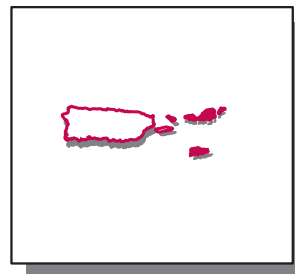
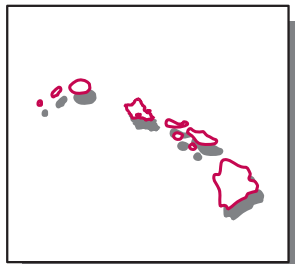
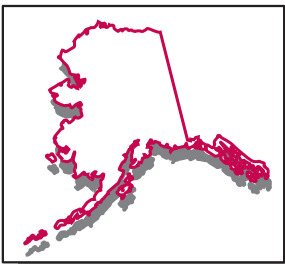
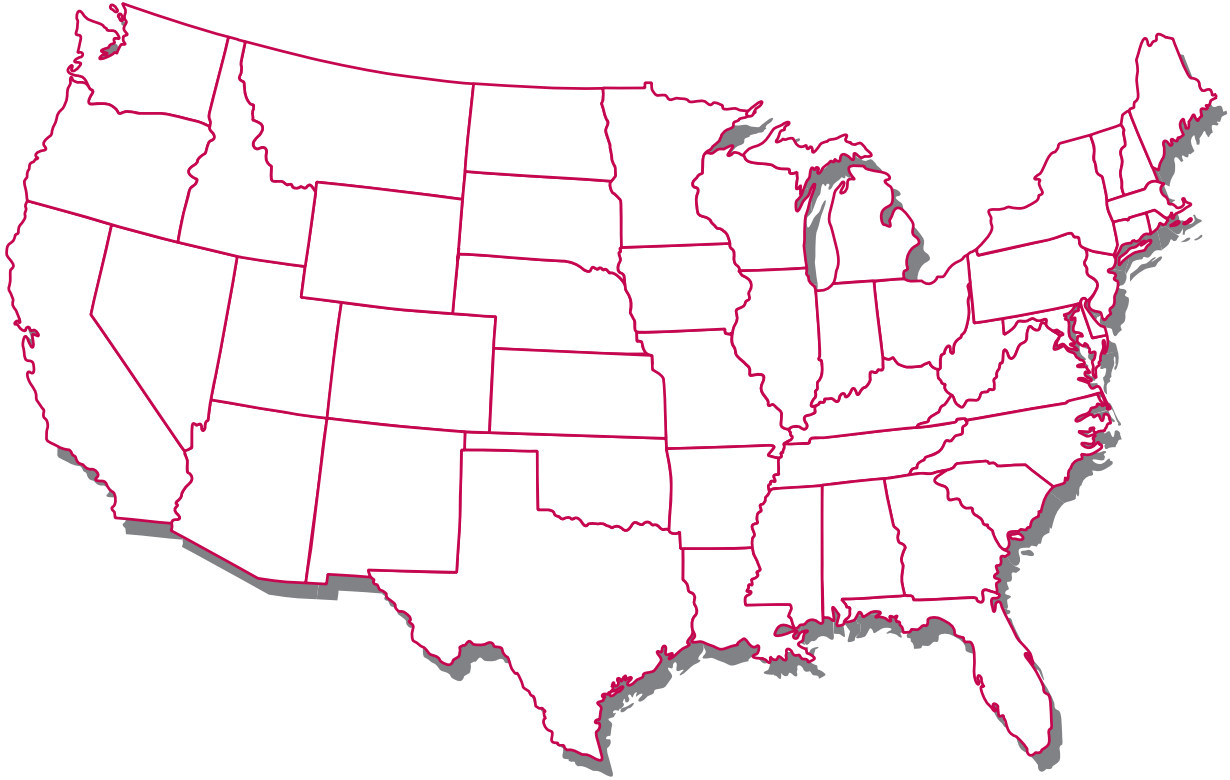




# Regional Activity

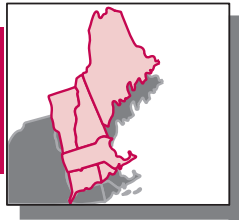


The following summaries of housing market conditions and activities have been prepared by economists in the U.S. Department of Housing and Urban Development's (HUD's) field offices. The reports provide overviews of economic and housing market trends within each region of HUD management. Also included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



Job losses that began in late 2008 in the New England region and continued through most of 2010, have begun to abate. During the 12 months ending September 2010, nonfarm payrolls declined by 100,500 jobs, or 1.5 percent, compared with a loss of 217,300 jobs, or a 3.1-percent decline, during the previous 12 months. During the 3 months ending September 2010, however, nonfarm payrolls increased by 45,800 jobs compared with decreased payrolls during the 3-month period ending September 2009. More than one-half of the jobs lost during the 12 months ending September 2010 were in the goods-producing sectors of construction, which lost 22,400 jobs, or 13.7 percent, and manufacturing, which lost 32,700 jobs, or 8.2 percent. The service-providing sectors with significant losses include trade, financial activities, and professional and business services, with declines of 23,800, 16,700, and 16,300 jobs, or 5.3, 3.6, and 1.9 percent, respectively. The only sectors that gained jobs were the education and health services and the leisure and hospitality sectors, increasing by 21,900 jobs, or 1.6 percent, and 3,600 jobs, or 0.6 percent, respectively.

Each state in the region lost jobs during the 12 months ending September 2010, with the southern New England states of Massachusetts, Connecticut, and Rhode Island accounting for more than 80 percent of the regional payroll decline. Massachusetts had the greatest decline in nonfarm payrolls, losing 40,600 jobs, or 1.3 percent, including losses of 13,100, 10,700, and 10,600 jobs, or 4.9, 2.3, and 9.1 percent in the manufacturing, trade, and construction sectors, respectively. Connecticut lost 30,000 jobs, or 1.8 percent, including 8,300 jobs, or 4.7 percent, in the manufacturing sector and 8,300 jobs, or 4.3 percent, in the professional and business services sector. In Rhode Island, 12,500 jobs, or 2.7 percent, were lost, including 3,100 jobs, or 7.2 percent, in the manufacturing sector and 3,400 jobs, or 10.3 percent, in the trade sector. The unemployment rate in New England during the 12 months ending September 2010 averaged 7.9 percent, down from 8.5 percent during the previous 12 months.

For most of the 12 months ending September 2010, lower interest rates and the homebuyer tax credit extension led

to increased sales levels of existing single-family homes; however, the expiration of the tax credit as of July 1, 2010, resulted in a significantly lower number of home sales during the third quarter of 2010 relative to the third quarter of 2009. During the 12 months ending September 2010, the Massachusetts Association of REALTORS® reported that sales of existing homes increased by 12 percent to 39,400 homes sold compared with a decrease of 3 percent to 35,350 home sales during the previous 12 months. In September 2010, the median sales price was \$295,000, up 2 percent, compared with the median sales price of \$290,000 in September 2009, which was down 3 percent from the September 2008 median price. The inventory of single-family homes on the market in September 2010 was 32,475 homes, representing almost a 10-month supply, up 13 percent from a year earlier. Days on the market were virtually unchanged at 126 days. According to The Warren Group, during the 12 months ending September 2010, the number of existing home sales in Connecticut totaled 26,770, up 19 percent compared with a decline of 14 percent to 22,560 homes sold during the 12 months ending September 2009. The median sales price was \$272,250 during the 12 months ending September 2010, up 7 percent compared with a 12-percent decline during the previous 12 months. In Rhode Island, during the 12 months ending September 2010, the Rhode Island Association of REALTORS® (RIAR) reported that 7,360 homes sold in the previous 12 months. The median sales price of \$219,500 recorded in September 2010 was 5 percent higher than the \$210,000 median sales price recorded in September 2009.

The Northern New England Real Estate Network (NNEREN), Inc., reported that, in New Hampshire, during the 12 months ending September 2010, existing home sales increased 9 percent to 11,025 homes sold; the median sales price increased slightly more than 1 percent to \$217,750. According to the Maine Real Estate Information System, Inc., the number of existing homes sold in Maine increased 14 percent to 10,910 homes sold during the 12 months ending September 2010, and the median sales price increased 2 percent to \$169,900.

According to the Federal Housing Finance Agency, home sales prices in the New England region decreased by almost 3 percent during the second quarter of 2010 (the most recent data available) compared with home sales prices in the second quarter of 2009. Nationally, home sales prices were down just under 2 percent, with prices for individual New England states ranging from a loss of just under 1 percent in Massachusetts to a loss of more than 5 percent in Maine. According to the Lender Processing Services Mortgage Performance Data, in September 2010, the number of loans 90 days or more delinquent, in foreclosure, or in REO (Real Estate Owned) in the region increased by 2 percent to 103,000 homes compared with the number reported in September 2009. This level repre-

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



sents 6 percent of all home loans in the region in September 2010 and is virtually unchanged from September 2009. The national rate in September 2010 was 8.4 percent.

Condominium sales markets in the New England region, in general, had double-digit sales growth during the 12 months ending September 2010 but also had significant sales declines during the third quarter of 2010. In Massachusetts, MAR reported that, during the 12 months ending September 2010, condominium sales totaled 16,340 units, an increase of 15 percent compared with the previous 12 months and the median sales price was \$259,900, unchanged from September 2009. According to RIAR, condominium sales in Rhode Island increased 17 percent to 1,250 units sold during the past 12 months and the median sales price increased more than 19 percent to \$215,000 in September 2010 compared with the median price a year earlier. In Connecticut, The Warren Group reported that condominium sales increased 17 percent to 7,960 units during the 12 months ending September 2010 and the median sales price increased 7 percent to \$193,000. According to the NNEREN, condominium sales in New Hampshire increased by 14 percent to 2,830 units sold during the 12 months ending September 2010, and the median sales price declined by 2 percent.

In response to an increased demand for new single-family homes during the past 12 months, homebuilders increased the production of new homes. During the 12 months ending September 2010, single-family home construction activity, as measured by the number of homes permitted, increased by 25 percent to 11,750 homes compared with a decline of 34 percent during the previous 12-month period, based on preliminary data. All states in the region posted gains in the number of single-family homes permitted, with Massachusetts reporting the largest gain of nearly 1,200 homes to 4,900, or 32 percent, compared with a decline of 30 percent during the 12-month period ending September 2008. During the 12 months ending September 2010, the number of single-family homes permitted in Vermont, Connecticut, and New Hampshire increased 28, 24, and 21 percent to 575, 2,200, and 1,540 homes, respectively. In Maine and Rhode Island, the number of homes permitted increased by 17 percent to 1,720 and 810 homes, respectively.

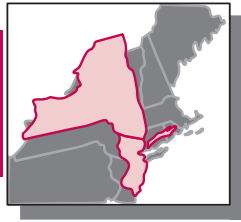
Multifamily construction activity has begun to rise after 4 years of decline from the peak of 16,930 units permitted in 2005. During the 12 months ending September 2010, based on preliminary data, the number of multifamily units permitted increased by 4 percent compared with the 36-percent decline in the number of units permitted during the 12 months ending September 2009. In Massachusetts, where more than 50 percent of the multifamily construction activity occurred, the number of units per-

mitted increased by 29 percent to 3,000 units during the 12 months ending September 2010 compared with the 52-percent decline recorded during the previous 12 months. The number of multifamily units permitted in Vermont increased by 44 percent to 375 units permitted. All other states had declines in the number of multifamily units permitted, with Connecticut, Maine, and Rhode Island declining 23, 25, and 29 percent to 1,320, 200, and 160 units permitted, respectively.

Rental markets in the New England region are beginning to tighten significantly, as the effect of several years of declining rental production is resulting in lower vacancy rates. Reis, Inc., data indicates the average decline in vacancy rates among the major metropolitan markets is almost 1 percent during the 12 months ending September 2010. In general, rents have averaged only a moderate increase of slightly less than 1 percent during the same period, primarily because of the weaker economic environment. In the Boston metropolitan area, the apartment vacancy rate in the third quarter of 2010 was 5.4 percent, down from 6.3 percent a year earlier. The average asking rent was \$1,730, up 1 percent from a year earlier. Additions to the rental inventory are expected to be significantly lower during the next several years than the increases reported during the mid-2000s. In Connecticut, the Fairfield County and Hartford metropolitan areas had apartment vacancy rates of 5.2 and 5.0 percent, down from 5.3 and 5.8 percent, respectively, during the 12 months ending September 2009. Asking rent in Fairfield County was \$1,766, unchanged from a year earlier, and, in Hartford, the asking rent was up nearly 2 percent to \$976. In the third quarter of 2010, the New Haven metropolitan area rental market had an apartment vacancy rate of only 2.3 percent, down from 2.7 percent in the third quarter of 2009. The average asking rent was \$1,107, up nearly 2 percent during the 12 months ending September 2010. The Providence metropolitan area, which includes the entire state of Rhode Island, had an apartment vacancy rate of 6.4 percent in the third quarter of 2010, a significant decline from 9.2 percent a year earlier. Portland, Maine, and Manchester-Nashua, New Hampshire, in northern New England, have apartment vacancy rates of 3.3 and 3.4 percent, down from 4.0 and 4.5 percent, respectively. The average asking rent in Portland was up almost 1 percent to \$1,012 during the past year and, in Manchester-Nashua, the average asking rent was down nearly 3 percent. In central and western Massachusetts, the Worcester and Springfield metropolitan areas have apartment vacancy rates of 3.9 and 4.3 percent, up from 3.8 percent and down from 5.8 percent, respectively. As the economic recovery progresses, and because additions to the inventory are expected to grow moderately, most of these rental markets will continue to tighten.

## NEW YORK/ NEW JERSEY

### HUD Region II



In the third quarter of 2010, nonfarm payroll jobs in the New York/New Jersey region continued the decline that began in early 2009. Nonfarm payrolls averaged approximately 12.4 million jobs during the 12-month period ending September 2010, down 189,500 jobs, or 1.5 percent, compared with the loss of 325,100 jobs, or a decline of 2.5 percent, which occurred during the same 12-month period in the previous year. During the 12 months ending September 2010, payroll losses were the largest in the manufacturing and construction sectors, down 45,900 and 41,200 jobs, or 6.0 and 8.6 percent, respectively. Job gains were concentrated in the education and health services and the leisure and hospitality sectors, which added 33,700 and 11,800 jobs, which are increases of 1.5 and 1.1 percent, respectively. The unemployment rate in the New York/New Jersey region during the 12 months ending September 2010 was 8.9 percent, up 1 percent from the rate recorded during the previous 12-month period. The average unemployment rate increased from 8.3 to 9.7 percent in New Jersey and from 7.7 to 8.5 percent in New York during the 12 months ending September 2010. In New York City, the unemployment rate increased from 8.5 to 9.9 percent.

Both states in the region lost jobs during the 12 months ending September 2010. New Jersey reported a 1.8-percent decline in nonfarm payrolls to nearly 3.9 million jobs; this 70,000-job decline was less than one-half the loss that occurred during the 12 months ending September 2009. In New Jersey, during the 12 months ending September 2010, the construction and manufacturing sectors declined by 17,500 and 16,200 jobs, or 12.1 and 5.9 percent, respectively. The education and health services and the leisure and hospitality sectors increased by 7,200 and 2,400 jobs, or 1.2 and 0.7 percent, respectively. In New York State, 119,400 jobs were lost during the 12 months ending September 2010, a 1.4-percent decline to 8.5 million jobs. In comparison, during the 12 months ending September 2009, a 2-percent decline of 177,200 jobs was recorded. During the 12 months ending September 2010, the largest payroll declines in New York occurred in the manufacturing, trade, and government sectors, with losses of 29,800, 26,600, and 23,300 jobs, or decreases of 6.1, 2.2, and 1.5 percent, respectively. The education and health services sector increased by 26,500 jobs, or 1.6 percent, and the leisure and hospitality and the other services sectors increased by 1.3 percent each, adding 9,300 and 4,700 jobs, respectively.

The New York City economy continued to lose jobs during the third quarter of 2010, a trend that began in mid-2009. During the 12-month period ending September

2010, nonfarm payrolls declined by 55,000 jobs, or 1.5 percent, to nearly 3.7 million jobs, compared with a loss of 70,400 jobs, or a decline of 1.9 percent, during the 12 months ending September 2009. The government sector lost 17,500 jobs, which is a 3.1-percent decrease, and the professional and business services sector declined by 16,000 jobs, or 2.7 percent. Job losses were partially offset by increases in the education and health services sector of 15,400 jobs, or 2.1 percent, and in the leisure and hospitality sector of 5,300 jobs, or 1.7 percent. New York City accounted for 60 percent of the payroll increase in the leisure and hospitality sector in the state of New York and the city accounted for 45 percent of the increase in the leisure and hospitality sector in the region.

Conditions in most sales housing markets in the New York/New Jersey region are improving but remain slightly soft because of weak economic conditions. According to the NATIONAL ASSOCIATION OF REALTORS®, home sales in the region during the second quarter of 2010 (the latest information available) increased by 80,000 homes, or 22 percent, from a year earlier to a seasonally adjusted annual rate of 434,900 homes sold. Lender Processing Services Mortgage Performance Data indicates that, in the region, the number of home loans 90 days or more delinquent, in foreclosure, or in REO (Real Estate Owned) during September 2010 increased to nearly 14,200, 10 percent more than were recorded during September 2009. This level represents a rate of 6.4 percent of all home loans recorded in the region as of September 2010, higher than the 5.8-percent rate recorded a year earlier but lower than the 8.4-percent rate for the nation as of September 2010.

According to data from the New York State Association of REALTORS®, the number of existing single-family home sales in the state (excluding parts of New York City) during the 12 months ending September 2010 increased 9 percent, to 79,600 homes, compared with the number sold during the same period a year earlier. The level of sales during the 12 months ending September 2010 is 5 percent less than the average number of sales from 2007 to 2009. The median price of an existing home increased 15 percent from \$199,900 in September 2009 to \$230,000 in September 2010. In the Rochester metropolitan area, the Greater Rochester Association of REALTORS® reported an 8-percent increase in home sales to 11,050 homes sold during the 12 months ending September 2010, and the median sales price increased 1 percent to \$122,500. For the 12 months ending September 2010, the Greater Capital Association of REALTORS®, Inc., reported that existing home sales in the Albany-Schenectady-Troy metropolitan area increased by 400 homes, or 5 percent, to 8,050 homes sold, and the median sales price rose from \$185,000 to nearly \$201,300, a 9-percent increase. During the 12 months ending September 2010, the Buffalo Niagara Association of REALTORS® reported that sales of single-family homes declined 7 percent to 9,050 homes and the median sales price increased nearly 8 percent to \$121,000.



The New York City home sales market remains slightly soft, although sales prices stabilized during the past 12 months. Prudential Douglas Elliman Real Estate reported that, during the 12 months ending September 2010, existing condominium and cooperative home sales in Manhattan, Brooklyn, and Queens increased 41 percent to 32,500 homes compared with the number sold during the 12 months ending September 2009. During the 12-month period ending September 2010, the average sales price rose by 11 percent, from \$740,200 to \$822,100. During the same period, the average number of days a home remained on the market declined by 29 days to 111 days. Queens accounted for 44 percent of the home sales, and the median sales price decreased 2 percent to \$355,000. In Brooklyn, which accounted for nearly one-fourth of the home sales, the median sales price increased 2 percent, from \$476,000 to \$485,500, for the 12-month period ending September 2010. Home sales in Manhattan during the same period totaled nearly 10,300 homes, a 42-percent increase compared with the 7,250 homes sold during the 12 months ending September 2009, which is the lowest number of annual sales recorded during the past 5 years. The sales level during the 12-month period ending September 2010 is 6 percent higher than the average of 9,675 homes sold annually during the 4 years ending September 2009.

In New Jersey, home sales markets are slightly soft. Home sales have recently increased, a trend that began in December 2009, but home prices remain relatively flat in most areas. According to data from the New Jersey Association of REALTORS®, the number of existing homes sold during the 12 months ending June 2010 (the latest information available) increased by 23,850 homes, or 23 percent, to 127,800 homes sold, posting the largest 12-month increase since the latter part of 2004. The median sales price in New Jersey remained nearly unchanged at \$306,600 during the 12 months ending June 2010. All three regions of the state reported increased home sales and slightly higher home prices. For the 12 months ending June 2010, Southern New Jersey home sales rose 17 percent to 32,700 homes, and the median price increased nearly 4 percent to \$208,900. In Northern New Jersey, existing single-family home sales were up 24 percent to 61,500 homes, and the median price increased 1 percent to \$374,400. Existing single-family homes sales in Central New Jersey increased 26 percent to 33,600, and the median price increased 1 percent to \$314,300.

