 2011, the number of multifamily units permitted increased in Arizona by 1,075, or 84 percent, to 2,350; in California by 7,250 units, or 53 percent, to 20,800; and in Nevada by 420, or 36 percent, to 1,575. These increases were partially offset by the 70-percent decline to 460 units permitted in Hawaii.

Northwest

HUD Region X



The third quarter of 2011 marked three consecutive quarters of year-over-year job gains in the Northwest region compared with 2 years of job losses from December 2008 through December 2010. During the 12 months ending September 2011, average nonfarm payrolls in the Northwest region increased by 56,400 jobs, or 1.1 percent, to a total of 5.36 million jobs, compared with a loss of 133,200 jobs, or 2.5 percent, during the 12 months ending September 2010. Despite recent growth, payrolls remain 340,000 jobs below the peak average in the 12 months ending December 2008. In Alaska, nonfarm payrolls increased by 6,500 jobs, or 2 percent, to an average of 329,100 jobs. In Oregon, nonfarm payrolls gained 21,100 jobs, a 1.3-percent increase, bringing total nonfarm payroll jobs to 1.62 million. In Idaho, average nonfarm payrolls totaled 606,800 jobs, up by 3,800 jobs, or 0.6 percent. During the same period, in Washington, average nonfarm payrolls increased by 24,900 jobs, or 0.9 percent, for a total of 2.8 million jobs. Among the metropolitan areas in the Northwest region, during the 12 months ending September 2011, the rate of nonfarm payroll growth was strongest in the Wenatchee-East Wenatchee, Washington area, where jobs increased by 2.7 percent to 39,400; in the Corvallis, Oregon area, where nonfarm payrolls increased by 2.1 percent to 38,000 jobs; and in the Kennewick-Pasco-Richland, Washington area, where nonfarm payrolls increased by 1.8 percent to 100,100 jobs.

Nonfarm payroll gains in the region were greatest in the business and professional services sector, which increased by 23,500 jobs, or 3.9 percent, followed by the education and health services sector, which grew by 17,300 jobs, or 2.4 percent. Washington contributed 80 percent of the business and professional services sector gains, adding 18,700 jobs, a 5.8-percent increase. Oregon represented 37 percent of the job increase in the education and health services sector, adding 6,400 jobs, or 2.8 percent. Significant job losses in the construction subsector continued the downward trend that began in the region during the 12 months ending February 2008. During the 12 months ending September 2011, construction subsector payrolls in the region fell by 6,100 jobs, or 2.3 percent, because of declines in commercial and single-family residential construction. Manufacturing sector payrolls increased by 9,100 jobs, or 1.9 percent. Improvements in the regional labor market led to a decline in the average unemployment rate from 9.9 to 9.4 percent.

Despite an improving labor market, the sales housing market in the Northwest region remained soft as limited mortgage credit availability continued to constrain sales housing demand. According to data from Hanley Wood, LLC, during the 12 months ending September 2011, an average of approximately 117,600 new and existing single-family homes sold, a 12-percent decrease compared with the number of homes sold during the 12 months ending September 2010. During the 12 months ending September 2011, in Washington, an average of 55,900 new and existing homes sold, reflecting a 15-percent decline compared with the number sold during the previous 12 months. The average home sales price decreased by 2 percent, to $259,300. In the Seattle metropolitan area, during the same period, 29,050 new and existing single-family homes sold, an 11-percent decrease compared with the number sold during the previous 12 months. The average home sales price in the Seattle metropolitan area declined 4 percent to $406,100. The number of homes sold in the Tacoma metropolitan division decreased by 14 percent to 7,350 homes sold, and the average home sales price decreased 9 percent to $225,400.

During the 12 months ending September 2011, according to data from Hanley Wood, LLC, the number of new and existing single-family homes sold in Oregon averaged approximately 34,600, a 12-percent decrease compared with the number sold during the previous 12-month period. The average new and existing single-family home sales price decreased by 4 percent to $231,000 during the 12 months ending September 2011. In the Portland-Vancouver-Beaverton, Oregon-Washington metropolitan area, 21,450 new and existing homes sold, down 12 percent compared with the number sold during the previous 12-month period, and the average home sales price decreased 5 percent to $261,100. In Idaho, during the 12 months ending September 2011, the number of new and existing homes sold declined by 6 percent to 21,200, and the average home sales price decreased 3 percent to $163,500. In the Boise-Nampa metropolitan area, 13,350 new and existing homes sold, down 4 percent from the 12 months ending September 2010, and the average home sales price declined by 4 percent to $159,900. In Anchorage, sales housing market conditions were slightly soft during the same period, with the number of new and existing homes sold declining by 9 percent to 4,450 homes; the average home sales price increased by 1 percent to $289,300.

A decrease in foreclosure activity in Alaska and Idaho offset an increase in both Washington and Oregon, resulting in relatively no change from August 2010 in the percentage of mortgage loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) in the region at 6 percent, according to LPS Applied Analytics. By state, the rate increased from 6.0 to 6.4 percent in Washington and from 5.7 to 6.0 percent in Oregon. The rate declined from 6.7 to 5.7 percent in Idaho and from 3.0 to 2.7 percent in Alaska. All these rates remained below the 7.7-percent national average rate.

New single-family home construction activity, as measured by the number of building permits issued, decreased in the 12 months ending August 2011, a trend that began 4 years earlier. Based on preliminary data, 15,875 homes were permitted in the region, a decline of 2,250 homes, or 12 percent, compared with the number permitted during the previous 12 months. In Oregon and Idaho, during the 12 months ending June 2011, the number of home permits fell by 520 and 675 homes, or 13 and 23 percent, to total 3,575 and 2,325 homes permitted, respectively. In Washington, the number of permitted homes decreased by 1,025 homes, or 10 percent, to 9,425 homes. In Alaska, single-family construction activity decreased by 125 homes, or 19 percent, to 525 homes permitted.

During the 12 months ending August 2011, in response to tightening rental housing markets, multifamily construction activity, as measured by the number of units permitted, increased by 24 percent in the Northwest region. Based on preliminary data, the number of units permitted in the region totaled 6,800 units, an increase of 1,300 units, from the number of units permitted during the previous 12-month period. In Oregon, 1,400 multifamily units were permitted, which represents an increase of 44 percent, or 425 units, compared with the number of multifamily units permitted during the 12 months ending August 2010. In Washington, the gain in multifamily building activity totaled 875 units, a 22-percent increase from the number of units permitted for the 12-month period ending August 2010. In Idaho, during the same period, the number of multifamily units permitted was unchanged at 350 units. During the 12 months ending August 2011, the number of multifamily units permitted in Alaska decreased 45 percent, or 100 units, to 125 units permitted compared with the number permitted during the previous 12 months.

Rental housing market conditions in the region's major metropolitan areas were tight to balanced as of the third quarter of 2011. According to data from Dupre+Scott Apartment Advisors, Inc.'s September 2011 survey of the Seattle Tri-County area, consisting of King, Pierce, and Snohomish Counties, the apartment vacancy rate was 5 percent, unchanged from a year ago. The average asking rent for apartments in the Seattle Tri-County area was $1,011, up 5 percent from a year earlier. According to the Metropolitan Multifamily Housing Association *Apartment Report* for the fall of 2011, the apartment vacancy rate in the Vancouver metropolitan area was 4.4 percent compared with 6.4 percent a year ago, and the average asking rent increased by 5 percent to $772.

Rental housing market conditions tightened in Oregon during the third quarter of 2011. In the Portland metropolitan area, the average apartment vacancy rate fell to 3.2 percent from 4.9 percent between the third quarters of 2010 and 2011, according to Reis, Inc. The average asking rent in the Portland area increased by 3 percent to $852. In the Eugene metropolitan area, the average asking rent was $720 compared with $711 a year ago, and the apartment vacancy rate decreased to 4.3 percent from 4.7 percent. In the Salem metropolitan area, the asking rent averaged $648 as of the third quarter of 2011, an increase of 2 percent from a year ago while the apartment vacancy rate decreased to 3.0 from 4.6 percent. In Anchorage, Reis, Inc. survey results showed the apartment vacancy rate during the third quarter of 2011 was 3.2 percent compared with 3.6 percent a year ago, and the average asking rent increased by 3 percent to $1,042. Rental housing market conditions were balanced in the Boise metropolitan area during the third quarter of 2011 as the vacancy rate decreased to 5.4 percent compared with 8.1 percent a year ago, and the average asking rent increased by 3 percent to $708.

HUD's 10 regions are grouped as follows:

- **Region I, New England:** Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.
- **Region II, New York/New Jersey:** New Jersey and New York.
- **Region III, Mid-Atlantic:** Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia.
- **Region IV, Southeast/Caribbean:** Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, Puerto Rico/U.S. Virgin Islands, South Carolina, and Tennessee.
- **Region V, Midwest:** Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin.
- **Region VI, Southwest:** Arkansas, Louisiana, New Mexico, Oklahoma, and Texas.
- **Region VII, Great Plains:** Iowa, Kansas, Missouri, and Nebraska.
- **Region VIII, Rocky Mountain:** Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming.
- **Region IX, Pacific:** Arizona, California, Hawaii, and Nevada.
- **Region X, Northwest:** Alaska, Idaho, Oregon, and Washington.

Housing Market Profiles

Atlanta-Sandy Springs-Marietta, Georgia

Located in northwest Georgia, the 28-county Atlanta-Sandy Springs-Marietta metropolitan area accounts for 55 percent of the population of Georgia and is the second largest metropolitan area in the Southeast/Caribbean Region after the Miami metropolitan area. Due to strong employment growth from 2005 through 2008, the Atlanta-Sandy Springs-Marietta metropolitan area recorded rapid in-migration averaging approximately 145,000 people, or 1.6 percent, a year; however, the metropolitan area lost a significant number of jobs during the most recent recession, resulting in slower population growth. As of October 1, 2011, the population in the metropolitan area reached an estimated 5.3 million, an average increase of approximately 55,600 people, or 1.1 percent, a year since 2009.

From 2008 through 2010, nonfarm payrolls in the Atlanta-Sandy Springs-Marietta metropolitan area declined by 194,000 jobs, or 8 percent, from the 2007 peak of 2.45 million. The area continues to lose jobs. During the 12-month period ending August 2011, nonfarm payrolls decreased by 12,700 jobs, or 0.6 percent, to an average of 2.25 million. The pace of losses has slowed from the previous 12 months when 76,500 jobs were lost, a decline of 3.3 percent. During the 12 months ending August 2011, the unemployment rate for the metropolitan area decreased slightly to 10.1 percent from 10.3 percent during the previous 12-month period due to a decrease in the number of people who have continued to search for work after becoming unemployed. The number of people in the labor force has declined by more than 1 percent each year during the past 2 years.

