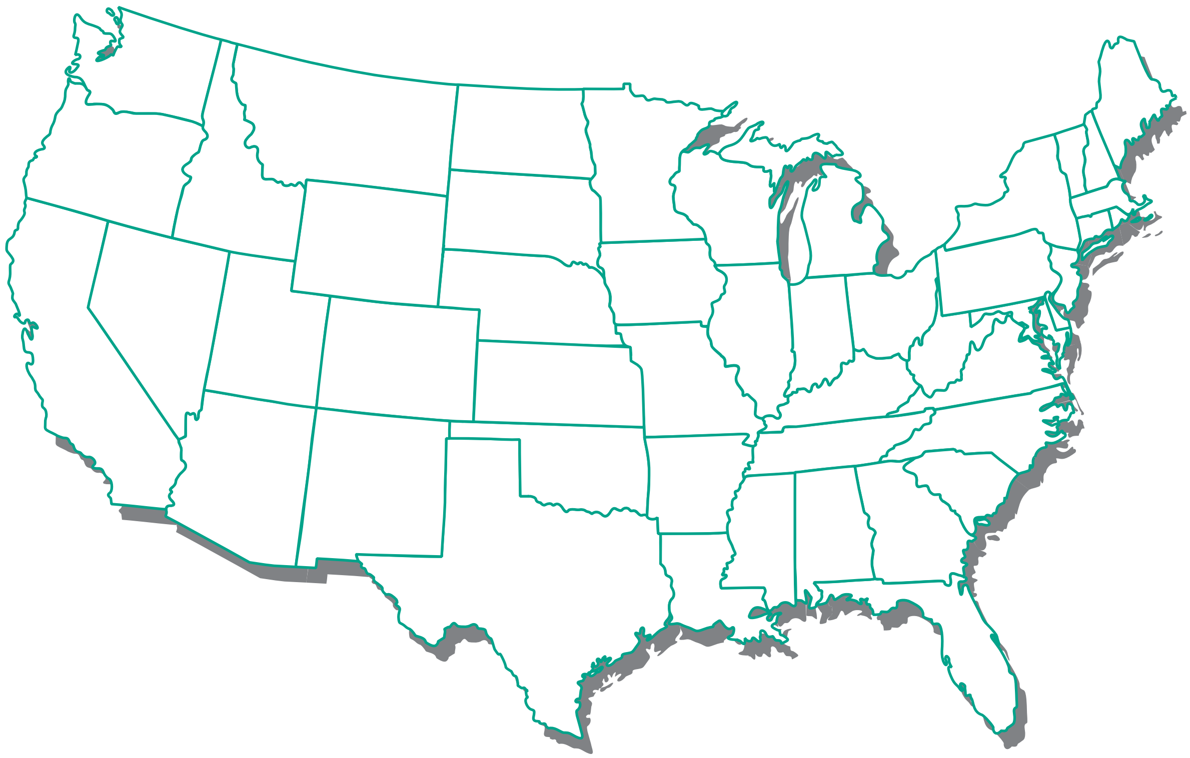
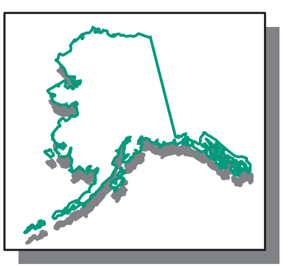
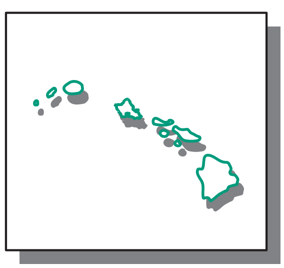
Regional Activity



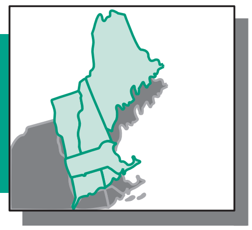




The following summaries of housing market conditions and activities have been prepared by economists in the U.S. Department of Housing and Urban Development's (HUD's) field offices. The reports provide overviews of economic and housing market trends within each region of HUD management. Also included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