During the 12 months ending September 2010, increased home sales in the New York/New Jersey region contributed to an increase in single-family homebuilding activity, and multifamily construction began to show signs of improvement compared with the activity during the same period a year earlier. During the 12 months ending September 2010, based on preliminary data, the number of single-family homes permitted increased 10 percent to 14,000 homes compared with a 32-percent decline recorded during the same period a year earlier. Single-family home construction rose in both states, by 670 homes, or 10 percent, in

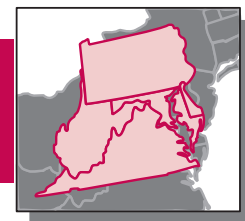
New Jersey and by 540 homes, or 9 percent, in New York. In the region, multifamily building activity, as measured by the number of units permitted, increased by 1 percent to 13,400 units compared with a 76-percent decrease during the 12 months ending September 2009. In New York, the number of multifamily units permitted decreased by 600 units, or 7 percent, to 6,350 units from a year earlier. In New Jersey, the number of multifamily units permitted increased by 730, or 14 percent, to 5,825 units, which is an improvement compared with the 60-percent decline that occurred during the 12 months ending September 2009.

Rental markets in the New York/New Jersey region were balanced, with moderate increases in vacancies in several markets. Although the New York City rental market remains tight, demand has eased and vacancies have increased due to declines in jobs. According to Reis, Inc., in the third quarter of 2010, the apartment vacancy rate in New York City increased from 2.9 to 3.6 percent; despite the increase in vacancy, the average asking rent increased by nearly 3 percent to \$2,850. In Long Island, the vacancy rate increased slightly from 3.8 to 3.9 percent; rents increased nearly 2 percent to \$1,550. The Westchester market tightened as the vacancy rate declined from 4.8 to 4.5 percent, but rents remained relatively unchanged at nearly \$1,850.

For the third quarter of 2010, most Upstate New York and New Jersey rental markets were balanced, but conditions have continued to soften. The vacancy rate in the Rochester metropolitan area increased from 4.4 to 4.6 percent, and the average rent increased 2 percent to \$770. The vacancy rate increased in the Syracuse metropolitan area from 3.8 to 4.6 percent; the average rent increased 1 percent to \$690. Although most markets softened slightly, the market in the Buffalo metropolitan area market tightened, as the vacancy rate decreased from 5.6 to 5 percent, and the average rent increased 1 percent to \$730. For the third quarter of 2010, in Central New Jersey, the vacancy rate rose from 3.8 to 4.1 percent, and the average rent increased by less than 1 percent to more than \$1,150. In Northern New Jersey, the vacancy rate decreased slightly from 5 to 4.9 percent, and the average rent remained nearly unchanged at \$1,500.

## MID-ATLANTIC

### HUD Region III



After peaking at 14.1 million jobs during the third quarter of 2008, nonfarm payrolls in the Mid-Atlantic region continued to decline, although at a slowing rate. During the 12 months ending September 2010, the region lost 165,500 jobs, or 1.2 percent, compared with the loss of

345,900 jobs, or 2.5 percent, during the 12-month period ending September 2009. During the 12-month period ending September 2010, the average nonfarm payroll jobs in the region totaled 13.6 million, down from 13.7 million a year earlier. Only three sectors reported growth during the 12-month period ending September 2010. The education and health services sector grew by 33,150 jobs, or 1.5 percent, down from the gain of 49,400 jobs, or 2.4 percent, reported during the 12 months ending September 2009. Due largely to increased hiring for the 2010 Census, the federal government subsector reported a gain of 29,100 jobs, or 4.6 percent, compared with the increase of 17,600 jobs, or 2.9 percent, during the 12 months ending September 2009. The Washington, D.C. metropolitan area accounted for 59 percent, or 17,125 jobs, of the regional employment growth in the federal government subsector, down from 65 and 83 percent in the 12-month periods ending September 2009 and 2008, respectively. The deconcentration of federal job growth from the Washington, D.C. metropolitan area also reflected the regionwide staffing of temporary census jobs. In the 12-month period ending September 2010, the leisure and hospitality sector added 6,900 jobs, a 0.6 percent increase, after losing 19,300 jobs, or 1.5 percent, in the 12-month period ending 2009.

Net losses were recorded in all other sectors during the 12 months ending September 2010. These losses were led by declines of 60,200 jobs in the manufacturing sector, 48,200 jobs in the construction sector, and 35,700 jobs in the trade sector, representing declines of 5.8, 7.7, and 2.0 percent, respectively. All states in the region reported job losses, but the District of Columbia reported a gain. The largest decline of 72,900 jobs, or 1.3 percent, occurred in Pennsylvania, where increases of 12,700 jobs in the education and health services sector, 2,760 jobs in the government sector, and 4,950 jobs in the leisure and hospitality sector were offset by losses in all other sectors. Virginia and Maryland lost 49,500 jobs, or 1.4 percent, and 29,150 jobs, or 4.2 percent, respectively. In Virginia, the loss was largely because of the decline of 16,000 jobs in the construction sector and 12,500 jobs in the manufacturing sector. In Maryland, losses of nearly 12,600 jobs in the construction sector led the overall decline. The District of Columbia reported an increase in the total number of jobs, up 6,100 jobs, or 0.9 percent, from a year earlier; the gain was attributed to an increase of 9,400 jobs in the federal government subsector and 3,000 jobs in the professional and business services sector. Jobs in all the major metropolitan areas in the region continued to decline, but at a slower rate, with the Philadelphia metropolitan area reporting the largest percentage decline of 2.1 percent, or 56,900 jobs, which is less than the 2.8 percent decline reported in Philadelphia during the previous 12-month period.

During the 12 months ending September 2010, the average unemployment rate in the Mid-Atlantic region increased from 6.9 to 8.1 percent. Unemployment rates among the

states in the region ranged from 7.0 percent in Virginia to 9.0 percent in West Virginia. The unemployment rate in the District of Columbia was 10.8 percent, which was the highest rate in the region.

As of the third quarter of 2010, conditions in the home sales markets in the Mid-Atlantic region were mixed. During the 12 months ending September 2010, home sales increased, partly because of home price declines. According to the Maryland Association of REALTORS®, during the 12 months ending September 2010, 53,200 existing homes were sold in Maryland compared with the 45,000 homes sold during the 12 months ending September 2009. During the 12-month period ending September 2010, the market became more balanced compared with previous soft conditions as the inventory declined by 5 percent to an average of 43,300 homes on the market, about a 10-month supply compared with a 12-month supply a year earlier. During the 12 months ending September 2010, the nearly 18-percent increase in sales was an improvement on the 3-percent decline reported during the same period in 2009. During the recent 12 months, the average home sales price declined to \$294,400, down 5 percent from the \$309,000 reported a year earlier. In the Baltimore metropolitan area, according to Metropolitan Regional Information Systems, Inc. (MRIS®), during the 12 months ending September 2010, 22,730 homes were sold at an average price of \$279,770, reflecting an 11-percent increase in the number of sales but a 2-percent decrease in the average price from the previous year.

The sales market was soft in Virginia during the third quarter of 2010. The Virginia Association of REALTORS® reported that, during the 12 months ending September 2010, the number of existing home sales in the state declined by 2 percent to 89,700 homes sold compared with the number sold during the previous 12 months. Between September 2009 and September 2010, the median sales price increased 6 percent, to \$249,000. In the Richmond metropolitan area, for the 12-month period ending September 2010, the number of sales declined 8 percent to 13,000 homes and the median home price remained relatively stable at \$197,990.

During the 12 months ending June 2010 (the most recent data available), the resale markets in Pennsylvania, West Virginia, and Delaware improved compared with the sales volume reported in the previous year. The sales markets in these three states are still slightly soft, with price declines required to stimulate sales. According to the NATIONAL ASSOCIATION OF REALTORS®, during the second quarter of 2010, homes were sold at an annual rate of 195,200 in Pennsylvania, 28,400 in West Virginia, and 14,000 in Delaware, which indicates increases of 33, 16, and nearly 17 percent, respectively, compared with the number sold in the second quarter of 2009. According to MRIS®, in the second quarter of 2010, the District of Columbia reported 6,500 homes sold, a 21-percent increase from the volume reported during the previous year.



According to Lender Processing Services Mortgage Performance Data, in September 2010, the number of home loans that were 90 days or more delinquent, in foreclosure, or in REO (Real Estate Owned) in the region increased by 2 percent to approximately 221,200 loans compared with the number recorded during September 2009. This level represents a current rate of 6.2 percent of all loans recorded in the region compared with a rate of 6.1 percent in September 2009; however, the regional rate is less than the current 8.4-percent rate for the nation.

Improved conditions in the existing home sales market stimulated new home construction activity, as measured by the number of homes permitted. Based on preliminary data, during the 12 months ending September 2010, new single-family home construction increased by more than 10 percent to 39,000 homes permitted. The largest increase in the region was in Pennsylvania, where permits were issued for nearly 11,900 homes, 14 percent more than the number issued during the 12 months ending September 2009. During the period ending September 2010, new home construction increased nearly 16 percent in Maryland to 8,100 homes, 14 percent in Delaware to 2,800 homes, and 6 percent in Virginia to nearly 14,800 homes. New production declined in West Virginia by nearly 2 percent to fewer than 1,400 homes, and in the District of Columbia, production was down 68 homes to a total of 85 homes. During the 12 months ending September 2010, all major metropolitan areas in the region reported increases in new home construction. The number of building permits issued for single-family homes increased nearly 12 percent to 5,400 homes in the Philadelphia metropolitan area, 24 percent to 3,600 homes in the Baltimore metropolitan area, and 8 percent to 9,700 homes in the Washington, D.C. metropolitan area.

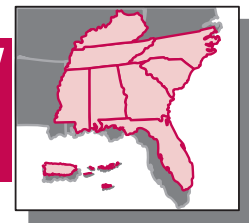
During the 12 months ending September 2010, multifamily building activity, as measured by the number of units permitted, increased in the northern states of the Mid-Atlantic region. Approximately 12,300 total units were permitted in the region, an increase of 11 percent from the number permitted a year earlier. In Maryland, during the 12 months ending September 2010, the number of multifamily units permitted increased by 52 percent to 3,470 units. The number of multifamily units permitted increased by 16 percent to 2,730 units in Pennsylvania and by 41 percent to 870 units in the District of Columbia. In Virginia, during the same period of time, the number of multifamily units permitted declined by 7 percent, to 4,700. In West Virginia, a total of 145 units were permitted, 20 fewer units than were permitted during the previous 12-month period, and 380 units were permitted in Delaware, 195 fewer than were permitted a year earlier. Multifamily building activity increased in all of the largest metropolitan areas in the region. During the 12-month period ending September 2010, the Washington, D.C. metropolitan area reported 3,300 new units permitted, 4 percent more than were permitted during the previous year. In the Philadelphia metropolitan area, the number of multifamily units permitted increased by 16 percent,

to 2,400 units, and in the Baltimore metropolitan area, the number of multifamily units permitted increased by 35 percent, to 2,125 units.

Rental market conditions in the three largest metropolitan areas in the region were mixed during the 12 months ending September 2010. According to Delta Associates, the apartment market tightened in the Philadelphia metropolitan area as vacancy rates in Class A units decreased from 9.9 to 4.6 percent. Rents averaged \$1,590 for the Philadelphia metropolitan area as a whole and \$2,090 in Philadelphia's Center City, up 4 and 7 percent from \$1,535 and \$1,950, respectively, a year earlier. In the Baltimore metropolitan area, conditions were slightly soft as vacancy rates rose from 6.9 to 7.4 percent. In Baltimore City, during the 12 months ending September 2010, vacancy rates were relatively unchanged at 7.9 percent. Average rents in the Baltimore metropolitan area increased by 4 percent from \$1,440 to \$1,500; in Baltimore City, they remained relatively unchanged at \$1,670. The Washington, D.C. metropolitan area rental market tightened during the 12 months ending September 2010. During that period, Delta Associates reported a vacancy rate for Class A garden apartments of 5.4 percent, down from 9 percent a year earlier. Vacancy rates in highrise units declined from 11 to 9 percent. During this same 12-month period, the average rent for a Class A garden apartment was \$1,540, up 5 percent from \$1,465 during the same period ending September 2009, and the average rent for a unit in a Class A highrise building was \$2,360, nearly 9 percent higher than the \$2,170 reported a year earlier.

## SOUTHEAST/ CARIBBEAN

### HUD Region IV



For the first time in more than 2 years, the number of jobs in the Southeast/Caribbean region increased slightly during a quarter—the third quarter of 2010—relative to a year earlier. During the third quarter of 2010, nonfarm payrolls averaged 25 million jobs, an increase of 14,900 jobs, or less than one-half percent, compared with the number of jobs in the third quarter of 2009. During the 12 months ending September 2010, however, nonfarm payrolls decreased by 545,100 jobs, or 2.1 percent, to an average of 25 million jobs compared with a loss of nearly 1.4 million jobs, or 5 percent, during the 12-month period ending September 2009. During the past 12 months, employment declined in each of the region's eight states and in the Caribbean.

During the 12 months ending September 2010, the goods-producing sectors decreased by 334,400 jobs, which accounted for 61 percent of the total job losses in the

region. The largest sector declines occurred in the manufacturing and construction sectors, which decreased by 144,900 and 160,600 jobs, or 13 and 7 percent, respectively. As a result of soft sales and rental markets in the region, the largest job declines in the construction sector occurred in Florida, where construction employment fell by 14 percent, or 58,500 jobs, which was nearly one-half of the 119,900 jobs lost in the sector in Florida during the previous 12 months. During the 12 months ending September 2010, nonfarm payrolls in the region increased in two sectors: the education and health services sector, which was up by 62,900 jobs, or 1.9 percent, and the government sector, which added 15,400 jobs, up less than one-half percent. During the 12-month period ending September 2010, the unemployment rate for the Southeast/Caribbean region averaged 11.1 percent compared with 9.7 percent during the previous 12-month period. Unemployment rates, which increased in each state and in the Caribbean, ranged from 10.2 percent in Georgia and Tennessee to 16.1 percent in Puerto Rico.

Sales housing markets throughout the Southeast/Caribbean region remain soft because of the large number of distressed properties. According to Lender Processing Services Mortgage Performance Data, in September 2010, nearly 12 percent of home loans in the region were 90 days or more delinquent, in foreclosure, or in REO (Real Estate Owned), up slightly from 11 percent in September 2009. The rate of distressed properties increased for all states in the region except Alabama, where the rate was unchanged at 6.5 percent, and Tennessee, where the rate fell from 6.9 to 6.7 percent. Florida recorded the highest distressed-property rate in the region at nearly 19 percent, up from 17 percent in September 2009. According to data from Florida Realtors®, 179,600 existing homes were sold in Florida during the 12 months ending September 2010, a 20-percent increase from the previous 12 months, when 149,200 homes were sold. Through September 2010, the year-to-date median sales price for an existing single-family home in Florida was \$137,200, a decrease of 4 percent from the price recorded during the same period in 2009. During the 12 months ending September 2010, sales of existing condominiums increased 48 percent to 48,100 units. The year-to-date median price of an existing condominium was \$93,100, down 15 percent from a year earlier. In Miami, during the 12 months ending September 2010, sales of single-family homes increased by 11 percent to 7,000 homes sold, but the year-to-date median price decreased by 2 percent to \$188,000. Condominium sales increased by 50 percent to 9,025, but the year-to-date median price decreased by 25 percent to \$99,400.

The Alabama Center for Real Estate reported that, during the 12 months ending September 2010, 38,300 new and existing homes and condominiums sold statewide, 6 percent more than were sold during the 12 months ending September 2009. During the 12 months ending September 2010, the average price for a home or condominium sold was approximately \$143,900, relatively unchanged

from the price recorded for the previous 12-month period. According to the North Carolina Association of REALTORS®, Inc., during the 12 months ending September 2010, the number of existing homes sold in 21 reported areas of North Carolina totaled 88,000 homes, a 12-percent increase from the previous 12 months. During that same period, the average price of a home decreased by \$5,500, or nearly 3 percent. The number of homes sold was higher in 18 of the 21 reported areas, but the average price of a home decreased in 17 areas. The only areas with average price increases were Brunswick, Fayetteville, Greenville, and Pinehurst, with increases ranging from 0.5 percent in Pinehurst to 3.8 percent in Fayetteville. South Carolina REALTORS® reported that, during the 12 months ending September 2010, approximately 46,000 homes were sold statewide, an increase of 11 percent from the number of sales recorded during the same period a year earlier. During the 12 months ending September 2010, the number of homes sold increased in 13 of the 15 reported areas. The median sales price year-to-date through September 2010 was virtually unchanged compared with the price for the same period in 2009 at \$149,900. During the 12 months ending September 2010, the median price increased in 9 of 15 reported areas.

During the third quarter of 2010, the Kentucky Association of REALTORS® reported about 8,275 new and existing homes and condominiums sold statewide, 23 percent fewer than during the third quarter of 2009. The average price for a home or condominium sold during the third quarter of 2010 was about \$129,200, about 1 percent more than the price during the third quarter of 2009. The Greater Louisville Association of REALTORS® reported that, during the 12 months ending September 2010, about 11,000 new and existing single-family homes and townhomes sold, up 15 percent from the previous 12-month period. During the 12 months ending September 2010, the average selling price of a single-family home or townhome was \$163,000, a 4-percent increase from the same period a year earlier. During the 12 months ending September 2010, the Lexington-Bluegrass Association of REALTORS® reported the number of homes sold in the Lexington area increased 5 percent to about 7,000 homes sold and the average price of a home increased 1 percent to \$168,100. During the 12 months ending September 2010, about 590 condominiums and townhomes sold, up 5 percent from the previous 12-month period, and the average price increased 5 percent to \$141,000. In Knoxville, during the 12 months ending September 2010, the number of single-family homes sold increased by 7 percent, or 660 homes, to 9,575, according to the Knoxville Area Association of REALTORS®, but the average price decreased 1 percent to \$172,400. Knoxville condominium sales increased by 12 percent to 1,060 homes sold, and the average condominium sales price declined by 4 percent to \$156,200. According to the Memphis Area Association of REALTORS®, during the 12 months ending September 2010, the total number of single-family homes and condominiums sold in Memphis decreased by 2 percent to 10,700





and by 3 percent to 400, respectively. The average price of a single-family home decreased by 1 percent to \$142,100; the price of a condominium averaged \$147,900, a 14-percent increase. The Greater Nashville Association of REALTORS® reported sales of single-family homes and condominiums each increased by 9 percent to 18,000 and 2,625 homes sold, respectively, during the 12 months ending September 2010. In September 2010, the median price for a single-family home increased 7 percent to \$171,800 and the median price for a condominium increased 9 percent to \$155,000.

Based on preliminary data, during the 12-month period ending September 2010, single-family building activity in the region, as measured by the number of building permits issued, increased by 10,000 homes, or 10 percent, to 109,900 homes. All states in the region recorded an increase in single-family building activity, except Alabama, where permits were virtually unchanged at 8,000 homes, and Mississippi, where permits decreased by 570 homes, or 13 percent, to approximately 4,000 homes. During the 12-month period ending September 2010, the largest increases in single-family home construction in the region occurred in Florida, where permits increased by 5,300 homes, or 21 percent, and in North Carolina, which had an increase of 2,500 homes, or 11 percent.

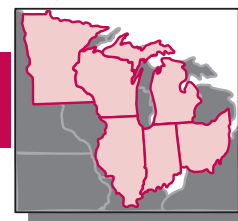
As a result of decreased apartment construction during the past 2 years, apartment markets throughout the Southeast/Caribbean region were generally soft but continued to tighten during the third quarter of 2010. According to preliminary data, during the 12 months ending September 2010, the number of multifamily units permitted decreased by 20 percent to approximately 28,000 units. During that same period, the number of multifamily units permitted in North Carolina totaled 7,350 units, a decrease of nearly 1,900 units, or 20 percent, which represents the largest decline in the region. Tennessee was the only state in the region with an increase in the number of units permitted, increasing by approximately 1,150 units, or 32 percent, to 4,750 units.