Hindered by a soft sales housing market during the 12 months ending August 2011, nonfarm payrolls in the construction subsector and financial activities sector decreased by 7,100 and 6,900 jobs, or nearly 7 and 5 percent, respectively, and, together, accounted for the largest private-sector employment declines in the metropolitan area. In addition to reporting private-sector declines, the metropolitan area recorded a loss of 12,600 jobs in the government sector, reflecting a 3.8-percent decline, primarily from budget-related local government job cuts. Job gains were led by the professional and business services and the education and health services sectors, which increased by 5,600 and 3,300 jobs, or 1.5 and 1.2 percent, respectively. The largest employers in the metropolitan area include Delta Air Lines, Inc., and AT&T Inc., with approximately 22,000 employees each, followed by Emory University and Cox Enterprises, Inc., with 21,000 and 13,500 employees, respectively.

The sales housing market in the Atlanta-Sandy Springs-Marietta metropolitan area is currently soft. According to data from Hanley Wood, LLC, REO (Real Estate Owned) sales made up 40 percent of all existing home sales in the metropolitan area during the 12 months ending August 2011, down from 47 percent in the previous 12 months. According to LPS Applied Analytics, 9.1 percent of all mortgage loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO in August 2011 compared with 8.2 percent for the state of Georgia but down from 10.6 percent for the metropolitan area in August 2010. Of the 39,400 existing homes sold during the past 12 months, 23,600 homes were non-REO sales, an 8-percent decline from the number of non-REO homes sold during the previous 12 months. Non-REO home sales prices averaged $256,300, an increase of approximately 1 percent from the same period a year earlier. During the 12 months ending August 2011, the number of new home sales was down by 68 percent to 1,900 homes. The slow pace of new home sales and substantial builder incentives led to a 2-percent decline in the average sales price of new homes to $243,800.

Single-family home production reflects the soft sales housing market conditions and the number of distressed properties available for sale in the metropolitan area. Continuing a 3-year trend of near record low single-family construction in the Atlanta-Sandy Springs-Marietta metropolitan area, preliminary data indicate permits for single-family homes decreased by 500 homes, or 8 percent, during the 12 months ending August 2011 to approximately 6,000 homes. From 2008 through 2010, an average of 7,900 homes were permitted, down from an average of 51,800 homes permitted from 2003 through 2007.

As a result of soft sales and rental housing market conditions during the past 3 years, multifamily housing production has been limited. Although multifamily permit activity remained near record low levels during the 12 months ending August 2011, preliminary data indicate permits increased by 63 percent to approximately 2,000 units from 1,250 units permitted during the previous 12 months and compared with an average of 14,800 units a year from 2000 through 2007. Approximately 75 percent of multifamily permit activity during the past 12 months occurred in the centrally located Cobb and Fulton Counties. More than 95 percent of those units were apartments. Condominium construction has virtually ceased after gradually declining from a high of more than 6,000 units in 2007. According to Hanley Wood, LLC, during the 12 months ending August 2011, the number of existing condominium sales, not including REO sales, decreased by 19 percent to approximately 1,550 units and the average sales price declined by 5 percent to $180,100. Sales of new condominium units decreased by 55 percent to 460 units, but the average sales price of a new condominium unit increased by 2 percent to $261,800.

The rental housing market in the Atlanta-Sandy Springs-Marietta metropolitan area remains soft. According to

Reis, Inc., the apartment vacancy rate for the metropolitan area was 8.4 percent during the third quarter of 2011, down from 10.6 percent during the third quarter of 2010, as a result of moderate absorption and limited completions. The average rent increased less than 2 percent to approximately $860. During the past 2 years, rental concessions have been widespread throughout the market and rent increases have been limited. A few in-town neighborhoods, such as Buckhead and the GA-400 transportation corridor in Fulton County, have recorded significant vacancy declines and rent increases; however, only a few submarkets in the metropolitan area have become balanced.

Baltimore-Towson, Maryland

Located in central Maryland along the Chesapeake Bay, the Baltimore-Towson metropolitan area comprises Anne Arundel, Baltimore, Carroll, Harford, Howard, and Queen Anne's Counties and the city of Baltimore. As of October 1, 2011, the population of the metropolitan area was estimated at 2.7 million, accounting for nearly one-half of the population in Maryland. During the 12 months ending September 2011, population growth in the metropolitan area totaled 15,300 people, or 0.5 percent, an improvement from the average annual increase of 10,000 people, or 0.4 percent, from 2006 through 2009. The recent increase in the rate of population growth resulted from the Department of Defense's Base Closure and Realignment (BRAC) actions that led to an average annual net in-migration of nearly 2,000 people during the past 12 months. BRAC activities are expected to lead to a net gain of 680 military personnel at Fort George G. Meade by September 2011 as well as a gain of 6,850 civilian jobs at Fort Meade and the Aberdeen Proving Ground by 2012. Fort Meade is the largest employer in the area, followed by Johns Hopkins University, MedStar Health, and Aberdeen Proving Ground, with 40,400, 31,900, 23,000, and 18,600 employees, respectively.

Economic conditions in the Baltimore-Towson metropolitan area are showing signs of improvement as the pace of job losses has slowed significantly from the initial economic decline during 2009. Nonfarm payrolls decreased by 220 jobs, or 0.4 percent, during the 12 months ending August 2011, significantly less than the 15,900 jobs, or 1.9 percent, lost during the previous 12-month period. The largest reductions during the 12 months ending August 2011 occurred in the financial activities, manufacturing, and logging, mining, and construction sectors, which decreased by 1,800, 1,400, and 1,000 jobs, or 2.5, 2.2, and 1.4 percent, respectively. Offsetting these losses was growth in several other sectors. The professional and business services sector increased by 4,600 jobs, or 2.5 percent, while the education and health services sector, the largest sector of the economy, increased by 2,800 jobs, or 1.2 percent. The 15 independent colleges and universities in the metropolitan area account for more than $2 billion annually in payrolls and have an annual economic impact of $6 billion, according to the Maryland Independent College and University Association. New developments in the education and health services sector are expected to further job growth during the next 2 years. The $994 million expansion of Johns Hopkins Medical Campus will add 400 jobs by 2012, and the University of Baltimore's $265 million Health Sciences Facility expansion, slated to start construction in 2012, will add 370 research positions. Further growth is expected as hospitals prepare for increased military personnel from BRAC actions, including the $31 million expansion of the Baltimore Washington Medical Center, adding 150 jobs, and the $60 million expansion at Upper Chesapeake Health, adding 80 jobs, by 2012. The leisure and hospitality sector added 1,300 jobs, or 1.1 percent. Approximately 11 million people visit Baltimore each year, resulting in an economic impact of nearly $3 billion annually, according to the Downtown Baltimore Partnership. The average unemployment rate declined slightly as conditions improved, from 7.9 to 7.6 percent, during the 12 months ending August 2011.

Despite improving economic conditions, the sales housing market in the Baltimore-Towson metropolitan area is slightly soft, with an estimated vacancy rate of 2 percent as of September 1, 2011, a result of tighter mortgage lending standards and economic conditions. During the 12 months ending August 2011, new and existing home sales decreased by 24 percent to 27,500 from 36,300 sold a year earlier, and down 45 percent from the average of 50,100 sold during the comparable periods ending 2006 through 2009, according to Hanley Wood, LLC. During the 12 months ending August 2011, the average home sales price for new and existing homes remained relatively unchanged at $286,800 but was 8 percent below the average price of $310,000 recorded during the comparable periods ending 2006 through 2009. Condominium sales accounted for 10 percent of total home sales, with 3,150 condominiums sold during the 12 months ending August 2011, down 25 percent from the 4,200 sold during the 12 months ending August 2010. The average condominium price was $235,600, an increase of 3 percent from the $228,300 price recorded during the previous 12 months. According to LPS Analytics, from August 2010 to August 2011, the number of loans that were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) remained unchanged at 7.2 percent but was below the 7.7-percent rate for the nation.

Soft sales market conditions resulted in a reduction in home construction activity, as measured by the number of building permits issued for single-family homes. According to preliminary data, during the 12 months ending August 2011, single-family homebuilding activity totaled 3,500 homes permitted, down 3 percent compared with the number permitted during the 12 months ending August 2010. Single-family home construction averaged 4,000 homes permitted annually from 2007 through 2010.

Approximately 50 percent of all single-family home construction in the metropolitan area is concentrated in Anne Arundel County, where Fort Meade is located, and Howard County, both of which border the Washington, D.C. metropolitan area. Prices for new three-bedroom homes in Anne Arundel and Howard Counties start at $237,000, below the average price of $409,000 for new homes in the Baltimore-Towson metropolitan area as a whole.

The overall rental housing market, as of September 1, 2011, is balanced, with an estimated vacancy rate of 7.9 percent, a decline from 8.4 percent a year ago. According to Delta Associates, the apartment vacancy rate, including units in leasing, increased from 6.4 to 8.9 percent during the third quarter of 2011 due to the number of units recently completed. Vacancy rates excluding units in leasing declined from 3.7 to 3.4 percent. The average asking rent increased slightly by 1.7 percent to approximately $1,525. In the city of Baltimore, the vacancy rate was nearly unchanged at 8 percent but rents increased by 5 percent compared with the rental market in the southern suburbs, which reported a 7-percent vacancy rate with a nearly 3-percent increase in rents. According to local data, during the 12 months ending August 2011, apartment construction activity, as measured by the number of units permitted, increased by 39 percent to 2,200 units permitted compared with 1,680 units permitted during the previous year; the number of units is 28 percent above the average of 1,725 units permitted during 2007 through 2009. Approximately 30 percent, or 740 units, of all apartment construction projects are within Anne Arundel County, with the remaining developments being concentrated in the city of Baltimore and Baltimore County. Current construction includes The Lofts at McHenry Row, a 250-unit complex; The Palisades of Arundel, a 250-unit complex; and Village at Odenton Station, a 235-unit complex. Asking rents for newly constructed efficiency, one-bedroom, and two-bedroom apartments in the metropolitan area start at $1,175, $1,250, and $1,475, respectively.

Boston-Cambridge-Quincy, Massachusetts-New Hampshire

The Boston-Cambridge-Quincy metropolitan area consists of Essex, Middlesex, Norfolk, Plymouth, and Suffolk Counties in Massachusetts and Rockingham and Strafford Counties in New Hampshire. As of October 1, 2011, the population of the metropolitan area was estimated to be 4.6 million, a gain of 53,750, or 0.8 percent annually, from April 1, 2010, compared with an average annual increase of 0.7 percent from 2006 to 2010. According to IHS Inc., the largest employer in the metropolitan area is The Stop & Shop Supermarket Company, with 22,000 employees. The area also has a significant health and education services employment base, as represented by Massachusetts General Hospital and Harvard University, with 22,000 and 19,000 employees, respectively. In addition, more than 75 accredited post-secondary colleges and universities are located in the metropolitan area, with a total of approximately 336,000 students.

