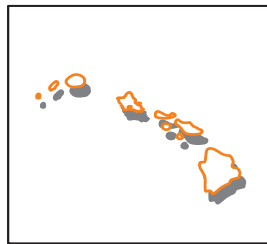
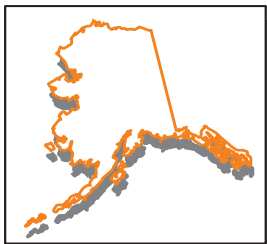
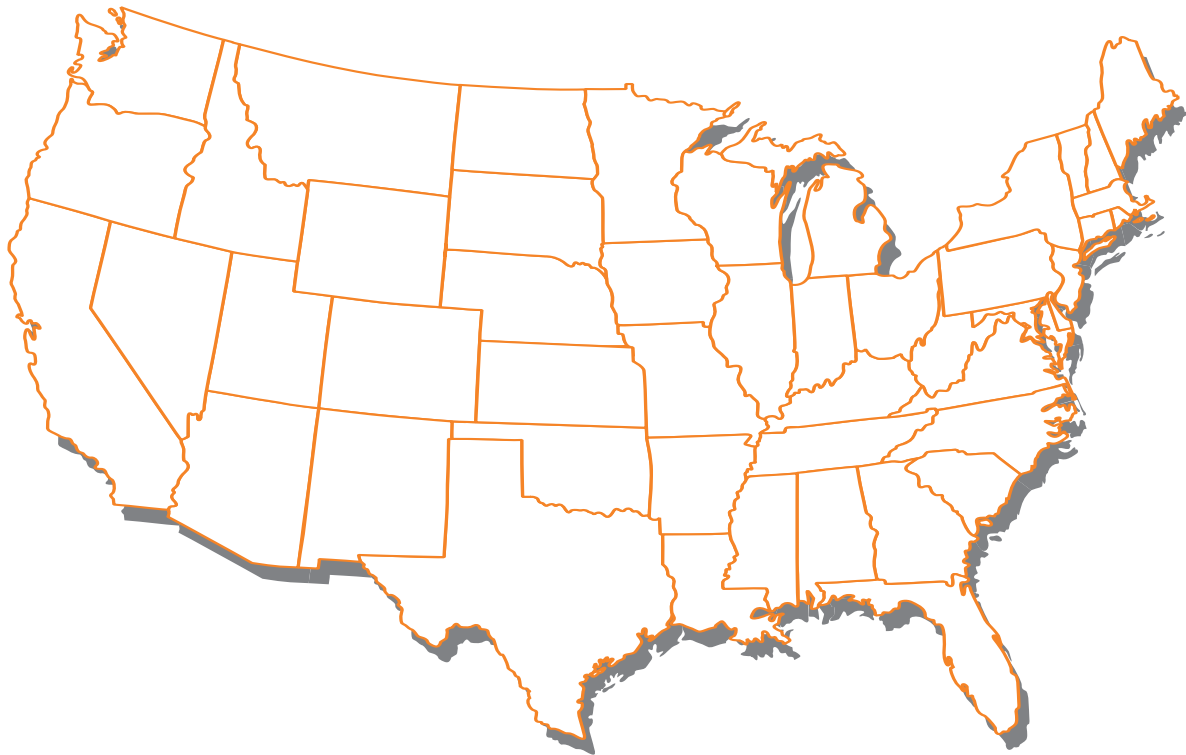




Regional Activity

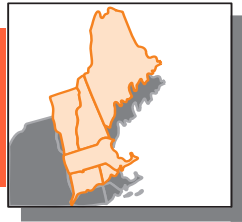


The following summaries of housing market conditions and activities have been prepared by economists in the U.S. Department of Housing and Urban Development's (HUD's) field offices. The reports provide overviews of economic and housing market trends within each region of HUD management. Also included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



Nonfarm employment in the New England region averaged 6,927,300 jobs, an increase of 43,700 jobs, or 0.6 percent, during the 12 months ending June 2006. With annual job growth of less than 1 percent during the past 2 years, New England continues to have one of the lowest rates of job growth in the nation. Job gains were led by Massachusetts and Connecticut with increases of 20,900 and 10,900 jobs, respectively. New Hampshire had the highest rate of growth, up 1 percent, with 6,600 jobs gained during the past year. Goods-producing industries lost 8,900 jobs; employment in this sector was down in all states except Vermont. In most of the region, job losses in the manufacturing sector were partially offset by job gains in the construction sector.