Following significant cutbacks in apartment construction throughout the region during the past 2 years, apartment vacancy rates in all of the 20 reported metropolitan areas in the region declined during the third quarter of 2010. According to Reis, Inc., apartment vacancy rates ranged from 5.5 percent in Chattanooga, Tennessee to 12.1 percent in Jacksonville, Florida. During the past 12 months, apartment markets in South Carolina recorded the largest decreases in vacancy rates. Between the third quarter of 2009 and the third quarter of 2010, vacancy rates fell by at least 3 percentage points to 9.6, 9.1, and 8.4 percent in Columbia, Charleston, and Greenville, respectively. Vacancy rates in Atlanta and Miami decreased to 10.5 and 5.9 percent, respectively, from 11.3 and 6.2 percent a year earlier. During the third quarter of 2010, rents throughout the Southeast/Caribbean region were relatively stable; 12 reported metropolitan areas had rent changes

of less than 1 percent compared with rents during the third quarter of 2009. In the third quarter of 2010, rents averaged approximately \$845 in Atlanta and \$1,070 in Miami, virtually unchanged from rents during the third quarter of 2009.

## MIDWEST

### HUD Region V



Economic conditions in the Midwest region continued to slow during the third quarter of 2010, the 10th consecutive quarter of nonfarm payroll job losses. During the 12-month period ending September 2010, nonfarm payrolls decreased by almost 492,000 jobs, or 2.1 percent, to an average of 22.6 million jobs, the lowest annualized rate of quarterly job loss since the first quarter of 2009. Job losses in the region remained widespread, and only one sector—education and health services—recorded job growth, gaining 43,600 jobs, an increase of 1.2 percent. Sectors with significant job losses included the manufacturing, construction, and trade sectors, which declined by 163,400, 89,600, and 78,000 jobs, or 5.5, 10.2, and 2.2 percent, respectively. Job losses by state ranged from a decline of 38,800 jobs, or 1.4 percent, in Indiana to a decline of 138,000 jobs, or 2.4 percent, in Illinois. Nonfarm payroll job losses in the other states included 39,200 in Minnesota, 65,900 in Wisconsin, 87,800 in Michigan, and 122,100 in Ohio, or declines of 1.5, 2.4, 2.2, and 2.4 percent, respectively. For the 12 months ending September 2010, the average unemployment rate in the region was 10.5 percent, up from 9.5 percent for the 12-month period ending September 2009. Unemployment rates ranged from 7.2 percent in Minnesota to 13.7 percent in Michigan and rose in each state except Minnesota, where the rate declined to 7.2 percent for the 12 months ending September 2010 from 7.6 percent during the previous 12-month period.

The federal homebuyer tax credit and a reduced rate of job declines helped increase the number of home sales in the Midwest region during the second quarter of 2010. According to data from the NATIONAL ASSOCIATION OF REALTORS®, during the second quarter of 2010, the most recent information available, the annual rate of existing home sales in the region increased by 14 percent to 966,400 homes sold compared with the annual rate of home sales during the second quarter of 2009. Five of the six states in the region reported increases in the annual rate of home sales, with the number of home sales in Michigan remaining relatively stable. Increases ranged from 6 percent in both Indiana and Minnesota to 27 percent in Illinois. According to Lender Processing Services, Inc., Mortgage Performance Data, as of September 2010,

the percentage of home loans 90 days or more delinquent, in foreclosure, or in REO (Real Estate Owned) was 8.6 percent, an increase from the 8.4-percent rate recorded in September 2009.

Home sales markets, although soft, are improving in many states and metropolitan areas in the Midwest region according to state and local REALTORS® data. The Ohio Association of REALTORS® reported a rising number of existing home sales and increasing home sales prices, with the number of existing home sales for the 12 months ending September 2010 up nearly 6 percent to 104,700 homes sold, and the average home sales price up nearly 4 percent to \$133,300. In Indiana, data from the Indiana Association of REALTORS® show improved rates and prices of home sales, up 6 percent to 62,850 homes sold and median home sales price gains of 3 percent to \$111,500. In the Indianapolis metropolitan area, data from the Metropolitan Indianapolis Board of REALTORS® indicate an increase in the rate of home sales by 6 percent to 24,250 homes sold and an increase in the average home sales price, up nearly 6 percent to \$149,300. The Michigan Association of REALTORS® data show a strengthening market with the number of home sales up nearly 12 percent to 120,900 homes sold, during the 12 months ending September 2010, compared with the number sold during the previous year, and an increase in the average home sales price of existing homes of more than 6 percent to \$105,600.

In Milwaukee, Multiple Listing Service, Inc., data for the 12-month period ending September 2010 indicate the number of existing home sales declined 2 percent to 12,150 and the average home sales price declined less than 1 percent to \$205,400. Data from the Minneapolis Area Association of REALTORS® indicate that in Minneapolis, for the 12-month period ending September 2010, the number of home sales declined 2 percent from the year before, but the average home sales price increased nearly 4 percent to \$210,900. The Illinois Association of REALTORS®, reporting on data through June of 2010 (the latest data available), shows the number of existing home sales increased, statewide by 22 percent to 119,200 homes sold and the average price declined almost 7 percent to \$209,100. In the Chicago metropolitan area, the number of home sales increased 28 percent to 79,300 homes sold, and the average home sales price declined 7 percent to \$252,100.

In response to the increased number of home sales, single-family home construction, as measured by the number of building permits issued, increased in the Midwest region during the 12 months ending September 2010, up 10 percent to 44,200 homes permitted, based on preliminary data. This figure is 59 percent below the average annual of 107,300 homes permitted during the past 5 years ending September 2010. Single-family construction activity increased in five states in the region during the 12 months ending September 2010; in Illinois, 6,300 homes were permitted, unchanged from the previous year. Increases in the number of homes permitted in the other five states

ranged from 5 percent in Wisconsin, or 6,575 homes, to 25 percent in Michigan, or 5,950 homes.

Among most major metropolitan areas in the Midwest region, single-family homebuilding activity increased during the 12 months ending September 2010, based on preliminary building permit data. The one exception was in the Chicago metropolitan area, where the number of single-family homes permitted declined by 2 percent to 4,625 homes permitted. In all other metropolitan areas, the number of single-family home permits increased. In Ohio, increases ranged from 6 percent in Cincinnati, or 3,100 homes permitted, to 14 percent in Columbus, or 3,000 homes permitted. In the Detroit metropolitan area, the increase in single-family homes permitted was nearly 69 percent, or 2,150 single-family homes permitted, but it was still approximately 34 percent below the average of 6,275 single-family homes permitted during the previous 5 years. In Indianapolis and Milwaukee, the increases in single-family homes permitted were much smaller, at 10 and 4 percent, respectively, or 3,925 and 900 homes permitted. In Minneapolis, during the 12 months ending September 2010, single-family homebuilding activity, at 4,175 homes permitted, was nearly 23 percent above the number permitted during the previous year.

In the Midwest region, multifamily construction activity, as measured by the number of units permitted, increased by 1 percent to 14,600 units permitted during the 12 months ending September 2010, based on preliminary data. For the 12 months ending September 2010, the number of units permitted is only 39 percent of the 37,250 multifamily units permitted in the region, on average, each year during the past 5 years. The six states in the region reported mixed figures for multifamily construction, with Illinois, Indiana, and Ohio reporting declines in the number of multifamily units permitted, and Michigan, Minnesota, and Wisconsin reporting increases in the number of multifamily units permitted.

In Illinois, during the 12 months ending September 2010, the number of multifamily units permitted declined by 5 percent to 3,075 units permitted. The Chicago metropolitan area reported an increase in the number of multifamily units permitted of nearly 17 percent to 2,600 units. The number of multifamily units permitted for both Illinois and the Chicago metropolitan area were down significantly from the recent 5-year average annual change of 14,200 in Illinois and 13,000 in Chicago. In Indiana, during the 12 months ending September 2010, the number of multifamily units permitted declined by more than 8 percent from the previous year; Indianapolis reported an 11-percent decline in the number permitted. The decline in the number of multifamily units permitted in Indianapolis accounted for almost the entire 250-unit decline in multifamily units permitted in Indiana.

Multifamily construction activity in Michigan and Minnesota increased during the 12 months ending September 2010 compared with activity during the previous year,



up by 24 and 30 percent, respectively, to 1,025 and 2,400 units permitted. These totals remain below the recent 5-year average annual number of 3,275 units permitted in Michigan and 4,025 units permitted in Minnesota. In Ohio, multifamily construction declined by 175 units permitted, or 6 percent, with decreases in Cincinnati and Cleveland offset by increased production in Columbus. In Wisconsin, multifamily construction increased by 75 units to 2,725 units permitted.

Apartment market conditions in major metropolitan areas in the Midwest region, in general, are balanced, and most markets have tightened during the 12 months ending September 2010. According to Reis, Inc., the vacancy rate in the Chicago metropolitan area declined from 6.7 percent in the third quarter of 2009 to 5.9 percent in the third quarter of 2010; the average market rent remained the same at \$1,075. The downtown Chicago rental market is strong with an overall rental vacancy rate below 5 percent for the third quarter 2010, down from 7 percent in the third quarter of 2009, according to Appraisal Research Counselors. Approximately 2,300 new rental units will enter the market during 2010 and Appraisal Research Counselors anticipates growing demand and rent increases in 2011. For the third quarter, 2010, net effective rents in Class A properties increased nearly 6 percent since 2009, and the increase was almost 8 percent for Class B properties. Concessions in the downtown Chicago rental market remain at 1.5 months free with a 12-month lease, which Appraisal Research Counselors considers normal for this market. In Ohio, mixed rental market conditions exist, with lower vacancy rates in Cincinnati and Cleveland of 6.9 and 6.1 percent, respectively, for the third quarter of 2010 compared with 7.6- and 6.8-percent rates, respectively, for the third quarter of 2009. The average rent in Cincinnati remained at \$710, and the average rent in Cleveland declined slightly to \$730, according to Reis, Inc. In Columbus, soft market conditions continued as the vacancy rate increased from 8.5 to 8.9 percent, but the average rent increased from \$680 to \$690. In Michigan, Reis, Inc., data show that, in Detroit, the vacancy rate decreased to 7.1 percent, down from 7.6 percent, and the average rent declined from \$830 to \$820, as rental market conditions remained soft. In Indianapolis, the rental market remained soft, with a reported vacancy rate of 8.3 percent; the average rent increased from \$670 to \$680. In Minneapolis, the rental market remained tight, as the apartment vacancy rate decreased from 4.9 to 4.3 percent; the average rent was unchanged over the period at \$950.

## SOUTHWEST

### HUD Region VI



Economic conditions in the Southwest region continued to decline in the third quarter of 2010, a trend that began in May 2009. During the 12 months ending September 2010, average nonfarm payrolls decreased by 1.2 percent, or 184,200 jobs, to 15.7 million jobs. By comparison, average nonfarm payrolls declined by 1.8 percent, or 291,100 jobs, for the 12 months ending September 2009. During the 12 months ending September 2010, gains in three employment sectors, totaling 128,700 jobs, were offset by a combined loss of 312,900 jobs in the remaining nine sectors. The education and health services sector recorded the largest growth, adding 80,200 jobs, an increase of 3.9 percent. The government sector increased by 41,900 jobs, or 1.4 percent, with all states in the region recording increased jobs in the sector. The leisure and hospitality sector recorded gains for the first time in a year, with an increase of 6,600 jobs, or 0.4 percent. Significant declines continued from the previous quarter in the construction sector as soft housing and commercial property markets contributed to a decrease of 81,300 jobs, or 8.7 percent, compared with a decrease of 65,100 jobs, or 6.5 percent, during the 12 months ending September 2009. The manufacturing sector, which recorded declines in all states in the region, lost 67,200 jobs, or 5 percent, during the 12 months ending September 2010.

Job losses have occurred in every state in the Southwest region since June 2009. During the 12 months ending September 2010, Texas lost 100,400 jobs, or 1 percent, led by a decline of more than 64,000 jobs, or 10.3 percent, in the construction sector. In Oklahoma, nonfarm payrolls decreased by 28,200 jobs, or 1.8 percent, led by losses of 12,000 jobs in the manufacturing sector and 5,000 jobs in the natural resources and mining sector, or 8.9 and 10.8 percent, respectively. Nonfarm payrolls in Louisiana decreased by 21,600 jobs, or 1.1 percent, as combined gains of more than 12,500 jobs in the leisure and hospitality and the education and health services sectors were offset by losses of a combined 15,800 jobs in the construction and manufacturing sectors. Nonfarm payrolls in New Mexico declined by 18,600 jobs, or 2.3 percent, for the 12 months ending September 2010. In Arkansas, nonfarm payrolls declined by 15,500 jobs, or 1.3 percent, with declines in the manufacturing, trade, and transportation and utilities sectors accounting for nearly 70 percent of the total loss. For the 12 months ending September 2010, the unemployment rate in the region increased to 7.9 percent compared with the 6.8-percent rate for the previous 12 months. The average unemployment rates ranged from a low of 6.8 percent in Oklahoma to a high of 8.3 percent

in New Mexico, Louisiana, Arkansas, and Texas recorded rates of 7.3, 7.7, and 8.2 percent, respectively.

Sales housing market conditions in the Southwest region improved during the 12 months ending September 2010 but remain slightly soft because of the continued job losses. During the 12 months ending September 2010, approximately 212,500 homes sold in Texas, up nearly 4 percent when compared with the number sold during the previous 12 months; however, home sales were 13 percent below the number sold during the 12 months ending September 2008, according to the Real Estate Center at Texas A&M University. The inventory of unsold homes was at a 7-month supply for the 12-month period ending September 2010, the highest level since 2000 and well above the 5.4-month average supply recorded between 2000 and 2009. Despite remaining at a high level, the inventory of unsold homes was relatively unchanged during the past year. During the 12 months ending September 2010, the number of homes sold increased in most major Texas markets, with increases ranging from less than 1 percent in Dallas to 8 percent in San Antonio. The average home sales price in the state increased 3 percent to \$190,000 during the 12 months ending September 2010, reversing a trend of home sales price declines that began in late 2008. Home sales price changes among major Texas markets ranged from a decline of 1 percent in San Antonio to an increase of 4 percent in Dallas and Houston.

Home sales continued to increase in a number of markets in states elsewhere in the region during the 12 months ending September 2010, following approximately 3 years of declines. According to the New Orleans Metropolitan Association of REALTORS® and Gulf South Real Estate Information Network, Inc., the median price of new and existing single-family homes in New Orleans declined by 2 percent, and home sales were up 2 percent to 7,650 homes during the 12 months ending September 2010. In Baton Rouge, the number of home sales was relatively unchanged at 6,700, based on data from the Greater Baton Rouge Association of REALTORS®, and the average home sales price remained stable at \$191,400. During the 12 months ending September 2010, The Greater Albuquerque Association of REALTORS® reported that the number of home sales was up 12 percent in Albuquerque to 6,950 homes when compared with the number sold during the previous 12-month period, although the level of sales still remains 5 percent below the number of homes sold during the 12 months ending September 2008. The average home sales price in Albuquerque was relatively unchanged at \$212,700 during the 12 months ending September 2010. According to the Oklahoma Association of REALTORS®, the number of homes sold in Oklahoma was relatively unchanged during the 12 months ending September 2010 at 42,850, and the average home sales price declined by approximately 1 percent to \$145,800. According to the Arkansas REALTORS® Association, during the 12 months ending September 2010, home sales for the state increased by 5 percent to 23,950, and the average price remained stable at \$144,800.

In the Southwest region, increased home sales resulted in increased single-family construction activity, as measured by the number of single-family building permits issued. During the 12 months ending September 2010, the total number of single-family homes permitted in the region was 89,650, an increase of 5,700 homes, or 7 percent, compared with the number permitted during the previous 12 months, based on preliminary data. Texas recorded a 7-percent increase in the number of single-family homes permitted, up 4,550, to 65,450 homes. In other states in the region, changes ranged from an increase of 2 percent in Louisiana and New Mexico to an increase of 15 percent in Arkansas. Oklahoma recorded a 5-percent increase in the number of single-family homes permitted.

Rental housing market conditions in the largest metropolitan areas in Texas remained soft during the 12 months ending September 2010 due, in part, to continued job losses and the large number of units completed since 2005. Austin was the only major Texas market with an apartment vacancy rate under 10 percent. According to ALN Systems, Inc., the apartment vacancy rate in Austin was 9.7 percent for the 12 months ending September 2010, down from 11.4 percent during the previous 12 months, and the average rent declined 3 percent to \$840. In Dallas, the apartment vacancy rate declined slightly from 11.8 to 11.3 percent during the 12 months ending September 2010, and the average rent declined 3 percent to \$800. Rental markets in Fort Worth and Houston remained very soft, with vacancy rates of 12.2 and 14.3 percent, respectively, during the 12 months ending September 2010. The average rent in Fort Worth declined by 3 percent to \$700, during the 12 months ending September 2010. During the same period, the average rent in Houston increased 1 percent to \$790, the smallest increase in average rents in Houston during a 12-month period since 2006. In San Antonio, during the 12 months ending September 2010, the vacancy rate declined to 10.9 percent from the 11.7-percent rate recorded during the 12-month period ending September 2009, and the average rent increased less than 1 percent to \$730.

Rental housing market conditions were mixed in large metropolitan areas in other states throughout the Southwest region during the third quarter of 2010. Rental markets in Albuquerque and Little Rock were balanced during this period. According to Reis, Inc., the apartment vacancy rate in Albuquerque was 5.6 percent in the third quarter of 2010, down from 7 percent a year earlier, and the average rent increased 1 percent to \$710. In Little Rock, during the third quarter of 2010, the apartment vacancy rate was 7.8 percent, down slightly from 8.3 percent a year earlier, and the average rent increased approximately 2 percent to \$660. Rental markets in the largest metropolitan areas in Oklahoma were soft during the third quarter of 2010. In Oklahoma City, the apartment vacancy rate declined slightly from 9.6 percent in the third quarter of 2009 to 9.3 percent in the third quarter of 2010, and the average rent increased 1 percent to \$550. In Tulsa, the vacancy rate declined slightly from 9 percent for the third quarter

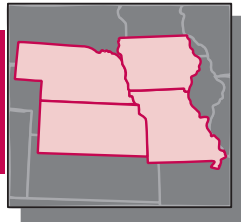


of 2009 to 8.9 percent for the same period in 2010, and the average rent remained relatively unchanged at \$580. Rental market conditions in New Orleans remained soft as the apartment rental vacancy rate fell to 10 percent during the third quarter of 2010, according to the *Greater New Orleans Multi-Family Report*<sup>®</sup>, down slightly from the 13-percent rate recorded a year earlier, and the average rent increased 1 percent to \$840.

As a result of soft apartment rental markets in many large metropolitan areas, multifamily construction activity, as measured by the number of units permitted, decreased in the Southwest region during the 12 months ending September 2010, based on preliminary data. The 18,850 units permitted during the 12 months ending September 2010 reflect a 26-percent decline compared with the number of units permitted during the previous 12 months. During the 12 months ending September 2010, the number of multifamily units permitted in Texas declined by 28 percent, or 6,250 units, from the previous year to 16,450 units. In other states in the region, changes ranged from a decline of 50 percent in Louisiana to 850 units to an increase of 3 percent in Oklahoma. Arkansas and New Mexico recorded declines of 8 and 18 percent, respectively, for the 12 months ending September 2010.

## GREAT PLAINS

### HUD Region VII



Continuing a trend that began in April 2007, nonfarm payrolls declined in the Great Plains region during the third quarter of 2010, although the job loss rate appears to be slowing. During the 12-month period ending September 2010, nonfarm payrolls in the Great Plains region declined by 109,300 jobs, or 1.7 percent, to an average of 6.4 million jobs compared with a loss of 2.5 percent during the 12-month period ending September 2009. The greatest job losses were in the manufacturing sector, which was down 37,700 jobs, or 5.1 percent. The construction sector declined by 26,150 jobs, or 8.3 percent. Nonfarm payroll gains were most significant in the education and health services sector, which grew by 13,400 jobs, or 1.5 percent. During the 12 months ending September 2010, nonfarm payrolls in Missouri declined by 49,250 jobs, or 1.8 percent, to an average of 2.7 million jobs. During the same period, nonfarm payrolls decreased in Kansas by 29,650 jobs, or 2.2 percent, to an average of 1.3 million jobs and in Iowa by 19,600 jobs, or 1.3 percent, to 1.5 million jobs. During the 12 months ending September 2010, nonfarm payrolls in Nebraska declined by 10,800 jobs, or 1.1 percent, to an average of 940,400 jobs.