The Boston-Cambridge-Quincy metropolitan area experienced 1.5 years of job losses following a 4-year expansion from 2004 through 2008. During the 12 months ending August 2011, nonfarm payrolls averaged more than 2.4 million jobs, an increase of 29,200 jobs, or 1.2 percent, compared with a loss of 24,400 jobs, or 1.0 percent, during the previous 12 months. The number of jobs in goods-producing sectors increased as a small loss in construction jobs was offset by an increase of 2,500 jobs, or 1.3 percent, in manufacturing jobs compared with a loss of 9,700 manufacturing jobs, or 5.0 percent, during the 12 months ending August 2010. With the exception of the financial activities and government sectors, all other service-providing sectors gained jobs during the 12 months ending August 2011. The education and health services and leisure and hospitality sectors added 13,300 jobs and 10,100 jobs, or 2.7 and 4.6 percent, respectively. Wholesale and retail trade combined added 3,000 jobs, or 1.0 percent. According to IHS Inc., defense industry Goodrich ISR Systems will add 350 employees by 2013 and retail trade grocer Wegmans Food Markets, Inc., will open a new store with 650 employees by 2013. During the 12 months ending August 2011, the average unemployment rate was 7.1 percent, a decrease from the 7.9-percent average rate recorded during the previous 12 months.

Despite continued falling interest rates and a moderately strengthening economy, the number of home sales in the metropolitan area has decreased compared with sales in 2010, resulting in a soft market. According to the Massachusetts Association of REALTORS® (MAR), for the year-to-date period ending August 2011, the number of existing single-family home sales was down 6 percent to 14,530 homes compared with the number sold during the 8 months ending August 2010 for the five Massachusetts counties in the metropolitan area. The median home sales price was $360,100, down only 1 percent from the $364,000 median price during the 8-month period a year earlier. The number of days on the market increased by 15 percent, from 89 days to 102 days, and the home sales price, as a percentage of the listing price, declined from 94 to 92 percent. The two North Shore counties of Essex and Middlesex had totals of 2,800 and 5,500 homes sold, down 6 and 5 percent, respectively. The median sales prices for homes in Essex and Middlesex Counties were $325,000 and $405,000, down nearly 2 and 1 percent, respectively. Norfolk and Plymouth Counties on Boston's South Shore had sales totals of 3,000 and 2,500 homes, down 6 and 2 percent, respectively. The median sales prices were $382,300 and $285,000, down 1 percent and up less than 1 percent, respectively. Suffolk County, 90 percent of which is the city of Boston, reported a total of 740 homes sold, down nearly 12 percent compared with the same period in 2010. The median sales price was $324,000, down less than 2 percent from 2010. In the New Hampshire portion of the metropolitan area, according to the Northern New England Real Estate Network, Rockingham and Strafford Counties had sales totals of 2,470 and 910 homes, down 5 and 11 percent, respectively, during the 12 months ending August 2011 compared with sales during the previous 12 months. The median sales prices for August 2011 were $255,000 and $210,000, down 6 percent and up 1 percent, respectively, from August 2010. According to LPS Applied Analytics, from August 2010 to August 2011, the number of loans that were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) decreased from 5.5 percent to 5.0 percent.

During the 8 months ending August 2011, condominium sales represented about 36 percent of the total number of existing home sales in the Massachusetts portion of the Boston-Cambridge-Quincy metropolitan area. Condominium sales declined 1 percent to 8,030 units; however, the median sales price increased by 3 percent to $308,400 compared with the same 8 months in 2010. In Essex and Middlesex Counties, the number of condominium sales was down 13 and 10 percent, respectively, while the median sales price was down 7 percent, to $192,000, in Essex County but up 4 percent, to $315,000, in Middlesex County. The South Shore counties of Norfolk and Plymouth had condominium sales of 1,065 and 410 units, down 12 and 14 percent, respectively. Median sales prices were $299,500 and $199,450, unchanged and down 8 percent, respectively. In Suffolk County, the total number of condominium sales was down more than 11 percent to 2,585 units sold; however, the median sales price increased 7 percent to $370,000. In New Hampshire, the number of condominium sales was down 18 percent, to 700 units, in Rockingham County and up 10 percent, to 155 units, in Strafford County. The median sales price in Rockingham County was $200,000, unchanged from the previous 12 months.

The decreased number of home sales has recently impacted the level of single-family building activity in the Boston-Cambridge-Quincy metropolitan area. Based on preliminary data, during the 12 months ending August 2011, the construction of single-family homes, as measured by the number of building permits issued, decreased by 10 percent, to 3,360 homes, relative to the number of homes permitted during the previous 12 months, but building activity was up 19 percent from the 2,820 homes permitted during the 12 months ending August 2009. In eastern Massachusetts, newly constructed single-family homes start at under $500,000 and townhomes are available from the mid-$300,000s. In New Hampshire, new single-family home sales prices start at under $300,000. Based on preliminary data, during the 12 months ending August 2011, multifamily building activity, as measured by the number of units permitted, decreased by 11 percent, to 2,225 units, from the 2,475 units permitted in the previous 12-month period. During the peak years of construction (2004 through 2006), the number of permits for single-family homes averaged 7,550 and for multifamily units averaged 8,025.

After several years of limited new additions to the rental housing market, increasing rates of occupancy, and upward pressure on rents, the construction of several new rental projects is under way in the Boston-Cambridge-Quincy metropolitan area. In general, rental market conditions are tight; according to MPF Research, for the third quarter of 2011, the apartment vacancy rate was 3.1 percent (the lowest level of vacancy since the mid-2000s), down from 3.5 percent a year earlier. During the third quarter of 2011, the average effective rent was $1,606, up more than 3 percent from the previous quarter and up nearly 6 percent from the previous year. With continued weakness in the sales housing market and the strengthening of the metropolitan area economy, conditions have become favorable for the financing and construction of a number of housing projects that were temporarily postponed during the financial crisis of 2007 through 2008. Recently, construction began on three new rental projects in the city of Boston that will add about 800 new units to the market within 2 years. The Kensington is a 27-story tower on Washington Street in the downtown Boston shopping and entertainment district. The $170 million project will provide 381 market-rate units. Avalon Exeter, in the Prudential Center Complex, will contain 28 stories and include 187 market-rate units. The Victor will add 286 new rental units across from the TD Boston Garden on the edge of the Rose Fitzgerald Kennedy Greenway. Two additional projects are ready to start construction, totaling more than 500 rental units, and other suburban developments are under way in Andover, Cambridge, Cohasset, Melrose, Somerville, and Weymouth.

College Station-Bryan, Texas

The College Station-Bryan metropolitan area, which consists of Brazos, Burleson, and Robertson Counties in central Texas, is less than 100 miles northwest of Houston. Brazos, the principal county of the area, accounts for more than 85 percent of the metropolitan area population and includes both major cities—College Station and Bryan. As of October 1, 2011, the metropolitan area population was estimated to be 235,200, reflecting an annual increase of approximately 4,350, or 1.9 percent, since April 1, 2010, which is less than the average annual increase of 5,675, or 2.6 percent, from 2006 through 2010. The largest employers in the metropolitan area are Texas A&M University (A&M), St. Joseph's Regional Health Center, and Sanderson Farms, Inc., with an estimated 16,000, 2,200, and 1,600 employees, respectively. According to the most recent economic impact study by the university's Division of Finance, A&M and members of the A&M system had a direct impact on the local economy of at least $1.5 billion in 2010. The preliminary enrollment for the fall 2011 semester is 49,850, up 1.4 percent from 49,150 in the fall 2010 semester.

Economic conditions in the College Station-Bryan metropolitan area have improved during the past year. During the 12 months ending September 2011, nonfarm payroll jobs increased by 1,900, or 1.9 percent, to 98,300 jobs compared with a gain of 400 jobs, or 0.4 percent, during the previous 12 months. The largest gains occurred in the retail trade subsector, the education and health services sector, and the mining, logging, and construction sector, which added 800, 600, and 300 jobs, gains of 7.8, 5.7, and 4.4 percent, respectively. The leisure and hospitality sector also grew by 300 jobs, representing a 2.9-percent increase from the previous 12 months. Multiple new store openings on the south end of College Station, including a Lowe's and an H-E-B grocery store, drove growth in the retail trade subsector. Scott & White Memorial Hospital and Clinics recently broke ground on a 320,000-square-foot acute care hospital and an adjacent 75,000-square-foot clinic, also in southern College Station; the medical facilities are expected to employ roughly 400 people after completion in the summer of 2013. The government and manufacturing sectors, however, decreased by 400 and 100 jobs, or 1.1 and 1.4 percent, respectively, during the 12 months ending September 2011. Because of A&M, government is the largest employment sector in the area, currently accounting for nearly 39 percent of all nonfarm payrolls. State budget cuts have forced A&M to shed roughly 350 tenured and nontenured faculty positions since last year. Although the school is not expected to replace all of these positions in the near future, no further cuts are expected. During the 12 months ending September 2011, the average unemployment rate remained relatively unchanged at 6.3 percent compared with 6.2 percent during the previous 12 months.

Sales housing market conditions in the metropolitan area are slightly soft because of tighter mortgage underwriting standards. During the 12 months ending September 2011, based on data from Hanley Wood, LLC, new and existing home sales decreased by 13 percent to 3,100 homes compared with the number of homes sold during the previous 12 months. Note, however, that two rounds of homebuyer tax credits boosted sales in the previous 12-month period. Sales in the most recent 12 months were also down 30 percent from an average of 4,450 homes sold annually from 2005 through 2009. During the 12 months ending September 2011, the average sales price for a new home decreased more than 1 percent to $198,800, but the average sales price for resale and REO (Real Estate Owned) homes increased nearly 10 percent to $180,300 compared with prices during the previous 12 months. Of all existing home sales, distressed sales accounted for 6.3 percent in the most recent 12 months compared with 7.0 percent in the 12 months ending September 2010. Multiple listing service housing data from the Bryan-College Station Regional Association of REALTORS® indicate that homes were on the market for an average of 135 days in the 12 months ending September 2011, a 15-percent increase compared with the average for the previous 12-month period. According to LPS Applied Analytics, as of August 2011, 1.8 percent of total home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO, down slightly from the 2-percent rate of a year earlier. This current rate of distressed mortgages compares with 4.5 percent for Texas and 7.7 percent nationwide.

