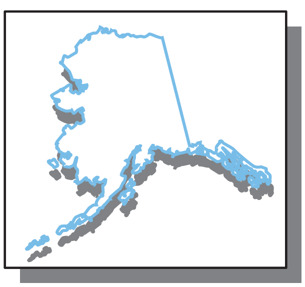
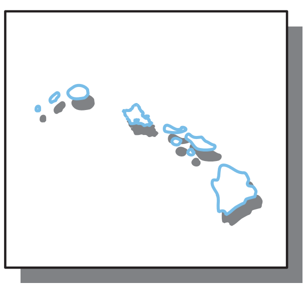
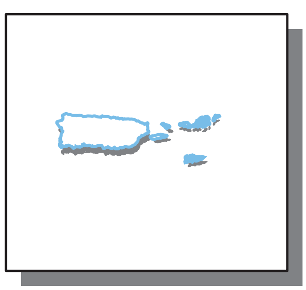
Regional Activity



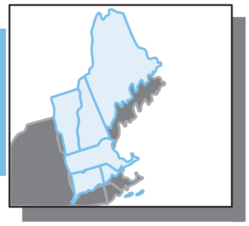




The following summaries of housing market conditions and activities have been prepared by economists in the U.S. Department of Housing and Urban Development's (HUD's) field offices. The reports provide overviews of economic and housing market trends within each region of HUD management. Also included 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*

Economic conditions in the New England region have improved significantly after 3 years of job losses related to the recession that began in December 2007. During 2011, nonfarm payrolls averaged 6.8 million jobs, up 74,800, or 1.1 percent, compared with a loss of 22,700 jobs, or 0.3 percent, during 2010. Although significant, this 2011 increase represents only 27 percent of the jobs that were lost from 2008 through 2010. The largest service-providing sector job gains were in the education and health services and the professional and business services sectors, which reported increases of 24,500 and 23,900 jobs, or 1.8 and 2.8 percent, respectively. The leisure and hospitality sector accounted for 19,600 new jobs, of which 70 percent were located in Massachusetts and New Hampshire. The wholesale and retail trade sector posted job gains of 12,800, or 1.2 percent. The manufacturing sector increased by 6,000 jobs, or 1.0 percent, its first increase since 1998. The government was the only sector with significant job losses, which totaled 14,200 jobs, or 1.4 percent, evenly split between the federal and local government subsectors throughout the region.

All six states in the New England region posted nonfarm payroll gains during 2011. Massachusetts, which has 47 percent of the jobs in the region, accounted for 54 percent of the net job gain during 2011, with payrolls increasing by 40,600 jobs, or 1.3 percent, compared with a gain of only 5,000 jobs during the previous year. The professional and business services, education and health services, and leisure and hospitality sectors increased by 11,800, 10,900, and 8,000 jobs, or 2.6, 1.6, and 2.6 percent, respectively. In addition, Massachusetts gained 3,200 new manufacturing jobs, representing more than one-half of the manufacturing gain in the region during 2011. Only the government sector posted nonfarm payroll losses, contracting by 5,900 jobs, or 1.3 percent, mostly in the federal government subsector. Nonfarm payrolls in New Hampshire also grew at 1.3 percent during 2011, an increase of 8,000 jobs, of which 5,700 were in the leisure and hospitality sector, a 9-percent increase, and 4,100 were in the professional and business services sector, a 6.4-percent increase. Payrolls increased at the fastest rate in Vermont, which added 5,500 jobs, a 1.8-percent increase, after an increase of only 200 jobs during 2010. Connecticut gained 14,600 jobs, or 0.9 percent, during 2011 compared with a loss of 18,500 jobs, or 1.1 percent, during 2010. This net increase was almost entirely composed of 7,600 jobs in the education and health services sector, up 2.5 percent, and 5,100 jobs in the professional and business services sector, a 2.7-percent increase. During 2011, nonfarm payrolls in Maine and Rhode Island increased by 3,700 and 2,400 jobs, or 0.6 and 0.5 percent, respectively, compared with minor job losses during the previous year. During 2011, the unemployment rate in the region averaged 7.8 percent, down from 8.5 percent during 2010 and less than the 9.0-percent national average. Average unemployment rates in the states ranged from 5.2 percent in New Hampshire to 10.8 percent in Rhode Island.

Despite record-low interest rates and the creation of nearly 75,000 new jobs during the past year, the home sales markets in the region continue to be soft. During 2011, home sales increased slightly in New Hampshire and remained unchanged in Vermont, whereas sales decreased in Maine, Massachusetts, Connecticut, and Rhode Island compared with 2010 sales. The Northern New England Real Estate Network (NNEREN) reported that 10,700 new and existing homes sold in New Hampshire during 2011, up 2 percent from the 10,550 homes sold during 2010. NNEREN also reported that home sales in Vermont totaled 4,025, relatively unchanged compared with the 4,000 homes sold during 2010. The 2011 median sales prices for New Hampshire and Vermont were $201,700 and $208,850, down 6 percent and up 4 percent, respectively, from 2010. According to the Maine Real Estate Information System, Inc., 9,825 existing homes sold in 2011, down 4 percent compared with 10,200 sales in 2010. In 2011, the median sales price was $165,000, a 2-percent drop from 2010.

According to the Massachusetts Association of REALTORS® (MAR), during 2011, existing home sales totaled 39,350, down 2 percent from the 40,050 homes sold during 2010. The median sales price in 2011 was down 3 percent, to $290,000 from $300,000 in 2010, but was up 1 percent compared with the $286,000 median sales price in 2009. During 2011, Prudential Connecticut Realty reported 21,350 existing home sales in Connecticut, an 8-percent decrease compared with 23,100 sales during 2010. The median sales price during 2011 was $250,000, down 4 percent from $260,000 in 2010. The Rhode Island Association of REALTORS® (RIAR) reported that 6,700 existing homes sold during 2011, down 2 percent from 6,850 homes sold in 2010. The median sales price declined by 7 percent to $195,500 compared with the median sales price of $210,000 during 2010.

According to the Federal Housing Finance Agency House Price Index, in November 2011 (the most recent data available), home prices in the New England region

*For an explanation of HUD's regions, please turn to page 47 at the end of the Regional Reports section.

decreased by 1.7 percent from November 2010, comparable to the 1.8-percent decline nationwide. In December 2011, LPS Applied Analytics reported that 6.5 percent of home loans in the region were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) compared with a 6.4-percent rate in December 2010 and a 7.6-percent national rate in December 2011. Rates of loans in those three categories ranged from 4.9 percent in Vermont to 8.5 percent in Rhode Island in December 2011.

Condominium markets continue to be soft throughout the New England region. According to MAR, during 2011, condominium sales in Massachusetts totaled 15,000 units, down 6 percent compared with 15,950 units during 2010 and down 8 percent compared with 16,350 units during 2009. The median sales price in 2011 of $267,000 was up 1 percent from a year ago. In Connecticut, Prudential Connecticut Realty reported that condominium sales declined more than 12 percent to 5,400 units during 2011 compared with 6,175 units sold in 2010. The median sales price for 2011 was $165,500, a 7-percent decrease compared with the 2010 median sales price of $178,000. According to RIAR, 2011 condominium sales in Rhode Island totaled 1,125 units, a 1-percent decline from 2010, and the median sales price was $177,000, down 5 percent from $187,000 in 2010. According to NNEREN, condominium sales in New Hampshire declined by 3 percent to 2,550 units during 2011, and the median sales price was $155,000, down 6 percent from 2010. Condominium sales and prices in Vermont remained essentially unchanged in 2011, with 910 units sold and a median sales price of $185,000.

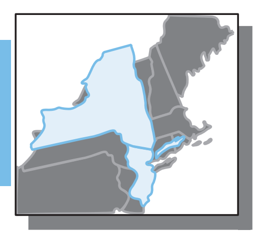
In response to decreasing home sales and prices across most of the region, single-family homebuilding activity, as measured by the number of building permits issued, began declining in the second quarter of 2011. Based on preliminary data, during 2011, the number of homes permitted declined by 18 percent to 9,575 compared with the number permitted during 2010. This decline represented the largest percentage decline of any region in the nation and compares with a 6-percent decrease nationwide. During 2010, single-family home production increased 17 percent from 2009. Single-family home construction decreased in all six states in the region during 2011. Massachusetts, which represented 43 percent of single-family homebuilding activity in the region, declined 15 percent to 4,100 homes permitted. Connecticut, Maine, and New Hampshire decreased 19, 21, and 19 percent to 1,825, 1,350, and 1,275 homes permitted, respectively. Rhode Island and Vermont declined 23 and 27 percent, to 580 and 430 homes permitted, respectively.

Multifamily construction, as measured by the number of units permitted, declined significantly in the New England region during 2011. Based on preliminary data, during 2011, multifamily production decreased 12 percent to 5,150 units permitted compared with a 32-percent increase nationwide. During 2010, multifamily construction in the region increased 13 percent from 2009. During 2011, Massachusetts and Connecticut multifamily building activity declined 14 and 19 percent to 2,725 and 980 units permitted, respectively. Multifamily construction in New Hampshire and Rhode Island decreased to 590 and 120 units permitted compared with 750 and 210 units permitted, respectively, during the previous year. Maine and Vermont were the only states in the region to increase multifamily building activity during 2011, with 300 and 420 units permitted, up from 170 and 310 units permitted, respectively, during 2010.

Apartment market conditions in most metropolitan areas in the region are balanced or tight, with nearly all rental housing markets in the region tightening during 2011 because of moderate-to-strong net absorption and limited completions. Rental market conditions in the Boston metropolitan area are tight. According to Reis, Inc., the apartment vacancy rate during the fourth quarter of 2011 decreased to 4 percent compared with 5.1 percent a year earlier. Overall, for every new unit added to the apartment inventory, nearly five units were absorbed. The average market rent increased 2 percent to $1,772 during the same period. The apartment market in the Providence metropolitan area tightened because of extremely limited additions to the inventory during 2011. During the fourth quarter of 2011, the apartment vacancy rate declined to 3.8 percent, down from 6 percent a year earlier, with average rents increasing nearly 2 percent to $1,225. During the same period, the apartment vacancy rate declined to 5.2 percent from 6 percent in Fairfield County, with overall balanced rental market conditions. The average market rent increased nearly 3 percent to $1,828, representing the most expensive apartment market in the region. Apartment market conditions in the New Haven metropolitan area are extremely tight; apartment vacancy rates decreased to 2.1 percent during the fourth quarter of 2011 from 2.9 percent a year earlier. This rate represents the lowest apartment vacancy rate of any major market in the nation as reported by Reis, Inc. The average market rent increased nearly 2 percent to $1,126 during the same period. In the Portland metropolitan area, apartment vacancy rates declined to 3.8 percent during the fourth quarter of 2011 from 4.3 percent a year earlier, with the average market rent increasing more than 2 percent to $1,039.

New York/ New Jersey

HUD Region II



Population growth increased in the New York/New Jersey region during the past year due to improving economic conditions. The population of the region increased by 91,550, or 0.3 percent, to 28.3 million from

July 2010 to July 2011. New York accounted for more than 75 percent of the population growth, recording an increase of 70,000, or 0.4 percent, to 19.5 million, whereas New Jersey increased by 21,550, or 0.2 percent, to 8.8 million. Net natural change (resident births minus resident deaths) of 132,000 people offset net out-migration from the region of nearly 40,000 people.

During 2011, nonfarm payrolls totaled nearly 12.5 million jobs, an increase of 80,650 jobs, or 0.6 percent, from a year ago. In New York, which accounted for nearly 90 percent of the growth, payrolls increased by 71,800 jobs, or 0.8 percent, to an average of 8.6 million jobs. New Jersey payrolls increased by 8,875 jobs, or 0.2 percent, to an average of nearly 3.9 million jobs during 2011. The fourth quarter of 2011 was the first quarter during which the state reported a positive year-over-year job growth since the second quarter of 2008. In New York City (NYC), nonfarm payrolls increased by 33,350 jobs, or 0.9 percent, to 3.7 million jobs.

During 2011, the education and health services, professional and business services, and leisure and hospitality sectors reported the largest nonfarm payroll job gains in the New York/New Jersey region. The education and health services sector recorded an increase of 44,850 jobs, or 1.9 percent, with gains of 34,900 jobs, or 2.0 percent, in New York and 9,950 jobs, or 1.6 percent, in New Jersey. The professional and business services sector gained 44,800 jobs, or 2.7 percent, in the region and registered the largest nonfarm payroll increase among all sectors in New Jersey with a gain of 11,650 jobs, or 2.0 percent. The leisure and hospitality sector expanded by 18,500 jobs, a 1.7-percent increase, adding 17,450 and 1,025 jobs, 2.0- and 0.3-percent increases, in New York and New Jersey, respectively. The number of leisure travelers to NYC increased by nearly 3 percent to a record 50.5 million in 2011, and, as a result, the leisure and hospitality sector in NYC increased by 8,200 jobs, or 2.6 percent. The sectors with the strongest job growth in NYC were the professional and business services sector, which increased by 18,200 jobs, or 3.2 percent, and the education and health services sector, which increased by 17,550 jobs, or 2.3 percent. NYC accounted for at least 40 percent of the job growth for the region in each of those sectors.

Offsetting some of the job gains in the region, the government and manufacturing sectors and the construction subsector lost the most jobs during 2011. The government sector declined by 44,700 jobs, or 2.1 percent, with decreases of 25,650 jobs, or 1.7 percent, in New York and 19,050 jobs, or 3.0 percent, in New Jersey, a result of budget cuts that began in the summer of 2010. Job losses in the manufacturing sector and the construction subsector continued, but were 60 percent less than the losses recorded a year ago; the sectors registered job declines of 11,500 and 2,250, or 1.6 and 0.5 percent, respectively, during 2011. The manufacturing sector recorded a 2.8-percent decrease, or 7,150 jobs, in New Jersey and a 1.0-percent decline, or 4,350 jobs, in New York. The construction subsector decreased by 2,000 jobs, or 0.7 percent, in New York and by 240 jobs, or 0.2 percent, in New Jersey. During 2011, the unemployment rate averaged 8.4 percent for the region, down from 8.8 percent a year earlier. The unemployment rate declined from 8.6 to 8.0 percent in New York and from 9.5 to 9.3 percent in New Jersey.

In the fourth quarter of 2011, sales housing markets in the New York/New Jersey region were softer than during the previous year. According to data from the New York State Association of REALTORS®, during 2011, sales of existing single-family homes in the state (excluding parts of NYC) decreased by 4 percent to 72,050 homes sold compared with 2010 sales. The median sales price for existing homes during 2011 decreased by less than 1 percent to $212,500 compared with prices during 2010. During the fourth quarter of 2011, the number of home sales declined, but prices remained relatively stable in Upstate New York. According to the Greater Rochester Association of REALTORS®, during 2011, home sales in the Rochester metropolitan area declined by 10 percent to 9,125 homes sold, and the median sales price increased by nearly 4 percent to $124,000. The Greater Capital Association of REALTORS® reported that home sales in the Albany-Schenectady-Troy metropolitan area declined 7 percent during 2011, to nearly 7,100 homes sold, and the median sales price decreased by 1 percent to $186,000. According to the Buffalo Niagara Association of REALTORS®, during 2011, the number of homes sold declined by slightly more than 1 percent to 8,425 homes, and the median sales price remained relatively unchanged at $115,900.

The NYC home sales market remained soft during the fourth quarter of 2011. Home sales prices declined in Brooklyn and Queens and increased slightly in Manhattan. The number of homes sold increased in Brooklyn and Manhattan, although home sales fell significantly in Queens. Miller Samuel Inc. reported that, during 2011, the number of existing home sales in Manhattan, Brooklyn, and Queens decreased by 7 percent to 27,950 units compared with the number sold during 2010. During 2011, the average sales price rose by nearly 4 percent to $821,100, and the average number of days a home remained on the market increased slightly to 126, 17 days more than the average during 2010. During the past year, the number of condominiums and cooperatives sold in Manhattan increased by less than 1 percent to 10,150, and the median sales price increased by slightly more than 1 percent to $855,000. In 2011, the number of home sales in Manhattan remained nearly 12 percent below the average annual rate of 11,500 homes sold in 2007 and 2008. Home sales increased by more than 13 percent to 8,100 homes sold in Brooklyn, but the median sales price decreased by 4 percent to $454,400. In Queens, sales declined nearly 24 percent to 9,700 homes sold in response to the expiration of the federal first-time homebuyer tax credit, but the median sales price remained relatively unchanged at $393,100.

In New Jersey, home sales markets were softer during the third quarter of 2011 than during the previous year because of declining home sales and prices. According to data from the New Jersey Association of REALTORS®, the number of existing homes sold during the 12 months ending September 2011 (the latest information available) decreased by 16,100, or 14 percent, to 103,300 homes sold compared with sales during the previous 12 months. The median home sales price in New Jersey decreased by nearly 4 percent to $305,100. All three regions of the state reported a decreased number of home sales, with declines of 16 percent in Southern New Jersey and about 12 percent in both Central and Northern New Jersey, to 25,400, 27,400, and 50,500 homes sold, respectively. Median sales prices declined by less than 1 percent to $385,700 in Northern New Jersey and by slightly more than 5 percent in both Southern and Central New Jersey to $202,100 and $309,000, respectively.

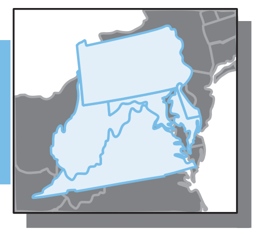
According to LPS Applied Analytics, in December 2011, the number of mortgage loans in the region that were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) increased by 16,400, or 6.8 percent, to 256,200 loans compared with December 2010. This total represented 9.2 percent of all home loans in December 2011 compared with 8.4 percent a year earlier. The rate rose from 9.4 to 10.6 percent in New Jersey and from 7.7 to 8.2 percent in New York. Both rates were above the national average of 7.6 percent.

Builders responded to softer sales housing market conditions in the New York/New Jersey region by reducing single-family homebuilding. Construction of multifamily units increased in both states, however. According to preliminary data, during 2011, the number of single-family homes permitted in the region decreased by 16 percent to 11,650 homes compared with an 8-percent increase recorded during 2010. The number of single-family homes permitted in 2011 represents slightly more than 50 percent of the annual average of 23,000 homes permitted in the region from 2007 through 2009. Single-family home construction decreased by 1,250, or 20 percent, to 5,175 homes permitted in New York and by 925, or 12 percent, to 6,475 homes permitted in New Jersey. According to preliminary data, during 2011, multifamily building activity, as measured by the number of units permitted, increased by 4,550, or 32 percent, to 18,900 units permitted compared with a 14-percent increase during 2010. Nearly 90 percent of the increase in multifamily construction activity in the region occurred in New York, where permitting increased by 3,900 units, or 46 percent, to a total of 12,350. New Jersey multifamily permitting increased by 600 units, or 10 percent, to a total of 6,525 units, down from the 16-percent increase recorded during 2010. Based on data from the McGraw-Hill Construction Pipeline database, apartments accounted for more than 80 percent of the 22,350 multifamily units under construction in the region and 99 percent of the 10,500 units being built in NYC.

Rental housing market conditions in the region were tighter in the fourth quarter of 2011 than they were a year earlier, as shown by declining vacancy rates and rising rents. Conditions were balanced to tight in New Jersey and Upstate New York, whereas NYC remained one of the tightest rental markets in the country. According to Reis, Inc., in the fourth quarter of 2011, the vacancy rate in Northern New Jersey decreased from 4.9 to 4.1 percent and the average rent increased by nearly 3 percent to $1,550. In Atlantic City, the vacancy rate declined from 7.3 to 5.5 percent and the average rent increased by nearly 1 percent to $960. The rental housing market tightened in Rochester, where the vacancy rate declined from 4.2 to 3.2 percent and the average rent increased by nearly 2 percent to $790. In Albany, the vacancy rate decreased from 3.7 to 3.0 percent and the average rent increased by more than 2 percent to $910. The apartment vacancy rate in NYC was 2.4 percent, down from the 3.1-percent rate recorded a year earlier, and the average asking rent increased by 3 percent to $2,950. On Long Island, the vacancy rate declined from 3.8 to 3.3 percent and rents increased by more than 2 percent to $1,590.