Employment in service-providing industries increased by 52,600 jobs, or 0.9 percent, during the 12 months ending June 2006 compared with the previous 12 months; most of these job gains occurred in the financial activities and professional and business services sectors. Job growth in Massachusetts and Connecticut accounted for about 70 percent of the regional employment gain, with New Hampshire having the highest rate of growth at 1.5 percent. In Massachusetts, employment in the healthcare industry, which accounts for 12 percent of the total employment compared with 9 percent nationally, will likely increase because of recent legislation mandating statewide health insurance. In Connecticut, where financial activities is the dominant employment sector, expansions by several banks and insurance companies are expected to increase employment significantly in the Stamford and Hartford metropolitan areas during the next several years.

The unemployment rate in the New England region remained relatively unchanged from a year ago. During the 12 months ending June 2006, the average unemployment rate was 4.6 percent, down from 4.7 percent during the previous 12 months. Vermont and New Hampshire had the lowest average unemployment rates in the region at 3.4 and 3.5 percent, respectively, and Rhode Island had the highest rate at 5.2 percent.

Higher interest rates and increasing land, construction, and labor costs are beginning to moderate new construction in the region. During the 12 months ending June 2006, the number of single-family homes permitted in the region declined by more than 1,700 units to 39,400, a 4-percent decrease compared with the previous 12-month period. This total was also 2 percent below the comparable period in 2004. The number of single-family units permitted fell in all states except Massachusetts, where a small increase of 2 percent was recorded. Construction of single-family homes declined more than 14 percent in Connecticut.

Sales markets throughout the region are generally characterized by slowing sales, flat-to-moderate median home sales price changes, and increased inventories of homes for sale. According to the Massachusetts Association of REALTORS® (MAR), lower levels of home sales during 9 of the past 12 months ending June 2006 compared with the same months of 2005 resulted in a 7-percent decrease in total sales of single-family homes from 50,340 to 46,900 units. The median home sales price for this period increased 2 percent to \$358,800. In June 2006, the number of single-family homes on the market increased 8 percent to 38,660 units, nearly an 8-month supply. The Maine Real Estate Information System, Inc., reported that for the 12 months ending June 2006, total home sales were virtually flat, at 14,490 units, compared with the previous 12 months, and the median home sales price was \$193,700, up 6 percent from the previous 12 months. This home sales price increase is less than the 11-percent average annual appreciation rate recorded since 2000. The Rhode Island Association of REALTORS® reported that for the first 6 months of 2006, single-family home sales in Rhode Island were down 11 percent to approximately 4,000 units and the median home sales price rose 5 percent to \$283,500 compared with the first 6 months of 2005. According to the Northern New England Real Estate Network, during the 5 months ending May 2006 home sales in New Hampshire were down 9 percent to 7,260 units compared with the same period in 2005, and the average home sales price was up 1 percent to \$264,900.

In the Hartford metropolitan area, homes sales were down 9 percent to 4,970 units during the 6 months ending June 2006 compared with the same period in 2005 and the median home sales price was up only 3 percent to \$253,000. Between 2003 and 2005, home sales price appreciation averaged 10 percent annually. According to real estate analysis firm Allen & Brooks, Inc., in the Burlington, Vermont metropolitan area sales of single-family homes have fallen 31 percent in the 6 months ending June 2006 compared with the

first 6 months of 2005. During this same period, the median home sales price fell 2 percent to \$260,500.

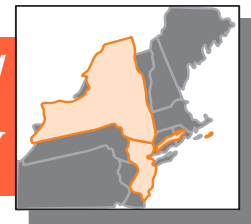
The condominium market in the region is still active but is beginning to slow because the pace of sales and price appreciation has moderated. With lower sales levels for the past three months, total condominium sales were up only 3.2 percent to 22,500 units during the 12-month period ending June 2006, according to MAR. The median sales price for condominiums during the 12 months ending June 2006 was \$277,200, up only 2.5 percent from the previous 12-month period. Between 2003 and 2005, the average annual sales price appreciation for condominiums in Massachusetts was about 18 percent. Condominium sales in downtown Boston were down more than 12 percent during the second quarter of 2006 compared with the second quarter of 2005. According to Listing Information Network, Inc., a real estate data service focusing on the Boston area, the median sales price for condominiums also fell, declining 4.5 percent to \$454,500 from \$475,000 between the second quarter of 2006 and the second quarter of 2005. Condominium sales in Rhode Island slowed by 20 percent during the first half of 2006, but the median price rose 12 percent to \$233,250 compared with the first half of 2005.