During the 12 months ending March 2006, nonfarm employment in the New England region averaged 6.9 million jobs, an increase of 44,300 jobs, or 0.6 percent, from the 12 months ending March 2005. Massachusetts led the region with almost 19,000 jobs created, primarily in the professional and business services and educational and health services sectors. The job total for New Hampshire increased by 1.1 percent, nearly twice the rate for the region, with 7,000 jobs gained primarily in the same sectors. After making some gains in 2005 from 2004, goods-producing industries in the region declined by 9,600 jobs during the 12 months ending March 2006. Gains in construction have been more than offset by the loss of manufacturing jobs. Only Vermont was able to maintain a flat level of manufacturing jobs. During the 12 months ending March 2006, service-providing industries throughout the region gained almost 54,000 jobs, an increase of 0.9 percent, with all states registering gains. Massachusetts had the greatest increase of service-providing jobs, at 22,300. Increases in Connecticut and New Hampshire, at 15,600 and 7,700 jobs, respectively, however, were considerably higher than their respective shares of total service-providing jobs in the region, at 24 percent and 9 percent, respectively. Overall, New England continued to lag the nation and all other regions in the rate of job growth.

The unemployment rate in New England remained relatively unchanged from a year ago. During the 12 months ending March 2006, the average unemployment rate was 4.8 percent, down from 4.9 percent during the previous 12 months. Vermont and New Hampshire had the lowest average rates of unemployment in the region, at 3.4 percent and 3.6 percent, respectively. The unemployment rate increased only in Maine during the 12-month period, from 4.6 percent to 4.8 percent.

According to the Census Bureau, as of July 2005, an estimated 14.2 million people resided in the New England region, an increase of 18,000 people since July 2004 and 317,200 people, or 2.3 percent, since April 2000. New Hampshire had the highest rate of growth, at 6 percent, between 2000 and 2005 as Massachusetts residents continued to migrate to southern and coastal New Hampshire counties due, in part, to the lack of a state income tax. Massachusetts lost population during the 2 years between July 2003 and July 2005. Massive job losses in the early part of the decade and significantly increasing housing costs have led to out-migration to higher growth areas, particularly to southern and western states. Rhode Island also lost population between 2004 and 2005.

The number of single-family homes permitted in the region during the 12 months ending March 2006 was virtually flat at 41,500 units, an increase of fewer than 200 units. For the most part, gains in the number of permits issued for the construction of single-family housing in Massachusetts and Vermont, at 6 percent and 5 percent, respectively, were offset by decreases in single-family housing permits in the other four states. Maine, New Hampshire, and Rhode Island had small declines, but the total number of single-family units permitted in Connecticut decreased by more than 600 units, or 0.7 percent, to 8,400 units. Local sources indicate that increases in the cost of land, recent significant increases in the cost of building materials, and shortages of skilled labor in the region may begin to affect the level of housing construction in the near future.

Although the sales market for existing single-family homes has been strong throughout the region, increased interest rates and previously higher levels of appreciation have begun to slow sales and moderate gains in home sales prices. In Massachusetts, total home sales for the 12 months ending March 2006 declined by about 5 percent to approximately 48,350 units, according to the Massachusetts Association of REALTORS® (MAR). The median home sales price for this period increased by 4 percent to $359,650. The Maine Real Estate Information System, Inc., reports that total home sales for the 12 months ending March 2006 were down 1 percent to 14,440 units and the median sales price was $192,260, up 8 percent but down from the average annual appreciation rate of 11 percent since 2000. The Rhode Island Association of REALTORS® reported that during the first quarter of 2006 single-family home sales were down 12.5 percent to 1,600 units compared with the first quarter of 2005. The median sales price increased 16 percent to $280,000 during the first quarter of 2006, considerably higher than the average annual appreciation rate of 10 percent since 2000.