MID-ATLANTIC

HUD Region III



Economic conditions in the Mid-Atlantic region improved during 2011 after a 2-year decline during 2009 and 2010. During 2011, nonfarm payrolls increased by 103,400 jobs, or 0.8 percent, to 13.7 million jobs compared with the loss of 19,500 jobs, or 0.1 percent, during 2010. More than 70 percent of the net job gain in the region occurred in the education and health services and the professional and business services sectors. The education and health services sector recorded an increase of 38,750 jobs, or 1.7 percent. The professional and business services sector grew by 35,450 jobs, or 1.8 percent, an improvement over the gain of 20,900 jobs, or 1.1 percent, registered in 2010. The wholesale trade subsector, which added 8,750 jobs, a 1.9-percent increase, led the 19,000-job, or 1.0-percent, overall growth of the trade sector. The manufacturing sector increased by 10,700 jobs, or 1.1 percent, primarily because the growth of 11,500 jobs, or 2.1 percent, in Pennsylvania offset the loss of 1,925 jobs, or 1.7 percent, in Maryland. During 2011, the government sector in the region recorded a net decrease of 22,550 jobs, or 0.9 percent, compared with employment a year ago, with Pennsylvania accounting for 78 percent of the decline. The federal government subsector decreased by 7,450 jobs, or 1.1 percent, in the region; federal government payrolls in the Washington, D.C. metropolitan area, however, increased by 620 jobs, or 0.2 percent.

During 2011, nonfarm payroll jobs increased in every state in the region except Delaware, where payrolls remained nearly unchanged. Job gains ranged from 2,500, or 0.4 percent, in the District of Columbia to 65,500, or 1.2 percent, in Pennsylvania. In Pennsylvania, a gain of 23,200 jobs, or 2.0 percent, in the education and health services sector more than offset a loss of 17,600 jobs, or 2.3 percent, in the government sector. Virginia reported an increase of 22,300 jobs, or 0.6 percent, with a gain of 14,700 jobs, or 2.3 percent, in the professional and business services sector accounting for 65 percent of all jobs added in the state. Maryland added 7,950 jobs, a 0.3-percent increase, and West Virginia added 5,475 jobs, a 0.7-percent increase. Conditions in both states improved from a year ago, when Maryland recorded a loss of 10,200 jobs, or 0.4 percent, and West Virginia registered no change in nonfarm payrolls. In 2011, gains in the professional and business services and the education and health services sectors offset losses in the construction subsector in Maryland and losses in the government sector in West Virginia. The average unemployment rate in the Mid-Atlantic region decreased from 8.0 percent in 2010 to 7.3 percent in 2011. Unemployment rates declined in all five states in the region, with rates ranging from 6.2 percent in Virginia to 8.4 percent in West Virginia. In the District of Columbia, however, the unemployment rate rose from 9.9 to 10.4 percent, the highest rate in the region.

According to the Census Bureau, the population of the Mid-Atlantic region was estimated at 29.9 million as of July 1, 2011, an increase of 0.5 percent, or approximately 161,800, since July 1, 2010. Net natural increase (resident births minus resident deaths) accounted for 60 percent of the population growth. Population gains in Virginia accounted for 45 percent of the increase in the region. Growth rates ranged from 2.2 percent in the District of Columbia to 0.1 percent in West Virginia.

Home sales market conditions in the Mid-Atlantic region were soft in the fourth quarter of 2011, although the volume of home sales increased in some states. During the fourth quarter of 2011, the Virginia Association of REALTORS® reported a 1-percent increase in the number of existing home sales, to 18,700 homes sold. During the same period, the median home sales price decreased nearly 6 percent to $220,000 from $233,000 a year ago. Home sales increased nearly 10 percent in the greater Richmond area during the fourth quarter of 2011, to 2,925 homes sold, but the median sales price decreased by more than 8 percent to $171,500. During the third quarter of 2011 (the most recent data available), existing home sales increased from a year ago in Delaware, Pennsylvania, and West Virginia, according to the NATIONAL ASSOCIATION OF REALTORS®. The seasonally adjusted annual home sales rate in those states increased by 29, 15, and 10 percent to 10,800, 155,200, and 27,200 homes sold, respectively, relative to the sales rates during the third quarter of 2010.

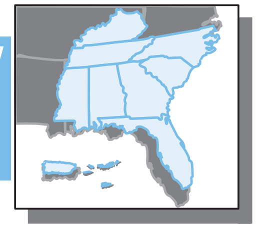
Sales housing market conditions were also soft in Maryland and the District of Columbia, although prices increased in the latter. According to the Maryland Association of REALTORS®, in 2011, the number of existing home sales in Maryland totaled 51,000, down 6 percent compared with the number sold in 2010, and the average home sales price declined 4 percent to $278,300. In the Baltimore metropolitan area, 22,150 homes sold, down 4 percent from the 23,050 sold during the previous year, according to Metropolitan Regional Information Systems, Inc. (MRIS®). During 2011, the average home sales price declined by 5 percent to nearly $262,500 from $276,600 during the previous year. According to MRIS®, in the District of Columbia, approximately 6,150 homes sold during 2011, down nearly 7 percent from the 6,600 homes sold during the previous year. Despite the decline, the average home sales price increased by 1 percent to $511,200 following a 4-percent increase in 2010. According to LPS Applied Analytics, during December 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 6.0 from 6.2 percent during December 2010, and remained less than the 7.6-percent rate reported for the nation.

Softer sales market conditions reduced single-family construction activity, as measured by the preliminary number of building permits issued, in all states throughout the region, but the District of Columbia was an exception. Homebuilding activity decreased by 4,025 permits, or 11 percent, to a total of 34,400 single-family homes during 2011 compared with a 5-percent increase reported during 2010. The declines occurred in Pennsylvania, down 24 percent to 9,250 homes permitted; West Virginia, down 8 percent to 1,175 homes permitted; Delaware, down 7 percent to 2,500 homes permitted; and Maryland and Virginia, down 5 and 4 percent, to 7,525 and 13,700 homes permitted, respectively. In contrast, construction activity in the District of Columbia increased by 110 homes to a total of 230 homes permitted. Homebuilding decreased in the major metropolitan areas in the region. The largest percentage decline occurred in the Pittsburgh metropolitan area, down 17 percent to 2,650 homes permitted. The Philadelphia metropolitan area and the Baltimore metropolitan area declined by 13 and 9 percent, to 4,575 and 3,275 homes permitted, respectively.

Although single-family home construction declined in 2011, preliminary data indicate that, in the Mid-Atlantic region, multifamily construction, as measured by the number of multifamily units permitted, increased by 65 percent to nearly 18,800 units compared with the number permitted a year ago. More than one-half of the multifamily units were permitted in the District of Columbia, where building activity increased from 550 units in 2010 to 4,375 units in 2011. According to the McGraw-Hill Construction Pipeline database, apartments account for approximately 90 percent of the 4,875 multifamily units currently under construction in the District of Columbia. In Virginia, during 2011, the number of multifamily units permitted increased by 46 percent to 6,800 units. Maryland and Delaware recorded increases of 26 and 23 percent, to 4,225 and 500 units permitted, respectively. Pennsylvania and West Virginia each recorded a 19-percent increase, to 2,675 and 200 units permitted, respectively. Multifamily construction activity varied among the major metropolitan areas in the region. In the Washington, D.C. metropolitan area, multifamily building activity more than doubled from a year ago, increasing to a total of 9,625 units. In the Virginia Beach metropolitan area, the number of permits issued for multifamily units tripled from 820 units permitted a year ago to 2,500 units permitted in 2011. In the Baltimore metropolitan area, the number of multifamily units permitted declined by 320 units, or 9 percent, to 3,275 units permitted.

Apartment markets throughout the region were balanced to tight during 2011, an improvement from a year ago when conditions were softer in some areas. The Washington, D.C. metropolitan area rental housing market was balanced during 2011 compared with soft conditions in 2010, because of a tightening in the highrise market. Delta Associates reported a 6.6-percent vacancy rate for Class A garden apartments, unchanged from a year earlier. The garden apartment vacancy rate decreased from 6.7 to 6.0 percent in suburban Maryland but increased from 6.5 to 7.1 percent in Northern Virginia. The average vacancy rate in highrise units in the metropolitan area declined significantly, from 9.7 to 5.7 percent, as the absorption of units in lease-up increased. During 2011, in the Washington, D.C. metropolitan area, the average rent for Class A garden and highrise apartments increased by 2 and 3 percent to $1,575 and $2,400, respectively. In the Baltimore metropolitan area, conditions were balanced, an improvement from softer conditions in 2010; the overall apartment vacancy rate decreased from 8.0 to 7.7 percent. From December 2010 to December 2011, the average vacancy rate declined from 4.7 to 3.5 percent at stabilized properties in the Baltimore metropolitan area and concessions were reduced from 2.8 to 2.1 percent. In Baltimore city, during 2011, the average vacancy rate decreased from 8.6 to 7.8 percent and the average vacancy rate at stabilized properties declined from 5.9 to 2.3 percent. The average rent increased in the Baltimore metropolitan area by 2 percent, from $1,475 to $1,525, and in Baltimore city by 8 percent to $1,725. The apartment market in the Philadelphia metropolitan area was tight during 2011, unchanged from the previous year. During 2011, the vacancy rate in the Philadelphia metropolitan area increased slightly from 3.2 to 3.3 percent, and the average rent rose 2 percent to $1,600. In the Center City Philadelphia submarket, during the same period, the average vacancy rate declined from 4.0 to 2.3 percent, and the average rent remained constant at $2,150.

Southeast/ Caribbean



HUD Region IV

Nonfarm payrolls in the Southeast/Caribbean region increased in 2011, with gains beginning in the second quarter, marking the first year of increased payrolls since employment peaked at approximately 27.2 million jobs in 2007. In 2011, nonfarm payrolls in the region averaged 25.1 million jobs, an increase of 120,600 jobs, or 0.5 percent, from 2010. Employment increased in most states in the region but decreased by 15,600 jobs, or 0.4 percent, in Georgia; 8,300 jobs, or 0.9 percent, in Puerto Rico; and 1,100 jobs, or 2.4 percent, in the Virgin Islands. Employment increased in Florida by 56,900 jobs, or 0.8 percent, the largest increase of any state in the region during 2011. From 2008 through 2010, Florida lost more jobs than any other state in the region. Gains of 24,500 jobs, or 1.4 percent, in Kentucky and 23,000 jobs, or 0.9 percent, in Tennessee were the region's other leading totals.

In 2011, nonfarm payroll gains in the Southeast/Caribbean region occurred across multiple sectors, with the largest job gains in the professional and business services, leisure and hospitality, and education and health services sectors, which increased by 83,100, 68,800, and 52,900 jobs, or 2.6, 2.6, and 1.6 percent, respectively. The construction subsector continued to lose jobs in 2011 as a result of weakness in the sales housing market and tight credit markets that limited financing for residential and commercial construction projects; employment in the sector decreased by 42,300 jobs, or 4.4 percent. Federal, state, and local governments continued to reduce payrolls in the region, decreasing government employment by 81,900 jobs, or 1.8 percent. Losses were distributed relatively evenly among the three government subsectors. In 2011, the unemployment rate for the region decreased to an average of 10.3 percent from 10.9 percent in 2010. Reflecting generally improving economic conditions in the region, the unemployment rate decreased in every state in the region and in the Caribbean, although rates remained elevated, ranging from 9.3 percent in Alabama to 15.7 percent in Puerto Rico. The largest decrease in the average unemployment rate occurred in South Carolina, where the rate decreased from 11.2 percent in 2010 to 10.2 percent in 2011. After continuing to lose jobs in 2011, Georgia had the smallest decrease in the unemployment rate in the region, from 10.2 percent in 2010 to 10 percent in 2011.

Sales housing markets throughout the Southeast/Caribbean region are soft but improving. According to data from LPS Applied Analytics, the percentage of mortgages 90 or more days delinquent, in foreclosure, or in REO

(Real Estate Owned) decreased from 11.5 percent in December 2010 to 10.8 percent in December 2011, but remained above the national average of 7.6 percent. The percentage of loans with this status decreased in every state in the region, with Florida and Georgia—two of the states hardest hit by the foreclosure crisis—showing the greatest decreases, from 18.6 to 17.6 percent in Florida and from 9.2 to 8.1 percent in Georgia, during the same period. Investor purchases of distressed homes continue to lower sales prices in Florida. According to data from Florida Realtors®, during 2011, sales of existing homes in the state totaled 185,900, an 8-percent increase compared with the 172,500 homes sold in 2010. In 2011, the median sales price for an existing single-family home was $131,700, down 3 percent from the previous year. Sales of existing condominiums also increased 15 percent to 87,600 units statewide, and the median sales price of an existing condominium was $88,300, 2 percent less than the median price reported in 2010. The number of existing single-family homes sold in Miami increased by 36 percent to 9,925 homes, and the median sales price declined by 9 percent to $172,700. Condominium sales in the Miami metropolitan area increased by 54 percent to 15,000 homes, whereas the median sales price in 2011 decreased by 3 percent to $113,800.

In the Carolinas, trends in home sales were mixed, but decreases in home sales prices were widespread. The North Carolina Association of REALTORS®, Inc. reported approximately 80,050 homes sold statewide during 2011, 1 percent fewer than the number sold in 2010. The average sales price for a home was approximately $197,000, down 3 percent from 2010. In the Charlotte and Greensboro-Winston-Salem areas, existing home sales increased by 4 and 2 percent to 22,950 and 11,150 homes, respectively, and the average sales price of a home decreased by 3 percent each, to $200,300 and $151,400, respectively. In 2011, new and existing home sales in the Raleigh-Durham area decreased by 4 percent to approximately 19,500 homes, and the average sales price of a home decreased by 3 percent to $222,100. According to data from South Carolina REALTORS®, in 2011, the number of existing homes sold in the state decreased by approximately 2,600, or 5 percent, to 44,950 homes. The number of home sales decreased in 13 of the 15 reported areas, ranging from less than 1 percent, or 7,550 homes, in the Myrtle Beach area to almost 15 percent, or 2,350 homes, in the Rock Hill area. In 2011, the median home sales price for South Carolina increased by less than 1 percent from the previous year, to approximately $150,400, and median sales prices decreased in 7 of 15 reported areas, ranging from less than 1 percent in Greater Pee Dee to 14 percent in the North Augusta area.

According to the Greater Louisville Association of REALTORS®, approximately 9,900 new and existing single-family homes and 1,100 condominium units sold during 2011, decreases of 3 and 12 percent, respectively, from 2010. The median sales prices of single-family homes and condominiums decreased by 3 percent to $135,900, and by 4 percent to $119,000, respectively. The Lexington-Bluegrass Association of REALTORS® reported that 6,650 new and existing homes sold during 2011, 1 percent fewer than the number sold in 2010 and that the median sales price of a home decreased by 3 percent to $137,900. In 2011, condominium and townhome sales in Lexington decreased by 14 percent to approximately 480 homes, and the median sales price decreased by 1 percent to $118,000.

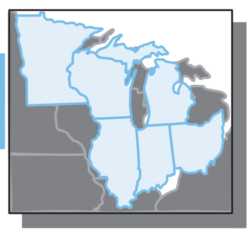
Sales of single-family homes and condominiums increased in three of the four largest metropolitan areas of Alabama during 2011, according to the Alabama Center for Real Estate. The largest increase was in Huntsville, where home sales were up by 45 percent to 6,325 homes; the average sales price of these homes decreased by 36 percent to approximately $127,500. Statewide, nearly 37,000 homes sold, up 2 percent from 2010, and the statewide average sales price decreased by 3 percent to $141,400. In Tennessee, according to the Knoxville Area Association of REALTORS®, in 2011, the number of new and existing single-family homes sold in Knoxville decreased by 630, or 7 percent, to 8,500 homes, and the average sales price was virtually unchanged at $171,400. Knoxville condominium sales decreased by 11 percent to 890 units, and the average sales price increased by 2 percent to $156,200. According to the Greater Nashville Association of REALTORS® Inc., the number of new and existing single-family homes sold increased by 2 percent to 17,200 homes, but the number of condominiums sold decreased by 6 percent to 2,000 units. The median sales price for a single-family home in December 2011 was $168,500, a 3-percent decrease from December 2010, and the median sales price for a condominium was virtually unchanged at $140,000.

As a result of continued weakness in the sales housing market in 2011, single-family homebuilding, as measured by the number of building permits issued, continued to decline in the Southeast/Caribbean region. Preliminary data indicate that, in 2011, the number of single-family homes permitted decreased by 1,450, or 1 percent, to approximately 103,900 homes. Although permits issued declined in the past year, the pace of the decline has slowed significantly compared with the average decrease of nearly 125,800 homes a year in 2008 and 2009. State trends in the region were mixed, with permits remaining relatively stable in some states and decreasing in others. Only Florida recorded an increase, of 1,675 homes, or 6 percent, to 31,300 homes permitted. In 2011, North Carolina recorded the largest decrease in permits of any state in the region, a decline of approximately 1,200, or 5 percent, to 23,100 homes permitted. Based on preliminary data, in 2011, multifamily permit activity in the region increased by 15 percent, or 4,100 units, to 32,200 units. Trends varied by state, but activity doubled in Georgia and South Carolina and increased in Kentucky, Florida, and Alabama by 42, 18, and 16 percent, respectively. The increases in the number of multifamily permits issued in those states were a result of comparatively low permit activity in the previous year and tighter apartment markets leading to increased interest in apartment development.

With limited apartment construction in the Southeast/Caribbean region during the past 3 years, apartment markets continued to tighten in 2011 and have become balanced in many metropolitan areas. According to Reis, Inc., during the fourth quarter of 2011, apartment vacancy rates decreased and asking rents increased compared with the corresponding data in the fourth quarter of 2010 in each of the 20 reported areas. Vacancy rates decreased the most in Charleston and Greensboro-Winston Salem, by 2.7 percentage points each to 5.5 and 7.5 percent, respectively. The vacancy rates in Atlanta and Miami declined from 9.8 and 5.7 percent, respectively, during the fourth quarter of 2010 to 7.7 and 4.7 percent, respectively, during the fourth quarter of 2011. Average asking rents rose by more than 3 percent to $650 in Chattanooga, the largest percentage increase in the region. In Atlanta and Miami, rents increased by approximately 1 percent each to $860 and $1,100, respectively.

Midwest

HUD Region V



Economic conditions in the Midwest region strengthened in 2011, as nonfarm payrolls increased during each quarter of the year. During the past year, nonfarm payrolls increased by 235,800, or 1 percent, to an average of 22.9 million jobs, the highest number of jobs in the region since 2008, when payrolls averaged 24.1 million jobs. Employment increased in both the goods-producing and service-providing sectors, with only three sectors reporting declining employment: the government, information, and financial activities sectors declined by 60,700, 6,100, and 3,800 jobs, or 1.7, 1.6, and 0.3 percent, respectively. In the government sector, declining revenues led to state and local government subsector layoffs in the region. Federal government employment declined by 25,400 jobs, or 7.4 percent, from 2010; many of those jobs lost were temporary, filled by 2010 Census workers. The professional and business services sector, which increased by 80,700 jobs, or 2.9 percent, led growth in the region in 2011, along with the education and health services and the manufacturing sectors, which increased by 78,200 jobs, or 2.2 percent, and 71,500 jobs, or 2.5 percent, respectively.

All six states in the region recorded increases in nonfarm payrolls in 2011. Nonfarm payroll job gains ranged from 2,700, or 0.1 percent, in Indiana to 68,800, or 1.4 percent, in Ohio. Payrolls in Wisconsin, Minnesota, Illinois, and Michigan increased by 22,000, 22,400, 58,900, and 61,000 jobs, respectively. During the same period, the average unemployment rate in the region declined from 10.1 to 8.8 percent and was down in each of the six states. Average unemployment rates ranged from 6.5 percent in Minnesota to 10.4 percent in Michigan.