Multifamily building activity in the region, as measured by the number of building permits issued, was up only 3 percent and totaled 16,000 units during the 12 months ending June 2006 compared with the previous 12 months. Nearly 90 percent of the units permitted, or 13,725 units, are in the southern New England states of Massachusetts, Connecticut, and Rhode Island, an area where multifamily building continues to increase. The number of units permitted in the northern New England states of Maine, New Hampshire, and Vermont was down about 25 percent to 2,225 units from the 3,000 units permitted during the 12-month period ending June 2005. Most of the multifamily development in the region continues to be located in the Boston-Cambridge-Quincy, Massachusetts-New Hampshire metropolitan area with almost 8,500 units permitted, 53 percent of the total multifamily permits issued in the region. With 1,650 and 1,050 units, the Providence-New Bedford-Fall River, Massachusetts-Rhode Island and the Bridgeport-Stamford-Norwalk, Connecticut metropolitan areas, respectively, are two other markets in which the number of multifamily units permitted has increased.

Rental markets in New England have been relatively stable during the second quarter of 2006. According to Reis, Inc., a real estate analysis firm, the rental

vacancy rate in the Boston metropolitan area decreased to 4.7 percent during the second quarter of 2006 from 5.1 percent in both the first quarter of 2006 and the second quarter of 2005. Higher interest rates hindering homeownership opportunities, limited additions to the rental market inventory, and recent moderate job growth appear to have tightened the market. In the Boston area, however, 8,250 rental units are still expected to be completed in 2006 and 2007 and another 2,200 units are expected to be completed each year for the subsequent 3 years. The Reis, Inc., asking rent index for Boston has increased 3.3 percent from the second quarter of 2005 to the second quarter of 2006. The Fairfield County, Connecticut market, which includes Stamford, Danbury, and Bridgeport, has softened slightly. Units being added to the inventory have high rents and are taking longer to be absorbed. About 1,425 multifamily units are under construction, of which 775 are rentals and 650 are condominiums. The Reis, Inc., asking rent index for the Fairfield County market was up 5.1 percent from the second quarter of 2005 but was flat compared with the first quarter of 2006. The recent Residential Rental Cost Survey conducted by the New Hampshire Housing Finance Authority reported that, as of April 2006, the statewide rental vacancy rate for New Hampshire was 3.7 percent, up from 3.1 percent a year ago. The median rent reported was \$928, up 3 percent from \$901 a year ago.

NEW YORK/ NEW JERSEY



Modest employment growth occurred in the New York/New Jersey region during the second quarter of 2006, continuing the trend of the past 2 years. For the 12-month period ending June 2006, nonfarm employment in the region increased by 108,300 jobs, or 0.9 percent, to 12.7 million total jobs, primarily because of gains in service-providing sectors of the economy led by the education and health services, professional and business services, and financial activities sectors. During this period, New York gained 64,300 jobs, a 0.8-percent increase to 8.6 million jobs, and New Jersey gained 44,000 jobs, a 1.1-percent increase to 4.1 million jobs. During the past 12 months, the region lost approximately 30,000 manufacturing jobs, 40 percent more than were lost during the previous 12-month period.



Employment in New York City increased for the third consecutive year. For the 12 months ending June 2006, nonfarm employment in New York City was 3.6 million jobs, an increase of 51,700, or 1.5 percent, from a year ago. The expanding job market in New York City was responsible for more than 80 percent of the employment growth in the state. Other metropolitan areas in Downstate New York posted employment gains, but annual average increases were less than 1 percent. Employment gains in Upstate New York were more sporadic. In the 12 months ending June 2006, annual average nonfarm employment increased 1.5 percent in Syracuse and 0.5 percent in the Albany-Schenectady-Troy metropolitan areas. Nominal employment gains also occurred in smaller metropolitan areas, including Utica-Rome, Ithaca, and Glens Falls. Manufacturing losses affected the Buffalo-Niagara Falls and Rochester metropolitan areas, which lost 600 and 4,900 jobs, respectively, over the past year. During the recent 12 months, the annual average unemployment rate in New York State decreased from 5.2 to 4.9 percent compared with the previous 12-month average.

A \$1.6 billion project has been proposed in Long Island to renovate the Nassau Veterans Memorial Coliseum and the 73-acre adjoining parcel into a National Hockey League rink, build a 136,000-square-foot convention center, and construct 1,500 multifamily housing units, including apartments and condominiums. The preliminary plan includes \$200 million to renovate the existing Nassau Coliseum and convert it into a state-of-the-art hockey arena for the New York Islanders franchise. The project also includes retail and commercial office space, some of which will be designed specifically for firms specializing in sports medicine and related sports products. The development of a formal site plan is pending approval by the Nassau County legislature.

Employment growth also strengthened in New Jersey, increasing between 1 and 2 percent in most metropolitan areas during the 12-month period ending June 2006 compared with a year ago. The strongest growth rates were in the Ocean City and Trenton-Ewing metropolitan areas. Employment increased in all metropolitan areas in New Jersey except for Newark-Union, which lost 4,100 jobs during the year, a 0.4-percent decline from a year ago. Despite employment growth, the annual average unemployment rate in New Jersey increased slightly from 4.5 to 4.6 percent.