The condominium market continues to post strong sales, but a rising inventory of units for sale, recent appreciation levels, and rising interest rates have begun to slow activity. The MAR reports that condominium sales in Massachusetts were up 11 percent to 23,130 units during the past 12 months and that the median sales price was up 5 percent to $277,600. According to Listing Information Network, Inc., in the first quarter of 2006, condominium sales in downtown Boston were down 1 percent and the median sales price held steady at $455,000 compared with the first quarter of 2005. Condominium sales in Rhode Island slowed by 18 percent in the first quarter of 2006, but the median price rose 21 percent to $230,000 compared with the first quarter of 2005.

Sales of multifamily properties, 2-4 unit buildings, in Massachusetts decreased to 7,980 in 2005 from 9,400 in 2004, a 15-percent decline. The median selling price increased by 17 percent to $369,900. The decline in sales of multifamily properties, a popular resource for condominium conversions, is a direct result of the current increased inventory of for-sale condominiums on the market. The MLS Property Information Network reports that more than 6,500 condominium units were on the market at the end of 2005, almost twice the total for the previous year.

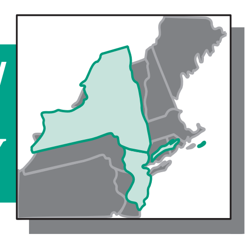
According to the Office of Federal Housing Enterprise Oversight (OFHEO), price appreciation in New England was 9.9 percent for the fourth quarter of 2005 compared with the fourth quarter of 2004. This rate of appreciation has been in a downward trend since its recent peak of 14.9 percent in the third quarter of 2004.

During the 12 months ending March 2006, multifamily building activity in the region, as measured by units permitted, was up almost 5 percent, totaling more than 16,100 units. More than 75 percent of those units were built in Massachusetts and Connecticut, where units totaled 9,100 and 3,150, respectively. The number of multifamily units permitted in Rhode Island almost doubled to 1,300 as a result of several projects permitted in downtown Providence. Multifamily building activity was down by about one-third in both New Hampshire and Vermont, where units permitted totaled 1,250 and 500, respectively. With 7,900 units permitted, multifamily building activity in the Boston-Cambridge-Quincy, Massachusetts-New Hampshire metropolitan area represents almost 50 percent of the units authorized in the region for the 12-month period ending March 2006.

Rental markets in New England generally have improved during the past year. Data recently released by the Census Bureau indicates that the 2005 average rental vacancy rate for states in the region was 6.5 percent compared with 6.7 percent in 2004. This rental vacancy rate is the second lowest in the nation; the New York/New Jersey region has the lowest rate. Vermont, at 4.4 percent, and New Hampshire, at 5.1 percent, rank first and second in the nation in terms of rental vacancy rates.

In the Boston metropolitan area, Reis, Inc. reported that the rental vacancy rate was 5.1 percent in the first quarter of 2006, down from 5.4 percent a year earlier. Despite this decrease, it is anticipated that the 8,200 rental units expected to be completed during 2006 and 2007 will result in a higher vacancy rate. The average asking rent in Boston increased 1.7 percent to $1,583 between the first quarter of 2005 and the first quarter of 2006. This is the second year of moderate rent increases after 2 years of declines. Reis, Inc., indicates that the rental vacancy rate in the Hartford, Connecticut metropolitan area was 5.0 percent in the first quarter of 2006, unchanged from a year ago. A series of new, upscale residential projects are under construction and planned in downtown Hartford. More than 1,000 units will enter the market during the next few years in a continuing effort to revitalize the downtown Hartford residential real estate market. The Burlington, Vermont metropolitan area rental market continues to be tight. Local sources indicate the rental vacancy rate is about 2.5 percent as a result of the continually strong labor market and limited additions to rental unit inventory. The Fairfield County, Connecticut rental market also remains tight, with a vacancy rate of 3.5 percent in the first quarter of 2006. According to Reis, Inc., more than 1,500 new rental units are expected to enter the market during 2006 and 2007. Even though this market is usually supply constrained, the asking rent increased only 2.1 percent during the past year.