Single-family home construction, as measured by the number of permits issued, has declined recently in response to the slowdown in home sales. Based on preliminary data, during the 12 months ending September 2011, 580 single-family home permits were issued compared with 840 in the previous 12 months. In comparison, from 2006 through 2009, an average of 840 homes were permitted annually. Siena, a development currently under construction on the east side of the metropolitan area in Bryan, offers new single-family homes starting at about $140,000. Currently, roughly 25 of 58 units are complete in the first phase of what will be a three-phase development that broke ground in late 2009. Sonoma, on the south side of College Station, is well into the third of three phases that broke ground in early 2009, with new homes starting at $120,000. Approximately 110 of 166 planned units have been constructed.

Overall rental housing market conditions in the metropolitan area remain soft but are improving. The current rental market vacancy rate is estimated to be 6.5 percent, down from the 7.3-percent rate reported in the 2010 Census. The apartment vacancy rate is estimated to be roughly the same as the overall rental market vacancy rate. According to Reis, Inc., during the second quarter of 2011, the average asking rent increased by more than 1 percent, to $710, compared with rents during the same quarter in 2010. Current average asking rents are $630, $750, and $1,020 for one-, two-, and three-bedroom units, respectively. Students account for an estimated 32 percent of the total rental market, or nearly 14,000 households. The recently completed Campus Village at College Station is a 190-unit complex offering studio through five-bedroom floor plans and individual lease agreements per resident. Based on preliminary data, during the 12 months ending September 2011, the number of multifamily units permitted increased to 740 compared with only 10 units permitted in the previous 12 months. An average of 720 units was permitted annually from 2006 through 2009.

Colorado Springs, Colorado

The Colorado Springs metropolitan area, located about 60 miles south of Denver, consists of El Paso and Teller Counties. As of October 1, 2011, the population of the metropolitan area is estimated at 660,600. Since 2008, population growth in the area has averaged nearly 10,900 people, or 1.7 percent, annually compared with an increase of 10,500 people, or 1.8 percent, annually from 2004 through 2007. Net in-migration has averaged 5,600 people a year since 2008, about 52 percent of which consisted of retirees and military families. The area is home to several major military installations, which have a total annual impact of approximately $5 billion on the local economy, according to the Pikes Peak Area Council of Governments. Fort Carson Army Base (AB), the largest employer in the state of Colorado, employs approximately 23,000 military and civilian personnel in the metropolitan area. The Colorado Springs metropolitan area is also home to the North American Aerospace Defense Command, Peterson Air Force Base (AFB), Schriever AFB, and the United States Air Force Academy, which combined have approximately 59,600 military and civilian personnel currently stationed in the area. The metropolitan area's leading private-sector employers are Memorial Health Care System, Hewlett-Packard Development Company, and Atmel Corporation, with 4,000, 2,200, and 1,850 employees, respectively.

Total nonfarm payroll jobs in the Colorado Springs metropolitan area continued a 2-year trend of decline, although the rate of decline appears to be slowing. Nonfarm payrolls decreased by 1,300 jobs, or 0.5 percent, to an average of 245,000 jobs during the 12 months ending August 2011 compared with a 2.2-percent decrease during the 12 months ending August 2010. During the 12 months ending August 2011, mining, logging, and construction sector employment declined by 7.3 percent, or 900 jobs, because of weak housing and commercial real estate markets. Despite recent losses, the outlook for construction jobs is favorable. Phase 1 of the Southern Delivery System, an $880 million water pipeline project, recently broke ground and is expected to create approximately 3,000 construction jobs during the next 4 years. Although local government payrolls declined by 300 jobs during the 12 months ending August 2011, gains of 200 and 100 jobs at the federal and state levels, respectively, offset those losses. The education and health services sector led employment growth in the metropolitan area during the 12 months ending August 2011, with an increase of 900 jobs, or 3 percent, from a year ago. Payrolls in the leisure and hospitality and the information sectors increased by 1.2 percent each, or 300 and 100 jobs, respectively. The average unemployment rate for the 12 months ending August 2011 was 9.7 percent, slightly higher than the 9.4-percent rate for the previous 12 months and above the statewide unemployment rate of 8.8 percent.

The home sales market in the Colorado Springs metropolitan area is currently soft. Hanley Wood, LLC, reported that, during the 12 months ending August 2011, sales of existing single-family homes were down 9 percent, to 10,600 homes sold, compared with 11,700 sold during the previous 12 months. During the same period, the average existing single-family home sales price fell nearly 1 percent, to $221,800. The weak sales market is exacerbated by continued foreclosure activity. According to LPS Applied Analytics, in August 2011, 4.2 percent of all home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from the 4.6-percent rate recorded in August 2010. Hanley Wood, LLC, reported that during the 12 months ending August 2011, sales of new single-family homes decreased by 10 percent from a year earlier, to 1,400 homes, and the average sales price for a new home was nearly unchanged from a year ago, at about $269,200. In response to the soft housing market, single-family home construction in the metropolitan area has slowed. Based on preliminary data, the number of single-family homes authorized by permits decreased by 9 percent, to 1,510 homes, during the 12 months ending August 2011 compared with the number of permits issued during the previous 12 months. This number was well below that of the peak period of 2001 through 2005, when an average of about 5,800 homes were permitted annually.

Rental housing market conditions in the Colorado Springs metropolitan area have improved over the past 2 years and the market is now slightly tight, with an estimated 5.5-percent overall rental vacancy rate, down from a 6.8-percent rate a year ago. The average apartment vacancy rate peaked at 12 percent in 2005, according to *Apartment Insights*, largely as a result of troop deployments. The return of troops and their families, along with an expanded troop presence at Fort Carson AB, has contributed to stronger rental demand in the past 2 years. The apartment vacancy rate was approximately 5 percent in the second quarter of 2011, down from 6.2 percent during the same quarter a year ago. According to *Apartment Insights*, apartment rents in the second quarter of 2011 averaged $750 for a one-bedroom unit, $910 for a two-bedroom unit, and $1,130 for a three-bedroom unit. Overall, the average effective rent was $732 in the second quarter of 2011, nearly 12 percent higher than during the same quarter a year ago, with average concessions dropping to $19, the lowest rate in 5 years. The large military presence has a significant impact on the local rental housing market because approximately 25,300, or 70 percent, of the military and military-connected civilian personnel in the area live off base, most in rental units. Active-duty military and military-connected households account for nearly 30 percent of the current renter households in the metropolitan area.

In response to increased demand for rental units, multifamily housing construction has increased. Based on preliminary data, during the 12 months ending August 2011, approximately 420 multifamily units were permitted, up from 10 units in the previous 12 months. Despite the recent increase, the number of multifamily units permitted during the past 12 months is well below the average of 750 units a year permitted from 2001 through 2008. Rental units currently under construction include The Peaks at

Woodmen, a 230-unit project that began construction in July 2011 and is expected to be completed in May 2012, with rents of $750 for one-bedroom, $990 for two-bedroom, and $1,175 for three-bedroom units. In addition, the Vistas at Jackson Creek, a 177-unit project in Monument, recently broke ground and will likely be completed at the end of 2012.

Detroit-Warren-Livonia, Michigan

Located in southeast Michigan, the Detroit-Warren-Livonia metropolitan area includes Lapeer, Livingston, Macomb, Oakland, St. Clair, and Wayne Counties. As of October 1, 2011, the estimated population was 4.3 million, a decrease of approximately 24,400, or 0.6 percent, during the past 12 months, representing a slower decline than the 44,300-person decrease in the previous 12 months. The last year that population growth occurred in the area was 2003, with an increase of approximately 760 people. Between 2004 and 2009, the population declined by approximately 25,750, or 0.6 percent, annually, with all population loss due to out-migration, approximately one-third of which resulted from people leaving Michigan rather than moving elsewhere within the state. The metropolitan area is considered the birthplace of the automotive assembly line and is the headquarters for the General Motors Company, Ford Motor Company, and Chrysler Group LLC. Ford Motor Company, General Motors Company, and the Henry Ford Health System are the largest employers in the area with 38,000, 25,900, and 18,400 employees, respectively.

The economy in the Detroit-Warren-Livonia metropolitan area is weak but showing signs of recovery. For the 12 months ending September 2011, nonfarm payroll jobs averaged 1.74 million, an increase of 0.9 percent, or 15,000 jobs, from the 1.73 million nonfarm payroll jobs reported in September 2010. This increase compares with a decline of 61,200 jobs, or 3.4 percent, a year earlier. Between 2001 and 2009, nonfarm payrolls declined by an average of 50,400 jobs annually, from 2.14 million jobs in 2001 to 1.74 million in 2009. Most nonfarm payroll sectors gained jobs during the 12 months ending September 2011. Leading growth sectors were the manufacturing, professional and business services, and mining, logging and construction sectors with respective increases of 11,700, 11,200, and 3,600 jobs, or 6.3, 3.7, and 7.2 percent. The General Motors Company announced plans to hire up to 2,500 workers in Hamtramck in Wayne County in late 2011 and 2012, and the Ford Motor Company announced an $850 million investment in Michigan facilities that is expected to produce up to 900 hourly and 300 salaried positions, primarily in three plants in the metropolitan area between 2011 and 2013. Job declines during the 12 months ending September 2011 were all in the service-providing sectors and included the government, leisure and hospitality, and other services sectors, which declined by 10,800, 2,700, and 1,100 jobs, respectively, or by 5.1, 1.6, and 1.3 percent. Nearly 70 percent of the decline in government employment was in local government as local governments respond to diminished revenues. Reflecting overall job gains, the 12-month average unemployment rate dropped from 14.6 percent in September 2010 to 12.1 percent in September 2011.

The Detroit-Warren-Livonia home sales market is currently soft, although home sales figures have stabilized after declining from the peak of 69,650 homes sold in 2005. Based on data from Hanley Wood, LLC, the number of existing, nondistressed, single-family and attached home sales in the area totaled approximately 25,100 homes during the 12 months ending August 2011, an increase of 1 percent compared with the 24,750 homes sold during the same period a year earlier but nearly 36 percent fewer homes than the 39,050 home sales reported, on average, from 2006 through 2008. During the 12 months ending August 2011, the average home sales price of existing single-family homes increased nearly 1 percent, to $153,800, 11 percent less than the $172,700 average sales price reported from 2006 through 2008. In the city of Detroit, the number of existing, nondistressed, single-family and attached home sales increased nearly 2 percent, to 1,975 homes sold during the 12 months ending August 2011, while the average home sales price declined by 3 percent, to $116,500. According to LPS Applied Analytics, as of September 2011, 9.4 percent of total loans were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from 11.4 percent in September 2010. This rate is higher than the 8.1-percent state rate and the 7.7-percent national rate.