Despite the strengthening economy in the Midwest region, home sales markets remain mixed from balanced to soft, with generally stable sales and stable or falling sales prices. Reluctance to purchase homes among buyers who believe prices may continue to fall and higher downpayment and credit-score requirements continue to limit home purchases. According to data from the Illinois Association of REALTORS®, home sales in the state remained relatively unchanged in 2011 at approximately 103,000 homes, but the median sales price declined 9 percent to $137,500. In the Chicago metropolitan area, home sales increased 1 percent to 69,900 homes, and the median price declined by 12 percent to $163,000. According to the Indiana Association of REALTORS®, home sales in Indiana remained relatively steady at 58,000 homes sold, but the median sales price increased by 1 percent to $112,900. In Michigan, according to the Michigan Association of REALTORS®, home sales in 2011 declined 2 percent, to 105,400, and the average sales price increased 1 percent to $107,300.

The Minnesota Association of REALTORS® reported a 3-percent increase in home sales, to 79,850, in 2011 compared with the number sold in 2010, but the median sales price declined by 8 percent to $135,000. In Ohio in 2011, according to the Ohio Association of REALTORS®, home sales declined 1 percent to 97,700, and the average sales price fell almost 4 percent to $128,500. In 2011, the Wisconsin REALTORS® Association indicated that home sales rose less than 1 percent to 51,550, but the median sales price decreased 6 percent to $132,000. Home loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) continued to decline in the region, according to LPS Applied Analytics. In December 2011, 8 percent of all home loans recorded in the region were distressed, down from 8.5 percent in December 2010. The corresponding national figure in December 2011 was 7.6 percent.

According to preliminary data, in 2011, 39,150 single-family home permits were issued in the region, 7 percent fewer than the 42,000 homes permitted in 2010. Single-family building permits were up 4 percent in 2010 compared with the 40,550 permits issued in 2009. In 2011, every state in the Midwest region but one reported declining numbers of single-family home permits. In Michigan, the number of homes permitted increased 4 percent to 6,350. Declines in single-family homes permitted in the other five states ranged from 4 percent each in Indiana and Minnesota, to 8,400 and 5,650 homes, respectively, to 15 percent in Wisconsin, where 5,325 homes were permitted. Single-family home permits declined 8 and 12 percent, to 5,375 and 8,025, respectively, in Illinois and Ohio.

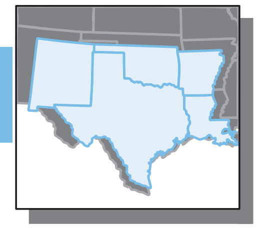
Multifamily building activity, as measured by the number of units permitted, increased in the region. In 2011, according to preliminary data, approximately 17,800 multifamily units were permitted, a 10-percent increase compared with the 16,250 units permitted in 2010, and nearly 50 percent more than the 11,900 units permitted in 2009. During 2011, the change in the number of multifamily units permitted in the region's six states varied widely, from a 29-percent decline to 1,900 units in Minnesota to a 38-percent increase to 3,800 units in Ohio. The decline in multifamily units permitted in the Minneapolis-St. Paul-Bloomington metropolitan area drove the change in Minnesota, accounting for 73 percent of the reported decline statewide. In Ohio, the increase of 1,050 units was entirely because of increased multifamily units permitted in the major metropolitan areas of Cincinnati, Cleveland, and Columbus, where 1,275 more multifamily units were permitted in 2011 than in 2010. Other states reported smaller changes in units permitted. Permits declined by 3 and 9 percent, to 2,950 and 1,150 units, respectively, in Indiana and Michigan, and increased in Wisconsin and Illinois by 11 and 33 percent, to 3,100 and 4,875 units, respectively. More than one-half of the increase in multifamily units permitted in Illinois was in the Chicago metropolitan area, where 3,625 units were permitted in 2011, an increase of 22 percent from 2010.

Rental housing markets in major metropolitan areas of the Midwest region are balanced to tight, with rent increases reported in all major markets, continuing a yearlong trend of strengthening conditions. The apartment market in Detroit is balanced, with a fourth quarter 2011 vacancy rate of 5.4 percent, down from almost 7 percent in the fourth quarter of 2010, whereas average rents increased 2 percent, to $830, according to Reis, Inc. In the Minneapolis metropolitan area, where the apartment market has been balanced to tight for more than 2 years, tight conditions continued with a metropolitan vacancy rate of 2.8 percent, down from 3.8 percent in the fourth quarter of 2010, and average rents rose 2 percent, to $930, according to GVA Marquette Advisors. In downtown Minneapolis, the market is also tight, with a fourth quarter vacancy rate of 1.9 percent, down from 4.2 percent the previous year, and average rents increased slightly, to $1,250. In Indianapolis, where the rental market is balanced, Reis, Inc., reports a fourth quarter, 2011 vacancy rate of 5.9 percent, down from 8 percent a year ago, whereas average rents rose 2 percent to $680.

Rental market conditions are balanced to tight in the large metropolitan areas in Ohio. The markets in Columbus and Cincinnati are balanced, with Reis, Inc., reporting apartment vacancy rates of 7 and 5.3 percent, down from 8.8 and 6.7 percent, respectively, the year before. The apartment market is tight in Cleveland, with a reported vacancy rate of 4.4 percent, down from 5.6 percent. The average monthly rent rose by 1 percent to $730 in Cincinnati, by 2 percent to $750 in Cleveland, and by 3 percent to $700 in Columbus. In Chicago, markets are balanced, and MPF Research reports fourth quarter 2011 apartment vacancy rates of 4.5 percent for the metropolitan area and 4.4 percent for the Intown Chicago submarket. Rents rose in both the metropolitan area and the Intown Chicago submarket, by 6 percent to $1,150 and by 8 percent to $1,675, respectively. Appraisal Research Counselors identifies eight properties currently under construction in the Downtown Chicago submarket; they are expected to deliver approximately 3,100 units in 2012 and 2013.

SOUTHWEST

HUD Region VI



Nonfarm payroll jobs in the Southwest region recorded year-over-year increases in 2011 after reporting declines during the previous 2 years. During 2011, average nonfarm payrolls increased by 1.9 percent, or 302,800 jobs, to 16 million jobs. By comparison, in 2009 and 2010, nonfarm payrolls declined by an average of 1.4 percent, or 234,500 jobs, annually. Despite recent gains, the region needs to add approximately 166,000 jobs to recover to the peak level of 16.2 million jobs recorded in 2008. During 2011, the education and health services and the professional and business services sectors recorded the largest growth, adding 64,000 and 57,900 jobs, respectively. The mining and logging subsector, which benefited from rising oil and gas prices, was the region's fastest growing sector, with an increase of 43,600 jobs, or 13.2 percent. During 2011, the manufacturing sector, construction subsector, and financial activities sector added 27,200, 23,500, and 12,100 jobs, respectively, as housing markets in parts of the region began to recover. The trade, transportation, and utilities, the leisure and hospitality, and the other services sectors also added jobs in 2011. The information and government sectors recorded losses during 2011, down by 35,400 and 6,400 jobs, respectively. The information sector has shed nearly 81,000 jobs, or an average of 9,000 annually, since 2002. The decline in government jobs, which began during the second quarter of 2011, follows more than 10 years of job growth and resulted from the need for many state and local governments in the region to reduce staff in response to lower tax revenues.

During 2011, nonfarm payrolls grew year-over-year in every state in the region for the first time since the third quarter of 2008. Texas led job growth in 2011 with an increase of 2.2 percent, or 232,600 jobs, spread throughout all sectors except government and information, which declined by 22,800 and 7,900 jobs, respectively. In Oklahoma, nonfarm payrolls increased by 30,700 jobs, or 2 percent; a decline of 2,200 jobs in the government sector was offset by gains in most other sectors, including the manufacturing sector, which added 9,600 jobs, the largest year-over-year increase in the sector since 2006. In Louisiana, payrolls increased by 28,100 jobs, or 1.5 percent, after 2 years of declines; a decline of 7,600 jobs, or 2.1 percent, in the government sector partially offset total gains, however. In Arkansas, nonfarm payrolls increased by 9,700 jobs, or 0.8 percent, because gains in most service-providing sectors offset losses in the goods-producing sectors and the government sector. Nonfarm payrolls in New Mexico increased by 1,700 jobs, or 0.2 percent, the first year-over-year increase in the state since 2008. For 2011, the unemployment rate in the region declined to 7.8 percent compared with the 8-percent rate recorded in 2010. The average unemployment rates ranged from 5.9 percent in Oklahoma to 8.1 percent in Texas. New Mexico, Louisiana, and Arkansas recorded unemployment rates of 7.1, 7.5, and 8 percent, respectively.

Sales housing market conditions in the Southwest region remained soft during 2011, despite modest job gains in the region over the past 12 months. In Texas, during 2011, new and existing home sales increased 1 percent to approximately 205,100, compared with sales during the previous year, according to the Real Estate Center at Texas A&M University. During 2011, the inventory of unsold homes in Texas was at a 7.4-month supply, unchanged from the previous year, but much greater than the 5-month average supply recorded from 2006 through 2008. In most major metropolitan areas in Texas, new and existing home sales increased in 2011, with gains ranging from less than 1 percent in Dallas and San Antonio to 4 and 7 percent in Houston and Austin, respectively. Fort Worth recorded a 2-percent decline in home sales. During 2011, the average home sales price in Texas increased 2 percent to $195,700 compared with the average sales price during the previous year. Among major metropolitan areas in Texas, home sales price changes ranged from a 1-percent decline in Fort Worth to a 2-percent increase in Austin. Sales prices increased by less than 1 percent in Dallas and San Antonio and by 1 percent in Houston.

Home sales also increased in a number of markets elsewhere in the region during 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 increased 11 percent to 7,675 homes, and the average sales price declined approximately 3 percent to $205,300. During 2011, based on data from the Greater Baton Rouge Association of REALTORS®, home sales in Baton Rouge increased 3 percent to 6,575 homes, and the average home sales price decreased 3 percent to $190,300. The Greater Albuquerque Association of REALTORS® reported that, in 2011, single-family home sales in Albuquerque increased by 2 percent to 6,550 homes compared with sales during 2010, and the average sales price declined 7 percent to $201,500. Condominium sales in Albuquerque declined by 18 percent to 580 sales during the same period. According to the Oklahoma Association of REALTORS®, during the fourth quarter of 2011, new and existing home sales in Oklahoma were up 1,550, or 4 percent, to 42,050 homes sold, and the average home sales price increased by approximately 3 percent to $151,800 compared with the average price during the fourth quarter of 2010. According to the Arkansas REALTORS® Association, in 2011, the number of new and existing home sales in the state increased by 450, or 2 percent, to 23,200 homes compared with the number of homes sold during the previous year, and the average home sales price declined by 1 percent to $143,800.

Despite a modest increase in home sales throughout the region, single-family construction activity, as measured by the number of building permits issued, continued to decline. Based on preliminary data, during 2011, 83,550 single-family homes were permitted, a decline of 2,875 homes, or 3 percent, compared with the number permitted during 2010. During 2011, Texas recorded a 1-percent decrease in the number of single-family homes permitted, down 930 to 62,050 homes. The other four states in the region also experienced declines in the number of single-family homes permitted, ranging from 4 percent in Louisiana to 15 percent in New Mexico. Oklahoma and Arkansas recorded declines of 8 and 12 percent, respectively.

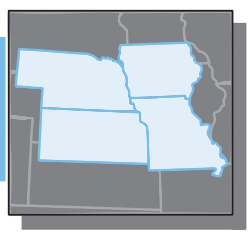
Rental housing market conditions are soft in most of the large metropolitan areas in Texas, but improved significantly during the fourth quarter of 2011 because building activity remains well below the levels recorded during the mid-2000s. The Austin rental market is currently balanced. According to ALN Systems, Inc., the apartment vacancy rate in Austin for the fourth quarter of 2011 was 5.5 percent, down from 6.6 percent during the fourth quarter of 2010, and the average rent increased 5 percent to $900. All other major Texas rental markets are currently soft. In San Antonio, the apartment vacancy rate declined from 10.2 percent during the fourth quarter of 2010 to 9.1 percent during the fourth quarter of 2011, and the average rent increased 4 percent to $760. Rental markets in Dallas and Fort Worth remained soft, with apartment vacancy rates of 7.9 and 8.9 percent, respectively, during the fourth quarter of 2011. The average rents in Dallas and Fort Worth increased by 4 and 3 percent to $830 and $720, respectively, compared with rents during the fourth quarter of 2010. The Houston rental market was the softest of all major rental markets in Texas, with an 11.2-percent apartment vacancy rate during the fourth quarter of 2011, down from 12.7 percent during the fourth 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 fourth quarter of 2011. Rental markets in Albuquerque and Little Rock are currently balanced. According to Reis, Inc., in the fourth quarter of 2011, the apartment vacancy rate in Albuquerque was 3.9 percent, down from 5 percent a year earlier, and the average rent increased 1 percent to $730. In Little Rock, during the fourth quarter of 2011, the apartment vacancy rate was 5.8 percent, down from 7.7 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 slightly soft during the fourth quarter of 2011. In Tulsa, the apartment vacancy rate declined significantly, from 8.8 percent in the fourth quarter of 2010 to 6.8 percent in the fourth quarter of 2011, and the average rent increased 1 percent to $590. Rental market conditions improved in New Orleans during the fourth quarter of 2011; the apartment vacancy rate fell to 7.7 percent from the 9.3-percent rate recorded a year earlier, and the average rent increased 2 percent to $880.

Despite continued soft conditions in many large metropolitan areas, builders responded to improved rental markets by increasing development. Multifamily construction activity, as measured by the number of units permitted, increased in the Southwest region in 2011 following large declines during the previous 2 years. Based on preliminary data, the 37,550 units permitted during 2011 reflect a 57-percent increase compared with the number of units permitted during 2010. Multifamily permitting levels for 2011 remain approximately 50 percent below the average of 65,800 units recorded during the peak years of 2006 through 2008. During 2011, the number of multifamily units permitted in Texas increased by 61 percent, or 11,400 units, from the previous year to 30,100 units. In other states in the region, multifamily permitting activity ranged from unchanged in Arkansas to an increase of 1,075 units in Louisiana. New Mexico and Oklahoma recorded increases of 110 and 1,050 units, respectively.

Great Plains

HUD Region VII



An economic recovery is under way in the Great Plains region; nonfarm payrolls increased during 2011 following more than 3 years of employment decline that began in the fourth quarter of 2007. During 2011, average nonfarm payrolls increased by 0.5 percent, or 32,100 jobs, to 6.4 million. In comparison, average nonfarm payrolls declined by 1 percent, or 71,800 jobs, during 2010. The manufacturing sector recorded the largest growth in the region, gaining 17,400 jobs, a 2.5-percent increase. Despite the significant increase in the manufacturing sector, employment levels remain 111,000 jobs below the peak of more than 822,500 jobs recorded in the sector during the third quarter of 2006. Significant job gains also occurred in the professional and business services sector, which increased by 15,000 jobs, or 2.2 percent, and every state in the region recorded increased payrolls in the sector. During 2011, the number of information sector jobs continued to decline, by 7,200 jobs, or 5.4 percent, compared with a decrease of 11,400 jobs, or 7.8 percent, during 2010. Job losses in the sector were primarily the result of large declines in the telecommunications industry in Kansas and Missouri.

The government sector, which recorded declines in every state in the region during 2011, lost 11,900 jobs, a 1-percent decrease. Job losses in the government sector began in the fourth quarter of 2010 and accelerated during 2011, predominantly at the local level, because many cities and municipalities continue to be revenue constrained.

During 2011, nonfarm payroll gains in Nebraska, Iowa, and Missouri offset minimal job losses in Kansas. In Nebraska, nonfarm payrolls increased by 15,700 jobs, or 1.7 percent, led by an increase of more than 7,500 jobs, or 7.4 percent, in the professional and business services sector. In Iowa, nonfarm payrolls increased by 13,600 jobs, or 0.9 percent, led by gains of 4,800 jobs each in the leisure and hospitality and manufacturing sectors, which increased 3.7 and 2.4 percent, respectively. Nonfarm payrolls in Missouri increased by 3,100 jobs, or 0.1 percent, during 2011, the largest increase in the number of jobs since the third quarter of 2008. During the same period, manufacturing sector gains of 8,000 jobs, or 3.3 percent, led nonfarm payroll growth in Missouri and partially offset losses totaling 6,000 jobs in the government sector. In Kansas, nonfarm payrolls declined by 300 jobs, with declines in the information and financial activities sectors accounting for slightly more than 50 percent of the total loss. During 2011, the average unemployment rate in the region decreased to 7 percent, an improvement compared with the 7.6-percent rate recorded during 2010. The unemployment rates ranged from 4.2 percent in Nebraska to 8.7 percent in Missouri. Iowa and Kansas recorded rates of 6.0 and 6.6 percent, respectively.

Sales housing market conditions remained soft throughout the Great Plains region during the past year despite the modest job gains that began in the second quarter of 2011. According to Hanley Wood, LLC, during 2011, the number of new and existing homes sold in the region declined by 11 percent, to 144,400 homes sold, compared with the number sold during 2010. In Iowa, in 2011, 37,450 homes sold, down 14 percent, or 6,100 homes, from 2010, the largest absolute decline in the region for the year. During the same period, home sales in Nebraska declined to 15,800 homes, a 14-percent decrease. In Kansas and Missouri, new and existing home sales decreased by 13 and 8 percent, to 23,200 and 67,950 homes, respectively. Despite the decline in sales, the average sales price in the region during 2011 increased to $152,400, up 3 percent compared with the sales price a year earlier, primarily because of a 23-percent decrease in distressed sales. According to LPS Applied Analytics, during 2011, the percentage of total loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) fell or was unchanged in every state in the region except Iowa, where the rate increased slightly to 4.9 percent from 4.8 percent in 2010. In Missouri, the rate fell from 5.4 to 5.2 percent. Likewise, in Nebraska, the rate declined from 3.6 to 3.4 percent during the past year. During 2011, distressed loans in Kansas were unchanged at 5 percent of total loans compared with the distressed loan rate of the previous year.

Sales housing market conditions were mixed in the large metropolitan areas throughout the region during 2011. According to the Kansas City Regional Association of REALTORS® and Heartland Multiple Listing Service, Inc., the number of homes sold in Kansas City was unchanged at 22,900, and the average price of a home decreased 5 percent to $155,400 in 2011. In St. Louis, existing home sales decreased by 400 homes, or 3 percent, to 13,300 homes sold based on city and county data from the St. Louis Association of REALTORS®, and the average home sales price decreased 3 percent to $176,400. During 2011, the Des Moines Area Association of REALTORS® reported that home sales in Des Moines increased 8 percent to 7,725 homes compared with the number sold during 2010. The average home sales price in Des Moines rose to $161,800, a 1-percent increase. According to the Wichita Area Association of REALTORS®, the number of homes sold in Wichita in 2011 declined by 6 percent to 7,375, and the average home sales price decreased 3 percent to $132,500 compared with prices a year ago. The Omaha Area Board of REALTORS® reported that the number of home sales in Omaha increased by 4 percent to 8,625 homes sold in 2011, and the average home sales price decreased by 1 percent to $165,900 compared with the 2010 price.

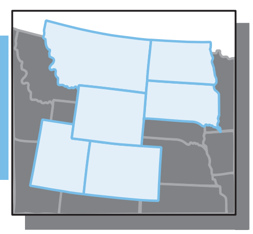
Single-family construction activity, as measured by the number of single-family building permits issued, declined in every state in the region as builders responded to the decreased number of home sales. Based on preliminary data, during 2011, 15,600 single-family homes were permitted in the region, a decrease of 1,500 homes, or 9 percent, compared with the number permitted during 2010. Missouri recorded a 13-percent decrease in the number of single-family homes permitted in 2011, down 720 to 5,000 homes permitted compared with the number permitted in 2010, representing the largest numerical decline in the region. During the same period, Kansas recorded a 13-percent decrease to 2,725 single-family homes permitted, representing the largest rate of decline of any state in the region. Iowa and Nebraska experienced declines of 3 and 7 percent in the number of single-family homes permitted, to 4,925 and 2,975, respectively.