NEW YORK/ NEW JERSEY



The New York/New Jersey region benefited from moderate employment growth and favorable housing market conditions through the first quarter of 2006. During the 12-month period ending March 2006, total nonfarm employment increased by 114,500, or 0.9 percent, to 12.5 million jobs. In New York, 67,400 jobs were added, an increase of 0.8 percent to 8.5 million jobs, while in New Jersey 47,100 jobs were created, a

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

HUD Region and State	2006 Through March			2005 Through March			Ratio: 2006/2005 Through March		
	Total	Single Family	Multi-family*	Total	Single Family	Multi-family*	Total	Single Family	Multi-family*
Connecticut	2,177	1,515	662	2,220	1,548	672	0.981	0.979	0.985
Maine	1,435	1,308	127	1,480	1,322	158	0.970	0.989	0.804
Massachusetts	5,279	2,992	2,287	4,564	2,682	1,882	1.157	1.116	1.215
New Hampshire	1,275	1,138	137	1,447	1,153	294	0.881	0.987	0.466
Rhode Island	638	415	223	436	334	102	1.463	1.243	2.186
Vermont	598	466	132	426	358	68	1.404	1.302	1.941
New England	**11,402**	**7,834**	**3,568**	**10,573**	**7,397**	**3,176**	**1.078**	**1.059**	**1.123**
New Jersey	7,716	4,716	3,000	8,127	4,813	3,314	0.949	0.980	0.905
New York	12,388	4,423	7,965	10,942	3,856	7,086	1.132	1.147	1.124
New York/New Jersey	**20,104**	**9,139**	**10,965**	**19,069**	**8,669**	**10,400**	**1.054**	**1.054**	**1.054**
Delaware	1,525	1,246	279	1,808	1,725	83	0.843	0.722	3.361
District of Columbia	1,327	11	1,316	565	43	522	2.349	0.256	2.521
Maryland	6,135	5,545	590	7,999	5,470	2,529	0.767	1.014	0.233
Pennsylvania	10,314	8,364	1,950	8,168	6,438	1,730	1.263	1.299	1.127
Virginia	13,445	11,170	2,275	13,584	11,449	2,135	0.990	0.976	1.066
West Virginia	1,489	1,410	79	1,288	1,148	140	1.156	1.228	0.564
Mid-Atlantic	**34,235**	**27,746**	**6,489**	**33,412**	**26,273**	**7,139**	**1.025**	**1.056**	**0.909**
Alabama	7,848	6,753	1,095	8,155	6,131	2,024	0.962	1.101	0.541
Florida	68,866	51,257	17,609	66,577	49,524	17,053	1.034	1.035	1.033
Georgia	26,795	22,006	4,789	24,755	21,577	3,178	1.082	1.020	1.507
Kentucky	3,616	3,076	540	5,003	4,484	519	0.723	0.686	1.040
Mississippi	3,518	3,218	300	2,997	2,654	343	1.174	1.213	0.875
North Carolina	26,325	21,812	4,513	23,384	19,738	3,646	1.126	1.105	1.238
South Carolina	14,806	11,609	3,197	12,758	9,965	2,793	1.161	1.165	1.145
Tennessee	12,555	10,359	2,196	10,615	9,129	1,486	1.183	1.135	1.478
Southeast/Caribbean	**164,329**	**130,090**	**34,239**	**154,244**	**123,202**	**31,042**	**1.065**	**1.056**	**1.103**