The number of new single-family homes sold in the Detroit-Warren-Livonia metropolitan area totaled 1,950 during the 12 months ending August 2011, a decrease of 9 percent from the 2,150 sold in the previous 12-month period and nearly 69 percent fewer homes than the average number of new homes sold annually from 2006 through 2008. The average home sales price for new single-family homes increased by 10 percent, to $193,100, which is less than the $214,500 average sales price for newly constructed homes reported from 2006 through 2008.

Builders have begun increasing the production of new homes in the area following declines in 2008 and 2009. According to the Southeastern Michigan Council of Governments (SEMCOG), approximately 3,025 single-family homebuilding permits were issued in the metropolitan area during the 12 months ending September 2011, an increase of nearly 40 percent from the 2,175 homes permitted a year earlier. This rate is down from an average of 4,800 homes permitted annually from 2006 through 2008 and 17,050 homes permitted annually from 2001 through 2005.

During the 12 months ending September 2011, rental housing construction, as measured by the number of units permitted, increased to 480 units compared with

120 units permitted during the same time a year earlier, according to data from SEMCOG. The number of units permitted is nearly 18 percent less than the 590 units permitted, on average, from 2006 through 2008 and 71 percent less than the annual average of 1,650 units permitted from 2001 through 2005.

The overall rental housing market in the Detroit-Warren-Livonia metropolitan area is currently soft, with an estimated rental vacancy rate of 12 percent, down slightly from the 12.8-percent rate reported in the 2010 Census. Single-family homes that have become available for rent due to the soft sales housing market have contributed to the high rental vacancy rate. The apartment rental market was stronger during the second quarter of 2011 than was the overall rental market, especially in the two largest suburban counties. Conditions are tight in Macomb County, to the north of Detroit, with an apartment vacancy rate of 4.9 percent, down from 6.9 percent a year ago, according to Reis, Inc. The asking rent in Macomb County, where the city of Warren is located, was $753, up 1 percent from the previous year. In Oakland County, which is north of Detroit and west of Macomb County and which includes Pontiac as its largest city, apartment market conditions are also tight, with an estimated vacancy rate of 4.8 percent, down from the 6.8-percent rate recorded in the second quarter of 2010. The asking rent in Oakland County increased nearly 2 percent from the second quarter of 2010, to $997 per month. The downtown Detroit rental housing submarket is currently soft, with a vacancy rate of 9.2 percent, down from the 10.9-percent rate recorded a year ago; the average asking rent of $900 is up 4 percent from the $865 average asking rent in the second quarter of 2010.

Flagstaff, Arizona

The Flagstaff metropolitan area, coterminous with Coconino County, is home to the popular tourist destination, Grand Canyon National Park. As of October 1, 2011, the estimated population was 136,700. The annual rate of growth since April 2010 is estimated at about 1 percent, a growth rate that has remained relatively unchanged since 2004. The largest employer in the metropolitan area, Northern Arizona University (NAU), employed 2,500 faculty and staff and enrolled 25,200 students, including 17,500 on the main mountain campus during the fall 2010 semester. According to NAU, the university generates an annual local economic impact of $500 million. Other large employers in the area are Flagstaff Medical Center and W.L. Gore & Associates, Inc., with 2,200 and 1,950 employees, respectively.

Economic conditions in the Flagstaff metropolitan area are showing signs of improvement after 3 years of declines in nonfarm payrolls. During the 12 months ending August 2011, 1,300 jobs were added, an increase of 2.1 percent compared with the loss of 2,300 jobs, or 3.6 percent, during the previous 12 months. Nonfarm job growth was either flat or positive in all sectors except government, which lost 200 jobs, or 0.9 percent, due to budget cuts at the state and local levels. Job growth was led by the leisure and hospitality sector, with the addition of 900 jobs, an increase of 7.3 percent. Construction has recently begun on the Twin Arrows Casino Resort & Spa, which will be the first Navajo hotel and casino in the area. The resort will employ approximately 800 people when it opens in May 2013. The Arizona Snowbowl, a ski resort, broke ground on an expansion that is expected to be completed by November 2011 and will create an additional 325 jobs. Increased employment in the area has resulted in an 8.2-percent average unemployment rate, down from 9.2 percent during the previous 12 months.

The sales housing market is currently soft, partly as a result of an overproduction of homes, a portion of which were intended as second homes, from 2001 to 2006. According to Hanley Wood, LLC, 900 new and existing homes were sold during the 12 months ending August 2011, a 27-percent decline from the 1,225 homes sold in the previous 12-month period. The number of annual home sales has declined from 5,325 homes sold during 2005, the earliest data available. During the 12 months ending August 2011, the average home sales price fell to $362,500, representing a 10-percent decline. The sale of second homes is a significant component of the metropolitan sales market. Based on census data, from 2000 to 2010, the number of vacant homes classified as "for seasonal, recreational, or occasional use" increased by 2,900 homes, or 32 percent. According to LPS Applied Analytics, as of August 2011, 4 percent of total mortgage loans in the area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down slightly from 4.4 percent a year earlier.

In response to the soft housing market, developers have scaled back on new home construction since 2007. Based on preliminary data, single-family homebuilding, as measured by the number of building permits issued, decreased by 33 percent to 100 homes permitted during the 12 months ending August 2011, relative to the number of homes permitted during the previous 12 months. Single-family homebuilding peaked between 2001 and 2006, with an average of 870 homes permitted each year Local sources estimate that roughly 25 to 30 percent of homes in the area are intended for use as second homes.

The rental housing market is currently balanced, with an estimated vacancy rate of 6.5 percent, a rate unchanged from April 2010. According to Axiometrics Inc., the apartment vacancy rate during the second quarter of 2011 was 7 percent, down from 7.9 percent during the second quarter of 2010. During the same period, the average effective rent rose more than 2 percent to $960 per month. An estimated 17,850 NAU students live off campus, accounting for roughly 37 percent of the total population in renter-occupied units.

Based on preliminary data, 75 multifamily units were permitted during the 12 months ending August 2011 compared with 60 units during the previous 12 months. Although not yet permitted, three projects aimed at NAU students will shortly begin construction, with completion expected by the fall 2012 semester. The Grove at Flagstaff Apartments, a 216-unit complex, will offer two- and three-bedroom units; rents are not yet established. Two new on-campus dormitories are also planned: The Hilltop Townhomes will consist of four-bedroom, three-bath units and house 576 students, with rents starting at $609 per month, and The Suites will offer 550 beds, with monthly rents starting at $559 for one-bedroom units and $579 for two-bedroom units. Since 2006, enrollment on the mountain campus has grown by an average of 1,025 students, or 8 percent, annually but is expected to slow to an average of 100 students, or 1 percent, a year during the next 10 years. As a result, these projects may result in a softening of the rental market.

New Orleans-Metairie-Kenner, Louisiana

The New Orleans-Metairie-Kenner metropolitan area is located in southeast Louisiana near the mouth of the Mississippi River. The metropolitan area consists of seven parishes—Jefferson, Orleans (the city of New Orleans), Plaquemines, St. Bernard, St. Charles, St. John the Baptist, and St. Tammany. Population growth in the metropolitan area has moderated during the past 2 years. As of October 1, 2011, the population of the metropolitan area was estimated at 1.2 million, an increase of 14,900, or 1.3 percent, during the past 12 months, with 70 percent of the growth resulting from net migration. Population growth during the 12 months ending October 1, 2010, was 2.5 percent compared with an average increase of 4.5 percent annually between 2006 and 2008, when most residents who were displaced by Hurricane Katrina in 2005 returned. Overall, the metropolitan area population has reached 91 percent of the pre-Hurricane Katrina population levels.

In the metropolitan area during the 12 months ending August 2011, nonfarm payrolls increased by 5,200 jobs, or 1 percent, to 523,800, or 85 percent of the pre-Hurricane Katrina figure. The leisure and hospitality sector, which is the second largest sector in the metropolitan area, led job growth with an increase of 4,325 jobs, or 6.3 percent, due to resurgence in the local tourism industry. According to a recent report by the New Orleans Convention and Visitors Bureau, visitor spending increased in the metropolitan area by $1.1 billion, or 26 percent, during 2010. During the 12 months ending August 2011, the number of jobs increased by 2,350, or 3.2 percent, in the education and health services sector, the largest sector in the metropolitan area. Job growth is expected to continue in this sector due to increased hiring stemming from the projected completions of several new hospitals, including the $1 billion Veterans Affairs Medical Center (VAMC) near downtown New Orleans. VAMC, which is slated for opening in 2013, is expected to employ a staff of 350 full-time workers. A growing motion picture and video industry contributed toward job gains in the information sector, which increased by 2,175 jobs, or 32 percent, during the 12 months ending August 2011. According to the New Orleans Mayor's Office of Cultural Economy, a combined total of 27 feature movies and television series have been filmed in the city of New Orleans to date this year. During the 12 months ending August 2011, the metropolitan area unemployment rate increased to 7.7 percent from 7 percent a year earlier, despite a net increase in resident employment during the same period. The rise in the unemployment rate was entirely the result of a growing labor force, which increased by 4,300 people, or 0.8 percent. The largest employers in the metropolitan area are Ochsner Health System, with 12,500 employees, and Louisiana State University Health Sciences Center of New Orleans, with 5,000 workers.

Sales housing market conditions in the metropolitan area are currently soft, unchanged from a year ago, in part due to diminished demand stemming from slowing population growth. Tighter lending standards and an influx of repaired or rebuilt homes have adversely affected sales housing market conditions, which have been soft since late 2008. Based on data provided by the Hanley Wood, LLC, during the 12 months ending August 2011, the number of home sales totaled 9,675, which is down 8 percent compared with the number sold a year earlier and one-half of the peak home sales volume recorded during 2006. The average sales price of new and existing homes declined by nearly 2 percent to $195,300 during the 12 months ending August 2011 compared with home prices a year earlier. Contributing to the decrease in the average home price was a growing portion of REO (Real Estate Owned) sales. According to CoreLogic data, REO and short sales comprised a combined 20 percent of total home sales during the 12 months ending August 2011, up from 16 percent a year earlier, while the average price for REO and short sales declined by 11 percent to $120,700 compared with $135,500 a year earlier. According to LPS Applied Analytics, the percentage of home mortgages in the metropolitan area more than 90 days delinquent, in foreclosure, or in REO was 8 percent, down from 9 percent a year earlier. Condominium sales account for about only 3 percent of total home sales in the metropolitan area. During the 12 months ending August 2011, the number of condominium sales totaled 290 units, which is unchanged from a year earlier, and the average home sales price declined by 3 percent to $198,600 during the same period.