Rental housing market conditions were balanced to tight in most large metropolitan areas throughout the Great Plains region during 2011. The apartment market in Wichita was balanced during the fourth quarter of 2011, with a vacancy rate of 5.3 percent, down from 6.4 percent a year earlier, and the average rent increased 2 percent to $530, according to Reis, Inc. In Omaha, during the fourth quarter of 2011, the apartment market was tight, with a vacancy rate of 4.2 percent, down from 4.6 percent a year earlier, and the average rent increased approximately 1 percent to $710. Rental markets in the largest metropolitan areas in Missouri improved significantly during the past year, but remained somewhat soft. In Kansas City, during the fourth quarter of 2011, the apartment vacancy rate declined from 8 to 6.1 percent, and the average rent increased 1 percent to $720. In St. Louis, the vacancy rate declined from 7.6 percent in the fourth quarter of 2010 to 6.4 percent for the same period in 2011, and the average rent increased by 2 percent to $740. The rental market in Des Moines tightened during the fourth 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.

According to preliminary data, in the Great Plains region during the past year, multifamily construction, as measured by the number of multifamily units permitted, increased by 34 percent to 7,000 units compared with permitting during 2010. 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 in the multifamily capital markets reduced construction levels in Missouri. During 2011, the number of multifamily units permitted in Missouri increased by 5 percent, or 110 units, to 2,375 units compared with the number permitted the previous year. During the same period, the number of multifamily units permitted in Iowa increased 16 percent to 1,575 units, the first increase in multifamily permits issued since the third quarter of 2010. As rental market conditions improved in Kansas during 2011, 1,675 multifamily units were permitted, up significantly from the 710 units permitted in 2010. In Nebraska, permits were issued for 1,375 units, an increase of 475 units, or 52 percent from a year ago.

Rocky Mountain

HUD Region VIII



The economy of the Rocky Mountain region continued to expand in the fourth quarter of 2011, an improvement from the economic conditions of a year ago. In 2011, nonfarm payrolls averaged nearly 5 million jobs, an increase of 74,500 jobs, or 1.5 percent, from a year earlier. By contrast, in 2010, nonfarm payrolls were down by 31,000 jobs, or 0.6 percent, from a year earlier. The sectors with the largest gains in 2011 included leisure and hospitality, professional and business services, and education and health services, which added 20,100, 19,000, and 15,200 jobs, increases of 3.7, 3.2, and 2.4 percent, respectively. In addition, the mining and logging subsector posted strong growth, adding more than 12,000 jobs, a 15-percent increase, and the manufacturing sector added 7,400 jobs, a 2.3-percent increase. Partly offsetting these gains, payrolls declined in the information and financial activities sectors and the construction subsector by 2,700, 5,000, and 5,500 jobs, or 2.1, 1.7, and 2.1 percent, respectively.

In 2011, nonfarm payrolls increased by 4.7 percent, or 17,600 jobs, in North Dakota, the fastest rate of job growth among the six states in the region. In addition, for the third consecutive year, North Dakota had the fastest rate of job growth among all states in the nation, largely driven by energy-related activity in the western part of the state. In 2011, mining and logging subsector payrolls in North Dakota increased by 5,000 jobs, or 47 percent, from a year earlier. Nonfarm payrolls in Utah and Wyoming grew by 26,000 and 5,700 jobs, or 2.2 and 2.0 percent, respectively. In Utah, the largest increase occurred in the professional and business services sector, which added 9,000 jobs, a 5.9-percent increase. In Wyoming, mining and logging subsector payrolls grew by 2,500 jobs, or 10 percent. Payrolls increased by 4,300 jobs, or 1 percent, in Montana and grew by 0.8 percent in both Colorado and South Dakota, increases of 17,700 and 3,200 jobs, respectively. In Colorado, the leisure and hospitality and the education and health services sectors added 11,700 and 9,000 jobs, increases of 4.4 and 3.4 percent, respectively, but payrolls declined in the construction subsector and the information and financial activities sectors by 7,500, 3,200, and 3,900 jobs, or 6.5, 4.5, and 2.7 percent, respectively. In 2011, the unemployment rate in the region averaged 7.3 percent, down from 7.7 percent in 2010. Unemployment rates within the region ranged from 3.4 percent in North Dakota to 8.5 percent in Colorado, but all states in the region had unemployment rates below the 8.9-percent national average.

The population of the Rocky Mountain region increased in the past year, but at a slower rate compared with that of the preceding decade. According to Census Bureau estimates, as of July 1, 2011, the population of the region was slightly above 11 million, an increase of nearly 138,500, or 1.3 percent, from a year earlier. By contrast, from 2000 to 2010, the population grew by an average of 150,500, or 1.6 percent, a year. Despite the slowdown, the populations of Utah, Colorado, and North Dakota were among the five fastest growing in the nation from 2010 to 2011, with population increases of 41,700, 69,100, and 9,300 people, or 1.5, 1.4, and 1.4 percent, respectively. Most of the growth in the region resulted from net natural change (resident births minus deaths), which represented an increase of more than 87,000 people. Utah, with the highest birth rate in the nation, accounted for 43 percent of the total for the region, with net natural change of nearly 38,000 people. The region also had net in-migration of nearly 51,000 people. Colorado accounted for two-thirds of the total for the region, with net in-migration of nearly 34,000 people from 2010 to 2011.

Despite recent job gains and low mortgage interest rates, sales housing markets in the Rocky Mountain region remain soft, but they show some signs of improvement. According to the NATIONAL ASSOCIATION OF REALTORS®, in the third quarter of 2011 (the most recent data available), home sales in the region were up 24 percent from a year earlier, to a seasonally adjusted annual rate of 175,200 homes sold. Home sales in the third quarter of 2010, however, may have been reduced by the expiration of the homebuyer tax credit in April 2010. Average sales prices for existing homes declined in the region. Based on the Federal Housing Finance Agency home price index, prices in the third quarter of 2011 declined 3 percent from a year earlier. Although home prices in North Dakota were up 4 percent, prices were flat in South Dakota and fell 1, 3, 4, and 5 percent, respectively, in Wyoming, Colorado, Montana, and Utah. In a positive sign, the rate of distressed mortgages in the region decreased. Based on data from LPS Applied Analytics, 4.2 percent of home loans were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) in December 2011, down from 4.8 percent a year earlier. Within the region, distressed mortgage rates ranged from 1.9 percent in North Dakota to 5.3 percent in Utah, but all states in the region had rates below the 7.6-percent national average.

Home sales have declined in most metropolitan areas in the region, but home prices have increased in a few areas. Based on data from Hanley Wood, LLC, the number of existing homes sold during 2011 in the Denver-Aurora, Colorado Springs, and Greeley metropolitan areas of Colorado declined by 1, 3, and 16 percent from a year earlier, to about 36,800, 8,600, and 3,500 homes sold, respectively. In the Grand Junction area, however, sales were up 18 percent, to 2,400 homes sold. Sales in Fort Collins-Loveland remained essentially flat, with 4,900 homes sold. Average home sales prices in the Colorado Springs and Grand Junction areas declined by 3 and 14 percent, to $205,400 and $175,400, respectively. In the Denver-Aurora and Fort Collins-Loveland areas, average prices remained unchanged at $248,900 and $243,100, respectively, but in the Greeley area the average price increased by 3 percent, to $180,200. In the Salt Lake City, Provo-Orem, and Ogden-Clearfield metropolitan areas of Utah, home sales declined by 4, 8, and 4 percent, to 16,600, 7,000, and 6,800 homes sold, respectively. Average home prices were down 6 percent in both Ogden-Clearfield and Provo-Orem, to $189,500 and $205,800, respectively, and average prices declined 3 percent in Salt Lake City, to $238,300. Elsewhere in the region, sales housing markets are somewhat stronger. In the Fargo area, home sales for 2011 were down 4 percent from a year earlier, to 2,750 homes sold, but average prices were up 5 percent, to $175,300. In the Cheyenne and Casper metropolitan areas of Wyoming, home sales increased by 4 and 13 percent, to 1,600 and 1,500 homes sold, respectively, and average home prices were up by 3 and 4 percent, to $194,500 and $197,500, respectively.

The soft home sales market has caused single-family homebuilding in the Rocky Mountain region to decline. Based on preliminary data, in 2011, single-family construction, as measured by the number of permits issued, was down 2 percent compared with the number of permits issued a year earlier, to approximately 19,700 homes. Although single-family construction was up 17 percent in North Dakota, to about 1,850 homes permitted, construction declined in most other states of the region. Single-family construction fell by 2 percent in Utah and Colorado, to 6,150 and 7,950 homes permitted, respectively. Construction declined by 12 and 14 percent, to 1,050 and 1,500 single-family homes permitted, respectively, in Montana and South Dakota. Offsetting the decline in single-family building activity, multifamily construction has increased significantly for the region overall, but building activity remains slow in some areas. During 2011, approximately 11,500 multifamily units were permitted in the region, up 39 percent from the 8,300 units permitted in 2010. Multifamily construction increased considerably in Colorado, North Dakota, South Dakota, and Utah, with 4,400, 2,100, 750, and 3,000 units permitted, increases of 66, 47, 22, and 36 percent, respectively. In Montana and Wyoming, however, multifamily building declined by 2 and 17 percent, to about 650 and 600 units permitted, respectively.

Despite the increase in multifamily construction, rental housing markets in the Rocky Mountain region remain tight in some areas, and rental conditions range from balanced to tight throughout most of the region. Based on data from *Apartment Insights*, in the fourth quarter of 2011, the Denver-Aurora apartment market was balanced to tight, with a 5.5-percent vacancy rate, unchanged from a year earlier. The Boulder and Fort Collins-Loveland markets were tight, with apartment vacancy rates of 3.8 and 3.5 percent, down from 4.1 and 4.0 percent, respectively, a year ago. The Colorado Springs apartment market was balanced, with a 6.4-percent vacancy rate, down from 6.8 percent a year ago. Apartment rents in Boulder, Colorado Springs, and Denver-Aurora averaged approximately $1,000, $740, and $910 a month, increases of 3, 4, and 5 percent, respectively, from a year earlier. In Fort Collins-Loveland, rents averaged $930 a month, a 7-percent increase from a year ago. Apartment markets in the Salt Lake City and Ogden-Clearfield areas were balanced to tight. Based on data from Reis, Inc., vacancy rates in the Salt Lake City area averaged 4.9 percent in the fourth quarter of 2011, down from 6.8 percent a year earlier, and the average monthly rent increased 2 percent during that period, to $775. In Ogden-Clearfield, the average vacancy rate was 4.2 percent, down from 5.3 percent a year earlier, and average rents increased 2 percent, to $705. The Provo-Orem apartment market was tight, with a 2.8-percent vacancy rate, down from 4.7 percent a year earlier, but rents remained stable at approximately $775 a month. Based on data from Appraisal Services, Inc., in December 2011, the Fargo apartment market was balanced to tight with a 4.3-percent vacancy rate, down from 5.7 percent a year ago.

PACIFIC

HUD Region IX

Economic conditions improved in the Pacific Region in 2011 after significant job losses between 2008 and 2010. During 2011, the region added 229,250 nonfarm payroll jobs, a 1.3-percent increase compared with nonfarm payrolls in 2010. The professional and business services, education and health services, and leisure and hospitality sectors, which grew by 18,500, 16,950, and 12,400 jobs, or 2.8, 3.0, and 2.3 percent, respectively, led job growth. The government sector had the largest percentage decline in nonfarm payrolls with the loss of 7,900 jobs, or 1 percent, primarily because of federal and local government budget cuts.

Nonfarm payroll growth was positive in all four states in the region during 2011. California nonfarm payrolls increased by 196,450 jobs, or 1.4 percent, to 14.1 million jobs in 2011 compared with a loss of 193,000 jobs, or 1.4 percent, during 2010. In California, the professional and business services sector added 69,350 jobs, a 3.3-percent increase, and the education and health services sector added 47,750 jobs, a 2.7-percent increase. The government sector declined by 33,700 jobs, or 2.3 percent. The San Francisco Bay Area and Southern California increased by 32,600 and 86,350 jobs, respectively, or 0.7 percent each. During 2011, Hawaii added 7,200 jobs, a 1.2-percent increase, to 594,000 jobs compared with a loss of 4,900 jobs, or 0.8 percent, during 2010. The information, financial activities, and professional and business services sectors led nonfarm payroll growth in the state, expanding by 3,050, 2,800, and 2,500 jobs, or 4.3, 3.7, and 2.5 percent, respectively. Nonfarm payrolls rose by 23,500 jobs, or 1 percent, to 2,400,800 jobs in Arizona during 2011. The education and health services and the leisure and hospitality sectors added 15,350 and 7,550 jobs, increases of 4.5 and 3 percent, respectively. The Arizona Office of Tourism estimated that gross sales from tourism totaled $49.1 billion during the 12 months ending October 2011, a 10-percent increase from the previous 12-month period. In Nevada, nonfarm payrolls grew by just 2,100 jobs, or 0.2 percent, to 1,117,700 jobs during 2011. Job losses were significant in the government sector, construction subsector, and manufacturing sector, which lost 4,800, 3,450, and 1,800 jobs, or 3.1, 5.9, and 4.8 percent, respectively. The average unemployment rate in the region decreased to 11.3 percent in 2011, down from 12.1 percent during 2010. The average unemployment rate ranged from 6.3 percent in Hawaii to 13 percent in Nevada.

The sales housing market in all four states of the Pacific region has been soft since 2006 as a result of foreclosures, tight lending standards, and slow job growth. According to Hanley Wood, LLC, new and existing home sales fell by 3 percent to 616,300 homes in 2011. In Arizona, homes sales were down 2 percent to 115,900 homes compared with 2010 sales. The average sales price declined by 4 percent to $168,900. Arizona REO (Real Estate Owned) sales as a percentage of all existing home sales decreased to 41 percent in 2011 compared with 57 percent in 2010. In Phoenix, home sales rose by 3 percent to 96,400 homes, and the average sales price declined by 5 percent to $170,300.

In California, sales of new and existing homes totaled 422,400 homes in 2011, a 3-percent decline compared with the number of homes sold in 2010. The average home sales price fell by 3 percent to $351,100. REO sales as a percentage of all existing home sales decreased to 35 percent from 43 percent in 2010. In the San Francisco Bay Area, 67,450 homes sold, a 1-percent decline compared with the number sold in 2010, and the average home sales price decreased by 4 percent to $540,100 during the same period. The number of homes sold in Southern California decreased by 6 percent to 226,100 homes, and the average home sales price fell 2 percent to $375,000.

In Hawaii, new and existing home sales fell by 5 percent in 2011 to 15,700 homes sold compared with the number sold in 2010, and the average home sales price remained unchanged at $487,700. REO sales as a percentage of all existing sales increased from 14 to 16 percent. Nevada was the only state in the region with an increase in new and existing home sales in 2011, rising by 1 percent to 62,350 homes sold, primarily as a result of an 11-percent reduction in the average sales price to $153,400. From 2010 through 2011, Nevada REO sales as a percentage of all existing home sales declined from 60 to 52 percent. During the same period in Las Vegas, home sales rose by 2 percent to 49,650 homes, and the average home sales price declined 12 percent to $146,700.

According to LPS Applied Analytics, the number of home loans in the region 90 or more days delinquent, in foreclosure, or in REO in December 2011 decreased by 198,900 homes, or 29 percent, to 484,500 homes compared with the number in December 2010. This level represents 7.7 percent of all mortgage loans in the region in December 2011 compared with a 10.2-percent rate in December 2010; the national rate was 7.6 percent in December 2011.

Because of soft sales market conditions, new home construction activity, as measured by the number of single-family building permits issued, decreased in all Pacific region states during 2011. Based on preliminary data, 37,400 single-family homes were permitted, a 10-percent decline from 2010. The number of single-family homes permitted declined in Nevada by 650, or 12 percent, to 4,725; in Hawaii by 280, or 15 percent, to 1,625; in California, by 2,000, or 12 percent, to 20,950; and in Arizona, by 300, or 3 percent, to 10,100.

Rental housing markets varied from tight to balanced in California and Hawaii in the fourth quarter of 2011. Rental market conditions remained tight in the San Francisco Bay Area. According to Axiometrics Inc., from the fourth quarter of 2010 to the fourth quarter of 2011, the apartment rental vacancy rates in Oakland, San Jose, and San Francisco declined from 4.2 to 3.9 percent, 3.9 to 3.7 percent, and 4 to 3.6 percent, respectively. During the same period, average effective rents increased by 8 percent to $1,550 in Oakland, by 12 percent to $1,900 in San Jose, and by 18 percent to $2,300 in San Francisco. The rental housing market remained balanced in Sacramento in the fourth quarter of 2011, with a 6-percent apartment rental vacancy rate, up from 5.7 percent in the fourth quarter of 2010. During the same period, rents increased by 1 percent to $975. Axiometrics Inc. also reported that apartment rental vacancy rates decreased throughout Southern California from the fourth quarter of 2010 to the fourth quarter of 2011. Rental market conditions were tight except for in Riverside and San Bernardino Counties, which had balanced markets. The apartment vacancy rate decreased from 5.8 to 4.5 percent in Los Angeles County, from 5.1 to 4.9 percent in Orange County, from 4.9 to 4.7 percent in San Diego County, and from 5.0 to 4.6 percent in Ventura County. The average apartment vacancy rate in Riverside and San Bernardino Counties increased from 6.0 to 6.1 percent. The average rent in Southern California was $1,550 in the fourth quarter of 2011, up 6 percent from the fourth quarter of 2010. The apartment rental vacancy rate in Honolulu declined to 3.5 percent in the third quarter of 2011 (the latest data available) 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 fourth quarter 2011, the apartment rental vacancy rate in Phoenix was 7.6 percent, down from 8.1 percent in the fourth quarter of 2010, and the average rent increased by 4 percent to $740. In Las Vegas, the vacancy rate declined from 8.9 to 8.1 percent and the average rent was unchanged at $760 during the same period. Increased rental demand from owner households converting to renter households because of foreclosures and short sales was a major reason for the decline in vacancy rates.

Multifamily construction activity, as measured by the number of multifamily units permitted, increased in every state in the region except in Hawaii. During 2011, based on preliminary data, 27,750 multifamily units were issued permits in the region, a 29-percent increase from the number of units permitted during 2010. Increased renter demand and declining vacancy rates were the main reasons for rising multifamily permits. During 2011, the number of multifamily units permitted increased by 340 units, or 33 percent, to 1,375 units in Nevada; by 5,675 units, or 33 percent, to 23,125 units in California; and by 450 units, or 29 percent, to 2,050 units in Arizona. During the same period, the number of multifamily units permitted in Hawaii declined by 19 percent to 1,225 units.

Northwest

HUD Region X

Job growth was steady during 2011 in the Northwest region, but, as of December 2011, average nonfarm payrolls remained 290,000 jobs below the peak of 5.67 million recorded in October 2008. During 2011, average nonfarm payrolls in the region increased by 71,100 jobs, or 1.3 percent, to a total of 5.38 million jobs compared with a loss of 60,200 jobs, or 1.1 percent, during 2010. In Washington, average nonfarm payrolls increased by 36,800 jobs, or 1.3 percent, for a total of 2.8 million jobs. In Oregon, nonfarm payrolls gained 23,800 jobs, a 1.5-percent increase, bringing total nonfarm payroll jobs to 1.62 million. In Alaska, nonfarm payrolls increased by 4,900 jobs, or 1.5 percent, to a total of 329,300 jobs. In Idaho, average nonfarm payrolls totaled 608,500 jobs, up by 5,600 jobs, or 0.9 percent.