During the 12-month period ending September 2010, the continuing job losses caused the regional unemployment rate to increase to 7.5 percent, up from the 6.9-percent rate recorded a year earlier. The unemployment rate ranged from 4.8 percent in Nebraska to 9.4 percent in Missouri. The unemployment rates in Kansas and Iowa were 6.6 and 6.7 percent, respectively.

As of August 2010, sales housing market conditions were balanced in Iowa, Kansas, and Missouri but were soft in Nebraska. In the Great Plains region, the total number of new and existing home sales during the 12 months ending August 2010 (the latest data available) marked the first increase in home sales since the 12-month period ending August 2006. According to Hanley Wood, LLC, during the 12-month period ending August 2010, total home sales in the region increased by nearly 2 percent to 175,300 homes sold compared with the number sold during the same period a year earlier, but the average price of a home sold remained relatively unchanged at \$156,400. In Kansas, during the 12-month period ending August 2010, total home sales increased by 1 percent to 31,700 and the average price of a home sold increased by 1 percent to \$171,100. In Iowa, during the same period, the total number of homes sold grew by nearly 7 percent to 35,100 homes, but the average price decreased by 3 percent to \$151,500. In Missouri, during the same period, total home sales increased by 4 percent to 92,100 homes sold, and the average price of a home sold increased slightly to \$154,000. In Nebraska, during the 12-month period ending August 2010, total home sales decreased by 18 percent to 16,400 homes sold, and the average price declined by 1 percent to \$154,000.

In the major metropolitan areas of the region, sales housing markets were mixed; they were balanced in Kansas City and St. Louis but soft in Des Moines, Wichita, and Omaha. In Kansas City, during the 12 months ending August 2010, Hanley Wood, LLC, reported that total home sales remained unchanged at 34,400 homes, but the average home sales price rose nearly 2 percent to \$185,900 compared with the price during the previous 12 months. Existing home sales increased 1 percent to 31,600 homes, and the average price of an existing home rose 2 percent to \$178,400. New home sales decreased 10 percent to 2,800 homes, but the average sales price of a new home increased 1 percent to \$270,000. In St. Louis, during the 12-month period ending August 2010, new and existing home sales increased nearly 5 percent to 43,000 homes, and the average home sales price rose 1 percent to \$175,400.

According to Hanley Wood, LLC, during the 12-month period ending August 2010, new and existing home sales in Des Moines decreased 1 percent to 9,600 homes sold, and the average home sales price fell 2 percent to \$159,400 compared with the price reported for the previous 12 months. During the 12 months ending August 2010, total home sales in Wichita decreased by 2 percent to 10,150, and the average price fell 3 percent to \$139,300. For the

same period, existing home sales decreased by more than 1 percent to 8,950 homes sold, and the average existing home sales price fell 1 percent to \$132,400. New home sales decreased 7 percent to 1,200 homes sold, and the average new home sales price decreased almost 12 percent to \$190,900. During the 12 months ending August 2010, total home sales in Omaha decreased to 9,750 homes sold, down 28 percent from the previous 12 months, and the average home sales price decreased nearly 2 percent to \$154,700. Sales of existing homes declined at a faster rate than sales of new homes; existing home sales were down 29 percent to 7,875 homes sold compared with a decline of 22 percent to 1,875 new homes sold. The average sales price of an existing home and a new home each fell 2 percent to \$147,100 and \$186,700, respectively.

Lender Processing Services Mortgage Performance Data show that, in Iowa and Kansas, between September 2009 and September 2010, the percentage of total loans 90 days or more delinquent, in foreclosure, or in REO (Real Estate Owned) increased by 0.1 percent to 4.8 and 4.9 percent, respectively. In Nebraska, the percentage of total loans in the three categories fell from 3.8 to 3.7 percent and, in Missouri, it decreased from 5.5 to 5.4 percent.

In the Great Plains region, single-family home construction, as measured by the number of single-family building permits issued, rose 3 percent to 15,300 homes during the 12-months ending September 2010, based on preliminary data. The number of single-family building permits issued had declined 19 percent during the 12 months ending September 2009. In Iowa, during the 12 months ending September 2010, the number of single-family homes permitted totaled 4,400, a 6-percent increase compared with the 8-percent decline recorded during the previous 12 months. In Kansas, during the 12 months ending September 2010, the number of single-family homes permitted increased 7 percent to 2,900 homes compared with a 29-percent decline during the previous 12 months. In Missouri, during the 12 months ending September 2010, single-family home construction increased 8 percent to 4,700 homes compared with a decline of 29 percent a year earlier. In Nebraska, during the same period, as a result of slow new home sales because of the expiration of the tax credit program and a weak local economy, permits issued for single-family homes decreased 10 percent to 3,300 permits compared with a 7-percent decline recorded a year earlier.

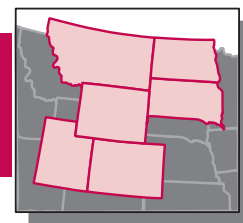
As of the third quarter of 2010, most of the Great Plains metropolitan area rental markets were soft. According to Reis, Inc., as of the third quarter of 2010, the Kansas City apartment vacancy rate remained relatively unchanged at 8.7 percent, but the average rent increased by 1 percent to \$707. In Wichita, the apartment vacancy rate was 7.6 percent, nearly identical to the rate a year earlier, and the average rent was also unchanged at \$505. At 8 percent, the apartment vacancy rate in the St. Louis area was essentially unchanged in the third quarter of 2010 compared with the rate a year earlier, as was the average rent of

\$729. The only major metropolitan area in the Great Plains region that had a balanced rental market was Omaha, where, because of reduced apartment construction activity in 2009 and 2010, the vacancy rate averaged 4.9 percent compared with 7.4 percent a year earlier, but the average rent was unchanged at \$694.

In the Great Plains region, during the 12-month period ending September 2010, multifamily construction activity, as measured by the number of units permitted, declined 19 percent to 3,925 units permitted compared with a 46-percent decline a year earlier. In Nebraska, during the 12 months ending September 2010, multifamily construction activity increased by 20 units to a total of 420 units compared with a decline of 1,100 units a year earlier. In Iowa, during the 12 months ending September 2010, multifamily construction activity increased by 27 percent to 1,750 units compared with a decline of 36 percent a year earlier. Multifamily construction in Missouri decreased 3 percent to 1,700 units compared with a 56-percent decline a year earlier. During the 12 months ending September 2010, multifamily construction activity in Kansas declined 60 percent to 730 units compared with a 16-percent decline a year earlier.

## ROCKY MOUNTAIN

### HUD Region VIII



Nonfarm payroll jobs in the Rocky Mountain region continued a 2-year decline in the third quarter of 2010, but the rate of job losses has slowed. During the 12 months ending September 2010, nonfarm payrolls in the region averaged about 4.9 million jobs, a decrease of 102,400 jobs, or 2.1 percent, from the previous 12 months. In contrast, during the 12 months ending September 2009, nonfarm payrolls declined by 3 percent. The goods-producing sectors had the steepest declines in the 12 months ending September 2010. Slower commercial building activity caused payrolls in the construction sector to fall by nearly 40,000 jobs, or 13 percent. In the manufacturing sector, payrolls decreased by 20,400 jobs, or 6 percent. Payrolls in the mining and logging sector declined by more than 6,400 jobs, or 7.7 percent, due to reduced demand for energy. Among the service-providing sectors, the professional and business services sector had the biggest losses, with payrolls declining by 14,600 jobs, or 2.4 percent, followed by the leisure and hospitality sector, where payrolls fell by 8,700 jobs, or 1.7 percent. Offsetting some of the losses, payrolls increased in the education and health services sector by 14,000 jobs, or 2.3 percent, and in the government sector by 8,400 jobs, or 0.9 percent.



Job losses occurred in most states in the region during the 12 months ending September 2010. Colorado had the largest payroll decline, with a loss of 68,200 jobs, or 3 percent, followed by Utah, with 17,300 jobs lost, a decline of 1.4 percent. In both states, more than one-third of the job losses were due to payroll decreases in the construction sector. In the manufacturing sector, payrolls fell by more than 6.5 percent in both Utah and Colorado, for a combined loss of about 17,000 jobs. In Wyoming, Montana, and South Dakota, nonfarm payrolls declined by 8,400, 7,300, and 3,400 jobs, or 2.9, 1.7, and 0.8 percent, respectively. North Dakota was one of the few states in the nation where nonfarm payrolls grew, increasing by 2,200 jobs, or 0.6 percent. Job losses in the mining and logging sector in the region were concentrated in Colorado, Wyoming, and Utah, which had a combined loss of about 6,300 jobs in the sector, a 10-percent decline. In Colorado, payrolls fell in the professional and business services sector by 11,300 jobs, or 3.4 percent, and in the financial activities sector by 5,300 jobs, or 3.6 percent. In South Dakota, the financial activities sector lost 1,500 jobs, a 4.9-percent decline. The education and health services sector, however, added 6,400 and 1,500 jobs in Utah and North Dakota, an increase of 4.3 and 2.8 percent, respectively. The unemployment rate for the Rocky Mountain region averaged 7.1 percent for the 12 months ending September 2010, up from 6.3 percent a year earlier. State-wide unemployment rates for the 12 months ending September 2010 ranged from 3.9 percent in North Dakota to 7.9 percent in Colorado, but all states in the region remained below the national average of 9.7 percent.

Home sales in the Rocky Mountain region increased in the second quarter of 2010 (the most recent data available), but sales markets remain soft in most places. According to the NATIONAL ASSOCIATION OF REALTORS®, the seasonally adjusted annual rate of home sales for the region in the second quarter of 2010 was up 17 percent from a year earlier, an increase of about 30,000 homes sold. Nearly one-half of the increase was in Colorado, where home sales were up 14 percent from a year earlier, but sales were also up significantly in Utah, Montana, and North Dakota, by 17, 18, and 52 percent, respectively. Contributing to the increased activity, however, was a rise in foreclosed property sales. In the 12 months ending September 2010, based on data from Hanley Wood, LLC, more than 35,000 sales were in REO (Real Estate Owned), a 49-percent increase from a year earlier. For the region, in the most recent 12 months, REO transactions represented 27 percent of all existing home sales, up from 19 percent a year earlier. In the second quarter of 2010, the prevalence of REO sales contributed to a 5-percent decline in prices for existing homes in the region, according to the Federal Housing Finance Agency house price index. Utah had a steep decline, with prices falling nearly 8 percent from a year earlier, but home prices also declined by more than 5 percent in Montana and more than 4 percent in Colorado. Mortgage defaults and foreclosures, although at relatively high levels in the region, are unchanged

from the second quarter of 2009. According to Lender Processing Services, Inc., Mortgage Performance Data, the total number of loans 90 days or more delinquent, in foreclosure, or in REO held steady at 4.8 percent for the region in September 2010. Distressed loans, as a share of all loans, ranged from 2 percent in North Dakota to 6.2 percent in Utah, but all were below the 8.4 percent national rate in September 2010.

Sales markets in metropolitan areas across Utah remain soft, despite a recent increase in home sales. In the Salt Lake City area, according to NewReach, Inc., sales of existing single-family homes in the 12 months ending September 2010 were up 20 percent from a year earlier to about 8,800 homes sold. During the same period, however, the average home price fell 3 percent, to about \$249,600. In the Ogden-Clearfield area, sales were up nearly 2 percent, to 4,500 homes sold, while the average price was relatively unchanged at \$200,700. According to the Utah County Association of REALTORS®, during the 12 months ending September 2010, single-family home sales in Provo-Orem were up 5 percent from a year earlier, to 4,200 homes sold, but the average price fell by 5 percent to \$238,100.

Home sales increased in many metropolitan areas in Colorado in the third quarter of 2010, but markets remained soft and home prices continued to decline in most areas. According to the Colorado Association of REALTORS®, in the 12 months ending July 2010 (the most recent data available), sales of single-family homes statewide were up 1 percent from a year earlier, to about 59,700 homes sold. Sales increased by more than 10 percent in the Colorado Springs and Fort Collins-Loveland metropolitan areas but fell 1 percent in Greeley and Grand Junction. During the same period, the average home price in the state fell 2 percent to about \$210,400. In Colorado Springs, the average price was up 2 percent to \$192,400, and the average price in Greeley was up 5 percent to \$173,800. The average price in Fort Collins remained relatively flat, at \$231,300, but fell 9 percent in Grand Junction to \$194,600. According to the Boulder Area REALTOR® Association, single-family home sales for the 12 months ending September 2010 were up 10 percent from a year earlier to 2,800 homes sold, and the average price was up 5 percent to \$431,000. According to the Denver Board of REALTORS®, home sales in the Denver area, year-to-date as of August 2010, were down 2 percent from a year earlier to 25,600 homes sold. In Denver, during the 8 months ending August 2010, the average price fell 5 percent to about \$266,700.

In the Rocky Mountain region, increased home sales have contributed to a rise in single-family homebuilding activity. Based on preliminary data, during the 12 months ending September 2010, single-family home construction, as measured by the number of building permits issued, totaled about 20,200 homes, up from 17,400 homes permitted in the previous 12 months, a 16-percent increase. The largest increases were in Colorado and Utah, where about 8,100 and 6,400 single-family homes were permitted, an increase of 23 and 20 percent, respectively. Single-family

construction was also up 18 percent in North Dakota and 6 percent in South Dakota but was relatively flat in Montana. In Wyoming, single-family homebuilding activity fell 8 percent. Despite the recent increase for the region, single-family construction remains well below the 72,000 homes a year, on average, permitted from 2004 through 2006. The recent rise in single-family construction was offset by a fall in multifamily homebuilding activity, as measured by the number of permits issued. Based on preliminary data, during the 12 months ending September 2010, about 7,400 multifamily units were permitted in the region, a 29-percent decline from a year earlier. Multifamily construction in Montana and North Dakota increased by 53 and 18 percent, respectively, but construction was down 29 percent in Colorado and 53 percent in Utah. This decrease was due, in part, to decreased demand for new condominiums, but the weak economy and tight lending standards have also led to a decline in apartment construction.

Rental markets in metropolitan areas of the Rocky Mountain region tightened in the third quarter of 2010 and conditions are generally balanced to tight, due, in part, to continued in-migration and a decline in the home-ownership rate. According to Hendricks & Partners, Inc., in the Salt Lake City area, the apartment vacancy rate in the third quarter of 2010 was 5 percent, down from 9 percent recorded in the third quarter of 2009, and the apartment market is somewhat tight. The average rent fell 2 percent during the third quarter of 2010 to about \$750. Vacancy rates declined in Salt Lake City, even though more than 2,000 new rental units have entered the market so far in 2010. In Fargo, the rental market remains balanced. As of September 2010, according to Appraisal Services, Inc., apartment vacancy rates averaged 5.3 percent, up from 5 percent a year earlier. Colorado metropolitan area rental markets have improved and are now more balanced to tight. In the third quarter of 2010, according to Apartment Appraisers & Consultants, the apartment vacancy rate in the Denver area averaged 5.5 percent, down from 7.9 percent a year earlier. The average rent in the third of quarter of 2010 was \$854, up from \$836 a year earlier. The market improved despite the more than 3,000 new rental units that have come on line in the 12 months ending September 2010. In the Greeley area, the apartment vacancy rate fell from 9.4 to 4.6 percent during the same period and the market is somewhat tight due, in part, to a lack of new apartment construction. The Colorado Springs rental market has also tightened in the third quarter of 2010. The apartment vacancy rate in the third quarter of 2010 averaged 6.6 percent, down from 7.8 percent a year earlier. The average monthly rent was \$707, up from \$695 a year earlier. In the third quarter of 2010, the Fort Collins-Loveland area apartment market was tight, with a vacancy rate of 3.6 percent, down from 6.2 percent a year earlier. The average rent increased by 5 percent to \$847 in the third quarter of 2010. In the third quarter of 2010, more than 1,000 rental units were under construction or in the development pipeline in the Fort

Collins-Loveland area. Most of the units are expected to be completed within the next 1 to 2 years.

## PACIFIC

### HUD Region IX



Although employment losses persisted in the Pacific region during the past year, the rate of decline has been abating since February 2010. During the 12 months ending September 2010, nonfarm payrolls averaged nearly 18 million jobs, reflecting a 3.2-percent decline, or 583,400 jobs, compared with a decline of 5.6 percent, or 1.1 million jobs, during the 12 months ending September 2009. During the 12 months ending September 2010, the goods-producing sectors declined by 254,300 jobs, or 10.1 percent, with losses in the construction sector down 158,600 jobs, or 17.1 percent, primarily in commercial and infrastructure projects, and in the manufacturing sector down 92,700 jobs, or 6.1 percent. During the 12 months ending September 2010, the service-providing sectors decreased by 329,100 jobs, or 2.1 percent, led by the wholesale and retail trade sector, down 98,100 jobs, or 3.4 percent. The education and health services sector was the only sector to grow in the region, adding 32,000 jobs, or 1.4 percent, during the same period.

Nonfarm payrolls declined in every state in the region during the 12 months ending September 2010. Payrolls in California decreased by 448,600 jobs, or 3.1 percent, to average 13.9 million jobs. Job losses were concentrated in the construction, trade, and manufacturing sectors with respective job declines of 104,600, 87,000, and 79,400 jobs, or 15.8, 3.9, and 6.0 percent. The education and health services sector gained 19,100 jobs, or 1.1 percent. Payrolls contracted in the San Francisco Bay Area by 119,800 jobs, or 3.8 percent, and in Southern California by 262,700 jobs, or 3.2 percent. Payrolls declined in Hawaii by 9,000 jobs, or 1.5 percent, to average 588,500 jobs.

In Arizona, nonfarm payrolls decreased by 71,700 jobs, or 2.9 percent, during the 12 months ending September 2010, to average 2.4 million jobs. The construction and the professional and business services sectors declined the most, by 26,700 jobs, or 18.9 percent, and 10,000 jobs, or 2.8 percent, respectively. The education and health services sector added 8,700 jobs, an increase of 2.7 percent. In Nevada, decreasing tourism revenue and continued foreclosures led to a decrease of 54,000 jobs, or 4.6 percent, to average 1.1 million jobs. The construction and the leisure and hospitality sectors declined by 24,100 jobs, or 26.8 percent, and 9,800 jobs, or 3.1 percent, respectively, and the education and health services sector added 2,500





jobs, an increase of 2.6 percent. The average unemployment rate in the region increased from 10.1 percent during the 12 months ending September 2009 to 12.3 percent during the 12 months ending September 2010. During this same period, the unemployment rates in the region ranged from 6.6 percent in Hawaii to 13.6 percent in Nevada.

Most home sales markets in the Pacific region remained soft in the third quarter of 2010, because the brief increase in sales activity from the homebuyer tax credit, which occurred earlier in the year, had dissipated. In California, total home sales fell 8 percent to 424,700 homes sold during the 12 months ending September 2010, reversing the trend of increasing sales activity from the fourth quarter of 2008 through the second quarter of 2010. According to Hanley Wood, LLC, during the 12 months ending September 2010, 396,600 existing homes sold in California, a 6-percent decline compared with the preceding 12 months. Foreclosed home sales accounted for 44 percent of all existing home sales in the 12-month period ending September 2010, down from the 48-percent share in the preceding 12-month period. During the 12 months ending September 2010, the median sales price of foreclosed homes was \$191,500, up 10 percent from the previous 12-month period, and the median sales price of all other existing home sales was \$338,500, up 2 percent. During the 12 months ending September 2010, 28,100 new homes sold in California, a 23-percent decline compared with the 36,700 homes sold in the previous 12 months. The median sales price of a new home was \$348,300 during the 12 months ending September 2010, up 2 percent from the previous period.