Residential construction in the New York/New Jersey region declined for the first time in 3 years, reflecting higher interest rates. During the 12-month period ending June 2006, total residential building activity, as

measured by the number of building permits issued, decreased by 3.6 percent from approximately 95,400 units to 91,900 units. The total number of units permitted decreased 2.2 percent to 58,100 units in New York and 6.1 percent to 33,800 units in New Jersey. Single-family building permit activity in New York remained stable at approximately 23,800 units, but in New Jersey single-family building permit activity declined by 5.5 percent to 19,900 units. During the past 12 months, multifamily housing construction in the region contracted by almost 5 percent to 48,300 units. In New York, the number of multifamily units permitted declined approximately 4 percent to 34,300 units, while in New Jersey multifamily construction declined 7 percent to almost 14,000 units permitted.

Throughout the New York/New Jersey region, employment growth helped sustain housing demand; however, there are indications that the market is beginning to soften. In response to slowing home sales and an increase in the unsold housing inventory, single-family home construction, as measured by the number of building permits issued, decreased by approximately 8 percent in the region during the first half of 2006 compared with a year ago. Because of the increased listings of single-family homes and additional unsold supply in many areas, market conditions are now favoring homebuyers.

Despite evidence of slowing in the sales market, price increases for existing homes are still occurring, but the rate of appreciation has slowed, particularly in New York. According to data from the New York State Association of REALTORS®, the median price of an existing single-family home in New York increased 8 percent to \$262,000 for the 12-month period ending June 2006 compared with a year ago. The total number of home sales remained stable at approximately 104,000 units. The New Jersey Association of REALTORS® data through the first quarter of 2006 indicates that the median sales price of an existing single-family home in the state increased 15 percent to \$378,000 compared with a year ago. During this period, total home sales volume declined by almost 3 percent to 182,700 units.

The housing market in New York City has been bolstered by strong employment growth. Prudential Douglas Elliman, Inc., reported that, even with an increasing supply and slower sales, the median sales price of a co-op or condominium unit in Manhattan increased to \$880,000, up 13.5 percent, in the second quarter of 2006 compared with the second quarter of 2005. An increasing number of sales were attributed to second-home buyers. During this same period, sales

transactions declined by approximately 15 percent. The reduced number of sales and an increase in the unsold inventory contributed to lower price appreciation and an increase in the amount of time required to sell a home. The unsold inventory should continue to increase as interest rates rise and housing units currently in planning stages or under construction, particularly condominium developments, are placed on the market.

Homes sales prices in Upstate New York continued to increase through the first 6 months of 2006, but the number of homes sold declined in many areas. Sales of existing single-family homes in the Albany-Schenectady-Troy metropolitan area totaled approximately 1,000 units, a 7-percent decline compared with a year ago, while the median sales price increased 8 percent to \$195,000. According to the Buffalo-Niagara Association of REALTORS®, during the first half of 2006 the number of existing homes sold in the metropolitan area remained stable, while the median sales price increased 8 percent to \$103,500. In the Rochester area, the median sales price of an existing home increased by 3 percent to \$117,000 despite a 12-percent decline in the number of sales, which decreased to 13,300 units during the first half of 2006.

Rental market conditions are extremely tight in New York City and in Central and Northern New Jersey. For New York City, preliminary second quarter 2006 statistics from Reis, Inc., indicate a slight increase in the apartment vacancy rate from 1 percent in the second quarter of 2005 to 1.6 percent in the second quarter of 2006, with continued rent escalation. In Central and Northern New Jersey, rental vacancy rates remain below 4 percent, with limited rent appreciation. Average asking rents in New York City increased to \$2,470 a month during the second quarter of 2006, up 7 percent on an annual basis. Average annual apartment rents in Central and Northern New Jersey increased by less than 1 percent to \$1,070 and \$1,380 a month, respectively. Average monthly asking rents in more affordable rental markets in the Upstate New York metropolitan areas of Buffalo, Syracuse, and Rochester ranged from a high of \$675 in Buffalo to a low of \$630 in Syracuse. Upstate rental markets also tightened between the first and second quarters of 2006; however, apartment vacancy rates remain balanced in the 4- to 5-percent range.

MID-ATLANTIC



The economy of the Mid-Atlantic region continued a 2-year period of expansion during the second quarter of 2006. During the 12 months ending June 2006, nonfarm employment increased by 198,500 jobs, or 1.5 percent, to 13,883,100. In the goods-producing sectors, gains of 30,600 jobs in the construction sector offset the 17,300 manufacturing jobs lost during the period. The number of jobs in the service-providing industries has grown steadily, increasing from 83 percent of all jobs at the beginning of the decade to 85 percent currently. Together, the professional and business services and education and health services sectors accounted for 56 percent of the gain with a combined 111,900 new jobs during the past 12 months.