Nonfarm payroll gains in the region were greatest among the service-providing sectors. The professional and business services sector, which increased by 24,400 jobs, or 4 percent, led job growth in 2011. Washington had the greatest increase in this sector for the region, with job growth of 6 percent, primarily because of hiring in the computer design and employment services subsectors. Payrolls also increased by significant amounts in the region in the education and health services sector, which grew by 19,600 jobs, or 2.7 percent, and the leisure and hospitality sector, which increased by 16,400 jobs, or 3.1 percent. After 4 consecutive years of job losses, the manufacturing sector increased by 11,300 jobs, or 2.3 percent. Washington was the leader among the states in the region in manufacturing job growth, with a 2.8-percent increase, primarily because of hiring at The Boeing Company. Nonfarm payroll job losses in 2011 were greatest in the government sector and the construction subsector, which decreased by 1.6 and 0.9 percent, respectively. The government sector declined for the second consecutive year because of revenue shortfalls. In the construction subsector, 2011 marked the smallest number of job losses in 4 years, in part because of recent hiring by multifamily housing developers. Improving labor conditions in the region resulted in a decline in the average unemployment rate from 9.9 percent in 2010 to 9.1 percent in 2011. Unemployment rates ranged from 7.5 percent in Alaska to 9.5 percent in Oregon.

Despite improvements in the labor market in 2011, the sales housing market in the Northwest region remained soft as limited mortgage credit availability constrained sales housing demand, continuing a trend that began in 2008. According to data from Hanley Wood, LLC, in 2011, approximately 120,200 new and existing single-family homes sold in the region, down 13 percent compared with the number of homes sold during 2010. The average home sales price in the region decreased by 4 percent to $255,000. In Washington, 55,850 new and existing single-family homes sold, representing a 17-percent decline, and the average home sales price decreased by 4 percent to $290,400. In the Seattle metropolitan area, the number of new and existing single-family homes sold decreased 13 percent to 21,450, and the average sales price declined 5 percent to $397,600. In the Tacoma metropolitan area, the number of homes sold decreased by 14 percent to 7,250, and the average sales price decreased 12 percent to $217,400.

According to data from Hanley Wood, LLC, the number of new and existing single-family homes sold in Oregon declined 13 percent to 35,400 homes during 2011 compared with 40,600 homes sold in 2010. The average new and existing single-family home sales price decreased by 5 percent to $227,500. In the Portland-Vancouver-Beaverton metropolitan area, 21,050 new and existing homes sold in 2011, down 14 percent compared with the number sold in 2010, and the average sales price decreased 6 percent to $257,700. In Idaho, the number of new and existing single-family homes sold declined by 8 percent to 22,750, and the average sales price decreased 4 percent to $165,500. In the Boise City-Nampa metropolitan area, 13,200 homes sold during 2011, down 9 percent from 2010, and the average sales price declined by 5 percent to $159,000. In Anchorage, the number of new and existing single-family homes sold declined by 5 percent to 4,500 homes, and the average sales price declined by 1 percent to $289,500.

An increase in the rate of troubled mortgage loans also reflected soft sales housing market conditions in the Northwest region. According to LPS Applied Analytics, the number of mortgage loans in the region 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) increased by 4,775, to 6 percent of all loans in December 2011 compared with the 5.9-percent rate in December 2010. Almost 60 percent of distressed loans in the region are in Washington, where the delinquency rate increased from 6.2 percent in December 2010 to 6.5 percent in December 2011. The delinquency rate declined from 6.6 to 5.5 percent in Idaho and from 2.8 to 2.6 percent in Alaska. The percentage of delinquent mortgages in Oregon was unchanged from a year ago at 5.6 percent.

In the region, single-family home construction, as measured by the number of building permits issued, continued to decline during 2011, decreasing by 10 percent, or 2,575 homes permitted, to 22,775, based on preliminary data. Idaho had the largest percentage decline at 13 percent, or 500 homes, for a total of 3,500 homes permitted. Construction activity in Oregon decreased by 575 homes, or 10 percent, to a total of 5,175 homes permitted; in Washington was down by 1,425 homes, or 10 percent, to 13,400; and in Alaska declined by 6 percent to a total of 700 homes.

Multifamily construction, as measured by the number of units permitted, grew steadily in the region during 2011 because of tightening rental market conditions. Based on preliminary data, the number of multifamily units permitted increased by 37 percent, or 2,875 units, to 10,575 units compared with the number permitted the previous year. Oregon led the region with an increase of 77 percent, or 1,200 units, to a total of 2,775 units permitted, followed by Washington with an increase of 33 percent, or 1,775 units, to 7,175 units permitted. In Alaska, multifamily permits increased by 5 percent to total 160 units. Idaho was the only state in the region where the number of multifamily permits issued declined, decreasing by 20 percent, or 115 units, to a total of 460 units permitted.

Rental housing market conditions in the major metropolitan areas of the Northwest region were tight to balanced in the fourth quarter of 2011. According to *Apartment Insights*, the apartment vacancy rate in the Seattle metropolitan area was 5.3 percent in the fourth quarter of 2011, unchanged from the previous year, but the average asking rent increased by 4 percent, from $1,034 to $1,076. The apartment vacancy rate in the Tacoma metropolitan area increased from 6.2 percent in the fourth quarter of 2010 to 6.4 percent in the fourth quarter of 2011, and the average asking rent increased by nearly 1 percent, from $832 to $839. According to the Washington Center for Real Estate Research, in September 2011 (the most recent data available), the apartment vacancy rate in the Tri-Cities metropolitan area was 5.3 percent, up from 1.5 percent the previous year, and the average asking rent declined by 3 percent, from $764 to $745.

Rental housing market conditions in Oregon tightened during the fourth quarter of 2011. According to Reis, Inc., the average apartment vacancy rate in the Portland metropolitan area declined from 4.5 percent in the fourth quarter of 2010 to 2.7 percent in the fourth quarter of 2011, but the average asking rent increased by 2 percent, from $839 to $857. The apartment vacancy rate in the Eugene metropolitan area decreased from 4.1 to 3.7 percent, but the average asking rent increased by 2 percent, from $708 to $719. In the Salem metropolitan area, the apartment vacancy rate decreased from 3.9 to 3.0 percent, and the average asking rent increased by 3 percent, from $637 to $656. The apartment vacancy rate in the Anchorage metropolitan area declined from 3.5 to 3.1 percent in the fourth quarter of 2011, but the average asking rent increased by 3 percent, from $1,021 to $1,049.

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

Boise City-Nampa, Idaho

The Boise City-Nampa metropolitan area consists of Ada, Boise, Canyon, Gem, and Owyhee Counties in southwestern Idaho. Located in Ada County, the city of Boise is the state capital and home to Boise State University (BSU). As of January 1, 2012, the population of the metropolitan area was estimated at 630,700, an increase of 8,375, or 1.3 percent, during the past year, with net in-migration accounting for 28 percent of the growth. By comparison, strong employment growth from 2004 through 2007 resulted in an average annual population growth of 4 percent, or 21,450 people, with net in-migration accounting for 78 percent of the increase during that period. The three largest private employers in the metropolitan area are Wal-Mart Stores, Inc., St. Luke's Health System, and Micron Technology, Inc., with 7,125, 6,975, and 5,000 employees, respectively.

Nonfarm payrolls in the metropolitan area have declined by 8.7 percent since peaking at 277,000 jobs in 2007. Economic conditions showed signs of improvement during the 12 months ending November 2011, when nonfarm payrolls increased by 2,000, or 0.8 percent, to a total of 254,100 jobs, a significant improvement from the 12 months ending November 2010, when nonfarm payrolls declined by 4,600 jobs, or 1.8 percent. During the 12 months ending November 2011, the largest nonfarm payroll increase occurred in the education and health services sector, which added 1,000 jobs, a 2.5-percent increase, due in part to the 860 jobs added by St. Luke's Health System since early 2011. Nonfarm payrolls increased in the manufacturing sector by 800 jobs, or 3.5 percent. Despite a gain of 1,000 jobs, or 4.3 percent, in local government subsector payrolls, the government sector increased by only 200 jobs, or 0.3 percent, because of losses in state and federal subsector payrolls. The government sector, the second largest in the metropolitan area, accounts for 17 percent of nonfarm payrolls, including the 2,900 employees at BSU. As conditions improved, the average unemployment rate declined slightly, from 9.6 to 9.4 percent, during the 12 months ending November 2011.

The home sales market in the Boise City-Nampa metropolitan area is currently soft, as a result of tighter lending practices and slowing population growth. According to Hanley Wood, LLC, 12,250 existing single-family homes sold during the 12 months ending November 2011, a 4-percent decrease compared with the 12,550 homes sold during the previous 12 months. During the same period, the average sales price of an existing home decreased 8 percent, from $166,700 to $154,100. Foreclosed properties comprise a significant portion of existing home sales, putting downward pressure on prices. During the 12 months ending November 2011, nearly 45 percent of existing home sales were REO (Real Estate Owned) properties, up from 39 percent during the previous 12 months. According to LPS Applied Analytics, in October 2011, 6.1 percent of total home loans in the area were 90 or more days delinquent, in foreclosure, or in REO, down from 8.1 percent in October 2010. The market for new homes remains soft. During the 12 months ending November 2011, new home sales declined by 43 percent, to 1,025 compared with 1,825 new homes sold during the previous 12 months, and the average sales price of a new home increased almost 20 percent, from $179,700 to $213,600.

Homebuilding activity, as measured by the number of building permits issued, continued to decrease in the metropolitan area because of the soft sales market, a trend that began in 2006. Based on preliminary data, during the 12 months ending November 2011, 1,525 single-family building permits were issued, a 9-percent decrease compared with the 1,675 single-family homes permitted the previous 12 months. By comparison, an average of 4,700 homes were permitted annually from 2006 through 2008.

Rental housing market conditions in the Boise City-Nampa metropolitan area are balanced but tightening, because of a shift in household preferences towards renting. According to Reis, Inc., the apartment vacancy rate declined from 8.1 percent in the third quarter of 2010 to 5.4 percent in the third quarter of 2011. The average monthly rent increased by 3 percent to $710 compared with rents during the previous year, averaging $640 for a one-bedroom unit, $740 for a two-bedroom unit, and $850 for a three-bedroom unit. The apartment market in Ada County, the area's most populous, is tighter than that of the overall metropolitan area. Based on data from Mountain States Appraisal and Consulting, Inc., the apartment vacancy rate in Ada County as of October 2011 was 3.7 percent compared with 5.5 percent the previous year. BSU enrolls 19,700 students, nearly 90 percent of whom reside off campus in privately owned housing, accounting for approximately 24 percent of the total renter households in the metropolitan area. A new 90-unit townhome project on campus will begin leasing units in January 2012. Each unit will have four bedrooms and three bathrooms, with rents ranging from $460 to $500 per bedroom. The campus currently has only 2,200 beds.

A total of 240 multifamily units were permitted during the 12 months ending November 2011, up from the 65 units permitted during the previous 12 months, based on preliminary data. One-half of the multifamily units permitted during the past 12 months were in the city of Nampa, located in Canyon County. A 53-unit subsidized apartment complex for seniors in Boise is currently under construction and scheduled to be complete in June 2012. Two other apartment projects for seniors are also currently under way: The Traditions, with 150 units scheduled for completion in June 2012, and a 70-unit expansion at Touchmark at Meadow Lake Village in Meridian, expected to be finished in 2013.

Charlotte-Gastonia-Rock Hill, North Carolina-South Carolina

Located east of the Blue Ridge Mountains, the Charlotte-Gastonia-Rock Hill metropolitan area, which traverses the border between North Carolina and South Carolina, consists of Anson, Cabarrus, Gaston, Mecklenburg, and Union Counties in North Carolina and York County, South Carolina. As of January 1, 2012, the population of the metropolitan area was estimated at 1,812,000, which reflects an average annual gain of 30,600, or 1.7 percent, since April 1, 2010, compared with an average annual increase of 55,300, or 3.5 percent, from 2005 through 2009. Because of job losses beginning in June 2008, in-migration has declined since 2010, to approximately 27,400 people a year, or 51 percent of the population growth in the metropolitan area. This compares with an average of about 40,400 people a year, or 72 percent of population growth, from 2005 to 2009. The city of Charlotte, with a population of about 731,400 in April 2010, is located in Mecklenburg County and is the largest city in North Carolina. The largest employers in the metropolitan area are Carolinas HealthCare System, with 27,400 employees; Wells Fargo Bank, N.A., with 20,500 employees; and Bank of America Corporation, with 15,000 employees. The area is also home to the University of North Carolina at Charlotte (UNC Charlotte), which enrolls 25,000 students, employs about 3,000 faculty and staff, and has an annual economic impact estimated at about $9 billion on the metropolitan area.

Economic conditions are improving in the metropolitan area after losing nearly 60,000 nonfarm payroll jobs, or 7 percent of total nonfarm employment, from 2009 through 2010. During 2011, total nonfarm payrolls in the metropolitan area expanded by 3,700, or 0.5 percent, to 804,500 jobs compared with employment during 2010. The largest additions were in the professional and business services sector, which increased by 2,700 jobs, or 2.1 percent, and the wholesale trade subsector, which grew by 2,400 jobs, or 5.6 percent, compared with the number of jobs in 2010. In August 2011, Connextions, Inc., opened a new call center in Charlotte, adding 800 jobs, and expanded employment at its Concord, North Carolina, facility by 400 jobs. Following a $135 million plant expansion that added 700 employees at its Charlotte Energy Hub facility in November 2011, Siemens USA began manufacturing large gas turbines. The largest declines in nonfarm payrolls during 2011, compared with 2010 payrolls, were in the local government subsector, which decreased by 3,700 jobs, or 3.2 percent, and the mining, logging, and construction sector, which lost 1,700 jobs, or 4.5 percent, because of reduced homebuilding activity. The average unemployment rate during the 12 months ending November 2011 declined to 10.8 percent from 11.7 percent during the previous 12 months.

The sales housing market in the Charlotte-Gastonia-Rock Hill metropolitan area is soft despite the improving economy. As of January 1, 2012, the estimated sales vacancy rate is 2.2 percent compared with a 2.9-percent rate in April 2010. According to the North Carolina Association of REALTORS®, about 22,950 new and existing single-family homes, townhomes, and condominiums sold in the metropolitan area during 2011, up 4 percent from 2010. Home sales in the metropolitan area averaged about 40,250 a year from 2005 through 2007 compared with 23,700 a year from 2008 through 2010. During 2011, the average sales price of a home sold in the area decreased to $200,300, down 3 percent from 2010. According to LPS Applied Analytics, in December 2011, 6.3 percent of home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), up from 6.1 percent in December 2010.

Homebuilding activity, as measured by the number of building permits issued, is beginning to increase in the metropolitan area in response to increased sales. Based on preliminary data, during 2011, permits were issued for about 4,900 single-family homes, up 8 percent from 2010. In comparison, an average of 5,400 homes was permitted annually from 2008 through 2010, and an average of 19,000 homes was permitted annually from 2005 through 2007. New home developments include the Telfair subdivision, located southeast of Charlotte in Mint Hill, North Carolina, featuring five-bedroom, three-bathroom homes starting at $265,900, and the Olmsted subdivision, north of Charlotte in Huntersville, with four-bedroom, three-bathroom homes starting at $369,900.

Overall rental housing market conditions in the metropolitan area are soft but are improving because of job growth and fewer new units entering the rental housing market during the past 2 years. The overall rental vacancy rate, as of January 1, 2012, is estimated to be 8.2 percent, a decrease from the 11.4-percent rate in April 2010. According to the most recent Real Data survey for the Charlotte area, the apartment vacancy rate in September 2011 was 7.2 percent compared with 11.1 percent in September 2010. The average apartment rent in the area was $780 in September 2011, up 8 percent from September 2010. In September 2011, average rents in the metropolitan area for one-, two-, and three-bedroom apartment units were $690, $797, and $922, respectively. About 20,000 students at UNC Charlotte reside off campus, which significantly affects the rental housing market surrounding the university. In September 2011, the submarket that includes the university, defined by Real Data as Northeast-3, reported average rents for one-, two-, and three-bedroom apartment units of $695, $842, and $1,077, respectively. The vacancy rate for the Northeast-3 submarket was 6.5 percent in September 2011 compared with 7.9 percent in September 2010. Average rent in the Northeast-3 submarket was $897 in September 2011, up 4 percent from September 2010.

Building permits were issued for nearly 1,300 multifamily units during 2011, about 20 percent more than the 1,075 units permitted during 2010, based on preliminary data.

An average of 5,000 multifamily units was permitted each year from 2006 through 2008, followed by about 2,650 units in 2009 and 900 units in 2010. The 300-unit Mallard Creek Apartments complex in northwest Mecklenburg County, which began construction in September 2011, expects rents for one-, two-, and three-bedroom units to be $810, $1,005, and $1,150, respectively.

Corpus Christi, Texas

The Corpus Christi metropolitan area, which comprises Aransas, Nueces, and San Patricio Counties, is located in southern Texas along the Gulf Coast, about 140 miles southeast of San Antonio. As of January 1, 2012, the population of the metropolitan area is estimated at 433,900, an annualized increase of 3,275, or 0.8 percent, since April 1, 2010, compared with an average annual increase of 0.5 percent from 2006 through 2010. Corpus Christi is the most populous city in the metropolitan area, with 71 percent of the area population.

The Corpus Christi metropolitan area resumed job growth during December 2010, after recording job losses during 2009. During the 12 months ending November 2011, nonfarm payrolls increased by 4,900 jobs, or 2.8 percent, to 182,700 jobs compared with a decline of 500 jobs, or 0.2 percent, during the previous 12 months. The largest job gains during the 12 months ending November 2011 occurred in the leisure and hospitality sector, which added 1,500 jobs, an increase of 7.2 percent. The mining, logging, and construction sector gained 900 jobs, or 4.6 percent. Increased oil and natural gas production in the Eagle Ford Shale area has contributed to job gains in the mining, logging, and construction sector and in the leisure and hospitality sector. Tianjin Pipe Corporation is currently building a 1.6-million-square-foot pipe mill, a $1 billion investment, which is expected to create 300 jobs by the time it is complete in 2013 and potentially an additional 300 jobs in subsequent years. In addition, M&G Group is currently constructing two polymer resin manufacturing facilities, a $900 million investment that is expected to create 250 jobs in the manufacturing sector when construction is complete by 2014. During the 12 months ending November 2011, the average unemployment rate was 8.0 percent, unchanged from a year earlier.

The sales housing market in the metropolitan area is soft because of tight credit market conditions and high levels of construction from 2003 through 2007. According to data from the Real Estate Center at Texas A&M University, during the 12 months ending November 2011, new and existing home sales decreased by 2 percent to 3,375 compared with the number sold during the previous 12 months. The current number of sales is well below the average of 4,700 homes sold annually from 2003 through 2007. During the 12 months ending November 2011, the average sales price increased by 4 percent to $157,700. According to LPS Applied Analytics, as of November 2011, 4.5 percent of mortgage loans were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from the 5.0-percent rate recorded in November 2010.

Single-family homebuilding activity, as measured by the number of building permits issued, has continued to decline, a trend that began in 2007. Based on preliminary data, during the 12 months ending November 2011, single-family building permits were issued for 710 homes, down 11 percent from the 790 homes permitted during the previous 12 months. In comparison, from 2003 through 2007, building permits were issued for an average of 1,975 single-family homes annually. Prices for new three-bedroom single-family homes start at approximately $90,000. New developments include Rancho Vista, with plans for about 900 homes with prices starting at $120,000, of which about 200 have been completed and the rest expected to be complete within 7 years. Terra Mar is another ongoing new development, with prices starting at $140,000 and about 150 homes completed in the past 4 years.

Rental housing market conditions in the metropolitan area are soft but improving. The rental vacancy rate in the metropolitan area is currently estimated at 9 percent, down from the 12.2-percent rate recorded in the 2010 Census, primarily because of job gains coupled with low levels of apartment completions since 2010. According to ALN Systems, Inc., the apartment vacancy rate as of December 2011 was 5.6 percent, down from 7.8 percent a year earlier. Effective rents for all units averaged $740 during December 2011, an increase of 4 percent compared with rents during December 2010. The average effective apartment rents were $620, $800, and $910 for one-, two-, and three-bedroom units, respectively.