In Arizona, soft sales housing market conditions persisted as prices continued to decline, a trend that began in 2005. With the expiration of the homebuyer tax credit, home sales activity fell 5 percent in the 12 months ending September 2010; sales activity had been increasing from the second quarter of 2009 through the second quarter of 2010. During the 12 months ending September 2010, Hanley Wood, LLC, reported that 106,500 existing homes sold in Arizona, a 3-percent decline in volume compared with the number sold during the preceding 12 months. Foreclosed homes accounted for 55 percent of all existing home sales in the 12-month period ending September 2010, up from 49 percent in the preceding period. During the 12 months ending September 2010, the median sales price of a foreclosed home was \$114,500, up 11 percent, and the median home sales price of all other existing home sales was \$166,400, down 4 percent. During the 12-month period ending September 2010, 11,950 new homes sold in Arizona, a 30-percent decline compared with the 17,050 homes sold in the previous 12 months, and the median sales price of a new home was \$192,600, up 3 percent from the previous period.

Sales housing market conditions were similarly soft in Nevada. According to Hanley Wood, LLC, during the 12 months ending September 2010, 55,300 existing homes sold in Nevada, a 2-percent decline compared with the

number sold during the preceding 12 months. Foreclosed homes accounted for 62 percent of all existing home sales during the 12 months ending September 2010, down from 65 percent during the previous 12 months. During the 12 months ending September 2010, the median sales price of foreclosed homes was \$124,200, down 4 percent from the previous period, and the median sales price of all other existing home sales was \$161,600, down 10 percent. During the 12 months ending September 2010, 5,655 new homes sold in Nevada, a 17-percent decline compared with the 6,800 homes sold in the previous 12 months. The median sales price of a new home during the 12 months ending September 2010 was \$208,100, down 11 percent from the previous period.

Sales market conditions were strongest in Hawaii, which had the least amount of foreclosure activity since 2008 within the Pacific region. During the 12 months ending September 2010, according to Hanley Wood, LLC, 15,200 existing homes sold in Hawaii, a 37-percent increase in volume from the previous 12-month period. Sales volumes were at the lowest point for the decade in 2008 and in early 2009 as the financial crisis adversely affected the sales of second homes, a major component of the Hawaii market. Sales of foreclosed homes accounted for 12 percent of all existing home sales during the 12 months ending September 2010, up from 7 percent in the preceding period. During the 12 months ending September 2010, the median sales price of foreclosed homes was \$273,000, down 9 percent from the previous 12 months, and the median sales price of other existing home sales was \$389,200, up 7 percent. During the 12 months ending September 2010, sales of new homes remained constant at 1,500 homes and the median sales price of \$460,200 represented a 7-percent increase compared with the median price during the preceding period.

Builders throughout most of the region increased the pace of new home construction, as measured by the number of single-family homebuilding permits issued. During the 12 months ending September 2010, and based on preliminary data, 43,650 single-family homes were permitted in the region, a 7-percent increase compared with the number of permits issued during the preceding 12 months. In California and Nevada during the 12 months ending September 2010, single-family permits increased by 1,200 and 1,325 homes, respectively, or by 5 and 31 percent, to total 24,400 and 5,600 homes. Because land costs have fallen in Nevada, builders are now able to construct new homes that will be competitively priced with foreclosed homes. Although the number of single-family homes permitted increased in Nevada, single-family permits remain significantly below the 10-year average of 24,500 homes. During the 12 months ending September 2010, Arizona had a moderate 2-percent increase in single-family building activity, up by 190 homes, to total almost 11,750 single-family homes. In contrast, permits for single-family homes in Hawaii remained unchanged, with 1,900 single-family homes permitted during the 12 months ending September 2010.

As of the third quarter of 2010, major rental markets were generally balanced in California and Hawaii but soft in Arizona and Nevada. The overall San Francisco Bay Area rental market was balanced. Vacancy and rent trends differed in the three submarkets. According to Reis, Inc., from the third quarter of 2009 to the third quarter of 2010, the apartment rental vacancy rate decreased from 5.8 to 4.9 percent in the Oakland submarket and from 5.0 to 3.9 percent in the San Jose submarket, but the rate remained essentially unchanged at 4.8 percent in the San Francisco submarket. Average rents increased 1 and 2 percent, respectively, in the San Francisco and San Jose submarkets to \$1,838 and \$1,516, respectively, but declined 1 percent in the Oakland submarket to \$1,339. In Sacramento, as of the third quarter of 2010, the rental market was slightly soft, with a vacancy rate of 6.6 percent, down from 7.2 percent in the third quarter of 2009, and average rents declined 0.4 percent to average \$914 in the third quarter of 2010. From the third quarter of 2009 to the third quarter of 2010, Reis, Inc., reported that the Honolulu apartment vacancy rate increased from 3.2 to 3.3 percent and average rents remained unchanged at \$1,289.

Rental markets in southern California were balanced as rental vacancy rates decreased because landlords lowered rents. From the third quarter of 2009 to the third quarter of 2010, Reis, Inc., reported that the apartment rental vacancy rates decreased by about 0.5 percentage points in all major metropolitan areas, except for Riverside-San Bernardino, which decreased by 1.3 percentage points to 7.1 percent. In the third quarter of 2010, the vacancy rates in Orange, Los Angeles, Ventura, and San Diego Counties were 5.9, 4.9, 4.9, and 4.5 percent, respectively. In the third quarter of 2010, Reis, Inc., recorded the average rent in Southern California at \$1,367, a 1-percent decrease compared with the average rent of \$1,383 in the third quarter of 2009.

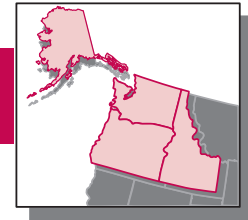
The major rental markets in Arizona and Nevada remained soft but showed some signs of improvement. According to Reis, Inc., the Phoenix apartment market vacancy rate was 10.3 percent in the third quarter of 2010, down from the 12.2-percent rate recorded in the third quarter of 2009. The average asking rent in Phoenix declined 2 percent to \$749 in the third quarter of 2010. From the third quarter of 2009 to the third quarter of 2010, Reis, Inc., reported that the apartment vacancy rate decreased from 10.4 to 9.9 percent in Las Vegas, and the average rent decreased 4 percent to \$817.

Multifamily construction activity, as measured by the number of multifamily units permitted, continued to decline in most of the region. During the 12 months ending September 2010 and based on preliminary data, permits for 18,150 multifamily units were issued, a 3-percent decrease compared with the number of permits issued during the previous 12-month period. In Arizona and Nevada, during the 12 months ending September 2010, the number of multifamily units permitted totaled 1,450

and 940, respectively, reflecting a 22- and 69-percent decline compared with the number permitted during the preceding 12-month period. In contrast, during the 12 months ending September 2010, the number of multifamily units permitted increased to 14,150 in California, or by 10 percent, compared with the number permitted during the previous 12-month period, and to 1,600 units in Hawaii, an 85-percent increase from the previous period.

## NORTHWEST

### HUD Region X



The economy in the Northwest region continued a 2-year slowing trend during the 12 months ending September 2010, although the pace of job declines moderated. Nonfarm payrolls declined by 118,000 jobs, or 2.2 percent, to average 5.3 million jobs compared with the number recorded during the 12 months ending September 2009, when 235,300 jobs were lost, a 4.1-percent decline. During the 12 months ending September 2010, nonfarm payrolls in Washington averaged 2.8 million jobs, down 65,100 jobs, or 2.3 percent. Oregon registered the second largest absolute decline, with 42,800 nonfarm payroll jobs lost, a 2.6-percent decline, down to an average of 1.6 million nonfarm payroll jobs. Idaho lost 12,700 jobs, a 2.1-percent decline, resulting in an average of 605,200 nonfarm payroll jobs. Alaska was the only state that gained jobs during the 12-month period ending September 2010, with nonfarm payrolls up by 2,600 jobs, or 0.8 percent, to average 323,800 jobs.

Nonfarm payrolls declined in the Northwest region during the 12 months ending September 2010 and were led by job losses in the construction and manufacturing sectors. For the region, payrolls in the construction sector declined by 47,700 jobs, or 15.8 percent, due, in part, to declines in commercial and multifamily residential construction. Payrolls in the construction sector decreased by 29,700 jobs, or 17.4 percent, in Washington, and by 11,600 jobs, or 14.8 percent, in Oregon. In Idaho, payrolls in the construction sector decreased by 6,200 jobs, or 17.1 percent. In Alaska, commercial construction and relatively stable housing market conditions limited losses in the construction sector to 200 jobs, a 1.3-percent decline. Payrolls in the manufacturing sector declined by 27,100 jobs, or 5.3 percent, in the region during the 12 months ending September 2010. For the states in the region, payrolls in the manufacturing sector decreased by 13,700 jobs, or 5.1 percent, in Washington; by 11,300 jobs, or 6.5 percent, in Oregon; and by 2,900 jobs, or 5.2 percent, in Idaho. Payrolls in the manufacturing sector in Alaska gained 900 jobs, mainly because of hiring in the oil industry.



In the Northwest region, during the 12 months ending September 2010, nonfarm payroll job gains occurred primarily in the education and health services sector, which added 14,000 jobs, a 2-percent increase. Employment in this sector increased by 8,100 jobs in Washington, 3,600 jobs in Idaho, 700 jobs in Oregon, and 1,500 jobs in Alaska. Between the 12 months ending September 2009 and the 12 months ending September 2010, job losses throughout the Northwest region caused the average regional unemployment rate to increase from 8.7 to 9.5 percent. The unemployment rate, which increased in every state in the region, ranged from 8.2 percent in Alaska to 10.6 percent in Oregon.

Sales housing market conditions in the Northwest region were still soft during the 12 months ending September 2010, but the number of home sales increased in most areas because of flat or declining prices, an ongoing trend since early 2010. In Washington, according to data from Hanley Wood, LLC, during the 12 months ending September 2010, the number of new and existing single-family homes sold totaled approximately 80,550 homes, an 11-percent increase compared with the number of homes sold during the previous 12 months. The average new and existing single-family home sales price decreased by 2 percent to \$289,000 during the 12 months ending September 2010. In the Seattle metropolitan area, during the 12 months ending September 2010, 33,100 homes sold, a 17-percent increase compared with the number sold during the same period in 2009. The average home sales price in the Seattle metropolitan area declined by 3 percent to \$386,900. In the Bremerton metropolitan area the average home sales price was essentially unchanged at \$284,100, but in the Olympia metropolitan area the average sales price declined by 10 percent to \$233,800. The number of homes sold increased by 5 percent to 2,950 homes in the Bremerton area and by 8 percent to 3,500 homes in the Olympia area. In the Tacoma metropolitan area, the number of homes sold increased by 7 percent to 9,850 homes and the average home sales price decreased 5 percent to \$238,500.

In Oregon, according to data from Hanley Wood, LLC, during the 12 months ending September 2010, the number of new and existing single-family homes sold totaled approximately 46,650 homes, a 14-percent increase compared with the number of homes sold during the previous 12 months. The average new and existing single-family home sales price decreased by 6 percent to \$235,200 during the 12 months ending September 2010. In the Portland-Vancouver-Beaverton, Oregon-Washington metropolitan area, for the 12 months ending September 2010, the number of new and existing homes sold totaled 29,200, up 12 percent compared with the number sold during the 12 months ending September 2009, and the average home sales price decreased 6 percent to \$263,500. In Idaho, new and existing homes sales during the 12-month period ending September 2010 increased by 19 percent to 26,000 homes, but the average sales price decreased

9 percent to \$170,700, based on data from Hanley Wood, LLC. For the same period, in the Boise metropolitan area, new and existing home sales totaled 15,750 homes, a 28-percent increase compared with total home sales during the previous 12 months, largely because the average sales price decreased by 11 percent to \$166,700.

In Alaska, during the 12-month period ending September 2010, the number of new and existing homes sold increased by 5 percent to 8,950 homes, and the average price was essentially unchanged at \$256,600, according to data from Hanley Wood, LLC. Market conditions were mostly balanced in Anchorage during the same period, with a 3-percent increase in the number of new and existing homes sold, for a total of 6,575; the average price was unchanged at \$266,500.

Foreclosures increased in the Northwest region between September 2009 and September 2010. According to Lender Processing Services, Inc., Mortgage Performance Data, the percentage of mortgage loans 90 days or more delinquent, in foreclosure, or in REO (Real Estate Owned) increased from 5 to 6.1 percent in Washington, from 5 to 5.7 percent in Oregon, and from 6.3 to 6.6 percent in Idaho. Alaska was the exception to the regional trend; there, the percentage of mortgage loans 90 or more days delinquent, in foreclosure, or in REO decreased, albeit slightly, from 3.1 to 3 percent.

During the 12 months ending September 2010, new single-family home construction activity, as measured by the number of permits issued, increased, after a 3-year declining trend. Based on preliminary data, 21,300 homes were permitted, an increase of 2,825 homes, or 15 percent, compared with the number permitted during the previous 12 months. During the 12 months ending September 2010, single-family building activity totaled 12,050 homes permitted in Washington and 5,060 homes permitted in Oregon, increases of 24 and 11 percent, respectively, when compared with the number permitted during the previous 12-month period. During the 12 months ending September 2010, homebuilding activity decreased 4 percent in Idaho to 3,425 homes permitted but increased 28 percent in Alaska to 750 homes permitted.

Multifamily construction activity, as measured by the number of units permitted, declined in the Northwest region during the 12 months ending September 2010. Based on preliminary data, the number of units permitted in the region totaled 6,200, down 11 percent, or 760 units, from the number of units permitted during the previous 12-month period. During the 12 months ending September 2010, the number of multifamily units permitted in Washington declined by 7 percent, or 290 units, to 4,000 units permitted. During the 12 months ending September 2010, the number of multifamily units permitted declined from the previous 12-month total by 320 units in Idaho to a total of 380 units and by 140 units in Alaska to a total of 170 units. During the 12 months ending September 2010, the number of multifamily permits, at 1,650 units,

in Oregon was essentially unchanged compared with the number permitted during the previous 12 months.

Rental housing market conditions were mostly balanced throughout much of the Northwest region during the 12 months ending September 2010, due to declining or flat rents and reduced levels of apartment production. According to September 2010 data from *Apartment Insights*, the apartment rental vacancy rate in the Seattle metropolitan area was 5.6 percent, down from the 6.8-percent rate recorded in September 2009. As of September 2010, the average asking rent for apartments in the Seattle metropolitan area was \$1,030, nearly unchanged from the average asking rent a year earlier. The apartment vacancy rate in the Tacoma metropolitan area was 5.7 percent as of September 2010, down from 8.3 percent in September 2009. The decline in vacancies can be attributed to the roughly 18,000 troops returning to Fort Lewis from Iraq during the summer of 2010. For the third quarter of 2010, the average asking rent in Tacoma was \$840, up approximately 2 percent from September 2009. During the third quarter of 2010, in eastern Washington, according to data from Reis, Inc., the apartment vacancy rate in the Spokane metropolitan area decreased from 6.2 to 5.6 percent and the average asking rent of approximately \$635 showed essentially no change from the third quarter of 2009.

In the Portland-Vancouver-Beaverton metropolitan area, rental housing market conditions were balanced as of the third quarter of 2010. According to Reis, Inc., the apartment vacancy rate was 4.8 percent, down from 6.9 percent in the third quarter of 2009. The average asking rent was essentially unchanged at \$830 between the third quarters of 2009 and 2010. In the Boise metropolitan area, during the third quarter of 2010, rental housing market conditions were soft, with an apartment vacancy rate of 8.1 percent, down from the 8.7-percent rate recorded in the same quarter a year earlier. The average asking rent was nearly \$690

in the Boise area during the third quarter of 2010, unchanged from the third quarter of 2009. In Anchorage, rental market conditions were tight, with an estimated apartment vacancy rate of 2.1 percent as of the third quarter of 2010, unchanged from the rate recorded in the fourth quarter of 2009. The average asking rent was nearly \$1,015, up more than 4 percent from the asking rent of approximately \$970 in the fourth quarter of 2009. Continued job growth combined with a relatively low level of apartment construction contributed to the tight rental market conditions in the Anchorage area.

**HUD's 10 regions are grouped as follows:**

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



## Housing Market Profiles

### Atlanta-Sandy Springs-Marietta, Georgia

The Atlanta-Sandy Springs-Marietta metropolitan area, which encompasses 28 counties in northwest Georgia, is a major transportation, trade, and cultural hub in the Southeast. The leading private sector employers, each with more than 21,000 workers, include Delta Airlines, Inc., Wal-Mart Stores, Inc., and Emory University. As of September 1, 2010, the population of the metropolitan area was estimated at approximately 5.52 million, an increase of 40,000, or at an annualized rate of 0.6 percent since the July 1, 2009 census estimate. Between the 12-month periods ending July 2008 and July 2009, the population of the metropolitan area increased by 118,100, or 2.2 percent, and 89,600, or 1.7 percent, respectively. The five core counties of the metropolitan area—Clayton, Cobb, DeKalb, Fulton, and Gwinnett—account for approximately 65 percent of the total population. Population growth has continued to slow throughout the metropolitan area, because declining employment opportunities have discouraged new residents from moving to the area.

The economic expansion that began in the metropolitan area in 2004 ended during mid-2008. During the 12 months ending September 2010, nonfarm payrolls averaged 2.26 million, a decrease of 64,300 jobs, or 2.8 percent, compared with the 12-month period ending September 2009. The decline in the number of nonfarm jobs for the 12 months ending September 2010 is an improvement from the 121,100-job decline, or 5-percent loss, recorded during the 12 months ending September 2009. Continued steep cuts in residential homebuilding throughout the metropolitan area during the 12 months ending September 2010 led to a decrease of 14,800 jobs, or 14 percent, in the construction sector and contributed to job losses in sectors that support the local housing market. Professional and business services sector payrolls declined by 10,500 jobs, or 2.8 percent, and the financial activities sector decreased by 11,000 jobs, or 7.4 percent. During the 12 months ending September 2010, trade payrolls decreased by 11,500 jobs, or 2.9 percent, representing a slowdown in job losses for this sector, which lost 28,300 jobs, or 6.6 percent, during the previous 12 months. Manufacturing payrolls continued to decline, with a loss of 12,700 jobs, or 8.4 percent, during the 12 months ending September 2010. The metropolitan area has lost 37,400 manufacturing jobs since the 12-month period ending September 2007. Partly offsetting the job losses, education and health services sector payrolls increased by 5,200 jobs, or 1.9 percent, to 273,600, and other services sector payrolls increased by 2,300, or 2.3 percent, to 101,400 for the period. During the 12 months ending

August 2010, the average unemployment rate in the metropolitan area was 10.2 percent, an increase from the 8.5-percent rate recorded a year earlier.

The Atlanta metropolitan area home sales market remains soft. Increased foreclosures and decreased sales due to the declining economy and tighter lending standards have produced a surplus of unsold units. According to data from the Georgia Multiple Listing Service, during the 12 months ending September 2010, the number of existing single-family homes sold in the metropolitan area was approximately 48,000 homes and was more than 2 percent below the 49,200 homes sold during the previous 12-month period. The median sales price of a single-family home declined more than 2 percent to \$119,000 during the 12 months ending September 2010 compared with \$121,900 during the previous 12-month period. The number of condominiums and townhomes sold during the 12 months ending September 2010 increased by 12 percent to 7,100 homes sold compared with the number sold a year earlier, and the median home sales price declined by 8 percent to \$94,000. The 52,150 single-family homes and 7,750 condominiums and townhomes listed for sale as of September 30, 2010, represent approximately a 13-month supply, each based on the number of sales recorded during the same period. According to Lender Processing Services Mortgage Performance Data, 10.6 percent of total loans in the metropolitan area were 90 days or more delinquent, in foreclosure, or in REO (Real Estate Owned) in August 2010, up from 9.4 percent in August 2009.

Single-family homebuilding activity, as measured by the number of building permits issued, remains well below the 2004-to-2007 peak period when an average of 51,000 homes were permitted annually. According to preliminary data, building permits were issued for 6,500 new single-family homes during the 12 months ending September 2010. Although the current volume of homebuilding activity is relatively low, the number of homes permitted during the past 12 months represents an increase of 19 percent from the number of homes permitted in the preceding 12 months ending September 2009, suggesting an end to the 5-year decline. In the five core counties, approximately 2,925 homes were permitted during the past 12 months compared with the 2,225 homes permitted in those counties during the previous 12 months, which is a 31-percent increase.