Illinois	15,793	9,731	6,062	12,680	9,018	3,662	1.246	1.079	1.655
Indiana	7,542	6,164	1,378	7,359	6,177	1,182	1.025	0.998	1.166
Michigan	6,606	5,622	984	10,106	8,749	1,357	0.654	0.643	0.725
Minnesota	5,721	4,517	1,204	5,149	4,170	979	1.111	1.083	1.230
Ohio	10,088	8,145	1,943	10,293	8,840	1,453	0.980	0.921	1.337
Wisconsin	5,918	4,382	1,536	6,046	4,490	1,556	0.979	0.976	0.987
Midwest	**51,668**	**38,561**	**13,107**	**51,633**	**41,444**	**10,189**	**1.001**	**0.930**	**1.286**
Arkansas	4,086	2,761	1,325	4,241	2,689	1,552	0.963	1.027	0.854
Louisiana	5,737	5,409	328	5,571	5,129	442	1.030	1.055	0.742
New Mexico	3,705	3,450	255	3,177	3,080	97	1.166	1.120	2.629
Oklahoma	4,473	3,815	658	4,311	3,546	765	1.038	1.076	0.860
Texas	56,848	43,678	13,170	49,409	37,404	12,005	1.151	1.168	1.097
Southwest	**74,849**	**59,113**	**15,736**	**66,709**	**51,848**	**14,861**	**1.122**	**1.140**	**1.059**
Iowa	2,781	2,268	513	3,162	2,322	840	0.880	0.977	0.611
Kansas	3,250	2,545	705	2,853	2,298	555	1.139	1.107	1.270
Missouri	7,387	4,873	2,514	7,165	5,967	1,198	1.031	0.817	2.098
Nebraska	2,434	1,733	701	2,237	1,757	480	1.088	0.986	1.460
Great Plains	**15,852**	**11,419**	**4,433**	**15,417**	**12,344**	**3,073**	**1.028**	**0.925**	**1.443**
Colorado	10,774	8,540	2,234	10,590	9,275	1,315	1.017	0.921	1.699
Montana	1,151	821	330	1,035	691	344	1.112	1.188	0.959
North Dakota	212	172	40	563	188	375	0.377	0.915	0.107
South Dakota	1,830	877	953	1,029	816	213	1.778	1.075	4.474
Utah	5,873	5,235	638	6,176	5,095	1,081	0.951	1.027	0.590
Wyoming	584	510	74	672	535	137	0.869	0.953	0.540
Rocky Mountain	**20,424**	**16,155**	**4,269**	**20,065**	**16,600**	**3,465**	**1.018**	**0.973**	**1.232**
Arizona	20,143	16,729	3,414	21,467	19,017	2,450	0.938	0.880	1.393
California	44,293	28,551	15,742	47,229	33,623	13,606	0.938	0.849	1.157
Hawaii	2,335	1,687	648	2,097	1,853	244	1.113	0.910	2.656
Nevada	14,087	9,184	4,903	9,196	7,810	1,386	1.532	1.176	3.538
Pacific	**80,858**	**56,151**	**24,707**	**79,989**	**62,303**	**17,686**	**1.011**	**0.901**	**1.397**
Alaska	578	272	306	512	301	211	1.129	0.904	1.450
Idaho	4,398	4,052	346	4,457	3,982	475	0.987	1.018	0.728
Oregon	6,545	5,260	1,285	7,443	5,577	1,866	0.879	0.943	0.689
Washington	10,783	8,539	2,244	11,627	9,303	2,324	0.927	0.918	0.966
Northwest	**22,304**	**18,123**	**4,181**	**24,039**	**19,163**	**4,876**	**0.928**	**0.946**	**0.857**
United States	**496,025**	**374,331**	**121,694**	**475,150**	**369,243**	**105,907**	**1.044**	**1.014**	**1.149**

*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** (Listed by Total Building Permits)