All states in the region recorded job gains during the 12 months ending June 2006 compared with the 12-month period ending June 2005. Virginia had the fastest employment growth rate, at 2.2 percent, with more than half of all new construction jobs and 45 percent of all new professional and business services jobs in the Mid-Atlantic region. Pennsylvania accounted for 60 percent of the decline in all regional manufacturing jobs but had a positive overall growth rate of 1 percent due to an increase of almost 31,000 jobs in the education and health services sector. Employment in Maryland and the District of Columbia grew by 1.5 and 1.2 percent, respectively, but both the state and the District reported job losses in the federal government sector as the number of retirements continues to increase. Employment growth rates in Delaware, at 1.6 percent, and West Virginia, at 1.2 percent, reflected continued strength in the construction sector in both states.

Continued economic expansion in the Mid-Atlantic region led to declines in the unemployment rate. During the 12 months ending June 2006, the rate was 4.1 percent, down from 4.6 percent reported a year ago. Economic conditions continue to improve in the District of Columbia, causing the unemployment rate to fall from 7.3 percent during the 12 months ending June 2005 to the current rate of 5.7 percent. Unemployment rates declined in all states in the region during the most recent 12-month period and



ranged from a low of 3.2 percent in Virginia to a high of 4.7 percent in Pennsylvania.

Despite continued economic expansion, rising mortgage interest rates have affected sales of existing homes in the region. According to the Virginia Association of REALTORS®, 128,700 existing homes were sold during the 12 months ending June 2006, a decline of 9 percent from the number of homes sold during the 12 months ending June 2005. The average home sales price in Virginia was \$274,400, almost 16 percent higher than a year ago. The Northern Virginia suburbs of the Washington, D.C. metropolitan area have been the most active market in the state during the past 3 years, but during the 12 months ending June 2006 the number of home sales in this market declined by 21 percent. Home sales in Northern Virginia fell from 30 percent of the state total during the 12 months ending June 2005 to less than 25 percent during the 12 months ending June 2006. Average home sales prices remain the highest in the state, at \$547,400, up 13 percent from a year ago. During this same period, 16,500 homes were sold in the Richmond, Virginia metropolitan area, up 3 percent from the 16,000 homes sold during the 12-month period ending June 2005. The average sales price of an existing home in the Richmond area rose by more than 16 percent to \$256,200.

According to the Maryland Association of REALTORS®, during the 12 months ending June 2006 91,600 existing homes were sold in the state, a decrease of almost 11 percent compared with the 102,800 homes sold during the comparable period ending in 2005. The average home sales price rose by slightly more than 14 percent to \$353,650 from \$309,300 a year ago. The average monthly inventory of homes for sale increased from 14,000 during the 12 months ending June 2005 to 27,100 currently. In the Baltimore metropolitan area, 41,200 homes were sold at an average price of \$306,900, reflecting a 9-percent decrease in sales but a 15-percent increase in sales price since June 2005. During the same period, the number of homes sold in the Maryland suburbs of the Washington, D.C. metropolitan area also declined, falling 12 percent to 29,900 homes sold at an average price of \$428,550, an increase of 16 percent from the average price of homes sold during the 12 months ending June 2005.

Existing home sales activity remained strong in Pennsylvania through the 12 months ending March 2006 (the most recent data available), but the number of homes sold in Delaware and West Virginia declined. The Pennsylvania Association of REALTORS® reported 247,800 homes sold in the state, an increase of 11

percent over the number sold during the 12-month period ending March 2005. The average home sales price rose 15 percent to \$223,200. According to the NATIONAL ASSOCIATION OF REALTORS®, during the 12 months ending March 2006, the number of homes sold in Delaware and West Virginia declined by 4 and 7 percent, respectively, compared with the previous 12-month period.

Homebuilding activity, as measured by the number of single-family building permits issued, declined throughout most of the Mid-Atlantic region during the 12 months ending June 2006. Building permits were issued for 119,200 homes; this number is relatively unchanged from the 119,800 homes permitted during the period ending June 2005. In Pennsylvania, the only state where housing production during the most recent 12-month period exceeded that of the previous period, building permits were issued for 38,200 new homes, an increase of 4,800, or 15 percent, over a year ago. Most of the increase occurred in nonmetropolitan areas where production costs, particularly land, are less expensive. In Virginia, Maryland, and Delaware, increased mortgage interest rates resulted in cancelled sales contracts and offers of purchase incentives. The number of homes authorized by building permits in Virginia declined by 7 percent, or 3,550, to a total of 46,400 homes, and in Maryland the decline equaled 4 percent, or 800 homes, for a total production of 22,900. Although the Delaware homebuilding industry had been a leading producer of single-family homes during the past 3 years, activity during the 12-month period ending June 2006 declined by 15 percent, or 1,100 homes, to a total of 6,500. Among the metropolitan areas in the region, Washington, D.C., typically accounts for the largest number of new homes, but during the 12 months ending June 2006 housing production declined by 22 percent. During this period, 21,200 new homes were permitted, 6,300 fewer than the number permitted a year ago.