As of the third quarter of 2010, the apartment market in the Atlanta metropolitan area remained soft but improved during the 12 months ending September 2010. According to M/PF Research, the Atlanta apartment market vacancy rate decreased from 11.6 percent in the third quarter of 2009 to 9.9 percent in the third quarter of 2010. Vacancy rates in the 14 submarkets ranged from a low of 5.7 percent in the Roswell-Alpharetta area to a high of 15.8 percent in South Atlanta-South Fulton County. During the 12 months ending September 2010, approximately 2,250 units were added in the South

Atlanta-South Fulton area, exceeding the 1,650 units that were absorbed. In the metropolitan area overall, approximately 12,900 apartment units were absorbed, while the inventory increased by about 6,825 units. In contrast, negative annual absorption of an average of 3,300 units was recorded between the third quarter of 2006 and the third quarter of 2009, while the apartment inventory increased by an average of 7,900 units a year. Effective rents decreased by nearly 2 percent to an average of \$779 a month compared with rents recorded during the third quarter of 2009. Average rents by number of bedrooms during the third quarter of 2010 were \$641 for an efficiency, \$685 for a one-bedroom unit, \$805 for a two-bedroom unit, and \$953 for a three-bedroom unit.

The soft home sales and rental markets in the metropolitan area have led to a sharp decline in multifamily construction activity, as measured by the number of units permitted, during the past 3 years, when an average of 3,600 multifamily units were permitted a year. According to preliminary data, approximately 1,300 multifamily units were permitted during the 12 months ending September 2010, a decline of 18 percent compared with the number of units permitted during the preceding 12 months. In comparison, approximately 14,000 multifamily units were permitted annually from 2004 through 2007. The largest apartment property completed during the past year was the 592-unit Alexan 360, located in the South Atlanta-South Fulton County submarket, adjacent to downtown Atlanta. Three mixed-income properties currently under construction in the same submarket and scheduled for completion during 2011 include the first and second phases of Ashley Auburn Pointe, east of downtown, with a total of 304 units, and the 177-unit Ashley CollegeTown V near Morehouse College, Spelman College, and Clark Atlanta University.

## **Boston-Cambridge-Quincy, Massachusetts-New Hampshire**

The Boston-Cambridge-Quincy metropolitan area consists of Suffolk County and parts of Bristol, Essex, Middlesex, Norfolk, Plymouth, and Worcester Counties in Massachusetts and parts of Hillsborough and Rockingham Counties in New Hampshire. The area is coterminous with the Boston-Cambridge-Quincy, Massachusetts-New Hampshire Metropolitan New England City and Town Area. As of October 1, 2010, the population of the metropolitan area was estimated at 4.8 million, a gain of 68,200, or 1.4 percent, from July 1, 2009, compared with average annual increases of 1 percent from 2006 to 2009.

From 2004 through 2008, nonfarm payrolls increased by 23,000 jobs, or 1.0 percent, annually. The expansion ended in 2009, and economic conditions remained weak during the 12 months ending September 2010, continuing a 2-year trend, although some recent signs

of improvement are evident. During the 12 months ending September 2010, nonfarm payrolls averaged 2.4 million jobs, a decline of 31,900 jobs, or 1.3 percent, compared with payrolls recorded during the previous 12 months. Declines in goods-producing sectors included 8,300 jobs lost in the construction sector and 8,600 lost in the manufacturing sector, down 10 and 4 percent, respectively. Service-providing sectors accounted for payroll declines of 15,200 jobs, led by a 1-percent decline in the professional and business services sector and a 2-percent decline in the trade sector, or 5,300 and 6,100 jobs, respectively. Only the education and health services and the leisure and hospitality sectors gained jobs, increasing by 8,000 and 1,800 jobs, respectively. During the 3 months ending September 2010, however, nonfarm payrolls were up by 26,500 jobs, or 1.1 percent, compared with the payrolls during the same period in 2009. Massachusetts General Hospital, with more than 20,000 employees, and Harvard University, with 18,100 employees, are among the leading employers in the metropolitan area. Harvard University has about 21,000 students and has a \$4.8 billion impact on the Boston metropolitan area economy. During the 12 months ending August 2010, the average unemployment rate was 8.3 percent, an increase from the 6.8-percent rate recorded during the same period in 2009.

Historically low mortgage interest rates and the federal tax-credit programs provided the impetus for recent increased home sales in the Boston-Cambridge-Quincy metropolitan area. According to the Massachusetts Association of REALTORS® (MAR), during the 12 months ending September 2010, sales of existing single-family homes increased 11 percent to 23,130 homes in the metropolitan area, including the North Shore and South Shore suburbs, and the median sales price was up 5 percent to \$394,100. In contrast, during the 12 months ending September 2009, home sales decreased by 3 percent to 20,890 and the median sales price declined 2 percent to \$376,100. The MAR reports the sales of existing homes for the Boston metropolitan area using three geographic regions; Greater Boston (communities surrounding Boston), Northeast (North Shore communities), and South Shore (South Shore communities). During the 12 months ending September 2010, in the MAR-designated Greater Boston region, total existing home sales were 9,200, up 13 percent compared with the number sold during the previous 12 months, and the median sales price for the second quarter of 2010 was \$485,000, up 5 percent from the same quarter in 2009. In the Northeast region, sales were up 11 percent to 7,510 homes and the median sales price was up 5 percent to \$352,950. Sales in the South Shore region increased 7 percent to 6,420 homes and the median sales price increased only slightly to \$299,700 during the 12 months ending September 2010. According to Lender Processing Services Mortgage Performance Data, from September 2009 to September 2010, the number of loans that were 90 days or more delinquent, in foreclosure, or in REO (Real Estate Owned) decreased slightly from 5.6 to 5.5 percent.



Condominium sales, which represented about 37 percent of existing home sales, also benefited from lower interest rates and tax incentives, increasing 14 percent to 13,380 homes sold in the 12 months ending September 2010, after a decline of 10 percent to 11,740 homes during the 12 months ending September 2009. The median sales price for the third quarter of 2010 increased 6 percent to \$314,900 after declining 16 percent during the same quarter a year earlier. In the Greater Boston region, during the 12 months ending September 2010, condominium sales increased by 13 percent to 8,610 homes and the median sales price was up 8 percent to \$369,250. Condominium sales in the Northeast region were up 15 percent to 3,070 homes sold, and the median sales price, at \$205,950, was down 2 percent from a year ago. Sales were up 16 percent to 1,700 homes sold in the South Shore region, and the median sales price was down 4 percent at \$200,000.

Increased levels of existing sales during the past year have spurred single-family building activity. Based on preliminary data, during the 12-month period ending September 2010, construction of single-family homes, as measured by building permits issued, increased in the Boston-Cambridge-Quincy metropolitan area by 33 percent to 3,720 homes permitted but was still down 8 percent from the 4,030 homes permitted during the 12 months ending September 2008. Newly constructed three- or four-bedroom homes start at less than \$500,000 in the outer suburbs but range from \$500,000 to \$750,000 in inner suburban communities. New townhome prices begin in the mid-\$300,000s. Based on preliminary data, during the 12 months ending September 2010, multifamily building activity, as measured by the number of units permitted, increased by 12 percent to 2,580 units after decreasing 52 percent from the number of units permitted in the 12 months ending September 2008. Between 2003 and 2007, the average number of multifamily units permitted annually was 7,400 units, with 2005 being the peak year at 9,120 units. From 2003 to 2007, an estimated one-half of the units permitted were apartments and one-half were condominiums.

After several years of increasing apartment vacancy rates and decreasing rents resulting from a long period of increased levels of new units entering the market, the Boston-Cambridge-Quincy metropolitan area rental housing market remains balanced but appears to be tightening. According to Reis, Inc., for the third quarter of 2010, the apartment vacancy rate decreased to 5.4 percent from 6.5 percent recorded a year earlier. The average asking rent for the same period was \$1,730, up 1 percent from a year earlier. Between 2006 and 2009, more than 17,840 units, or 4,460 units annually, were added to the rental inventory. Based on the existing pipeline, estimates reported by Reis, Inc., indicate that only an average of about 1,100 units annually will be added to the inventory during the next 3 years. As the economy recovers, it is anticipated that vacancy rates will continue to decline and rents will increase moderately. Estimates indicate

that about 1,500 units are currently under construction. Newer rental developments in the Boston-Cambridge-Quincy area have rents ranging from \$1,700 to \$2,500 for studio units, \$2,100 to \$3,200 for one-bedroom units, and \$2,300 to \$3,600 for two-bedroom units. The Boston Redevelopment Authority recently approved the construction of the \$3 billion Seaport Square project in the South Boston Innovation District. The 23-acre sustainable neighborhood will include 6.3 million square feet of residential, retail, office, hotel, civic, and cultural uses. The residential component includes 2,500 units of for-sale and rental units, including 325 units of affordable and 325 units of workforce housing. Groundbreaking is planned for the spring of 2011.

## Charleston-North Charleston-Summerville, South Carolina

The Charleston-North Charleston-Summerville metropolitan area, located on the eastern coast of South Carolina, is composed of Charleston, Berkeley, and Dorchester Counties. With an estimated population of 673,700 as of October 1, 2010, the Charleston metropolitan area is the most populated metropolitan area in South Carolina. Partly because of the recent economic downturn, from July 1, 2009, to October 1, 2010, population growth slowed to an annualized rate of 1.8 percent, down from the 2.3-percent average annual growth rate recorded between July 1, 2004, and July 1, 2009. During the 12 months ending October 1, 2010, annual net in-migration slowed to 7,600, down from an average of 9,350 a year between July 1, 2004, and July 1, 2009.

Because of its coastal location, Charleston has an economy that is heavily influenced by trade, military, and tourism. The Port of Charleston is a major contributor to the South Carolina economy. According to the South Carolina State Ports Authority, the port has an estimated economic impact of \$7 billion annually on the Charleston metropolitan area. In 2007, the most recent data available, 6,800 direct jobs were from port operations. The United States Navy and Air Force add \$3 billion to the local economy each year. The U.S. Navy is the leading employer in the area, with 13,000 employees, and the Charleston Air Force Base employs 7,000 workers. In 2009, Charleston had 3.93 million visitors, which had an estimated economic impact of \$2.8 billion.

Economic conditions in the metropolitan area continued to weaken in the third quarter of 2010, a trend that began in the third quarter of 2008. In the 12 months ending September 2010, nonfarm payrolls averaged 286,000 jobs, a decrease of 1,600 jobs, or less than 1 percent, compared with a decline of 12,700 jobs, or 4.2 percent, during the 12 months ending September 2009. The largest declines during the 12-month period ending September 2010 were in the mining, logging, and construction; trade; and the

leisure and hospitality sectors, which lost 1,250, 1,150, and 720 jobs, or 7.7, 2.7, and 2.0 percent, respectively. In the 12 months ending September 2010, the manufacturing sector lost 430 jobs, partly because of the approximately 400 jobs lost in the automotive industry. In 2009, Boeing Charleston invested \$750 million to build a 584,000-square-foot facility to fabricate and manufacture fuselage systems Boeing's 787 Dreamliner. The plant will employ 3,800 workers when full production is achieved in 2011. The leading private sector employers in the area are Roper St. Francis Healthcare, Boeing Charleston, and Trident Health System, with 3,800, 3,000, and 2,500 jobs, respectively.

Because of the weakened economy, sales market conditions in the metropolitan area are very soft, with an estimated vacancy rate of 4 percent. The vacancy rate has slowly declined from a high of 6.2 percent in 2008 because of an increase in home sales. According to the Charleston Trident Association of REALTORS®, during the 12 months ending September 2010, 6,625 new and existing homes were sold, an increase of 550 homes, or 9 percent, and the average price increased \$16,200, or more than 6 percent, to \$283,000. From 2004 to 2006, an average of 11,400 single-family homes sold annually. In 2005, both sales and average price peaked at 12,350 homes and \$302,100, respectively. Since the peak in 2005, sales have declined annually by 1,400, or 14 percent. In the 12 months ending September 2010, condominium sales increased by 140, or nearly 11 percent, to 1,500 units, but the average price declined \$7,450, or 3.4 percent, to \$211,800. In 2005, the number of condominiums sold peaked at 4,350 units, with an average price of \$227,800. Since 2005, condominium sales have decreased by an average of 710 a year, or 22 percent. The sales market in Charleston County has also softened because of the decrease in second-home sales and vacation investment property sales along the coast.

Single-family home construction, as measured by the number of building permits issued, was at a high from 2004 to 2006, when 7,600 homes were permitted annually, with a peak of 8,100 permits issued in 2005. From 2007 to 2009, the reduction in demand for new homes resulted in annual declines of 1,500 permits, or 28 percent. Based on preliminary data, during the 12 months ending September 2010, the number of single-family homes permitted increased by 310, or 13 percent, to 2,950 homes.

The rental market in the Charleston metropolitan area is currently soft with a vacancy rate of 11 percent mainly because of a weaker economy and slower population growth. According to RealData, Inc., in the third quarter of 2010, the apartment vacancy rate was 9.8 percent, down from 11.1 percent in the third quarter of 2009. According to RealData, Inc., as of the third quarter 2010, the average rent was \$770, up slightly from \$750 in the third quarter of 2009. August monthly rents in the Charleston metropolitan averaged about \$700 for a one-bedroom unit, \$780

for a two-bedroom unit, and \$910 for a three-bedroom unit. Currently living in the area are 8,800 active military, comprising 3,600 Air Force and 5,200 Navy personnel. Currently, of these military personnel, 52 percent, or 4,575 (not including dependents), reside in nonmilitary housing, which has a primary impact on the rental market.

Based on preliminary data, during the 12 months ending September 2010, 300 multifamily units were permitted, down 160 units compared with the number permitted during the previous 12 months. All of the recent production was for apartments. This rate of production is significantly lower than the average of 1,800 units permitted annually between 2005 and 2008. Currently, 840 units are planned for completion in the next 3 years. Woodfield Long Point, a 280-unit complex, will be located in Mount Pleasant, Charleston County, with rents ranging from \$930 for a one-bedroom unit to \$1,400 for a three-bedroom unit.

## Denver-Aurora-Broomfield, Colorado

The Denver-Aurora-Broomfield metropolitan area encompasses 10 counties in north-central Colorado. The urbanized area extends north from Castle Rock in Douglas County along the east side of the Rocky Mountain range to the city of Thornton in Adams County. The city of Denver, the state capital, is a hub for government activities and financial services. The area is also a regional center for energy development, employing more than 26,000 energy-related workers. The leading private sector employers, each with more than 8,000 workers, include HCA-HealthOne, LLC, Qwest Communications International, Inc., and Lockheed Martin Corporation. As of October 1, 2010, the population of the metropolitan area was estimated at 2.57 million. Because of slower immigration during the past 2 years, population growth has slowed to 1.5 percent a year compared with an increase of 3 percent annually recorded from 2005 through 2007.

Employment levels in the Denver-Aurora-Broomfield area continued a 2-year decline during the past 12 months. During the 12 months ending August 2010, nonfarm payrolls decreased by 38,300 jobs, or 3.1 percent, to an average of 1,180,400 jobs compared with the 2.8-percent decrease in payrolls during the previous 12 months. During the most recent 12-month period, construction employment was down 13.6 percent, or 11,200 jobs, because of weak housing and commercial real estate markets. The manufacturing sector declined by 5,100 jobs, or 7.9 percent, because of lower demand for goods. Despite the recent declines, some offsetting gains occurred in the education and health services sector, which gained 2,600 jobs, or 1.9 percent. The opening of the 80-bed Rocky Mountain Hospital for Children in Denver added 300 jobs to the education and health services sector during the





period. The unemployment rate for the 12 months ending August 2010 averaged 7.9 percent, up from 7.3 percent a year earlier.

Because of the weak economy and falling oil and natural gas prices, 3,000 energy-related jobs were lost during the first 8 months of 2010 compared with the number lost during the same period a year earlier. Offsetting some of these losses were major renewable energy projects, including the construction of a \$1 billion ConocoPhillips Company renewable energy research and training center near Denver. Although construction began in 2008, plans to fully develop the center have been slowed because of the weak economy. The first phase of the center is expected to open in 2013, and the entire center will eventually employ an estimated 7,000 workers when completed by 2030. In 2009, Vestas Wind Systems A/S, located in Brighton, completed a wind-turbine manufacturing plant. The plant currently employs 1,400 workers and has customers worldwide.

Home sales market conditions in the Denver-Aurora-Broomfield area were soft during the 12 months ending August 2010. Recent job losses and tight lending standards combined to reduce the demand for homes. Hanley Wood, LLC, reported that, during the 12 months ending August 2010, sales of existing attached and single-family homes were down 9 percent to 26,200 homes compared with the 28,500 homes sold during the previous 12 months. In August 2010, because of slower sales, the inventory of unsold homes increased to 24,000 homes, up to a 7-month supply, which was a 17-percent increase from the inventory a year earlier. The average price for existing single-family homes increased by 7 percent to \$283,300, and the average price for attached homes was unchanged at \$178,800. According to Lender Processing Services Mortgage Performance Data for August 2010, 5.6 percent of total loans in the metropolitan area were 90 days or more delinquent, in foreclosure, or in REO (Real Estate Owned), up from 4.6 percent in August 2009.

Hanley Wood, LLC, reported that, during the 12 months ending August 2010, sales of new single-family homes decreased by 15 percent to nearly 4,000 units, and the average sales price for a new home was down nearly 5 percent to \$345,800. During the 12 months ending August 2010, sales of new condominiums and townhomes declined 56 percent to 570 units sold. During the same period, attached home sales accounted for 25 percent of all home sales, and the average sales price for new attached homes increased by more than 6 percent to \$196,000.

In response to the soft housing market, single-family home construction in the metropolitan area remained well below the 2004-to-2006 peak period, when an average of 17,500 homes were permitted annually. Based on preliminary data, during the 12 months ending August 2010, the number of single-family permits issued increased by 38 percent to 3,590 homes compared with the number

permitted a year earlier, although the current number is still well below earlier levels. Stapleton Denver, located on the former international airport site, is one of the largest urban infill housing developments in the nation. Construction began in 2001 and approximately 4,000 of the 8,000 homes planned for the development have been built. Prices for new single-family, three-bedroom homes start at \$250,000. The 41-story Spire building, located in the downtown Denver area, is the largest recent condominium development in the metropolitan area. Prices in the 503-unit project, which was completed in November 2009, start at \$200,000 for studio units and increase to more than \$1 million for penthouse units.

Rental market conditions in the Denver-Aurora-Broomfield metropolitan area have improved from the soft-to-balanced conditions of the past 3 years, and conditions during the 12-month period ending August 2010 were somewhat tight. According to Apartment Appraisers & Consultants, in the third quarter of 2010 survey, the average apartment vacancy rate fell to 5.4 percent compared with a recent high of 8.3 percent in the third quarter of 2009. According to the survey, average asking apartment rents are \$690 for a one-bedroom unit, \$870 for a two-bedroom unit, and \$1,150 for a three-bedroom unit. Overall, the average effective rent is \$830, a nearly 7-percent increase from a year earlier. During the past 12 months, the market has tightened despite the approximately 3,000 apartment units that entered the market. Absorption has been strong because of population growth and more stringent financing standards that have directed potential homebuyers to the apartment market. With few apartments starting construction in 2009 and 2010, rental market conditions are expected to continue to tighten during the next 12 months.

Multifamily building activity, as measured by the number of units permitted, continued to decline in the Denver-Aurora-Broomfield metropolitan area during the past 12 months. According to preliminary data, during the 12 months ending August 2010, the number of multifamily units permitted decreased by 52 percent to 760 units. By contrast, 5,400 multifamily units were permitted annually from 2006 through 2008 and apartments accounted for 45 percent of the number permitted. For the 12 months ending August 2010, apartments accounted for 80 percent of the multifamily units permitted. Of the 1,500 multifamily units currently under construction, approximately 90 percent are located in transit-oriented developments near rail stations that serve the existing 35-mile light-rail network. An additional 40 miles of light-rail track are currently under construction or in the planning stage; the entire system is expected to be completed by 2018 at a cost of approximately \$7 billion. The centerpiece of this expansion is a \$500 million multimodal project at Union Station in downtown Denver and a \$1.3 billion light-rail line to Denver International Airport. According to local sources, the building of the station and airport line is the largest transportation redevelopment project currently under construction in the nation.