CBSA	CBSA Name	2006 Through March		
		Total	Single Family	Multi-family*
12060	Atlanta-Sandy Springs-Marietta, GA	18,914	14,857	4,057
26420	Houston-Baytown-Sugar Land, TX	17,713	13,788	3,925
19100	Dallas-Fort Worth-Arlington, TX	14,552	11,925	2,627
35620	New York-Northern New Jersey-Long Island, NY-NJ-PA	14,543	4,389	10,154
38060	Phoenix-Mesa-Scottsdale, AZ	13,393	10,566	2,827
16980	Chicago-Naperville-Joliet, IL-IN-WI	12,588	7,073	5,515
29820	Las Vegas-Paradise, NV	12,550	7,877	4,673
40140	Riverside-San Bernardino-Ontario, CA	11,738	9,789	1,949
33100	Miami-Fort Lauderdale-Miami Beach, FL	11,031	5,357	5,674
31100	Los Angeles-Long Beach-Santa Ana, CA	9,152	3,650	5,502
47900	Washington-Arlington-Alexandria, DC-VA-MD-WV	8,154	5,464	2,690
36740	Orlando, FL	7,929	6,745	1,184
45300	Tampa-St. Petersburg-Clearwater, FL	7,729	6,230	1,499
12420	Austin-Round Rock, TX	7,406	5,521	1,885
15980	Cape Coral-Fort Myers, FL	7,327	5,265	2,062
41700	San Antonio, TX	6,309	3,877	2,432
16740	Charlotte-Gastonia-Concord, NC-SC	6,148	5,348	800
42660	Seattle-Tacoma-Bellevue, WA	5,472	4,015	1,457
27260	Jacksonville, FL	5,238	4,030	1,208
19740	Denver-Aurora, CO	5,132	3,834	1,298
29460	Lakeland, FL	4,791	3,590	1,201
39580	Raleigh-Cary, NC	4,789	3,419	1,370
37980	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	4,137	2,945	1,192
41860	San Francisco-Oakland-Fremont, CA	4,038	1,495	2,543
34980	Nashville-Davidson--Murfreesboro, TN	3,885	3,608	277
34820	Myrtle Beach-Conway-North Myrtle Beach, SC	3,861	1,885	1,976
38900	Portland-Vancouver-Beaverton, OR-WA	3,822	2,833	989
28140	Kansas City, MO-KS	3,664	2,447	1,217
42260	Sarasota-Bradenton-Venice, FL	3,550	2,622	928
33460	Minneapolis-St. Paul-Bloomington, MN-WI	3,478	2,922	556
14460	Boston-Cambridge-Quincy, MA-NH	3,477	1,580	1,897
26900	Indianapolis, IN	3,346	2,649	697
41740	San Diego-Carlsbad-San Marcos, CA	3,172	1,475	1,697
41180	St. Louis, MO-IL	2,900	2,648	252
17140	Cincinnati-Middletown, OH-KY-IN	2,817	1,981	836
16700	Charleston-North Charleston, SC	2,770	2,183	587
40900	Sacramento--Arden-Arcade--Roseville, CA	2,767	2,375	392
32820	Memphis, TN-MS-AR	2,732	2,054	678
14260	Boise City-Nampa, ID	2,620	2,432	188
46060	Tucson, AZ	2,577	2,290	287
47260	Virginia Beach-Norfolk-Newport News, VA-NC	2,404	1,788	616
12580	Baltimore-Towson, MD	2,377	2,049	328
13820	Birmingham-Hoover, AL	2,350	1,922	428
19820	Detroit-Warren-Livonia, MI	2,330	1,876	454
40060	Richmond, VA	2,303	2,190	113
32580	McAllen-Edinburg-Pharr, TX	2,232	1,903	329
36100	Ocala, FL	2,221	2,029	192
48900	Wilmington, NC	2,215	1,705	510
36420	Oklahoma City, OK	2,194	1,985	209
38940	Port St. Lucie-Fort Pierce, FL	2,193	2,035	158

*Multifamily is two or more units in structure.
**As per new OMB Metropolitan area definitions.
Source: Census Bureau, Department of Commerce