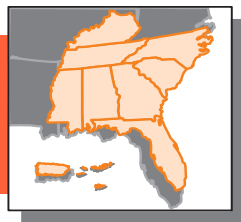
During the 12 months ending June 2006, multifamily building permit activity in the region declined by almost 2,675 units, or 9 percent. Increased numbers of multifamily units permitted in Delaware, the District of Columbia, and Pennsylvania totaled 585 but were not enough to offset the losses of 1,425 and 1,650 fewer units permitted in Maryland and Virginia, respectively. During the most recent 12-month period, multifamily building activity declined in all the largest metropolitan areas in the region. This decline was led by a 22-percent drop in the number of multifamily units permitted in the Philadelphia metropolitan area.

The number of actively marketed projects has impacted the rental apartment vacancy rates in each of the three largest markets in the Mid-Atlantic region. In the Philadelphia metropolitan area, Delta Associates reported an increase in the apartment vacancy rate from 10.2 percent in June 2005 to 11.3 percent in June 2006 as approximately 1,000 units are being marketed in new suburban projects. In Center City Philadelphia, a vacancy rate decrease from 13.7 percent to 5.6 percent slightly offset the vacancy rate increase from 9 percent to almost 13 percent recorded in the suburban counties. During the next 3 years, approximately 4,800 new rental apartment units are expected to become available in the metropolitan area.

In the District of Columbia and Northern Virginia suburbs, the apartment vacancy rates for Class A highrise units increased to 10.4 and 4.3 percent from 8.6 and 2.3 percent, respectively, as approximately 1,200 units new units began marketing during the first half of 2006. The garden apartment rental market remained stable in the Washington, D.C. metropolitan area; according to Delta Associates, the vacancy rate for Class A garden apartments was 4.2 percent in June 2006 compared with 4.1 percent a year ago.

Delta Associates reported that from June 2005 to June 2006 the vacancy rate in the Baltimore metropolitan area decreased from 10 percent to 5 percent. In Baltimore city, where rental conditions had been very soft for the past 2 years, vacancy rates fell from 21.2 percent to 9.4 percent due to high levels of concessions and stable rents. The 3-year pipeline of units under construction and in planning stages in the metropolitan area has increased slightly from 6,000 units in June 2005 to 6,500 units currently.

SOUTHEAST/ CARIBBEAN



The economy of the Southeast/Caribbean region continued a 5-year expansion through the first half of 2006. Nonfarm employment increased by 863,000 jobs, or 2.3 percent, for the 12 months ending June 2006 to a total of 38.4 million. The service-providing sectors accounted for more than 60 percent of the increase, adding 522,800 jobs, or 2.4 percent. Gains in the construction sector, which totaled 99,500 jobs, or

almost 7 percent, also significantly contributed to total employment growth. Manufacturing employment continued to decline as employment fell by 26,600 jobs, or about 1 percent. Mississippi continues to recover from the effects of Hurricane Katrina. During the 12 months ending June 2006, total nonfarm employment in Mississippi returned to levels recorded before the storm occurred. Florida recorded the largest increase in the number of jobs, 291,500, and the highest percentage increase, 3.8 percent, resulting in a total of 7,746,100 jobs. During this same period, the construction sector added 58,900 new jobs, or 10.9 percent, as both residential and commercial construction continued to expand.

Solid job growth has continued in Alabama since 2003. For the 12 months ending June 2006, total nonfarm employment was up 2.2 percent compared with the same period a year earlier. The transportation equipment manufacturing industry continues to experience the most growth, with an increase of 8,000 jobs, or about 20 percent, in the past year. Alabama currently has several large automotive assembly and parts production plants; this industry continues to expand. Nonfarm employment in Georgia increased by 93,900 jobs, or 2.4 percent, during the 12-month period ending June 2006 compared with a year earlier. South Carolina reported an increase of 33,800 new nonfarm jobs, or 1.8 percent, during the same period. A gain of 35,200 jobs in the service-providing sector in South Carolina offset a loss of 1,400 jobs in the state's goods-producing sector.