## Minneapolis-St. Paul-Bloomington, Minnesota-Wisconsin

Located in southeastern Minnesota, the Minneapolis-St. Paul-Bloomington metropolitan area encompasses 11 counties in Minnesota and 2 counties in Wisconsin. The area includes the two largest cities in Minnesota: Minneapolis and St. Paul, the state capital. As of September 1, 2010, the population of the metropolitan area was estimated at 3.3 million, which represents an increase of 23,600, or 0.7 percent, since September 1, 2009, down slightly from the annual increase of 1.1 percent during the previous 3 years.

Nonfarm payrolls have declined since mid-2008 and economic conditions remain weak. During the 12-month period ending August 2010, nonfarm payrolls in the metropolitan area averaged approximately 1.7 million jobs, down 2.8 percent compared with the previous 12-month period. The largest declines were in the construction and manufacturing sectors, which lost 10,600 and 10,400 jobs, or 17.5 and 5.6 percent, respectively. A \$30 million expansion of Baldinger Bakery in St. Paul is expected to create 150 manufacturing jobs when the bakery opens in March 2011. Despite the net job losses during the 12 months ending August 2010, the average unemployment rate remained unchanged at 7.2 percent compared with the previous 12 months.

During the 12 months ending August 2010, the education and health services sector was the only sector to gain jobs, up 2,000 jobs, or 0.7 percent, compared with the previous 12-month period. Since 2005, more than \$735 million in newly constructed healthcare facilities have opened, providing more than 3,000 jobs, in the Minneapolis Life-sciences Corridor, a redevelopment area on the south side of Minneapolis. In addition, the construction of three hospitals is under way: Hennepin County Medical Center, Children's Hospitals and Clinics of Minnesota, and University of Minnesota Amplatz Children's Hospital. These facilities, which are scheduled to open between October 2010 and March 2011, will create several hundred new jobs.

Primarily because of the weak economic conditions, the sales housing market in the Minneapolis-St. Paul-Bloomington metropolitan area is currently soft, with an estimated vacancy rate of 2.5 percent. According to the Minneapolis Area Association of REALTORS® (MAAR®), during the 12-month period ending August 2010, total existing home sales decreased by 6 percent to 38,100 compared with 40,700 sold during the previous 12 months. During the 12 months ending August 2010, new home sales declined to 3,125, or by 2.0 percent, compared with 3,185 during the previous 12 months. During the 12-month period ending August 2010, the median sales price of a new home fell 6 percent to \$235,000, and the median sales price of an existing home was essentially flat at \$166,000.

The sale of existing condominiums represents 25 percent of existing home sales and the sale of new condominiums represents 43 percent of new home sales in the metropolitan area. According to MAAR®, during the 12 months ending August 2010, existing condominium sales increased by 1,000 units, or 12 percent, to 9,365 homes sold, and new condominium sales decreased by 125 units, or 9 percent, to 1,290, with most sales occurring because buyers took advantage of the expiring federal homebuyer tax credits. For the 12 months ending August 2010, the median sales price of an existing condominium was \$132,100, down 2 percent, and the median sales price of a new condominium was \$185,200, down 5 percent from the previous 12-month period.

Homebuilding activity, as measured by the number of single-family building permits issued, has increased in the area because the inventory of unsold homes has declined. For the 12 months ending August 2010, the inventory of unsold homes decreased to an average 6.4-months supply compared with an average 8.1-months supply for the previous 12 months. Based on preliminary data, during the 12-months ending August 2010, approximately 4,190 single-family building permits were issued, up 23 percent from the previous 12-month period. In comparison, single-family construction activity peaked from 2001 through 2005, when the average number of single-family homes permitted annually was 18,500. From 2006 through 2009, the average annual number of units permitted declined to 6,800 homes. Based on preliminary data, multifamily construction activity, as measured by the number of units permitted, increased 35 percent to 1,560 units, including about 150 condominium units. In the metropolitan area between 2006 and 2008, an average of 2,600 multifamily units were permitted annually, with condominiums representing 38 percent of the total multifamily permits, or about 1,000 units annually.

The Minneapolis-St. Paul-Bloomington rental market has been balanced since the second quarter of 2009 because of increased demand for rental apartments and a lower rate of multifamily apartment construction in recent years. According to GVA Marquette Advisors, between the second quarter of 2009 and the second quarter of 2010, the estimated rental vacancy rate declined from 6 to 5 percent. Average market rents were essentially flat during this period at approximately \$900. The University of Minnesota (U of M) and Augsburg College, with 51,650 and 4,110 students, respectively, have a significant impact on the downtown rental market, with approximately 34,725 students from both universities combined residing in off-campus housing. In the housing submarkets surrounding the universities, vacancy rates are as much as 2 percentage points lower than the overall apartment vacancy rate in the metropolitan area. New apartment development includes the 175-unit Mill District City Apartments, located near U of M, which opened the first of three phases, or 60 units, in October 2010, of which 50 units were preleased. Rents range between \$990 for



a studio to \$2,540 for a three-bedroom unit. The Ellipse on Excelsior Apartments, a 132-unit project, located in suburban Hennepin County outside Minneapolis, opened September 1, 2010, and was 70 percent leased as of August 2010, with rents ranging between \$995 for a studio and \$2,900 for a two-bedroom unit.

## New Haven, Connecticut

The New Haven metropolitan area, which consists of 22 cities and towns located in the central part of southern Connecticut along the coast of the Long Island Sound, is coterminous with the New Haven, Connecticut Metropolitan New England City and Town Area. The city of New Haven is located 80 miles northeast of New York City. Two of the leading employers in the area are Yale University and Yale New Haven Health System, with 12,000 and 7,500 employees, respectively. According to Yale's Office of New Haven and State Affairs, the university has a direct economic impact of more than \$1 billion per year statewide. The education and health services sector accounts for 27 percent of jobs in the metropolitan area compared with 19 percent of jobs statewide. As of September 1, 2010, the population of the area was estimated at 585,300, an annual increase of 800, or 0.1 percent, since the July 1, 2009 census estimate. An increase in out-migration in response to recent job losses has resulted in a decline in population growth, which is down slightly from the 0.2-percent average annual change recorded during the previous 3 years.

Nonfarm payrolls in New Haven have been declining since 2008; however, the declines appear to be slowing. During the 12 months ending August 2010, nonfarm payrolls declined by 4,500 jobs, or 1.7 percent, to an average of 265,100 jobs, following a decrease of 8,500, or 3.1 percent, during the 12 months ending August 2009. During the 12 months ending August 2010, the manufacturing sector accounted for approximately 45 percent of net job losses in the area, with a decline of 2,000 jobs, or 7 percent, to an average of 26,800 jobs. The metropolitan area is expected to lose nearly 270 additional manufacturing jobs in mid-2011 when Marlin Firearms closes its North Haven facility. During the 12 months ending August 2010, the government sector declined by 900 jobs, or 2.6 percent, of which 400 were in local government. During this same period, the information sector lost 800 jobs, or 11.6 percent. The only sectors to add jobs were education and health services, which increased by 1,000 jobs, or 1.4 percent, and leisure and hospitality, which was up by 400 jobs, or 1.8 percent. The Yale New Haven Health System led the growth in education and health services with the opening of the new \$467 million Smilow Cancer Hospital in October 2009, adding 500 new jobs. During the 12 months ending August 2010, the unemployment rate increased to an average of 9.0 percent, up from 7.4 percent during the previous 12 months.

Due to recent job losses, the sales market in New Haven is soft, but home sales increased in the second quarter of 2010 as a result of declining home prices and the home-buyer's tax credit. According to the Connecticut Multiple Listing Service, Inc., 5,775 new and existing homes were sold in New Haven County during the 12 months ending June 2010, a 24-percent increase compared with only 4,650 homes sold in the 12 months ending June 2009. The median sales price for a single-family home increased by 1 percent in the second quarter of 2010 to nearly \$232,300 compared with the median price in the second quarter of 2009; however, the median sales price remained down by \$52,700, or 19 percent, from the peak median price of \$285,000 in the second quarter of 2007. Condominium sales during the 12 months ending June 2010 increased 31 percent to 1,925 units compared with the number sold during the same period in the previous year. The median sales price for condominiums during the second quarter of 2010 was \$153,000, down 1 percent from the second quarter of 2009 and down \$27,000, or 15 percent, from the peak median price of \$180,000 in the second quarter of 2007. Despite increasing home sales and rising median sales prices, foreclosures have increased. According to Lender Processing Services Mortgage Performance Data, from August 2009 to August 2010, the number of loans that are 90 days or more delinquent, in foreclosure, or real estate owned (REO) in New Haven County increased from 7.0 to 7.8 percent of all home loans in the area.

Single-family home construction, as measured by the number of building permits issued, peaked during 2004, when 1,175 homes were permitted. According to preliminary data, during the 12 months ending August 2010, single-family building permits were issued for 200 homes, up by 40 homes from the 12 months ending August 2009. In comparison, from 2006 to 2008, an average of 550 homes were permitted each year. Fieldstone Village, an active adult community, is a new 142-unit development currently under construction in Orange, Connecticut. Prices for one-bedroom attached homes at Fieldstone Village currently start at \$359,900, with two-bedroom attached and detached prices ranging from \$449,900 to \$629,900. The price for a typical new single-family home in the area ranges from \$400,000 to \$500,000 and for a typical new condominium ranges from \$250,000 to \$350,000.

The rental market in New Haven is tight. According to Reis, Inc., the apartment vacancy rate in New Haven County was 2.9 percent in the second quarter of 2010, down from 3.3 percent in the second quarter of 2009. The average effective rent was \$1,067, up 1.1 percent, from the previous year. Since 2000, local universities have added approximately 2,400 new dormitory beds. Much of the construction occurred at Quinnipiac University, in Hamden, Connecticut, where 1,400 new beds were completed between 2002 and 2009, and 740 additional beds recently opened in September 2010. Students have a significant impact on the local rental markets,

with approximately 4,500 of the 8,000 students at Quinnipiac University and 6,000 of the 11,500 students at Yale University currently living off campus.

According to preliminary data, in the 12 months ending August 2010, 60 multifamily units were permitted, which is relatively unchanged compared with the number permitted in the previous 12 months. During the peak year of 2004, more than 1,000 multifamily units were permitted, and, from 2006 to 2008, an annual average of 370 units were permitted. A mixed-use development, 360 State Street, which contains 500 rental units, recently opened in downtown New Haven. The project is the world's first large-scale residential building powered by a fuel cell. Rents for studios and one-, two-, and three-bedroom units start at \$1,275, \$1,700, \$2,700, and \$4,700, respectively.

## New Orleans-Metairie-Kenner, Louisiana

The New Orleans-Metairie-Kenner metropolitan area is located near the mouth of the Mississippi River in southeast Louisiana. The metropolitan area comprises seven parishes: Jefferson, Orleans (the city of New Orleans), Plaquemines, St. Bernard, St. Charles, St. John the Baptist, and St. Tammany. Population growth in the metropolitan area has moderated during the past 2 years. As of October 1, 2010, the population of the metropolitan area was estimated at 1.2 million, an increase of 16,000, or 1.3 percent, since October 1, 2009 with 20 percent of the growth resulting from net in-migration. During the 12 months ending October 1, 2009, the population increased by 1.8 percent compared with an average increase of almost 9 percent annually between 2006 and 2008, when most residents who had been displaced by Hurricane Katrina returned. Overall, the metropolitan area population has reached 92 percent of the pre-Hurricane Katrina population levels, although the parishes of Orleans and St. Bernard, where the greatest proportion of damage occurred, are only at 80 and 65 percent of pre-Hurricane Katrina population levels, respectively. The recovery from Hurricane Katrina is still ongoing, with an estimated \$125 billion in government-funded projects complete or under way and an additional \$27 billion of projects planned, according to GCR & Associates, Inc.

Nonfarm payrolls during the 12 months ending August 2010 averaged 519,100 jobs, or 85 percent of the pre-Hurricane Katrina payroll level. During the 12 months ending August 2010, the metropolitan area economy lost 2,600 jobs, or 0.5 percent, which is identical to the annual loss rate during the previous 12 months. The manufacturing sector led declines during the 12-month period ending August 2010, down by 1,000 jobs, or 2.9 percent. Since January 2010, about 900 assembly workers have been laid off at NASA's Michoud Assembly Facility, adding to the 900 jobs cut in 2009. Northrop Grumman Corporation, the third leading employer in

the metropolitan area, with 5,400 employees, announced it will lay off more than 200 workers in October 2010 because of the discontinuation of shipbuilding operations at the Navy's Avondale Shipyard. By 2013, a total of 5,000 workers will have been laid off at Avondale Shipyard. Job cuts during the 12 months ending August 2010 contributed to the average unemployment rate increasing to 7.1 percent, up from 6.1 percent a year earlier. During the 12 months ending August 2010, the education and health services sector led job gains, increasing by 1,925 jobs, or 2.7 percent, and growth is expected to continue. In the spring of 2010, construction began at the Veterans Affairs Medical Center, which is expected to be completed by the fall of 2013 and to employ 350 people. The two leading employers in the metropolitan area are in the healthcare industry—Ochsner Health System, with 10,000 employees, and Louisiana State University Health Sciences Center of New Orleans, with 5,500 workers.

During the 12 months ending September 2010, conditions in the single-family home sales market in the metropolitan area remained soft compared with a year earlier because of an increased supply resulting from repaired homes reentering the market. In addition, job declines and moderating population and household growth have resulted in decreased demand. Based on data provided by the New Orleans Metropolitan Association of REALTORS® and Gulf South Real Estate Information Network, Inc., during the 12 months ending September 2010, the median price of new and existing single-family homes declined by 2 percent, but home sales increased by 2 percent to 7,650 compared with the number of homes sold a year earlier, despite worsening economic conditions. During the 3 months ending September 2010, however, new and existing home sales totaled 1,775, down 21 percent compared with the sales recorded during the same period a year earlier because the homebuyer tax credit program has expired, and the median sales price declined by 3 percent to \$171,700. In the city of New Orleans, home sales decreased by 28 percent to 450 homes, but the median price increased by 6 percent to \$176,900. In Jefferson Parish, home sales decreased by 20 percent to 525 homes sold, and St. Tammany Parish home sales decreased by 12 percent to 550 homes. In the Jefferson and St. Tammany Parishes, home sales prices declined by 8 percent to \$155,800 and by 6 percent to \$191,900, respectively.

Single-family home construction, as measured by the number of single-family building permits issued, has declined every year since 2007. During the 12 months ending August 2010, based on preliminary data, single-family home permits totaled 1,825 homes, down 15 percent compared with the number permitted during the previous 12 months. During the period since Hurricane Katrina, single-family homebuilding peaked at 4,900 homes permitted during 2006 but declined by an average of 900 homes, or 24 percent, annually between 2007 and 2009. According to local sources, high construction costs, an increasing number of unsold existing homes, tighter



lending standards, and the slowdown of the economy have been key deterrents to new single-family home developments. Although prices for new homes vary significantly throughout the metropolitan area, since January 2010 more than 50 percent of new homes sold closed at around \$200,000, based on data provided by Hanley Wood, LLC.

The condominium market has steadily declined both in sales volume and in price since 2005; during the 12 months ending September 2010 sales decreased by more than 20 percent to 700 units, and the average price declined by 7 percent to \$197,400. Because of soft sales market conditions for condominiums, many existing condominium developments are advertising units either for sale or for lease.

The metropolitan area rental market has yet to recover from the damage caused by Hurricane Katrina. Due in part to the estimated 2,350 apartment units that came on line during the 12 months ending September 2010, conditions in the apartment market are soft, unchanged compared with conditions a year earlier. According to the *Greater New Orleans Multi-Family Report*, the vacancy rate for market-rate apartments in the metropolitan area is 12 percent compared with 13 percent a year earlier, and the average rent is \$840, unchanged compared with the rent a year earlier. Rental market conditions in the Historic Center in the downtown district of the city of New Orleans, however, are currently tight with occupancy near 100 percent. Average rents for apartment units in the Historic Center are \$1,140, \$1,560, and \$1,760 for one-, two-, and three-bedroom units, respectively.

For the 12 months ending August 2010, multifamily construction, as measured by the preliminary number of multifamily units permitted, declined to 280 units compared with 1,300 units permitted during the previous 12 months. After Hurricane Katrina destroyed much of the area, multifamily permits have been almost exclusively for apartments, with permit activity peaking in 2007 when 3,025 multifamily units were permitted. An additional 6,000 units are expected to be completed by the end of 2013. Several mixed-income communities are currently under way in the city of New Orleans, including Harmony Oaks Apartments, which is expected to be completed by the end of 2010 and will include a combined total of 460 public housing, low-income, and market-rate rental units and 50 for-sale, affordable single-family homes. Construction is also under way at Columbia Parc at the Bayou District in the city of New Orleans. The first of several phases at Columbia Parc at the Bayou District is expected to be completed by November 2010 and will add more than 450 mixed-income units. The entire development is slated to be completed by 2012 and, when finished, will consist of a total of 1,325 mixed-income rental and for-sale units.

## Salt Lake City, Utah

The Salt Lake City metropolitan area, located along the Wasatch Mountain Range in north central Utah, consists of Salt Lake, Summit, and Tooele Counties. Salt Lake City, the state capital, is a regional center for education, health care, and government activity. As of October 1, 2010, the population of the metropolitan area was estimated at 1.15 million, an increase of 18,300, or 1.6 percent, compared with the estimated population as of October 1, 2009. Weak economic conditions and decreased in-migration have slowed the rate of population growth from the 1.8-percent average annual rate recorded during the previous 3 years. Salt Lake County accounts for 90 percent of the population of the metropolitan area and 40 percent of the population of Utah. The University of Utah, located in Salt Lake City, has an enrollment of 30,800 students, employs more than 15,000 workers, and has an annual budget of about \$2 billion. Other leading employers in the area include Intermountain Healthcare, Delta Air Lines, Inc., and Zions Bancorporation, with about 17,500, 3,600, and 3,500 employees, respectively.

Economic conditions remained weak during the 12 months ending August 2010, continuing a 2-year trend, although job losses were less severe than they were in the previous year. During the 12 months ending August 2010, total non-farm payrolls declined by 19,800 jobs, or 3.2 percent, to 600,600 jobs. In comparison, during the 12 months ending August 2009, nonfarm payrolls declined by 22,200 jobs, or 3.5 percent. Job losses were reported in nearly all sectors. During the 12 months ending August 2010, the mining, logging, and construction sector declined by 4,800 jobs, or 12 percent, which accounted for nearly 25 percent of the job losses in the metropolitan area during the period. The large loss of construction jobs resulted from the lower demand for new homes and commercial real estate. The next largest decline was reported in the professional and business services sector, which lost 4,300 jobs, or 4.5 percent, primarily in the administrative and support services subsector. During the 12 months ending August 2010, the only sectors that gained jobs were the education and health services and the government sectors, which added 2,300 and 700 jobs, or 3.6 and 0.7 percent, respectively. In late 2009, Intermountain Healthcare opened its \$162 million Riverton Hospital, which contributed to the increase in education and health services employment by adding 700 jobs. During the 12 months ending August 2010, the unemployment rate in the metropolitan area averaged 6.8 percent, up from the 5.6-percent rate recorded during the previous 12 months.

The existing home sales market in the Salt Lake City area remains soft as a result of the continued weak economic conditions, but it has recently shown some signs of improvement. According to NewReach, Inc., during the 12 months ending June 2010, sales of existing attached and detached single-family homes were up 28 percent to 11,700 units sold compared with 9,200 homes sold during the same period a year earlier. In June 2010, the inventory of unsold homes totaled 5,700, relatively unchanged from a year earlier,

which represents a 7-month supply, down from the 9-month supply in June 2009. During the past 12 months, the average price of existing townhomes and condominiums increased by 7 percent to \$171,800, but the average price of existing single-family homes declined by nearly 3 percent to \$252,600. According to Lender Processing Services Mortgage Performance Data, in August 2010, 6.1 percent of total loans in the metropolitan area were 90 days or more delinquent, in foreclosure, or in REO (Real Estate Owned), up from the 5-percent rate recorded in August 2009. According to Hanley Wood, LLC, during the past 12 months, sales of foreclosed and REO homes represented nearly 40 percent of single-family home sales, up from 26 percent in 2009 and 13 percent in 2008.