Based on preliminary data, during the 12 months ending November 2011, about 300 multifamily units were permitted compared with 280 units permitted during the previous 12 months. The current level of activity is well below the average of 690 units permitted annually from 2003 through 2007. Recent developments include Buena Vida Senior Village, a 100-unit tax-credit community for senior citizens completed in June 2011, and the 108-unit Campus Quarters, which caters to students at Texas A&M-Corpus Christi with monthly rents starting at about $1,400 for a two-bedroom unit. The 168-unit Phase II of Bay Vista Apartment Homes is currently in the final planning stages and is expected to be complete by 2013, with monthly rents starting at about $850 for a one-bedroom unit.

Dallas-Plano-Irving, Texas

The Dallas-Plano-Irving metropolitan division is located in northeast Texas, east of the Fort Worth-Arlington metropolitan division. The eight-county metropolitan division, with a population of approximately 4.4 million as of January 1, 2012, accounts for 17 percent of the state population. The population of the metropolitan division has increased by an average of 93,850, or 2 percent, annually since July 1, 2010, the same growth rate recorded between 2006 and 2010. Collin, Dallas, and Denton Counties, which account for 90 percent of the area population, are the core counties of the metropolitan division.

The economic downturn that began in the first quarter of 2008 appears to be turning around. During the 12 months ending November 2011, nonfarm payrolls averaged 2.1 million, an increase of 48,900 jobs, or 2.4 percent, compared with a 0.4-percent decline during the previous 12 months. During the 12 months ending November 2011, the professional and business services, education and health services, and financial activities sectors recorded gains of 19,275, 9,650, and 7,875 jobs, or 5.8, 3.9, and 4.5 percent, respectively. An increase of 12,550 jobs in the administrative support services industry led gains in the professional and business services sector, and an increase of 9,200 jobs in the health care and social assistance industry led gains in the education and health services sector. Growth in the financial activities sector is largely attributed to hiring in the finance and insurance industry, which added 6,350 jobs. Job losses occurred primarily in the information and manufacturing sectors, which lost 3,350 and 1,075 jobs, or 5.2 and 0.7 percent, respectively. During the 12 months ending November 2011, the average unemployment rate in the metropolitan division was 8.2 percent, unchanged from the rate recorded a year earlier.

The largest employers in the metropolitan division are Wal-Mart Stores, Inc., with 32,800 employees; Texas Health Resources, Inc., with 18,000 employees; and AT&T Communications, with 16,600 employees. In 2010, HMS Holdings Corp., the parent company of Health Management Systems, announced plans to move its headquarters from New York City to Irving and will add 350 jobs to its existing employment base of 650 by the end of 2013. A new company, med fusion, established in 2010 as a joint venture of Baylor Health Care System and US Oncology, Inc., plans to hire up to 900 employees by 2014.

Sales housing market conditions in the Dallas-Plano-Irving metropolitan division are currently soft, with an estimated 2-percent vacancy rate. According to data from the Real Estate Center at Texas A&M University, during the 12 months ending November 2011, home sales totaled 59,500, relatively unchanged compared with sales during the previous 12 months but much less than the average of 77,800 homes sold annually from 2003 through 2008. The average home sales price in the metropolitan division was $219,300 during the 12 months ending November 2011, up nearly 2 percent compared with the average price during the previous 12 months but still less than the peak of $221,400 reached in March 2008. According to LPS Applied Analytics, in November 2011, 4.8 percent of total home loans in the metropolitan division were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from 5.3 percent in November 2010.

Soft sales housing market conditions have resulted in a reduction in new 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 December 2011, building permits were issued for 9,500 new single-family homes, down nearly 1 percent from the preceding 12 months. Collin County accounted for 46 percent of the area total with 4,400 homes permitted during the most recent 12 months. Since 2000, Collin County has accounted for approximately 38 percent of all single-family permits issued in the metropolitan division. Single-family home construction activity in the metropolitan division remains well below that of the 2000-to-2006 period, when an average of 27,900 homes were permitted annually. According to data from CB Richard Ellis, since 2009, about 2,925 townhomes and condominiums have been constructed in the metropolitan division. Approximately 1,225 condominiums are under construction: 700 in Dallas County and 525 in Collin County. Currently, 80 percent of all condominiums in the metropolitan division are in Dallas County.

Rental housing market conditions have improved during the past year in the Dallas-Plano-Irving metropolitan division, but they remain soft. According to data from ALN Systems, Inc., for the 12-month period ending November 2011, the apartment vacancy rate was 7.5 percent compared with 10.4 percent a year earlier. During the 12 months ending November 2011, the Collin County rental submarket was balanced, with a 5.6-percent apartment vacancy rate, down from 9.3 percent during the previous 12 months. Average rents in Collin County increased 4 percent to $920 during that period. The Denton County submarket was balanced, with a 7-percent vacancy rate, down from 10 percent during the previous 12 months, and rents increased by 6 percent to $850. The vacancy rate for apartments in the Dallas County submarket was 9.5 percent, down from 11.8 percent a year earlier, and the average rent increased by 3 percent to $810. Approximately 48 percent of all apartment units in the metropolitan division are located in the Dallas County submarket.

Multifamily construction activity, as measured by the number of units permitted, has increased significantly in the past year, according to preliminary data. During the 12 months ending December 2011, approximately 8,850 multifamily units were permitted compared with the 3,850 permits issued during the previous 12-month period. This level represents more than a 100-percent increase from the 4,225 units permitted annually for 2009 and 2010, but it remains well below the average of 11,500 units permitted annually from 2006 through 2008. Apartments represent more than 90 percent of all multifamily units currently under construction, including The Boulevard Apartments, a 425-unit property, and Ross & Hall Apartments, a 370-unit property; both of which are located in the Dallas County submarket and are expected to be complete in late 2012. The asking rents in these developments will start at $1,025 for a one-bedroom unit and $1,350 for a two-bedroom unit.

Deltona-Daytona Beach-Ormond Beach, Florida

The Deltona-Daytona Beach-Ormond Beach metropolitan area is located on North Florida's Atlantic coast and consists of Volusia County. As of January 1, 2012, the population of the metropolitan area was estimated at 494,500, the same population that was reported in the 2010 Census. The lack of population growth stems from a shortage of local job opportunities and the weak national economy that is forcing potential retirees to delay or abandon their plans to move to Florida. Population growth was highest from 2001 through 2006, when the population of the metropolitan area increased by an average of 8,725, or 1.9 percent, annually. From 2007 through 2010, population growth was negative, with a peak annual loss of 2,675 people, or 0.5 percent, in 2009. The largest employers in the area are Florida Hospital and Halifax Health, with 5,350 and 4,200 employees, respectively.

The economy in the metropolitan area is weak, with nonfarm payrolls still 10 percent below the 2006 peak of 173,900 jobs. The local economy has begun to improve, however, adding 1,175 jobs, or 0.8 percent, during the 12 months ending November 2011, increasing nonfarm payrolls to 155,900 jobs. Tourism improved throughout Florida in 2011 and the leisure and hospitality sector led growth in the metropolitan area, adding 1,950 jobs, a 9.1-percent increase. The largest number of job losses occurred in the mining, logging, and construction sector, which lost 600 jobs, or 7.4 percent, because of a decrease in residential construction. This sector has declined by 55 percent since the 2006 peak, when the sector employed 15,900 workers during the building boom. The unemployment rate in the metropolitan area averaged 11.1 percent during the 12 months ending November 2011, which is down from the 11.9-percent rate recorded during the previous 12 months.

The home sales market in the Deltona-Daytona Beach-Ormond Beach metropolitan area is soft because of the weak local economy, a high level of foreclosed homes, and a low level of in-migration. According to data from Hanley Wood, LLC, Real Estate Owned (REO) sales comprised 37 percent of all existing home sales in the 12 months ending November 2011, which is down from the 48-percent rate recorded in the preceding 12-month period. From 2005 to 2008, only 4 percent of existing home sales were in REO. According to LPS Applied Analytics, in November 2011, 16.4 percent of all loans were 90 or more days delinquent, in foreclosure, or in REO, down from 16.6 percent in November 2010. In comparison, the national rate of all loans in these categories is 7.5 percent. Existing home sales totaled 5,425 homes sold during the 12 months ending November 2011, down from 5,550 homes sold in the preceding 12 months, a decline of 2 percent. During the same period, the average sales price of an existing home decreased from $135,100 to $128,300, a 5-percent decline. On average, a home in REO sold for only 55 percent of the price of a standard resale.

New single-family home construction, as measured by the number of building permits issued, declined by 17 percent during the 12 months ending November 2011, to 540 homes permitted, based on preliminary data. This number of permits is well below the 2000-to-2005 peak period, when an average of 4,225 single-family homes was permitted annually, and reflects the soft market conditions and large number of distressed properties. The number of single-family home permits issued declined from 2006 through 2009 and has remained stable at roughly 500 permits issued annually since 2009. Some small-scale development remains in the metropolitan area: Breakaway Trails, a subdivision in Ormond Beach, has 50 home sites available with sales prices for new homes ranging from $230,000 to $440,000.

The rental housing market in the Deltona-Daytona Beach-Ormond Beach metropolitan area is soft but improving. As of the third quarter of 2011, Reis, Inc., reports a 7.6-percent vacancy rate in surveyed apartment complexes, down from 8.8 percent in the third quarter of 2010. During the same period, the average asking rent remained relatively constant at approximately $740. Developers have responded to improved rental housing market conditions by increasing apartment construction. During the 12 months ending November 2011, multifamily construction, as measured by the number of multifamily units permitted, totaled 510 units compared with 75 units permitted during the preceding 12 months. Apartment properties under construction include Andros Isles Apartments, a 360-unit complex in Daytona Beach, and Olive Grove Apartments, an 88-unit complex in Ormond Beach. At least four additional properties are in the planning stage. Rents at Olive Grove Apartments range from $575 for a one-bedroom unit to $815 for a three-bedroom unit.

Hartford-West Hartford-East Hartford, Connecticut

The Hartford-West Hartford-East Hartford metropolitan area, located in central Connecticut, consists of Hartford, Middlesex, and Tolland Counties. The metropolitan area is the largest in Connecticut and is home to the city of Hartford, the state capital. As of January 1, 2012, the population was estimated at 1,218,000, indicating an annualized increase of 3,200, or 0.3 percent, since April 1, 2010. The population has increased at an average annual rate of approximately 3,875, or 0.3 percent, since 2008 compared with a rate of 5,450, or 0.5 percent, annually from 2004 through 2008 as a result of recent declines in nonfarm payrolls. The largest employers in the area include United Technologies Corporation, the Hartford Financial Services Group, and Aetna Inc., with 14,900, 11,300, and 7,250 employees, respectively.

During the past 12 months, nonfarm payrolls began to recover from the decline that started in 2008. During the 12 months ending November 2011, nonfarm payrolls in the metropolitan area increased by 4,600 jobs, or 0.9 percent, to an average of 537,000 jobs compared with the decline of 8,700 jobs, or 1.6 percent, during the previous 12 months. The most significant gain during the 12 months ending November 2011 occurred in the education and health services sector, which added 1,900 jobs, a 2.0-percent increase. The leisure and hospitality and the professional and business services sectors increased by 1,200 and 1,100 jobs, or 2.9 and 1.8 percent, respectively. Growth in the professional and business services sector is expected to continue during 2012, led by the online ticket exchange, TicketNetwork® Inc., which plans to add 200 employees over the next 18 months at the company's new headquarters in South Windsor. During the 12 months ending November 2011, the financial activities sector declined by 700 jobs, or 1.2 percent, primarily because of job losses in the insurance industry. According to the *Hartford Courant*, in October 2011, the Hartford Financial Services Group announced plans to lay off approximately 500 employees over a period of 18 months. The 12-month average unemployment rate declined from 9.1 percent in November 2010 to 8.9 percent in November 2011.

The home sales market in the Hartford-West Hartford-East Hartford metropolitan area is currently soft. Based on data from Hanley Wood, LLC, existing single-family home sales in the area totaled approximately 7,100 during the 12 months ending November 2011, down 15 percent from the 8,350 homes sold during the previous 12 months. The large drop in sales reflected weak economic conditions, tighter lending practices, and slower population growth. Despite the decrease in sales, the average sales price of existing homes declined by less than 1 percent, to $261,500, during the 12 months ending November 2011 from $262,300 during the previous 12 months. New single-family home sales totaled only 90 during the 12 months ending November 2011, a 59-percent decrease from 220 new homes sold during the previous year. New home sales have been declining since 2005; an average of 980 new homes sold each year from 2005 through 2007 compared with an average of 310 homes sold annually from 2008 through 2010. Hanley Wood, LLC data indicate an average new home sales price of $428,400 in the metropolitan area during the 12 months ending November 2011, unchanged from the average price during the previous year. New home prices remain below the average of $440,900 recorded from 2006 through 2008. According to LPS Applied Analytics, as of December 2011, 6.3 percent of mortgage loans were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), up from 5.6 percent in December 2010. This rate is less than the state and national rates of 7.6 percent.

Sales of new and existing condominiums have also decreased significantly since 2005. During the 12 months ending November 2011, 1,725 existing condominiums sold in the area, a 29-percent decrease compared with the 2,425 sold during the previous 12 months, and the average sales price decreased by 3 percent to $182,500. During the 12 months ending November 2011, 80 new condominiums sold, down from 170 sold during the previous 12-month period, and the average sales price decreased 14 percent to $268,200.

Builders have continued to curtail the production of single-family homes in response to weak economic conditions. Based on preliminary data, building permits were issued for 650 single-family homes in the metropolitan area during the 12-month period ending November 2011, down 210 permits, or 24 percent, compared with the number permitted during the previous 12 months. From 2008 through 2010, an average of 1,050 single-family homes were permitted annually, down significantly from the average of 2,700 homes permitted each year from 2004 through 2007. In contrast, based on preliminary data, during the 12 months ending November 2011, 380 multifamily units were permitted, up significantly from the 290 units permitted during the previous 12 months. Because of the soft home sales market, estimates suggest that less than 10 percent of the multifamily units permitted during the past 12 months were condominiums. In comparison, condominiums represented more than 30 percent of all new multifamily units developed during the 2000s. The number of multifamily units permitted was down from an average of 990 units annually from 2005 through 2007.

The rental housing market in the Hartford-West Hartford-East Hartford metropolitan area is balanced, with conditions improving during the past year as the production of new units has remained at historically low levels in response to weak economic conditions. The rental vacancy rate is currently estimated at 6.5 percent, down from 8.1 percent in the 2010 Census. Despite balanced overall rental market conditions, the market for new and large apartment projects in the metropolitan area is tight, with vacancy rates declining and rents increasing significantly over the past year. According to MPF Research, the apartment vacancy rate in the area was 2.9 percent during the third quarter of 2011, down from a 4.5-percent rate a year earlier. During the same period, the average monthly rent increased more than 6 percent to $1,110 from $1,044. Recent developments include The Mansions at Canyon Ridge, a 220-unit apartment complex in East Windsor, completed in September 2011. Rents for one- and two-bedroom units start at $1,175 and $1,375, respectively. In addition, 270 apartments are currently under construction at The Mansions at Hockanum Crossing in Vernon, the second phase of the development, with completion expected in 2013.

Jacksonville, Florida

Located on the northeastern coast of Florida, the Jacksonville metropolitan area consists of Baker, Clay, Duval, Nassau, and St. Johns Counties. The metropolitan area is a major transportation hub, a recreational destination for the region, and home to two significant naval stations. The city of Jacksonville, located in Duval County, is the largest city in the state, with an approximate population of 837,600. As of January 1, 2012, the estimated population of the metropolitan area was 1.4 million. Population growth has slowed during the past 3 years because of recent declines in net in-migration resulting from employment losses from 2008 through 2010. Since early 2008, the population has increased at an average annual rate of 15,200, or 1.1 percent, compared with a rate of nearly 25,000, or 2.1 percent, annually from 2000 through 2007. The largest employers in the area are Naval Air Station Jacksonville, Naval Station Mayport, and Baptist Health System, Inc., with 25,000, 12,900, and 8,200 employees, respectively.

During the past year, employment began to recover from the decline that began in December 2007. During the 12 months ending November 2011, nonfarm payrolls in the metropolitan area increased by 3,900 jobs, or 0.7 percent, to an average of 584,600 jobs compared with the decline of 8,100 jobs, or 1.4 percent, during the previous 12 months. The most significant job gains during the 12 months ending November 2011 occurred in the leisure and hospitality sector, which added 3,000 jobs, a gain of 4.7 percent. According to the Jacksonville Value of Tourism study, tourism had an economic impact of $1.5 billion on the metropolitan area in 2009. Although the leisure and hospitality sector posted job losses in 2009 and 2010, gains in the past year have resulted in a return to the previous high for the sector. During the 12 months ending November 2011, job gains also occurred in the professional and business services and education and health services sectors, which added 2,100 and 1,600 jobs, gains of 2.4 and 1.9 percent, respectively. Primarily because of a continued slowdown in the housing industry, the financial services sector and the construction subsector reported losses of 1,000 and 700 jobs, or 1.8 and 2.6 percent, respectively. Net job gains contributed to a decrease in the 12-month average unemployment rate from 11.2 percent in November 2010 to 10.3 percent in November 2011.

The Jacksonville home sales market is currently soft. Based on data from Hanley Wood, LLC, sales of new and existing single-family homes in the area totaled approximately 12,350 homes during the 12 months ending November 2011 (the most recent data available), a decrease of 12 percent compared with the 13,950 homes sold during the previous 12 months. The decrease in sales was a result of tighter lending practices and slower population growth. The average sales price of new and existing homes decreased by 0.4 percent, to $188,700, during the 12 months ending November 2011 from $189,500 during the previous 12 months. The average home sales price is 27 percent below the 2007 peak of $257,300. According to LPS Applied Analytics, as of November 2011, approximately 28,100 home loans, or 14.1 percent of all mortgage loans, were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), up slightly from 13.7 percent in November 2010. This rate is lower than the state rate of 17.4 percent but almost double the national rate of 7.5 percent. This high volume of loans classified as distressed will likely continue to impede housing market recovery in the Jacksonville metropolitan area.

Builders have continued to curtail housing production, as measured by the number of single-family building permits issued, in the metropolitan area. Based on preliminary data, building permits were issued for 3,425 single-family homes during the 12-month period ending November 2011, unchanged from the rate during previous 12 months. From 2007 through 2009, an average of 5,700 single-family homes were permitted annually, down significantly from the average of 14,600 homes a year from 2002 through 2006. According to Hanley Wood, LLC, during the 12 months ending November 2011, average new single-family home sales prices increased by 3 percent to $221,300 compared with $213,900 during the previous 12 months.

Sales of new and existing condominiums began to decrease during the 12 months ending October 2011, following increases that started in early 2010. Based on data from Hanley Wood, LLC, approximately 2,375 new and existing condominiums sold in the metropolitan area during the 12 months ending October 2011 (the most recent data available), a 9-percent decrease compared with the previous 12 months' total of 2,600. The average sales price increased by 6 percent to $152,000 during the same period, due to a 29-percent reduction in REO sales. During the 12 months ending December 2011, 650 multifamily units were permitted, up from 230 during the previous 12 months but well below the average of 3,050 multifamily units permitted annually from 2006 through 2009. Since 2000, 20 percent of multifamily construction has been for owner occupation.