Because of the expanding economy, the regional unemployment rate has decreased to 4.7 percent for the 12 months ending June 2006, down from 5.2 percent for the previous 12-month period. Most states in the region recorded decreases in unemployment rates; only Kentucky and Mississippi reported increases. The unemployment rate in Kentucky increased from 5.6 percent to 6.1 percent. The unemployment rate in Mississippi increased from 7.0 percent to 8.2 percent, as the state continues to deal with the aftermath of Hurricane Katrina.

The strong regional economy is contributing to significant population growth. According to the Census Bureau, the population of the region was 57,416,000 as of July 2005, an increase of nearly 794,000, or almost 1.5 percent, annually since April 2000. In-migration accounted for more than 68 percent of the increase since the expanding economy attracts workers and the favorable climate attracts retirees. The population of all the states increased, led by Florida with a gain of more than 344,300 a year, or 2 percent annually, to 17,800,000. The population of both Georgia and North Carolina also expanded rapidly. Georgia's population



has increased by 168,800 a year, or more than 2 percent annually, to 9,072,600, and North Carolina's population has increased by 120,800 a year, or 1.5 percent annually, to 8,683,200 since April 2000.

Despite rising interest rates, single-family home production in the region has been increasing as the number of units authorized by building permits increased by nearly 6 percent, or more than 24,000 units, for the 12 months ending June 2006. Florida accounted for more than 195,000 of the single-family units authorized in the region; this figure represents an increase of almost 4,500 units, or 2 percent. Significant gains in the number of single-family units authorized also occurred in Georgia and North Carolina, with 5- and 10-percent increases, respectively.

Sales of existing homes in the individual states displayed varied trends. The Florida Association of REALTORS® reported that the 212,500 existing homes sold throughout the state during the 12 months ending June 2006 represented a 13-percent decrease from the same period a year ago. According to the Alabama Real Estate Research and Education Center, during the 12 months ending May 2006 60,600 existing homes were sold in Alabama, an 8-percent increase compared with the 56,000 existing homes sold during the same period a year earlier. Data from the South Carolina Association of REALTORS® show that sales of existing homes in the state are increasing at a slower rate in 2006 compared with a year ago, largely because of slower sales in the coastal areas. During the 12 months ending June 2006, 73,500 existing homes were sold statewide, an increase of 7,175 units, or 11 percent, over the 66,300 homes sold the year before. During the first half of 2006, 35,300 homes were sold statewide, a 2-percent increase over the 34,600 homes sold during the same period in 2005, and sales during the first half of 2005 were 21 percent above the same period the previous year. The North Carolina Association of REALTORS® reports that during the 12 months ending May 2006, 138,500 existing homes were sold in the 20 markets covered by multiple listing service data in North Carolina, a 12-percent increase from the previous 12-month period.

The Mid-Florida Regional Multiple Listing Service, which publishes sales and inventory data covering most of the REALTORS® Associations in the Orlando metropolitan area, reported that although sales were still increasing, the available inventory has increased from about 5,900 homes in June 2005 to 26,500 homes in June 2006. The June 2006 inventory represents about an 8-month supply based on the average monthly sales over the past 12 months. In June 2005, the inventory represented about a 4-month supply.

For the 12 months ending June 2006, single-family building activity increased in two of the three largest metropolitan areas of North Carolina. Single-family homebuilding increased in the Charlotte metropolitan area by 3,500 homes, or 20 percent, to 20,900 units, and in Raleigh, single-family homebuilding increased by 1,590 units, or 12 percent, to 14,400 homes compared with the previous 12-month period. In the Greensboro metropolitan area, single-family home production remained relatively unchanged at 5,100 units.

During the 12-month period ending June 2006, the number of multifamily units authorized in the region declined by 6,600 units, or 5 percent, to more than 125,500 units; nevertheless, this number of units is well above historical levels. The number of multifamily units authorized declined in every state except two: North Carolina and Tennessee. Builders are reducing the pace of construction after the substantial 18-percent expansion recorded during the previous 12-month period. Many of the new units are condominiums, and rising interest rates and increasing inventories are affecting expectations for future sales. Many proposed condominium projects that have not been started yet are being delayed or cancelled for lack of sufficient demand. In North Carolina and Tennessee, the number of multifamily units authorized increased by 7 and 11 percent, respectively. In North Carolina, the number of multifamily units authorized increased during the recent 12-month period, but production is still below the peak reached in 1999. In Tennessee, the large percentage increase is the result of a relatively small number of units authorized during the 12-month period ending June 2005.

In the Atlanta metropolitan area, the number of multifamily units authorized decreased by 4,000 to 13,050 units and equaled 78 percent of the multifamily units permitted in the state. Condominium development continues to represent a significant share of multifamily housing activity in Atlanta.