Single-family home construction, as measured by the number of single-family building permits issued, increased during the 12 months ending August 2011 compared with construction activity a year earlier. Based on preliminary data, 2,025 single-family home permits were issued, representing an increase of 11 percent compared with 1,825 homes permitted during the previous 12 months. This increase was partly due to homebuilding in Orleans Parish that was sponsored by government and nonprofit organizations. During the period following Hurricane Katrina, single-family homebuilding peaked at 4,900 homes permitted during 2006. Single-family home permit activity began to slow in 2007, however, and declined by an average of 930 homes, or 24 percent, annually between 2007 and 2010 to 2,200 homes, the lowest annual total recorded since 1991. The average price of newly constructed homes was $205,200 during the 12 months ending August 2011, down 12 percent compared with prices a year earlier.

Rental housing market conditions in the metropolitan area are currently soft and unchanged from a year ago. Slowing population growth, construction of new rental supply, and existing apartment units and small rental property units (1-to-4 unit structures) coming back on line contributed to the current rental market conditions, which have been soft since late 2008. According to Reis, Inc., the average vacancy rate for market-rate apartments in the metropolitan area was 8.2 percent during the second quarter of 2011 compared with 10.1 percent a year earlier. The average rent increased by almost 2 percent to $870. Although market-rate apartment rents and occupancy rates improved in the metropolitan area overall, average vacancy rates among submarkets varied significantly, ranging from 5.3 percent in the Metairie submarket to 14 percent in the Southeast Orleans Parish submarket. Similarly, average market rents range from $635 in the Southeast Orleans Parish submarket to $1,185 in the Central New Orleans submarket.

Multifamily construction, as measured by the number of multifamily units permitted, decreased during the 12 months ending August 2011 to an estimated 1,450 units compared with 1,850 units permitted a year earlier. Since 2005, multifamily permits have been issued almost exclusively for apartments, with permit activity peaking at 3,025 multifamily units permitted in 2007. An additional 3,500 market-rate units are expected to be completed by the end of 2014. Construction is currently under way at several market-rate and mixed-income communities in the metropolitan area. In St. Tammany Parish, construction of the 240-unit Brookstone Park Apartments is under way, with the first of an expected two phases scheduled to be completed by the fall of 2011. Phase II of Brookstone Park Apartments is slated for completion in December 2012. One-bedroom apartment rents will range from $780 to $925, while rents for two-bedroom units will range from $1,115 to $1,250. Construction at Brewster Commons at River Chase, also in St. Tammany Parish, is expected to be completed by the fall of 2011. Units at the 240-unit project are being offered at rents that range from $975 to $1,045 for one-bedroom units, $1,280 to $1,345 for two-bedroom units, and $1,395 to $1,460 for three-bedroom units. Several mixed-income communities are also currently being built, including Columbia Parc at the Bayou District, which is scheduled to open by 2012. When completed, the development will comprise a total of 1,325 mixed-income rental and for-sale units.

Prescott, Arizona

The Prescott metropolitan area is coterminous with Yavapai County. Prescott, which is located approximately 100 miles north of Phoenix, is the most populous city in the metropolitan area. The metropolitan area contains parts of the Coconino, Prescott, and Tonto National Forests and generated $648 million of revenue from tourism in 2010. The largest employers in the area are the Yavapai Regional Medical Center, the Northern Arizona VA Health Care System, and Yavapai College, with approximately 1,700, 820, and 660 employees, respectively. From 2005 through 2008, net in-migration to the metropolitan area averaged 5,350 people a year and the population expanded from 195,424 to 211,211, an average annual increase of 2.6 percent. Between 2008 and April 1, 2010, however, net in-migration decreased to 65 people a year in response to declining economic conditions, and the population remained largely unchanged. As of October 1, 2011, the population of the metropolitan area was estimated at 213,500, reflecting an average annual increase of 1,625, or 0.8 percent, since April 1, 2010.

Economic conditions in the Prescott metropolitan area are weak, but the trend of job losses that began in 2007 appears to be slowing. Nonfarm payrolls fell by 1,000 jobs, or 1.7 percent, during the 12 months ending August 2011 compared with a decline of 3,300 jobs, or 5.7 percent, during the 12 months ending August 2010. Driven by recovering tourism, the leisure and hospitality sector grew by 400 jobs, or 5.3 percent, during the 12 months ending August 2011. The manufacturing sector also expanded, adding 100 jobs, or 3.8 percent, with all of those jobs resulting from the opening of the Drake Cement plant. These gains partially offset losses in all other sectors. Significant losses continued in the mining, logging, and construction sector, which averaged 4,000 jobs, a decline of 600 jobs, or 13.7 percent. In response to the soft housing market, the sector has declined by 55 percent since peaking at 8,900 jobs during the 12 months ending August 2006. The unemployment rate averaged 10.1 percent during the 12 months ending August 2011, down from the 10.7-percent rate during the previous 12 months.

The home sales market in the Prescott metropolitan area is currently soft because of slowed in-migration, weak economic conditions, and tighter credit requirements. According to data from Hanley Wood, LLC, new and existing home sales declined to 2,675 during the 12 months ending August 2011, down 32 percent from 3,950 sales during the previous 12 months. The average sales price for new and existing homes fell to $175,500 during the 12 months ending August 2011, indicating a 9-percent decrease from $192,100 during the previous period and a 37-percent decrease from a peak of $278,200 during the 12 months ending August 2007. A significant amount of REO (Real Estate Owned) sales activity drove the decline in sales price. REO sales totaled 1,300 during the 12 months ending August 2011 and accounted for 48 percent of all home sales. According to LPS Applied Analytics data, the percentage of total loans 90 or more days delinquent, in foreclosure, or in REO fell from 8.4 in August 2010 to 7.0 as of August 2011.

Single-family home construction, as measured by the number of permits issued, continued to decline in response to the soft housing market, a trend that began in 2006. Based on preliminary data, 240 homes were permitted during the 12 months ending August 2011, a decrease of slightly less than 8 percent from the 260 homes permitted during the previous 12 months. An average of 2,750 homes was permitted annually during a 5-year peak period between 2001 and 2005. The average sales price of a new home was $298,500 during the 12 months ending August 2011, up 23 percent from $242,300 during the previous 12 months.

The rental market in the Prescott metropolitan area is currently soft because of slow population growth and a glut of single-family home conversions, which represent 38 percent of all rental units, according to the 2010 American Community Survey. The current estimated vacancy rate of 9.8 percent is down from the 10.1-percent rate as of April 2010. Current average rents are estimated at $720 for a one-bedroom unit, $820 for a two-bedroom unit, and $930 for a three-bedroom unit. Multifamily construction, as measured by the number of units permitted, fell to 60 units during the 12 months ending August 2011 compared with 200 units during the previous 12 months, based on preliminary data. According to the 2010 Census, 36 percent of all renter householders in the metropolitan area are age 55 or older, and 84 percent of the multifamily units permitted since 2009 were part of three developments targeted to the elderly. In Prescott, Bradshaw Senior Community, a 46-unit project, was completed in May 2011, and The Boulders, a 132-unit retirement community, was completed in June 2011. In Prescott Valley, 50 multifamily units are currently under construction as part of the first phase of the View Point Senior Apartments, all of which are expected to be complete by November 2011.

Savannah, Georgia

The Savannah metropolitan area, located in southeastern Georgia, consists of Bryan, Chatham, and Effingham Counties. Savannah, the oldest city in Georgia, is a significant U.S. seaport. The Port of Savannah had an estimated impact of $61.8 billion in statewide sales in 2009, according to the Georgia Ports Authority. As of October 1, 2011, the population of the metropolitan area was estimated at nearly 353,300, an increase of 5,300 people, or 1.6 percent, annually since April 2010 compared with an annual increase of 7,200 people from 2006 through 2009.

After 4 years of declining nonfarm payrolls, economic conditions in the Savannah metropolitan area stabilized during the 12 months ending August 2011. During this period, total nonfarm payrolls were relatively unchanged at 149,500 jobs compared with the number of jobs during the 12 months ending August 2010, when the metropolitan area lost 1,600 jobs, a decline of 1.1 percent. During the 12 months ending August 2011, the largest increase in nonfarm payroll jobs occurred in the professional and business services sector, which added 700 jobs, or 4.3 percent. The mining, logging, and construction sector decreased by 600 jobs, or 9.2 percent, with losses primarily in construction because of decreased homebuilding activity. The largest employers in the area are Hunter Army Airfield and Gulfstream Aerospace Corporation, with 7,050 and 6,000 employees, respectively. Of the Hunter Army Airfield employees, 6,300 are military personnel and 750 are civilian employees. In early 2010, Gulfstream Aerospace Corporation, a manufacturer of jet aircraft and aerospace equipment, announced plans for a $500 million plant expansion over the next 7 years and added approximately 1,300 jobs in 2011. As part of the project, the Savannah/Hilton Head International Airport will expand beginning in late 2011; this 890-acre project is estimated to create 1,000 jobs. The average unemployment rate for the metropolitan area for the 12 months ending August 2011 was 9 percent, up from 8.8 percent during the previous 12 months.

The sales housing market in the Savannah metropolitan area is soft as a result of the recent economic decline. As of October 2011, the estimated sales vacancy rate was 3.8 percent, up from the 3.6-percent rate recorded in the 2010 Census. According to LPS Applied Analytics, 7.7 percent of all home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) in August 2011 compared with 8.4 percent of all home loans in August 2010. According to Hanley Wood, LLC, during the 12 months ending September 2011, the number of existing single-family homes sold in the area totaled approximately 2,400, a decrease of 14 percent compared with the 2,800 homes sold a year earlier, a result of tighter lending practices. Despite the decrease in sales, the average sales price of existing homes increased by 5 percent, to $215,000, during the 12 months ending September 2011 compared with prices during the previous 12 months. Sales of new single-family homes totaled 120 for the 12 months ending September 2011, a decrease from the 650 sold during the previous 12 months. The average sales price of new single-family homes during the 12 months ending September 2011 was $187,600, a decrease of 9 percent from the average price during the previous 12 months.

Homebuilding activity in the area, as measured by the number of building permits issued, declined slightly as developers reduced building in response to decreased demand. Based on preliminary data, during the 12 months ending August 2011, about 880 permits were issued for single-family homes, 4 percent fewer than during the previous 12-month period.

Rental housing market conditions in the metropolitan area are soft but improving as job losses decrease. The current overall rental vacancy rate is estimated at 12 percent, a decrease from the 13.2-percent rate reported in the 2010 Census. According to RealData, Inc., the apartment vacancy rate during July 2011 was 5.9 percent compared with 12 percent during July 2010. The average apartment rent in the area was $817 in July 2011, up 5 percent from the average in July 2010. Average rents in the area for one-, two-, and three-bedroom apartment units were $724, $838, and $934, respectively.