The rental housing market in the metropolitan area is currently soft, despite a reduced level of multifamily construction during the past 2 years. Based on data from ALN Systems, Inc., the apartment vacancy rate as of December 2011 was 12.2 percent, improved from 13.2 percent the previous year. Single-family homes comprise 40 percent of the rental housing market. In December

2011, the average asking rent for apartments was approximately \$765, relatively unchanged from the previous year's average rent. The absorption of more than 4,200 existing vacant units during the 12 months ending November 2011 was in part because of a decrease in new apartment completions. Approximately 1,150 apartment units were completed during the 12 months ending November 2011, down from approximately 1,400 completions during the previous 12 months. Since the beginning of 2010, more than 90 percent of newly completed multifamily units have been in the city of Jacksonville, compared with 75 percent from 2000 through 2009. The most recent market-rate apartment completion in the city of Jacksonville was the 432-unit North Beach on Kernan, with rents for one-, two-, and three-bedroom units starting at \$940, \$1,160, and \$1,440, respectively.

Lancaster, Pennsylvania

The Lancaster metropolitan area, coterminous with Lancaster County, is located 70 miles west of Philadelphia. As of January 1, 2012, the population in the metropolitan area was estimated at 526,000, with an average annual growth of 3,900 people, or 0.7 percent, since July 1, 2010. By comparison, from 2005 through 2010, population growth averaged 5,100 people, or 1 percent, annually. Net in-migration, which averaged 2,400 people each year from 2005 to 2010, has declined to an annual average of 1,650 people since 2010 because of a weaker local economy. The area, with more than 5,400 farms, is known for its rural character and is a retirement destination. The largest employers in the metropolitan area are Lancaster General Health, R. R. Donnelley & Sons Company, and Manheim Remarketing, with 7,050, 3,000, and 2,600 employees, respectively.

Total nonfarm payrolls declined by 400 jobs, or 0.2 percent, to 226,500 jobs during the 12 months ending November 2011, an improvement compared with the loss of 1,800 jobs, or 0.8 percent, during the 12 months ending November 2010. During the 12 months ending November 2011, the largest job losses occurred in the professional and business services and the manufacturing sectors, which declined by 800 and 600 jobs, or 4.3 and 1.6 percent, respectively. The largest job gains in the metropolitan area occurred in the wholesale and retail trade, leisure and hospitality, and education and health services sectors, which increased by 900, 300, and 200 jobs, or 2.2, 1.3, and 0.6 percent, respectively. The retail trade subsector expanded by 600 jobs, or 1.9 percent. The health care and social assistance subsector, which includes outpatient care centers, home health agencies, and assisted-living centers, accounts for 15 percent of total nonfarm payrolls in the metropolitan area and has added 5,200 jobs since 2005, including 500 jobs during the most recent 12 months. During the 12 months ending November 2011, the unemployment rate averaged 6.7 percent, a decline from the 7.6-percent average during the previous 12-month period.

The home sales market in the Lancaster metropolitan area is soft but stabilizing. According to the Lancaster County Association of Realtors®, 4,275 new and existing homes sold during the 12 months ending November 2011, unchanged from the number sold during the previous 12-month period, when sales declined 10 percent from the 12 months ending November 2009. The median home sales price of \$157,900 in November 2011 was \$7,100 less than the median price in November 2010. According to LPS Applied Analytics, in November 2011, 4.2 percent of all home loans in Lancaster County were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), up slightly from the 4.0-percent rate of a year earlier.

According to Hanley Wood, LLC, 340 new homes sold during the 12 months ending November 2011, 55 percent fewer than during the previous 12-month period. Average home sales prices are \$256,300 for new detached homes and \$200,000 for new townhomes. In response to declining home sales, the volume of new single-family home construction remains low compared with activity in recent years. Based on preliminary data, which accounts for roughly 60 percent of all permits issued, 600 single-family homes were permitted during the 12 months ending November 2011, down 18 percent from the previous 12-month period and down 17 percent compared with the average number of permits issued from 2007 through 2009. New communities include two for people age 55 and older: Traditions of America at Mount Joy, with two- and three-bedroom homes starting at \$204,900, and Home Towne Square in Ephrata, with 300 one- to four-bedroom single-family homes starting at \$215,900.

Rental housing market conditions in the metropolitan area are tight because of increased demand and a limited supply of new rental units. According to Reis, Inc., the apartment vacancy rate declined from 2.5 percent during the third quarter of 2010 to 1.7 percent during the third quarter of 2011, and the average asking rent increased more than 1 percent to approximately \$870. Based on preliminary data, 300 multifamily units were permitted during the 12 months ending November 2011, nearly double the number permitted during the previous 12-month period. Many of the new units have been added to existing multifamily communities. Country Manor Apartments in Millersville added 32 units during the first half of 2011, Willow Creek Apartments in Ephrata added 30 units during the second half of 2011, and Bentley Ridge in East Lampeter Township is expected to build an additional 50 units in 2012. According to the Apartment Association of Central Pennsylvania, average rents are \$775, \$875, and \$1,025 for one-, two-, and three-bedroom units, respectively.

Lincoln, Nebraska

The Lincoln metropolitan area, which consists of Lancaster and Seward Counties, is the second largest metropolitan area in Nebraska. Lancaster County, which includes the principal city of Lincoln, accounts for approximately 95 percent of the population in the metropolitan area. The largest private-sector employers in the metropolitan area are BryanLGH Health System and Saint Elizabeth Regional Medical Center, employing more than 2,500 people each, followed by Ameritas Life Insurance Corp., with approximately 1,600 employees. The city of Lincoln is the state capital and, as such, government-sector employment has a large impact on the local economy. As of January 1, 2012 the metropolitan area population is estimated at 307,500 reflecting an average annual increase of 3,000, or 1 percent, since April 1, 2010, which is less than the average annual increase of 3,500, or 1.2 percent, between 2005 and 2010.

The city of Lincoln is also home to the University of Nebraska–Lincoln (UNL), which is the largest university in Nebraska. According to UNL, the 2011 fall semester enrollment of approximately 25,000 students indicates an average increase of 2.2 percent annually from 21,700 students in 2005. The university is expecting 3-percent annual enrollment growth for the next 5 years. Several large projects are under way at UNL, including the $80 million Nebraska Innovation Campus that focuses on developing technology products or services. This public-private research campus consists of four buildings that will be completed by April 2013.

Economic conditions in the Lincoln metropolitan area have improved during the past year after experiencing a 2-year downturn. During the 12 months ending November 2011, nonfarm payrolls increased by 3,200 jobs, or 1.9 percent, to a total of 173,800 jobs compared with a loss of 1,500 jobs, or 0.9 percent, during the previous 12 months. The largest increase occurred in the professional and business services sector, which added 1,600 jobs, or 8.8 percent, during the past 12 months. The leisure and hospitality and retail trade sectors added 600 and 700 jobs, increases of 4.0 and 3.8 percent, respectively. The government sector, which is the largest sector and accounts for 22 percent of total nonfarm payroll jobs in the metropolitan area, decreased by 100 jobs, or 0.3 percent, during the past 12 months because of reductions in the local government workforce. Although farming is not a major source of employment in the metropolitan area, the surrounding counties have significant amounts of agricultural production, and the recent increases in farm commodity prices have had a profound impact on the local economy. The Nebraska Business Forecast Council estimates that statewide farm income will total $5.4 billion for 2011, a 35-percent increase compared with farm income in 2010. Farm income affects the local economy, because farms from the surrounding agricultural areas make many farm-supply and equipment purchases in the city of Lincoln. World's Foremost Bank, a subsidiary of Cabela's, Inc., has announced expansion plans that would add 400 employees to its corporate offices by the spring of 2012. During the 12 months ending November, 2011, the unemployment rate in the metropolitan area averaged 3.8 percent, which is an improvement from the 4.3-percent average during the previous 12 months.

Sales housing market conditions in the metropolitan area are currently balanced. Based on data from Hanley Wood, LLC, during the 12 months ending October 2011, new and existing home sales decreased by 9 percent, to 2,650 homes, compared with the number of homes sold during the previous 12 months. During the 12 months ending October 2011, home sales were down approximately 35 percent from an average of 4,050 homes sold annually from 2005 through 2009. During the 12 months ending October 2011, the average new home sales price increased by nearly 4 percent, to $209,000, but the average existing home sales price decreased by 4 percent, to $155,450, compared with prices during the previous 12 months. Single-family home construction, as measured by the number of permits issued, has declined recently. Based on preliminary data, 540 single-family home permits were issued during the 12 months ending October 2011, down 7 percent from the 590 permits issued in the previous 12 months. In comparison, from 2004 through 2008, an average of 1,300 homes was permitted each year.

Rental housing market conditions in the Lincoln metropolitan area are currently balanced. The vacancy rate for all rental units declined from 7.7 percent in April 2010 to the current estimated 7-percent rate. Based on data from Reis, Inc., the apartment market is currently tight, with an estimated 3-percent vacancy rate for the third quarter of 2011, down from 3.5 percent during the same quarter a year earlier. Current average rents for one-, two-, and three-bedroom apartments are $576, $692, and $917, respectively. Average rents were unchanged compared with the third quarter of 2010. Students account for an estimated 12,000 renter households, or 26 percent of total renter households, in the metropolitan area. Based on preliminary data, during the 12 months ending October 2011, 320 multifamily units were permitted compared with only 90 units permitted in the previous 12 months and an average of 300 units permitted annually from 2004 through 2008. The decline in building activity in 2009 contributed to the recent drop in the rental vacancy rate.

Raleigh-Cary, North Carolina

Located in north-central North Carolina, the Raleigh-Cary metropolitan area consists of Franklin, Johnston, and Wake Counties and is the second largest metropolitan area in the state, after the Charlotte metropolitan area. From 2005 through 2008, the Raleigh-Cary metropolitan area population grew by 44,150, or 4.5 percent, annually as a result of strong nonfarm payroll job growth, which averaged 3.9 percent annually during the period. From 2009 through 2010, jobs declined by an average of 2.3 percent annually, resulting in slower population growth of 2.6 percent, or 27,500 people, a year. As of January 1, 2012, the population in the metropolitan area was estimated at 1,197,000, an average increase of approximately 38,000, or 3.3 percent, a year since April 1, 2010.

Nonfarm payroll jobs began to increase slowly after 2010. During 2011, nonfarm payrolls increased by 8,700 jobs, or 1.8 percent, to an average of 505,000 compared with jobs during 2010. The professional and business services and leisure and hospitality sectors led job gains with increases of 5,300 and 1,400 jobs, or 6.3 and 2.7 percent, respectively. In the past year, Affiliated Computer Services Inc., a call center in Cary, hired more than 1,100 workers. The education and health services sector increased by 1,400 jobs, or 2.3 percent. SEQUENOM, Inc., a healthcare company, recently announced plans to build a new molecular diagnostic laboratory, an $18.7 million investment that will create an estimated 240 jobs in the coming year. The job gains have decreased the unemployment rate for the metropolitan area to 8.2 percent during 2011 from 8.7 percent a year earlier.

The largest private employers in the metropolitan area include International Business Machines (IBM) Corporation, WakeMed Health & Hospitals, and GlaxoSmithKline plc., with approximately 10,500, 7,750, and 4,900 employees, respectively. North Carolina State University (NC State) in Raleigh, with more than 34,400 students and 7,725 faculty and staff, has an economic impact of $1.7 billion annually on the state, according to NC State's Office of Research, Innovation, and Economic Development. Part of the Research Triangle Park (RTP) is also located in the Raleigh-Cary metropolitan area. RTP is home to more than 170 global companies providing an estimated 48,000 jobs.

The sales housing market in the metropolitan area is currently soft. Wake County houses approximately 80 percent of the population of the metropolitan area and accounts for almost 90 percent of home sales. According to Triangle Multiple Listing Service (MLS), Inc., during 2011, the number of new and existing home sales in Wake County was down 5 percent, to 10,500 homes, continuing a decline since 2009, when 12,050 homes sold. The average sales price of new and existing homes in Wake County declined by 3 percent to $246,800. During 2011, the number of new and existing home sales in suburban Johnston County was down by 10 percent, to 1,550 homes, and the average sales price declined by 2 percent, to $162,100. In comparison, an average of 1,875 homes sold during 2009 and 2010. Triangle MLS, Inc. does not collect sales data in Franklin County, because much of the county is rural. According to LPS Applied Analytics, in December 2011, 4.8 percent of all mortgage loans in the Raleigh-Cary metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), up from 4.6 percent in December 2010, but less than the 6.3-percent rate for the state in December 2011.

Preliminary data indicate that single-family construction in the Raleigh-Cary metropolitan area increased by 75 homes, or 1.6 percent, to approximately 4,750 homes during 2011. This reverses a trend of declining single family construction that has occurred since 2005. From 2008 through 2010, an average of 5,200 homes was permitted, down from an average of 13,400 homes permitted from 2005 through 2007. Heritage, a single-family home development in Wake County, has constructed 1,900 homes since 2000 and plans to build 400 more homes to complete the development. The average sales price of a new home in the development is $323,000.

The apartment market in the Raleigh-Cary metropolitan area has improved and is balanced. According to Real Data, the apartment vacancy rate for Wake County was 5.8 percent in August 2011, down from 8.4 percent in August 2010, primarily as a result of the low number of completions during the past few years. The average rent increased 5 percent to approximately $820 during the same period. The Wake County-Southwest submarket, the largest submarket in the metropolitan area, accounts for approximately 22 percent of all apartments in the metropolitan area. The vacancy rate in the submarket decreased from 7.2 percent in August 2010 to 5 percent in August 2011, and the average rent increased from $800 to $850 during the same period. The Wake County-Central submarket, which includes NC State and downtown Raleigh, contains approximately 17 percent of all apartments in the metropolitan area. The vacancy rate in the Wake County-Central submarket dropped from 10.2 percent in August 2010 to 6.6 percent in August 2011, and the average rent increased from $760 to $800 during the same period. NC State students compose an estimated 25 percent of renter households in the submarket in which the university is located, or around 5 percent of renter households in the metropolitan area.

Multifamily housing production, as measured by the number of units permitted, is increasing because of the balanced apartment market conditions but remains well below historical production. Preliminary data indicate that multifamily permit activity in the Raleigh-Cary metropolitan area has nearly tripled during 2011, to approximately 1,625 units from 560 units permitted during 2010. Despite this increase, the number of multifamily units permitted is much less than the average of 4,150 units permitted a year during the peak years of 2006 through 2008. During 2009 and 2010, the number of multifamily units permitted averaged only 540 units. In Wake County, approximately 1,100 units were under construction in August 2011 compared with 630 in August 2010. The Wake County-Central submarket currently has 560 units under construction, the most in the metropolitan area. Most units under construction are expected to be complete in 2012.

Reading, Pennsylvania

The Reading metropolitan area, which is coterminous with Berks County, is located 60 miles northwest of Philadelphia. The central city, Reading, is the fifth largest city in Pennsylvania. As of January 1, 2012, the population of the metropolitan area was estimated at 413,800, indicating an average increase of approximately 1,375, or 0.3 percent, annually since April 1, 2010, compared with an average annual growth of 3,175, or 0.8 percent, from July 1, 2005, to April 1, 2010. The slower population growth since April 1, 2010, resulted from an average annual net out-migration of approximately 240 people compared with annual net in-migration of 1,650 people from July 1, 2005, to April 1 2010, in response to a weakening economy.

Economic conditions in the Reading metropolitan area are improving after a 3-year decline from the 174,600 nonfarm payroll jobs reported during the 12 months ending November 2007, the largest number of jobs recorded during the last 10 years. During the 12 months ending November 2011, nonfarm payrolls increased by 2,300 jobs, or 1.4 percent, to approximately 168,700 jobs compared with a decrease of 200 jobs, or 0.1 percent, during the previous 12 months. The largest gain during the 12 months ending November 2011 was in the education and health services sector, which increased by 700 jobs, or 2.8 percent. The Reading Hospital and Medical Center, which is the largest employer in the metropolitan area, expanded operations and added 250 jobs. The manufacturing sector, the largest in the metropolitan area, increased by 500 jobs, or 1.9 percent, compared with nonfarm payrolls during the previous 12 months, but has declined by a total of 33 percent since 2000. During the 12 months ending November 2011, East Penn Manufacturing Company, Inc., and Carpenter Technology Corporation, the second and third largest employers in the metropolitan area, respectively, added more than 500 jobs combined. Other gains in the economy occurred in the mining, logging, and construction and the transportation and utilities sectors, which gained 300 and 200 jobs, or 4.4 and 2.3 percent, respectively, during the 12 months ending November 2011. The unemployment rate during the 12 months ending November 2011 averaged 8.2 percent, a decrease from the 9.2-percent rate recorded during the previous 12 months.

The sales housing market in the Reading metropolitan area currently is soft, with an estimated 1.9-percent vacancy rate, an increase from 1.7 percent on April 1, 2010. Vacancy rates increased during the past 12 months as a result of declining demand. According to TREND MLS, during the 12 months ending November 2011, approximately 3,075 new and existing single-family homes sold, indicating a 6-percent decrease from sales a year earlier and a 44-percent decrease from the average annual volume of 5,500 sales recorded from November 2003 through November 2007. The average sales price of new and existing single-family homes decreased by 6 percent during the 12 months ending November 2011, to $152,400, 15 percent less than the decade-high price of $178,900 reported during the 12 months ending November 2007. According to LPS Applied Analytics, 5.9 percent of mortgage loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) in November 2011, compared with 5.5 percent of loans in November 2010.

Because the existing sales housing market has softened, builders have curtailed construction of new homes. A combination of decreased demand for new homes and, more recently, stricter financing requirements has led to the decline in single-family building activity. Based on preliminary data, building permits were issued for approximately 160 single-family homes during the 12 months ending November 2011, fewer than both the 190 issued during the same 12-month period in 2010 and the average of 350 single-family homes permitted annually from 2007 through 2009.

The rental housing market in the Reading metropolitan area is currently soft, with an estimated vacancy rate of 7.0 percent. Increased demand has reduced rental vacancy rates since April 1, 2010, when the rate was 7.5 percent. Based on analyst estimates, average rents for newly constructed one-, two-, and three-bedroom units in the area were $1,100, $1,300, and $1,500, respectively. Based on preliminary data with analyst adjustments, approximately 70 multifamily units were permitted during the 12 months ending November 2011, relatively unchanged from the 65 permits issued a year earlier. A 59-unit market-rate apartment complex, The GoggleWorks Apartments, is currently under construction in the city of Reading and is expected to be complete in 2012.

Rhode Island

Rhode Island, located 50 miles southwest of Boston in southern New England, includes Bristol, Kent, Newport, Providence, and Washington Counties. The state represents the predominant portion of the Providence-New Bedford-Fall River, RI-MA metropolitan area, which is the largest metropolitan area in New England aside from the Boston metropolitan area. As of January 1, 2012, the estimated state population was slightly more than 1 million. Weak economic conditions relative to the other New England states have resulted in net out-migration every year since 2004, leading to population declines from 2004 through 2006 and no population growth since 2007. Data from the American Community Survey, however, indicates that the city of Providence, the state capital, largest city, and economic center, added an average of 3,100 people, or 1.8 percent, a year from 2007 through 2010, increasing the city's population to 178,162. According to Moody's Analytics, Inc., the largest employers in Rhode Island are Citizens Bank, Lifespan, and Care New England Health

System, with 22,600, 11,900, and 7,050 employees, respectively. In the fall of 2011, Brown University enrolled more than 8,750 students and, as of 2009 (the most recent data available), reported a statewide economic impact of $660 million annually, contributing nearly 8,200 jobs directly and indirectly to the area economy.

Economic conditions in Rhode Island are weak but have begun to improve slowly after 4 years of declining nonfarm payrolls. During the 12 months ending November 2011, nonfarm payrolls increased by 2,300 jobs, or 0.5 percent, to 461,100 jobs compared with a decline of 3,100 jobs, or 0.7 percent, during the previous 12 months. During the 12 months ending November 2011, every sector added jobs except the government, the financial activities, and the mining, logging, and construction sectors, which lost 1,500, 600, and 600 jobs, or 2.4, 2.1, and 3.8 percent, respectively. These declines resulted primarily from the housing crisis and budget cuts. The retail trade subsector and the leisure and hospitality sector led the growth, adding 2,200 and 900 jobs, an increase of 4.8 and 1.8 percent, respectively. These gains contributed to a decrease in the average unemployment rate to 10.8 percent during the 12 months ending November 2011 compared with 11.7 percent during the previous 12 months. In April 2011, 38 Studios, LLC, an entertainment and Internet protocol-creation company, relocated from Massachusetts to Providence, near the city's new Knowledge District. According to IHS Inc., 38 Studios expects to add 450 jobs by the end of 2013. In North Kingston, General Dynamics Electric Boat, a submarine component manufacturer, completed a $45 million facility expansion and plans to hire an additional 400 workers by the end of 2012.