Rapid employment growth in the Orlando metropolitan area has been resulting in increased population growth, largely through immigration. The new residents, many of whom are service workers, have significantly affected the rental market. M/PF YieldStar, a provider of real estate data and information, reported that, in June 2006, the vacancy rate among large rental projects was below 3 percent. The conversion of more than 22,000 apartment units to condominiums has also affected the rental market in the Orlando metropolitan area. The Tampa rental market has tightened in the past year. RealData, Inc., reported that, as of June 2006, the vacancy rate in larger rental apartment



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 June		
		Total	Single Family	Multi-family*
12060	Atlanta-Sandy Springs-Marietta, GA	38,693	30,795	7,898
26420	Houston-Baytown-Sugar Land TX	38,120	30,125	7,995
19100	Dallas-Fort Worth-Arlington, TX	31,819	25,011	6,808
35620	New York-Northern New Jersey-Long Island, NY-NJ-PA	30,780	9,113	21,667
38060	Phoenix-Mesa-Scottsdale, AZ	27,695	22,416	5,279
16980	Chicago-Naperville-Joliet, IL-IN-WI	25,766	15,869	9,897
40140	Riverside-San Bernardino-Ontario, CA	24,828	21,306	3,522
29820	Las Vegas-Paradise, NV	22,062	14,472	7,590
33100	Miami-Fort Lauderdale-Miami Beach, FL	20,715	8,970	11,745
31100	Los Angeles-Long Beach-Santa Ana, CA	18,328	8,320	10,008
36740	Orlando-Kissimmee, FL	16,665	13,964	2,701
47900	Washington-Arlington-Alexandria, DC-VA-MD-WV	16,598	11,021	5,577
45300	Tampa-St. Petersburg-Clearwater, FL	14,541	12,115	2,426
12420	Austin-Round Rock, TX	14,363	10,227	4,136
42660	Seattle-Tacoma-Bellevue, WA	13,045	8,272	4,773
16740	Charlotte-Gastonia-Concord, NC-SC	12,923	11,025	1,898
15980	Cape Coral-Fort Myers, FL	12,772	9,862	2,910
19740	Denver-Aurora, CO	11,027	7,978	3,049
41700	San Antonio, TX	10,951	7,689	3,262
27260	Jacksonville, FL	10,683	7,603	3,080
39580	Raleigh-Cary, NC	10,124	7,503	2,621
38900	Portland-Vancouver-Beaverton, OR-WA	9,037	5,998	3,039
33460	Minneapolis-St. Paul-Bloomington, MN-WI	8,238	6,731	1,507
37980	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	8,219	6,175	2,044
41860	San Francisco-Oakland-Fremont, CA	8,145	3,344	4,801
14460	Boston-Cambridge-Quincy, MA-NH	8,100	3,375	4,725
34980	Nashville-Davidson--Murfreesboro, TN	8,006	7,467	539
28140	Kansas City, MO-KS	7,132	5,022	2,110
29460	Lakeland, FL	6,629	5,394	1,235
26900	Indianapolis, IN	6,601	5,403	1,198
41180	St. Louis, MO-IL	6,499	5,822	677
34820	Myrtle Beach-Conway-North Myrtle Beach, SC	6,494	3,844	2,650
40900	Sacramento--Arden-Arcade--Roseville, CA	6,176	5,107	1,069
41740	San Diego-Carlsbad-San Marcos, CA	5,828	2,966	2,862
32820	Memphis, TN-MS-AR	5,780	4,549	1,231
17140	Cincinnati-Middletown, OH-KY-IN	5,714	4,434	1,280
42260	Sarasota-Bradenton-Venice, FL	5,462	4,055	1,407
14260	Boise City-Nampa, ID	5,321	4,892	429
16700	Charleston-North Charleston, SC	5,321	4,261	1,060
19820	Detroit-Warren-Livonia, MI	5,291	4,136	1,155
46060	Tucson, AZ	5,112	4,728	384
40060	Richmond, VA	4,721	4,480	241
32580	McAllen-Edinburg-Mission TX	4,642	4,038	604
12580	Baltimore-Towson, MD	4,483	3,774	709
36420	Oklahoma City, OK	4,422	4,156	266
36100	Ocala, FL	4,316	4,051	265
47260	Virginia Beach-Norfolk-Newport News, VA-NC	4,304	3,312	992
18140	Columbus, OH	4,257	3,344	913
13820	Birmingham-Hoover, AL	4,148	3,592	556
17900	Columbia, SC	4,134	3,407	727

*Multifamily is two or more units in structure.

** As per new OMB Metropolitan area definitions.

Source: Census Bureau, Department of Commerce