Based on preliminary data, about 230 multifamily units were permitted during the 12 months ending August 2011 compared with approximately 350 units permitted during the previous year. Based on annual data, multifamily permitting averaged about 520 units from 2007 through 2009. Sustainable Fellwood, a mixed-use and mixed-income development, is composed of 150 rental units which began construction in 2010. The impact of the military on the metropolitan area rental market is largely in south Savannah. Fort Stewart, located in Hinesville, is southwest of the metropolitan area, and, according to RealData, Inc., 53 percent of the apartments in the metropolitan area are located in the south Savannah submarket. According to RealData, Inc., 560 units have been absorbed in the submarket during the past 12 months, more than in any other submarket, decreasing the apartment vacancy rate in the submarket from 13.6 percent in July 2010 to 4.3 percent in July 2011.

Spokane, Washington

The Spokane metropolitan area consists of Spokane County and is located roughly 20 miles west of the Idaho border. Known as the historical transportation and economic hub of eastern Washington, Spokane is also the major population center, with an estimated population of 479,900 as of October 1, 2011, up 1.3 percent from the previous year. The education and health services sector accounts for 20 percent of nonfarm payroll jobs and two of the top three private employers in Spokane: Providence Sacred Heart Medical Center & Children's Hospital and Deaconess Medical Center, which employ approximately 3,275 and 1,400 workers, respectively. Private colleges Gonzaga University and Whitworth University employ 1,150 and 440 workers, respectively.

Economic conditions in the metropolitan area have been weak since early 2009. During the 12 months ending August 2011, nonfarm payrolls remained unchanged at 204,600 jobs. The average unemployment rate fell from 9.8 percent during the previous 12 months to the current 9.2-percent rate; however, this change was mainly due to a decline in the labor force of 1,900 people, or 0.8 percent, rather than an increase in employment. Despite the loss of 400 jobs, a decline of 1.1 percent, the government sector remains a stabilizing influence on the Spokane economy, with 17 percent of nonfarm payrolls. The largest employer in this sector is Fairchild Air Force Base, with 4,675 military personnel, 1,150 civilian workers, and an estimated economic impact of $498 million on the metropolitan area, according to the fiscal year 2010 Economic Impact Brochure released by the base's Public Affairs division. Also included in the government sector is public college Eastern Washington University, with approximately 1,075 workers. The financial activities sector decreased by 200 jobs, or 1.9 percent, and employment in the mining, logging, and construction sector remained unchanged as local banks and homebuilders continue to work through the effects of the struggling housing market. The leisure and hospitality sector was a notable exception to the job declines, with an increase of 600 jobs, or 3.3 percent, due to a large number of new restaurant openings and rehiring by existing businesses. The second largest employer in the area, Northern Quest Resort & Casino, employs 1,650 workers in this sector.

The sales housing market in Spokane remains soft, with an estimated vacancy rate of 2.2 percent as of July 2011. Weak economic conditions, excess inventory built from 2004 to 2006, and slowing in-migration since 2006 have contributed to a surplus of homes for sale. According to Hanley Wood, LLC, during the 12 months ending September 2011, 520 new homes were sold, down from the 710 homes sold during the 12 months ending September 2010. New home sales peaked in 2006 at approximately 2,025. The average new home sales price increased by 3 percent to $216,500 during the 12 months ending July 2011 compared with the price during the previous 12 months. The average new home sales price of $210,400 in 2010 declined by 21 percent from the 2007 peak of $265,300. During the 12 months ending September 2011, 3,400 existing homes sold, down 26 percent from 4,275 homes sold during the same period in 2010. The number of existing home sales peaked in 2005 at 11,400. The average existing home sales price declined by 2 percent to $185,000 during the 12 months ending September 2011 compared with an average price of $188,000 during the previous 12 months. According to Hanley Wood data, foreclosure and REO (Real Estate Owned) sales represented an average of 29 percent of total home sales during the 12 months ending September 2011, up from 17 percent in 2009 and 24 percent in 2010. According to LPS Applied Analytics, 5.1 percent of home loans were 90 or more days delinquent, in foreclosure, or in REO as of August 2011, up from 4.6 percent in August 2010.

In response to the decline in home sales, new home production, as measured by the number of single-family homes permitted, has declined in recent years. Housing construction peaked from 2004 to 2006, with an average of 2,175 single-family permits issued during each 12-month period ending in August. Based on preliminary data, 570 homes were permitted during the 12 months ending August 2011 compared with 710 during the previous 12 months.

The rental housing market in Spokane is tight, with an estimated 6-percent vacancy rate as of July 2011. According to Reis, Inc., the apartment vacancy rate in the second quarter of 2011 was 4.8 percent, down from 6.6 percent the previous year, while the average asking rent was $648, up 2 percent from $634. Average asking rents in the second quarter of 2011 were $561 for a one-bedroom unit, $685 for a two-bedroom unit, and $858 for a three-bedroom unit. Multifamily construction, as measured by the number of units permitted, peaked from 2004 to 2006, with an average of 830 units permitted during each 12-month period ending in August. Based on preliminary data, approximately 550 multifamily units were permitted during the 12 months ending August 2011 compared with 510 units permitted during the previous 12 months. Developments currently under construction include the 232-unit Palouse Family Apartments, which has proposed rents of $572 for a one-bedroom unit, $644 for a two-bedroom unit, and $791 for a three-bedroom unit, and the 150-unit market-rate senior complex, Traditions at Mill Road, which has proposed rents of $900 for a studio, $1,000 for a one-bedroom unit, and $1,150 for a two-bedroom unit. Of the 4,675 military personnel stationed at Fairchild Air Force Base, an estimated 3,650 live in off-base housing, primarily in the rental market.

York-Hanover, Pennsylvania

The York-Hanover metropolitan area, coterminous with York County, is located in south-central Pennsylvania, approximately 100 miles west of Philadelphia and 50 miles north of Baltimore, Maryland. The metropolitan area includes the city of York and Hanover Borough, known by many as the snack food capital of the United States because of the large number of snack food manufacturers. As of October 1, 2011, the population of the metropolitan area was estimated at 437,400, which reflects an average annual gain of 1,625, or 0.4 percent, since April 1, 2010, compared with an average annual increase of 6,150, or 1.5 percent, from 2005 to 2010. Leading private employers in the area include York Hospital, BAE Systems Land & Armaments (a defense contractor), and UTZ Quality Foods, Inc., with approximately 7,400, 1,900, and 1,350 employees, respectively.

Economic conditions in the York-Hanover metropolitan area showed signs of recovery during the 12 months ending August 2011, with total nonfarm payrolls increasing by 2,800, or 1.6 percent, to 176,100 jobs. This increase is a marked shift from the loss of 4,100 jobs, or 2.3 percent, during the12-month period ending August 2010. During the 12 months ending August 2011, the professional and business services sector added 1,100 jobs, or 6.8 percent, which accounted for nearly 40 percent of the job gains in the metropolitan area during the period. The transportation and utilities sector and the education and health services sector each added 500 jobs, or 6.5 and 1.8 percent, respectively. The mining, logging, and construction sector also added 500 jobs, or 5.1 percent, with gains primarily attributed to commercial construction, including Wellspan Health's new 73-bed surgery and rehabilitation hospital. Partially offsetting overall job gains were losses in the manufacturing and government sectors, which lost 400 and 200 jobs, or 1.1 percent each, respectively. Yorktowne Paperboard, a paperboard manufacturer owned by Newark Group, closed mid-October and Yorktowne Cabinetry closed in early summer, resulting in the loss of nearly 200 total jobs. The employment declines in the government sector can be attributed to job losses at the federal level. Despite the overall loss of employment in manufacturing, jobs in the food manufacturing subsector, accounting for nearly 16 percent of all manufacturing jobs, has remained stable during the past 3 years. During the 12 months ending August 2011, the unemployment rate in the metropolitan area averaged 8 percent, down from the 8.8-percent rate recorded during the previous 12-month period.

The home sales market in the York-Hanover area remains soft as a result of weaker economic conditions during the previous year. According to Hanley Wood, LLC, during the 12 months ending August 2011, the number of existing home sales decreased by nearly 21 percent, to 4,675 homes sold, compared with the 7,075 homes sold during the same period a year earlier. During the 12 months ending August 2011, the median home sales price of existing single-family homes was $164,850, down $10,150, or nearly 6 percent. According to LPS Applied Analytics, in August 2011, 6.1 percent of mortgages in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), which is relatively unchanged from the 6.0-percent rate recorded in August 2010. According to Hanley Wood, LLC, during the 12 months ending August 2011, sales of foreclosed and REO homes represented 25 percent of total home sales, unchanged from the previous 12-month period.

Hanley Wood, LLC, also reported that, during the 12 months ending August 2011, sales of new single-family homes decreased by 41 percent to 430 homes sold and the median home sales price was down nearly 19 percent to $221,200. In response to the soft sales housing market, single-family home construction in the metropolitan area remained well below the 2003-to-2006 peak period, when an average of 2,860 homes were permitted annually. Based on preliminary data, during the 12 months ending August 2011, the number of single-family permits issued was unchanged at 520 homes compared with the number issued a year earlier. Jackson Heights is an ongoing development with 127 single-family detached homes and 208 townhomes; prices start at $129,900 for a three-bedroom townhome and $225,000 for a three-bedroom detached home. Stonegate at Regents' Glen, a new townhome development in York, has three-bedroom condominium units starting at $132,900.

The rental housing market conditions in the York-Hanover metropolitan area are slightly soft, with a current estimated rental vacancy rate of 7.1 percent, unchanged from the rate reported in the 2010 Census. Average rents are estimated to be $700 for a one-bedroom unit, $800 for a two-bedroom unit, and $1,050 for a three-bedroom unit. Rents for three- and four-bedroom single-family homes average $1,500. According to the 2009 American Community Survey, single-family homes account for nearly 50 percent of all rental housing units in the metropolitan area. Multifamily construction activity, as measured by the number of units permitted, totaled nearly 150 units permitted during the 12 months ending August 2011, an increase compared with nearly 80 units permitted during the previous 12-month period. Multifamily development peaked from 2002 through 2003, when an average of 300 units were permitted annually. The newly developed Gable Flats Apartments, a converted tobacco warehouse, with 15 one-bedroom units and rents ranging from $975 to $1,025, started leasing in early 2011. Conversion of the former York Casket Company's warehouse into 80 apartments began in the spring of 2011, with 23 apartments expected to come on line in late 2011.