Sales housing market conditions in Rhode Island are soft because of tight lending practices and a weak, albeit improving, economy. Based on data from Hanley Wood, LLC, during the 12 months ending November 2011, new and existing single-family home sales totaled 6,225, down 900, or 13 percent, from the number of homes sold during the previous 12 months, a period when homebuyer tax credit incentives influenced sales. Single-family home sales have declined 22 percent from the average annual rate of 7,975 homes sold from 2007 through 2009. During the 12 months ending November 2011, the average sales price for new and existing single-family homes was $259,600, a 3-percent decrease from the $267,200 average a year earlier and a 12-percent decrease from the average price of $296,000 from 2007 through 2009. During the 12 months ending November 2011, new and existing condominium sales represented 11 percent of all home sales in the state, totaling 770, a 37-percent decrease from the 1,225 sales during the previous 12 months and a 45-percent decrease from an average annual rate of 1,400 sales from 2007 through 2009. The average condominium sales price increased by 16 percent, to $258,800, because of a significant number of high-end sales and is up 2 percent from the average sales price of $254,300 from 2007 through 2009. According to LPS Applied Analytics, as of December 2011, 8.5 percent of total home loans in Rhode Island were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), the same percentage as a year earlier. During the 12 months ending November 2011, REO sales represented 16 percent of all existing home sales, a decrease from the 20-percent rate during the previous 12 months.

Soft sales housing market conditions have resulted in declines in single-family homebuilding activity, as measured by the number of permits issued. Based on preliminary data, during the 12 months ending November 2011, the number of single-family homes permitted decreased to 590 compared with 740 homes permitted during the previous 12 months and an average of 990 homes permitted each year from 2007 through 2009. More than 70 percent of recent single-family home construction in Rhode Island was in Providence and Washington Counties, the state's northernmost and southernmost counties.

Overall rental housing market conditions in Rhode Island are soft, but the market for newer and larger apartment projects is balanced and tightening. According to Reis, Inc., during the third quarter of 2011, the apartment vacancy rate decreased to 4.5 percent from 6.4 percent in the third quarter of 2010 as a result of moderate net absorption and limited completions. The average monthly rents for one-, two-, and three-bedroom units were $1,068, $1,372, and $1,409, respectively, averaging $1,221 overall, an increase of less than 1 percent compared with the average rent during the same period a year earlier. During the third quarter of 2011, in Providence and the other cities and towns inside Interstate 295, the rental vacancy rate was 5.1 percent, and rents increased less than 1 percent to $1,357 compared with Kent and Washington Counties, which reported a 4.3-percent vacancy rate and rents increasing nearly 2 percent to $1,076. During the 12 months ending November 2011, multifamily construction, as measured by the number of units permitted, remained relatively unchanged at 170 units compared with the number of units permitted during the previous 12 months. This total compares with an average of 330 units permitted a year from 2007 through 2009.

Sacramento--Arden-Arcade--Roseville, California

The Sacramento--Arden-Arcade--Roseville metropolitan area, which extends from the California Central Valley to the Nevada border at Lake Tahoe, includes El Dorado, Placer, Sacramento, and Yolo Counties and the state capital, the city of Sacramento. The metropolitan area has an estimated 2.2 million residents as of January 1, 2012. With the recent economic weakness, the rate of population growth has slowed to 0.8 percent a year since the 2010 Census. In comparison, the average population growth rate was 1.2 percent annually from 2006 through 2010, primarily because of higher rates of net in-migration to the metropolitan area.

The economy in the Sacramento--Arden-Arcade--Roseville metropolitan area has recorded nonfarm payroll job losses every month since April 2008, but the rate of decline has slowed. During 2011, nonfarm payrolls decreased by 5,725 jobs to 802,200 jobs, a 0.7-percent loss compared with nonfarm payrolls in 2010. In comparison, the rate of job decline was 5.7 percent from 2008 to 2009 and 2.8 percent from 2009 to 2010. During 2011, the education and health services, leisure and hospitality, and professional and business services sectors added 2,425, 1,425, and 460 jobs, increases of 2.4, 1.8, and 0.5 percent, respectively. The three largest private employers in the metropolitan area are all healthcare providers, led by Kaiser Permanente®, with payrolls of 9,900, Sutter Health Sacramento Sierra Region with payrolls of 7,250, and Catholic Healthcare West/Mercy Health care with payrolls of 6,975. Every other sector posted losses, the greatest of which, a decrease of 4,475 jobs, or 1.9 percent, came in the government sector. Of those losses, the local government subsector accounted for 60 percent, because of budget cuts. The average unemployment rate during 2011 was 11.9 percent, less than the 12.6-percent rate in 2010 but up from the 5.3-percent rate recorded during 2007, before job losses began.

The metropolitan area is largely dependent on the government sector, which provides about 224,800 jobs, or 28 percent of total nonfarm payrolls. Although the California government increased expenditures by 5 percent in fiscal year (FY) 2011, total expenditures remain 14 percent below the FY 2008 level. State government employment began to contract in 2009 and averaged 110,100 jobs during 2011, down 0.9 percent compared with state government employment in 2010. The University of California, Davis (UC Davis), in Yolo County, which has approximately 28,400 faculty and staff, is the leading public-sector employer in the metropolitan area. According to the university, UC Davis generates an annual economic impact in the metropolitan area of nearly $3 billion and enrolled 32,000 students in the fall 2011 semester. Major projects at UC Davis include the $55.2 million Tercero South, housing for 590 students that is now under construction, and the $89 million Vet Med 3B facility, which is in the design stage.

The sales housing market remains soft in the Sacramento--Arden-Arcade--Roseville metropolitan area. After the housing bubble burst in 2006, subsequent foreclosure activity destabilized the market further, because REO (Real Estate Owned) homes and short sales exerted downward pressure on prices. Foreclosure activity has been diminishing but remains high. According to CoreLogic, Inc., the percentage of home loans that were 90 or more days delinquent, in foreclosure, or in REO in the metropolitan area decreased from 10.2 percent in November 2010 to 7.8 percent in November 2011. By comparison, such loans represented 1.2 percent of all mortgage loans in November 2006. According to data from Hanley Wood, LLC, existing home sales totaled 34,000 in the metropolitan area during the 12-month period ending November 2011, up 6 percent compared with sales during the previous 12 months, and the proportion of those sales that were REO decreased from 50 to 45 percent. During the same period, the median sales price of non-REO homes decreased 8 percent, to $215,600, and the median sales price of REO homes declined 14 percent, to $147,100. During the 12-month period ending November 2011, new home sales activity in the metropolitan area declined 23 percent to 1,650 homes sold, and the median price decreased 5 percent to $286,200.

In response to increased sales competition from REO homes, builders have reduced new home construction activity, as measured by the number of building permits issued. Based on preliminary data, during 2011, single-famiy building permits were issued for 1,875 homes, a 14-percent decline from 2010. The number of single-family permits issued has decreased each year since 2004 and averaged about 2,175 homes annually in 2009 and 2010.

Multifamily construction, as measured by the number of units permitted, has recently increased after 3 consecutive years of declines. Based on preliminary data, 620 multifamily units were permitted during 2011, up 15 percent compared with the 540 units permitted in 2010. Before the recent increase, builders had reduced new construction activity, in part, because of slower sales in the new home market. According to the McGraw-Hill Construction Pipeline database, 3,375 condominiums and townhomes were permitted during the peak years of 2005 and 2006, representing 51 percent of all multifamily units permitted during those years. Beginning in 2007, the proportion of condominiums and townhomes declined to approximately 30 percent of all multifamily units, and an estimated 20 percent of these units were converted to rental use during construction or shortly after being offered for sale. The most recent of these conversions is Alexan Midtown Apartments, a 275-unit complex completed in December 2010 in midtown Sacramento, with rents starting at $1,300 for a one-bedroom unit and $1,625 for a two-bedroom unit.

The apartment rental housing market has tightened in the past year from slightly soft conditions and is now balanced. Even with the recent trend of converting condominiums to apartment units, fewer units have entered the rental housing market. From 2008 through 2010, new apartment completions averaged 600 units annually compared with 1,500 units annually in the 2005-through-2007 period. According to MPF Research, the metropolitan area had a 4.8-percent overall apartment rental vacancy rate in the third quarter of 2011, lower than the 5.6-percent rate in the third quarter of 2010. The tightest submarkets in the third quarter of 2011 were the Roseville/Rocklin and Orangevale/Fair Oaks/Folsom areas, with vacancy rates of less than 4 percent each. The softest submarkets were Carmichael and North Sacramento, with vacancy rates of more than 6 percent. For the Sacramento--Arden-Arcade--Roseville metropolitan area, MPF Research indicates an average overall apartment rent of $930 in the third quarter of 2011, up more than 3 percent from rents during the same quarter the previous year. Average asking rents ranged from $750 in the Carmichael submarket to $1,125 in the Orangevale/Fair Oaks/Folsom submarket. Average asking rents in the metropolitan area in the third quarter of 2011 were $810 for a one-bedroom unit, $970 for a two-bedroom unit, and $1,250 for a three-bedroom unit.

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

HUD Region and State	2011 Through December			2010 Through December			Ratio: 2011/2010 Through December		
	Total	Single Family	Multi-family*	Total	Single Family	Multi-family*	Total	Single Family	Multi-family*
Connecticut	3,113	2,130	983	3,765	2,546	1,219	0.827	0.837	0.806
Maine	2,299	1,997	302	2,962	2,743	219	0.776	0.728	1.379
Massachusetts	7,260	4,508	2,752	8,648	5,482	3,166	0.840	0.822	0.869
New Hampshire	2,236	1,647	589	2,737	1,992	745	0.817	0.827	0.791
Rhode Island	692	575	117	949	744	205	0.729	0.773	0.571
Vermont	1,199	778	421	1,530	1,199	331	0.784	0.649	1.272
New England	**16,799**	**11,635**	**5,164**	**20,591**	**14,706**	**5,885**	**0.816**	**0.791**	**0.877**
New Jersey	13,005	6,471	6,534	13,318	7,393	5,925	0.976	0.875	1.103
New York	21,701	7,975	13,726	20,205	10,355	9,850	1.074	0.770	1.394
New York/New Jersey	**34,706**	**14,446**	**20,260**	**33,523**	**17,748**	**15,775**	**1.035**	**0.814**	**1.284**
Delaware	2,991	2,495	496	3,076	2,672	404	0.972	0.934	1.228
District of Columbia	4,612	227	4,385	671	119	552	6.873	1.908	7.944
Maryland	12,198	7,919	4,279	12,183	8,403	3,780	1.001	0.942	1.132
Pennsylvania	15,725	12,353	3,372	21,339	17,402	3,937	0.737	0.710	0.856
Virginia	22,361	15,441	6,920	21,215	16,270	4,945	1.054	0.949	1.399
West Virginia	1,671	1,378	293	1,673	1,465	208	0.999	0.941	1.409
Mid-Atlantic	**59,558**	**39,813**	**19,745**	**60,157**	**46,331**	**13,826**	**0.990**	**0.859**	**1.428**
Alabama	10,668	7,935	2,733	10,233	8,126	2,107	1.043	0.976	1.297
Florida	44,043	32,555	11,488	39,524	30,862	8,662	1.114	1.055	1.326
Georgia	17,859	13,640	4,219	17,731	15,194	2,537	1.007	0.898	1.663
Kentucky	6,589	4,513	2,076	6,844	5,411	1,433	0.963	0.834	1.449
Mississippi	4,365	3,772	593	4,794	3,986	808	0.911	0.946	0.734
North Carolina	32,400	24,275	8,125	33,728	26,002	7,726	0.961	0.934	1.052
South Carolina	15,616	12,798	2,818	14,452	13,128	1,324	1.081	0.975	2.128
Tennessee	13,909	11,221	2,688	16,325	11,655	4,670	0.852	0.963	0.576
Southeast/Caribbean	**145,449**	**110,709**	**34,740**	**143,631**	**114,364**	**29,267**	**1.013**	**0.968**	**1.187**
Illinois	12,151	7,117	5,034	11,596	7,862	3,734	1.048	0.905	1.348
Indiana	12,485	9,526	2,959	12,988	9,937	3,051	0.961	0.959	0.970
Michigan	9,187	8,001	1,186	9,256	7,930	1,326	0.993	1.009	0.894
Minnesota	8,249	6,343	1,906	9,656	6,794	2,862	0.854	0.934	0.666
Ohio	14,253	9,346	4,907	13,509	10,606	2,903	1.055	0.881	1.690
Wisconsin	11,164	6,747	4,417	11,834	7,906	3,928	0.943	0.853	1.124
Midwest	**67,489**	**47,080**	**20,409**	**68,839**	**51,035**	**17,804**	**0.980**	**0.923**	**1.146**
Arkansas	6,177	3,700	2,477	6,905	4,340	2,565	0.895	0.853	0.966
Louisiana	11,772	9,643	2,129	11,515	10,493	1,022	1.022	0.919	2.083
New Mexico	4,032	3,393	639	4,511	3,984	527	0.894	0.852	1.213
Oklahoma	8,620	6,326	2,294	8,267	6,981	1,286	1.043	0.906	1.784
Texas	94,740	63,818	30,922	84,753	65,330	19,423	1.118	0.977	1.592
Southwest	**125,341**	**86,880**	**38,461**	**115,951**	**91,128**	**24,823**	**1.081**	**0.953**	**1.549**
Iowa	7,526	5,714	1,812	7,312	5,863	1,449	1.029	0.975	1.251
Kansas	4,969	3,146	1,823	4,523	3,725	798	1.099	0.845	2.284
Missouri	8,300	5,436	2,864	8,260	5,992	2,268	1.005	0.907	1.263
Nebraska	5,168	3,780	1,388	5,013	4,098	915	1.031	0.922	1.517
Great Plains	**25,963**	**18,076**	**7,887**	**25,108**	**19,678**	**5,430**	**1.034**	**0.919**	**1.452**
Colorado	13,831	9,426	4,405	11,779	9,129	2,650	1.174	1.033	1.662
Montana	2,038	1,392	646	2,196	1,516	680	0.928	0.918	0.950
North Dakota	4,643	2,506	2,137	3,558	2,146	1,412	1.305	1.168	1.513
South Dakota	2,939	2,154	785	2,913	2,298	615	1.009	0.937	1.276
Utah	9,793	6,734	3,059	9,441	7,192	2,249	1.037	0.936	1.360
Wyoming	1,944	1,337	607	2,126	1,395	731	0.914	0.958	0.830
Rocky Mountain	**35,188**	**23,549**	**11,639**	**32,013**	**23,676**	**8,337**	**1.099**	**0.995**	**1.396**
Arizona	12,605	10,294	2,311	12,235	10,641	1,594	1.030	0.967	1.450
California	45,335	21,995	23,340	43,128	24,724	18,404	1.051	0.890	1.268
Hawaii	2,857	1,620	1,237	3,430	1,896	1,534	0.833	0.854	0.806
Nevada	6,084	4,716	1,368	6,402	5,370	1,032	0.950	0.878	1.326
Pacific	**66,881**	**38,625**	**28,256**	**65,195**	**42,631**	**22,564**	**1.026**	**0.906**	**1.252**
Alaska	868	710	158	904	753	151	0.960	0.943	1.046
Idaho	3,946	3,489	457	4,584	4,010	574	0.861	0.870	0.796
Oregon	7,931	5,165	2,766	7,302	5,737	1,565	1.086	0.900	1.767
Washington	20,588	13,408	7,180	20,235	14,843	5,392	1.017	0.903	1.332
Northwest	**33,333**	**22,772**	**10,561**	**33,025**	**25,343**	**7,682**	**1.009**	**0.899**	**1.375**
United States	**610,707**	**413,585**	**197,122**	**598,033**	**446,640**	**151,393**	**1.021**	**0.926**	**1.302**

*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 December		
		Total	Single Family	Multifamily*
26420	Houston-Sugar Land-Baytown, TX	30,865	22,738	8,127
19100	Dallas-Fort Worth-Arlington, TX	24,443	14,000	10,443
35620	New York-Northern New Jersey-Long Island, NY-NJ-PA	21,131	5,993	15,138
47900	Washington-Arlington-Alexandria, DC-VA-MD-WV	18,910	9,277	9,633
31100	Los Angeles-Long Beach-Santa Ana, CA	14,351	4,154	10,197
42660	Seattle-Tacoma-Bellevue, WA	11,218	6,068	5,150
12420	Austin-Round Rock, TX	10,267	6,242	4,025
38060	Phoenix-Mesa-Scottsdale, AZ	9,009	7,389	1,620
12060	Atlanta-Sandy Springs-Marietta, GA	8,692	6,239	2,453
16980	Chicago-Naperville-Joliet, IL-IN-WI	7,779	4,157	3,622
33100	Miami-Fort Lauderdale-Miami Beach, FL	7,574	4,295	3,279
37980	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	7,189	4,586	2,603
41700	San Antonio, TX	6,876	4,322	2,554
19740	Denver-Aurora, CO	6,497	3,595	2,902
39580	Raleigh-Cary, NC	6,351	4,738	1,613
45300	Tampa-St. Petersburg-Clearwater, FL	6,344	4,514	1,830
36740	Orlando-Kissimmee, FL	6,221	4,554	1,667
16740	Charlotte-Gastonia-Concord, NC-SC	6,184	4,890	1,294
14460	Boston-Cambridge-Quincy, MA-NH	5,872	3,280	2,592
41860	San Francisco-Oakland-Fremont, CA	5,748	1,907	3,841
47260	Virginia Beach-Norfolk-Newport News, VA-NC	5,429	2,941	2,488
41740	San Diego-Carlsbad-San Marcos, CA	5,370	2,245	3,125
12580	Baltimore-Towson, MD	5,308	3,269	2,039
38900	Portland-Vancouver-Beaverton, OR-WA	5,190	3,133	2,057
26900	Indianapolis, IN	5,177	3,618	1,559
33460	Minneapolis-St. Paul-Bloomington, MN-WI	5,142	3,750	1,392
34980	Nashville-Davidson-Murfreesboro, TN	5,133	4,138	995
29820	Las Vegas-Paradise, NV	5,074	3,858	1,216
40140	Riverside-San Bernardino-Ontario, CA	4,809	3,453	1,356
18140	Columbus, OH	4,686	2,432	2,254
41180	St. Louis, MO-IL	4,669	3,327	1,342
21340	El Paso, TX	4,019	3,148	871
27260	Jacksonville, FL	3,911	3,245	666
16700	Charleston-North Charleston, SC	3,890	2,640	1,250
41620	Salt Lake City, UT	3,473	2,135	1,338
46140	Tulsa, OK	3,464	1,932	1,532
17140	Cincinnati-Middletown, OH-KY-IN	3,363	2,490	873
19820	Detroit-Warren-Livonia, MI	3,358	2,854	504
28140	Kansas City, MO-KS	3,273	2,352	921
36420	Oklahoma City, OK	3,257	3,075	182
36540	Omaha-Council Bluffs, NE-IA	3,142	2,161	981
32580	McAllen-Edinburg-Mission, TX	3,105	2,922	183
41940	San Jose-Sunnyvale-Santa Clara, CA	3,089	993	2,096
30780	Little Rock-North Little Rock, AR	3,006	1,335	1,671
17900	Columbia, SC	2,897	2,390	507
38300	Pittsburgh, PA	2,888	2,652	236
12940	Baton Rouge, LA	2,877	2,373	504
40060	Richmond, VA	2,739	2,382	357
22180	Fayetteville, NC	2,713	1,423	1,290
19780	Des Moines, IA	2,638	2,247	391

*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