Units Authorized by Building Permits, Year to Date: HUD Regions and States

HUD Region and State	2011 Through September			2010 Through September			Ratio: 2011/2010 Through September		
	Total	Single Family	Multi-family*	Total	Single Family	Multi-family*	Total	Single Family	Multi-family*
Connecticut	2,411	1,547	864	2,912	1,868	1,044	0.828	0.828	0.828
Maine	1,738	1,543	195	2,361	2,162	199	0.736	0.714	0.980
Massachusetts	4,757	3,261	1,496	6,585	4,140	2,445	0.722	0.788	0.612
New Hampshire	1,814	1,216	598	2,141	1,541	600	0.847	0.789	0.997
Rhode Island	506	426	80	664	569	95	0.762	0.749	0.842
Vermont	913	610	303	1,221	979	242	0.748	0.623	1.252
New England	**12,139**	**8,603**	**3,536**	**15,884**	**11,259**	**4,625**	**0.764**	**0.764**	**0.765**
New Jersey	9,481	4,857	4,624	10,098	5,626	4,472	0.939	0.863	1.034
New York	16,441	5,966	10,475	14,762	7,705	7,057	1.114	0.774	1.484
New York/New Jersey	**25,922**	**10,823**	**15,099**	**24,860**	**13,331**	**11,529**	**1.043**	**0.812**	**1.310**
Delaware	2,281	1,926	355	2,438	2,126	312	0.936	0.906	1.138
District of Columbia	3,079	196	2,883	532	57	475	5.788	3.439	6.069
Maryland	8,829	6,102	2,727	9,901	6,633	3,268	0.892	0.920	0.834
Pennsylvania	12,524	9,601	2,923	15,316	12,336	2,980	0.818	0.778	0.981
Virginia	17,239	12,122	5,117	17,028	13,365	3,663	1.012	0.907	1.397
West Virginia	1,278	1,111	167	1,412	1,188	224	0.905	0.935	0.746
Mid-Atlantic	**45,230**	**31,058**	**14,172**	**46,627**	**35,705**	**10,922**	**0.970**	**0.870**	**1.298**
Alabama	7,522	6,035	1,487	8,157	6,510	1,647	0.922	0.927	0.903
Florida	32,843	24,992	7,851	30,641	24,913	5,728	1.072	1.003	1.371
Georgia	13,656	10,450	3,206	14,300	12,322	1,978	0.955	0.848	1.621
Kentucky	4,933	3,560	1,373	5,156	4,396	760	0.957	0.810	1.807
Mississippi	3,382	3,013	369	3,690	3,240	450	0.917	0.930	0.820
North Carolina	24,568	18,767	5,801	27,267	21,136	6,131	0.901	0.888	0.946
South Carolina	11,364	9,940	1,424	11,732	10,531	1,201	0.969	0.944	1.186
Tennessee	10,268	8,556	1,712	13,681	9,569	4,112	0.751	0.894	0.416
Southeast/Caribbean	**108,536**	**85,313**	**23,223**	**114,624**	**92,617**	**22,007**	**0.947**	**0.921**	**1.055**
Illinois	8,165	5,392	2,773	8,428	6,220	2,208	0.969	0.867	1.256
Indiana	9,666	7,475	2,191	10,147	7,996	2,151	0.953	0.935	1.019
Michigan	6,950	5,914	1,036	6,766	5,903	863	1.027	1.002	1.200
Minnesota	5,931	4,916	1,015	7,209	5,435	1,774	0.823	0.905	0.572
Ohio	10,044	7,363	2,681	10,632	8,556	2,076	0.945	0.861	1.291
Wisconsin	8,941	5,234	3,707	8,360	6,257	2,103	1.069	0.837	1.763
Midwest	**49,697**	**36,294**	**13,403**	**51,542**	**40,367**	**11,175**	**0.964**	**0.899**	**1.199**
Arkansas	4,842	2,893	1,949	5,782	3,538	2,244	0.837	0.818	0.869
Louisiana	9,305	7,597	1,708	8,388	7,700	688	1.109	0.987	2.483
New Mexico	3,269	2,771	498	3,652	3,218	434	0.895	0.861	1.147
Oklahoma	6,297	4,944	1,353	6,433	5,402	1,031	0.979	0.915	1.312
Texas	72,451	49,754	22,697	67,618	52,795	14,823	1.071	0.942	1.531
Southwest	**96,164**	**67,959**	**28,205**	**91,873**	**72,653**	**19,220**	**1.047**	**0.935**	**1.467**
Iowa	5,810	4,406	1,404	5,454	4,393	1,061	1.065	1.003	1.323
Kansas	4,135	2,481	1,654	3,628	2,891	737	1.140	0.858	2.244
Missouri	6,603	4,259	2,344	6,415	4,715	1,700	1.029	0.903	1.379
Nebraska	3,853	2,893	960	3,716	3,296	420	1.037	0.878	2.286
Great Plains	**20,401**	**14,039**	**6,362**	**19,213**	**15,295**	**3,918**	**1.062**	**0.918**	**1.624**
Colorado	10,412	7,403	3,009	9,185	7,271	1,914	1.134	1.018	1.572
Montana	1,447	1,084	363	1,768	1,259	509	0.818	0.861	0.713
North Dakota	3,539	1,948	1,591	2,639	1,730	909	1.341	1.126	1.750
South Dakota	2,460	1,791	669	2,396	1,843	553	1.027	0.972	1.210
Utah	7,025	5,222	1,803	7,444	5,767	1,677	0.944	0.905	1.075
Wyoming	1,366	1,056	310	1,658	1,027	631	0.824	1.028	0.491
Rocky Mountain	**26,249**	**18,504**	**7,745**	**25,090**	**18,897**	**6,193**	**1.046**	**0.979**	**1.251**
Arizona	9,946	8,051	1,895	10,035	8,899	1,136	0.991	0.905	1.668
California	32,852	16,682	16,170	31,195	19,167	12,028	1.053	0.870	1.344
Hawaii	2,156	1,281	875	2,916	1,462	1,454	0.739	0.876	0.602
Nevada	4,905	3,624	1,281	5,187	4,452	735	0.946	0.814	1.743
Pacific	**49,859**	**29,638**	**20,221**	**49,333**	**33,980**	**15,353**	**1.011**	**0.872**	**1.317**
Alaska	736	609	127	783	648	135	0.940	0.940	0.941
Idaho	3,148	2,691	457	3,619	3,268	351	0.870	0.823	1.302
Oregon	5,761	4,017	1,744	5,662	4,612	1,050	1.017	0.871	1.661
Washington	16,064	10,587	5,477	15,654	11,655	3,999	1.026	0.908	1.370
Northwest	**25,709**	**17,904**	**7,805**	**25,718**	**20,183**	**5,535**	**1.000**	**0.887**	**1.410**
United States	**459,906**	**320,135**	**139,771**	**464,764**	**354,287**	**110,477**	**0.990**	**0.904**	**1.265**

*Multifamily is two or more units in structure. Source: Census Bureau, Department of Commerce

Units Authorized by Building Permits, Year to Date: 50 Most Active Core Based Statistical Areas (CBSAs)** (Listed by Total Building Permits)

CBSA	CBSA Name	2011 Through September		
		Total	Single Family	Multifamily*
26420	Houston-Sugar Land-Baytown, TX	23,399	17,478	5,921
19100	Dallas-Fort Worth-Arlington, TX	19,127	11,074	8,053
35620	New York-Northern New Jersey-Long Island, NY-NJ-PA	15,765	4,438	11,327
47900	Washington-Arlington-Alexandria, DC-VA-MD-WV	14,035	7,336	6,699
31100	Los Angeles-Long Beach-Santa Ana, CA	10,890	3,367	7,523
42660	Seattle-Tacoma-Bellevue, WA	8,580	4,774	3,806
12420	Austin-Round Rock, TX	7,515	4,915	2,600
38060	Phoenix-Mesa-Scottsdale, AZ	7,190	5,773	1,417
12060	Atlanta-Sandy Springs-Marietta, GA	6,567	4,775	1,792
41700	San Antonio, TX	5,457	3,303	2,154
33100	Miami-Fort Lauderdale-Miami Beach, FL	5,237	3,053	2,184
45300	Tampa-St. Petersburg-Clearwater, FL	5,094	3,474	1,620
37980	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	4,966	3,497	1,469
16980	Chicago-Naperville-Joliet, IL-IN-WI	4,805	3,080	1,725
16740	Charlotte-Gastonia-Concord, NC-SC	4,797	3,710	1,087
39580	Raleigh-Cary, NC	4,647	3,683	964
19740	Denver-Aurora, CO	4,645	2,771	1,874
41860	San Francisco-Oakland-Fremont, CA	4,564	1,445	3,119
36740	Orlando-Kissimmee, FL	4,476	3,493	983
41740	San Diego-Carlsbad-San Marcos, CA	4,216	1,732	2,484
29820	Las Vegas-Paradise, NV	4,142	2,983	1,159
26900	Indianapolis, IN	4,110	2,892	1,218
14460	Boston-Cambridge-Quincy, MA-NH	3,823	2,408	1,415
34980	Nashville-Davidson--Murfreesboro, TN	3,768	3,144	624
47260	Virginia Beach-Norfolk-Newport News, VA-NC	3,705	2,247	1,458
12580	Baltimore-Towson, MD	3,702	2,485	1,217
38900	Portland-Vancouver-Beaverton, OR-WA	3,607	2,390	1,217
41180	St. Louis, MO-IL	3,595	2,657	938
40140	Riverside-San Bernardino-Ontario, CA	3,563	2,772	791
33460	Minneapolis-St. Paul-Bloomington, MN-WI	3,452	2,773	679
18140	Columbus, OH	3,034	1,885	1,149
21340	El Paso, TX	2,936	2,529	407
27260	Jacksonville, FL	2,784	2,552	232
17140	Cincinnati-Middletown, OH-KY-IN	2,753	1,996	757
28140	Kansas City, MO-KS	2,659	1,764	895
16700	Charleston-North Charleston, SC	2,649	2,099	550
41620	Salt Lake City, UT	2,591	1,706	885
46140	Tulsa, OK	2,535	1,509	1,026
36420	Oklahoma City, OK	2,500	2,353	147
19820	Detroit-Warren-Livonia, MI	2,498	2,089	409
32580	McAllen-Edinburg-Mission, TX	2,449	2,295	154
30780	Little Rock-North Little Rock, AR	2,364	1,037	1,327
36540	Omaha-Council Bluffs, NE-IA	2,314	1,654	660
12940	Baton Rouge, LA	2,304	1,833	471
17900	Columbia, SC	2,279	1,874	405
38300	Pittsburgh, PA	2,256	2,084	172
40060	Richmond, VA	2,121	1,824	297
22180	Fayetteville, NC	2,056	1,106	950
35840	North Port-Bradenton-Sarasota, FL	1,899	1,412	487
40900	Sacramento--Arden-Arcade--Roseville, CA	1,881	1,418	463

*Multifamily is two or more units in structure. **As per new Office of Management and Budget metropolitan area definitions.
Source: Census Bureau, Department of Commerce