According to NewReach, Inc., during the 12 months ending June 2010, sales of new detached homes increased by 20 percent to 1,600 homes, although the 12-month period ending June 2009 represented one of the lowest levels of sales in 20 years. During the 12 months ending June 2010, the average sales price of new single-family homes declined by nearly 2 percent to \$318,500. New townhome and condominium sales increased from 650 to 980 units, but the average sales price declined by 5 percent to \$204,400.

After a 3-year decline in the number of single-family homes permitted, local home builders responded to increased home sales with an increase in building activity during the past year. During the 12 months ending August 2010, based on preliminary data from the *Utah Construction Report*, the number of single-family homes permitted increased to 1,600 homes, up 39 percent from the 1,150 homes permitted during the same period a year earlier. In comparison, an average of 5,900 homes were permitted annually from 2003 to 2006. During the 12 months ending August 2010, in response to competition from less expensive attached and detached single-family homes, condominium permitting declined by 60 percent to 460 units. Daybreak, a 4,000-acre development in South Jordan, is the largest planned community currently under construction in the metropolitan area. Prices start at \$139,000 for one-bedroom townhomes and slightly more than \$200,000 for two-bedroom detached homes.

Several transit-oriented developments (TOD) are currently planned or under construction in anticipation of the light rail and commuter rail extensions that will further link downtown Salt Lake City with other cities in Salt Lake County. The \$2.4 billion rail project that began in 2008 will add 70 miles of track to the existing 64-mile rail system by 2015. Two condominium towers, The Regent with 150 units and Promontory with 185 units, are currently under construction at City Creek Center, a \$1.5 billion mixed-use residential and commercial TOD in downtown Salt Lake City. Another project at City Creek Center, Richards Court, recently completed construction on 90 units and has about 60 units remaining for sale. Asking prices start at \$442,000 for a studio unit and increase to \$2 million for a penthouse unit.

Rental housing market conditions in the metropolitan area are somewhat soft compared with the more balanced condi-

tions a year earlier. According to Reis, Inc., in the second quarter of 2010, the average apartment vacancy rate increased to 7.4 percent, up from 5.8 percent recorded in the second quarter of 2009. Vacancy rates have increased because 2,400 new apartments entered the market in the past year. Average monthly rents were relatively unchanged at about \$660 for a one-bedroom unit, \$790 for a two-bedroom unit, and \$1,000 for a three-bedroom unit. According to preliminary permit data from the *Utah Construction Report*, during the 12 months ending August 2010, apartment construction activity decreased by 50 percent to 1,350 units, although the current level of activity remains above the annual average of 900 apartments permitted from 2000 to 2007. Strong absorption rates and reduced apartment permitting activity during the past year are expected to result in improved rental market conditions over the next 12 months. Construction was recently completed on 315 units at Crossing at Daybreak in South Jordan, with rents starting at \$875 for one-bedroom units, \$1,115 for two-bedroom units, and \$1,425 for three-bedroom units.

## Tyler, Texas

The Tyler metropolitan area, which consists of Smith County, is located in northeast Texas, about 100 miles east of Dallas. As of October 1, 2010, the population of the metropolitan area was estimated at 209,000, an increase of 1.7 percent, compared with the estimate as of October 1, 2009, and slightly lower than the average annual increase of 1.9 percent from 2005 through 2009. The city of Tyler, which is a regional center for health care, is home to the leading employers in the area, including the East Texas Medical Center Regional Healthcare System, Trinity Mother Frances Hospitals and Clinics, and Brookshire Grocery Company, with about 4,200, 3,700, and 2,200 employees, respectively.

Nonfarm payrolls in the metropolitan area declined by 600 jobs, or 0.7 percent, to an average of 93,100 during the 12 months ending September 2010. The average for the 3 months ending September 2010 is up 1.8 percent when compared with the same 3-month period 1 year ago, indicating the economy is improving. Before declining in 2009, nonfarm payrolls increased at an average annual rate of 1,850, or 2.0 percent, from 2003 to 2008. During the 12 months ending September 2010, sectors with significant declines included manufacturing; trade; and mining, logging, and construction, which lost 800, 500, and 500 jobs, respectively. The closure of two fabrication facilities by Chicago Bridge & Iron Company N.V. in 2009 resulted in the loss of 300 jobs, largely in the manufacturing sector. Partly offsetting the job losses was the addition of jobs in the government and the education and health services sectors, which both added about 500 jobs. Construction of the Tyler Armed Forces Reserve Center, valued at \$24.5 million, is currently under way and is expected to be completed by June 2011. Although it is uncertain how many jobs will be created when the center is completed, it is expected to bring



about 300 reservists to Tyler on weekends throughout the year. During the 12 months ending August 2010 the average unemployment rate increased to 7.9 percent from 6.8 percent during the previous 12 months.

The sales housing market is moderately soft as a result of area job losses, although recent increases in sales activity indicate the market may be beginning to recover. According to the Real Estate Center at Texas A&M University, during the 12 months ending September 2010, the number of new and existing single-family homes sold in the metropolitan area increased to about 2,875, a 5-percent increase compared with the number of homes sold during the previous 12-month period. The current level of home sales remains below the average annual of 3,600 homes sold from 2006 through 2007 but is above the average annual of 2,075 homes sold from 2000 through 2003. The average single-family home sales price increased by 3 percent during the 12 months ending September 2010, from \$155,500 to \$159,500.

The weak economy has caused builders to reduce single-family home construction. Based on the latest local data available, an estimated 430 single-family homes were built during 2009, a 25-percent decline compared with the estimated 570 homes built during 2008. The most recent level of activity remains well below the estimated average annual of 1,200 homes built from 2004 through 2006. Prices for new, three-bedroom, single-family homes start at about \$120,000. Ongoing developments include Oak Hollow, with about 200 homes slated for completion by 2013 and with prices starting at \$250,000, and Guinn Farms, with a potential 150 homes to be completed by 2013 in the first of five phases and with prices starting at \$140,000.

Rental housing market conditions in the metropolitan area are soft, with an apartment vacancy rate of 10 percent in the second quarter of 2010, the latest data available from the Tyler Apartment Association. The vacancy rate is down from 15 percent during the same quarter a year earlier due to reduced apartment construction activity during the past 12 months. The completion of more than 1,400 apartment units in the city of Tyler from 2007 through 2009 contributed to high vacancy rates during 2008 and 2009. In comparison, completions averaged 265 units annually from 2003 through 2007. During the second quarter of 2010, average apartment rents were \$600 for a one-bedroom unit, \$780 for a two-bedroom unit, and \$900 for a three-bedroom unit. Average rents increased by less than 1 percent for one- and two-bedroom units and by 2 percent for three-bedroom units, when compared with rents during the second quarter of 2009.

Multifamily construction activity, as measured by the number of apartment units permitted by the city of Tyler, which contains nearly all apartments in the area, remained relatively stable during the 12 months ending July 2010 (the latest date available). During the 12 months ending July 2010, 140 units were permitted, compared with 190 units permitted during the previous 12 months. The

current level of apartment construction activity remains below the average annual of 1,100 units permitted during 2006 and 2007 and may represent a return to permitting levels that prevailed from 2002 to 2005, when an annual average of 250 units were permitted. The first phase of Haverhill Place, with 48 units, is expected to open by November 2010, and phase two, with 64 units, is expected to be completed by 2012. Lake View Apartment Homes, with 140 units, is currently under construction and expected to be completed by 2012.

## Washington, D.C.-Maryland-Virginia-West Virginia

The Washington metropolitan area comprises the District of Columbia and 15 counties and 6 independent cities in Maryland, Virginia, and West Virginia. As of October 1, 2009, the population of the metropolitan area was estimated at 5.5 million; this figure reflects an increase of approximately 0.5 percent, or 29,300, since October 1, 2009, compared with an increase of 1 percent during the previous year.

During the 12 months ending August 2010, average non-farm payroll jobs declined by 17,700, or 0.6 percent, to slightly more than 2.95 million jobs. The education and health services sector added 5,500 jobs, up less than 2 percent from the sector total during the 12 months ending August 2009, and one-half of the 3.3-percent gain of 11,200 jobs between 2008 and 2009. Inova Health System, with 15,600 employees and MedStar Health, with 14,000 employees, are among the leading employers in the metropolitan area. The federal government accounts for nearly 13 percent of the nonfarm payroll jobs in the area. The federal government subsector added 16,900 jobs, or nearly 5 percent, during the 12 months ending August 2010. U.S. Department of Defense contractors Lockheed Martin Corporation and Northrop Grumman Corporation, with 27,000 and 20,700 employees, respectively, are the leading private sector employers in the metropolitan area.

The tourism industry, an important part of the economy in the metropolitan area, added 1,600 jobs during the 12 months ending August 2010, a gain of 0.6 percent after a loss of 1,200 jobs, or nearly 0.5 percent, during the previous year. Business and leisure travelers visiting the nation's capital generate more than \$5 billion annually for the local economy, according to Destination DC, a contracting arm of the Washington Convention Center Authority. In addition, the retail trade subsector reported a small gain of 700 jobs, or less than 0.3 percent, but all other sectors experienced a net loss in the number of jobs. The largest declines in jobs in the metropolitan area were nearly 9 percent in the construction sector, to 142,900 jobs, and nearly 7.5 percent in the manufacturing sector, down to 53,200 jobs. The sectors had experienced losses of nearly 12 percent and 7 percent, respectively, during

the previous 12 months ending August 2009. Average unemployment during the 12 months ending August 2010 was 6.3 percent, an increase from 5.3 percent during the same period in 2009.

Sales market conditions in the metropolitan area are currently balanced. Reduced prices, low interest rates, and tax incentives for first-time homebuyers helped stimulate home sales during the 12 months ending August 2010. According to data from Metropolitan Regional Information Systems, Inc., approximately 66,450 existing homes were sold, an increase of 6 percent compared with the 62,500 homes sold during the 12 months ending August 2009 and 22 percent greater than the 54,300 homes sold during the period ending August 2008. The average home price during the 12-month period was \$358,450, an increase of nearly 4 percent above the average during the previous year. In the Virginia suburbs, the number of homes sold increased by 20 percent to 38,400 homes, and the average price increased 12 percent to \$380,800. The number of homes sold in the Maryland suburbs increased by 27 percent to 23,330 homes, but the average sales price declined by 8 percent. In Washington, D.C., the average price declined nearly 2 percent, to \$491,900, but the number of homes sold increased 26 percent to 6,580 homes. In Jefferson County, West Virginia, during the 12-month period, the number of sales totaled 570 homes, up 15 percent compared with the number sold in the previous year; however, the average price declined by nearly 3 percent to \$203,450. According to Lender Processing Services Mortgage Performance Data, 7 percent of total loans in the metropolitan area were 90 days or more delinquent, in foreclosure, or in REO (Real Estate Owned) in August 2010, down from 7.2 percent in August 2009.

During the 12 months ending August 2010, 12,740 condominium units were sold in the Washington metropolitan area, which is 17 percent more than the number sold during the previous year. Condominiums accounted for approximately 27 percent of all homes sold in the metropolitan area during the 12-month period, an increase from 17 percent of the total number of homes sold during the previous 12 months. The largest number of condominium sales was recorded in the Virginia suburbs; 6,600 units were sold and average prices ranged from \$165,000 in the Manassas area to \$300,000 in areas closer to Washington, D.C. In Washington, 2,860 units were sold at an average price of \$418,500. In the Maryland suburbs, 770 units were sold at an average price of approximately \$190,000.

Comparison of average prices in August 2010 with prices recorded a year ago show a range of a 20-percent increase in both Charles and Frederick Counties, Maryland, to a decline of 8 percent in Manassas, Virginia.

Improvement in the existing home sales market encouraged the development of new homes in the Washington metropolitan area. Based on preliminary data, single-family home construction activity, as measured by the number of building permits issued, increased by 10 percent, or 900 homes, to a total of 9,730 during the 12-month period ending August 2010. New three-bedroom townhomes close to Washington are advertised for sale starting at \$275,000 and new four-bedroom single-family homes in suburban communities are advertised with starting prices of \$350,000. Based on preliminary data, multifamily construction activity, as measured by the number of units permitted, decreased slightly from the previous year. During the 12 months ending August 2010, 3,250 units were permitted, down 3 percent from the number permitted during the previous year, but it was an improvement over the 48-percent decline experienced between 2008 and 2009. During the next 3 years, approximately 15 percent of new multifamily units are expected to be condominiums, down from the 50 percent of new construction reported during the past several years, with another 30 percent as yet undetermined as rental or condominium.

The rental housing market in the Washington metropolitan area is balanced, because fewer units have entered the market and the pipeline of projects has contracted. According to Delta Associates, vacancy rates in Class A units declined from 4.4 percent during the second quarter of 2009 to 3.4 percent during the second quarter of 2010, and average rents for Class A apartments rose to \$1,740 from \$1,620. During the third quarter of 2010, monthly rents averaged \$1,390 for a one-bedroom unit, \$1,760 for a two-bedroom unit, and \$1,640 for a three-bedroom unit. Construction is about to begin on the 170-unit Foundry Lofts in Washington, D.C., with completion expected at the end of 2011. The apartment project, an adaptive reuse of a historic Navy Yard industrial building, is the first building to start construction in the 42-acre, mixed-used project known as The Yards, an integral part of Washington's Anacostia Waterfront Initiative. When fully complete, The Yards will have approximately 2,800 new sales and rental units, 1.8 million square feet of office space, and 400,000 square feet of retail space.





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

| HUD Region and State       | 2010 Through September |                |                | 2009 Through September |                |                | Ratio: 2010/2009 Through September |               |               |
|----------------------------|------------------------|----------------|----------------|------------------------|----------------|----------------|------------------------------------|---------------|---------------|
|                            | Total                  | Single Family  | Multi-family*  | Total                  | Single Family  | Multi-family*  | Total                              | Single Family | Multi-family* |
| Connecticut                | 2,912                  | 1,868          | 1,044          | 2,464                  | 1,460          | 1,004          | 1.182                              | 1.279         | 1.040         |
| Maine                      | 2,361                  | 2,162          | 199            | 2,053                  | 1,907          | 146            | 1.150                              | 1.134         | 1.363         |
| Massachusetts              | 6,585                  | 4,140          | 2,445          | 5,050                  | 3,153          | 1,897          | 1.304                              | 1.313         | 1.289         |
| New Hampshire              | 2,141                  | 1,541          | 600            | 1,600                  | 1,179          | 421            | 1.338                              | 1.307         | 1.425         |
| Rhode Island               | 664                    | 569            | 95             | 638                    | 452            | 186            | 1.041                              | 1.259         | 0.511         |
| Vermont                    | 1,221                  | 979            | 242            | 866                    | 643            | 223            | 1.410                              | 1.523         | 1.085         |
| <b>New England</b>         | <b>15,884</b>          | <b>11,259</b>  | <b>4,625</b>   | <b>12,671</b>          | <b>8,794</b>   | <b>3,877</b>   | <b>1.254</b>                       | <b>1.280</b>  | <b>1.193</b>  |
| New Jersey                 | 10,098                 | 5,626          | 4,472          | 8,779                  | 5,108          | 3,671          | 1.150                              | 1.101         | 1.218         |
| New York                   | 14,762                 | 7,705          | 7,057          | 13,000                 | 7,136          | 5,864          | 1.136                              | 1.080         | 1.203         |
| <b>New York/New Jersey</b> | <b>24,860</b>          | <b>13,331</b>  | <b>11,529</b>  | <b>21,779</b>          | <b>12,244</b>  | <b>9,535</b>   | <b>1.141</b>                       | <b>1.089</b>  | <b>1.209</b>  |
| Delaware                   | 2,438                  | 2,126          | 312            | 2,398                  | 1,980          | 418            | 1.017                              | 1.074         | 0.746         |
| District of Columbia       | 532                    | 57             | 475            | 727                    | 136            | 591            | 0.732                              | 0.419         | 0.804         |
| Maryland                   | 9,901                  | 6,633          | 3,268          | 8,118                  | 6,057          | 2,061          | 1.220                              | 1.095         | 1.586         |
| Pennsylvania               | 15,316                 | 12,336         | 2,980          | 13,127                 | 10,973         | 2,154          | 1.167                              | 1.124         | 1.383         |
| Virginia                   | 17,028                 | 13,365         | 3,663          | 16,314                 | 12,758         | 3,556          | 1.044                              | 1.048         | 1.030         |
| West Virginia              | 1,412                  | 1,188          | 224            | 1,514                  | 1,274          | 240            | 0.933                              | 0.932         | 0.933         |
| <b>Mid-Atlantic</b>        | <b>46,627</b>          | <b>35,705</b>  | <b>10,922</b>  | <b>42,198</b>          | <b>33,178</b>  | <b>9,020</b>   | <b>1.105</b>                       | <b>1.076</b>  | <b>1.211</b>  |
| Alabama                    | 8,157                  | 6,510          | 1,647          | 9,411                  | 6,734          | 2,677          | 0.867                              | 0.967         | 0.615         |
| Florida                    | 30,641                 | 24,913         | 5,728          | 26,619                 | 20,426         | 6,193          | 1.151                              | 1.220         | 0.925         |
| Georgia                    | 14,300                 | 12,322         | 1,978          | 13,166                 | 10,866         | 2,300          | 1.086                              | 1.134         | 0.860         |
| Kentucky                   | 5,156                  | 4,396          | 760            | 5,360                  | 4,224          | 1,136          | 0.962                              | 1.041         | 0.669         |
| Mississippi                | 3,690                  | 3,240          | 450            | 5,657                  | 3,943          | 1,714          | 0.652                              | 0.822         | 0.263         |
| North Carolina             | 27,267                 | 21,136         | 6,131          | 26,526                 | 19,088         | 7,438          | 1.028                              | 1.107         | 0.824         |
| South Carolina             | 11,732                 | 10,531         | 1,201          | 12,042                 | 10,542         | 1,500          | 0.974                              | 0.999         | 0.801         |
| Tennessee                  | 13,681                 | 9,569          | 4,112          | 10,989                 | 8,998          | 1,991          | 1.245                              | 1.063         | 2.065         |
| <b>Southeast/Caribbean</b> | <b>114,624</b>         | <b>92,617</b>  | <b>22,007</b>  | <b>109,770</b>         | <b>84,821</b>  | <b>24,949</b>  | <b>1.044</b>                       | <b>1.092</b>  | <b>0.882</b>  |
| Illinois                   | 8,428                  | 6,220          | 2,208          | 8,123                  | 6,236          | 1,887          | 1.038                              | 0.997         | 1.170         |
| Indiana                    | 10,147                 | 7,996          | 2,151          | 9,320                  | 7,426          | 1,894          | 1.089                              | 1.077         | 1.136         |
| Michigan                   | 6,766                  | 5,903          | 863            | 5,203                  | 4,758          | 445            | 1.300                              | 1.241         | 1.939         |
| Minnesota                  | 7,209                  | 5,435          | 1,774          | 6,738                  | 5,067          | 1,671          | 1.070                              | 1.073         | 1.062         |
| Ohio                       | 10,632                 | 8,556          | 2,076          | 9,843                  | 8,130          | 1,713          | 1.080                              | 1.052         | 1.212         |
| Wisconsin                  | 8,360                  | 6,257          | 2,103          | 8,072                  | 6,241          | 1,831          | 1.036                              | 1.003         | 1.149         |
| <b>Midwest</b>             | <b>51,542</b>          | <b>40,367</b>  | <b>11,175</b>  | <b>47,299</b>          | <b>37,858</b>  | <b>9,441</b>   | <b>1.090</b>                       | <b>1.066</b>  | <b>1.184</b>  |
| Arkansas                   | 5,782                  | 3,538          | 2,244          | 5,186                  | 3,193          | 1,993          | 1.115                              | 1.108         | 1.126         |
| Louisiana                  | 8,388                  | 7,700          | 688            | 9,969                  | 8,541          | 1,428          | 0.841                              | 0.902         | 0.482         |
| New Mexico                 | 3,652                  | 3,218          | 434            | 3,652                  | 3,192          | 460            | 1.000                              | 1.008         | 0.943         |
| Oklahoma                   | 6,433                  | 5,402          | 1,031          | 6,470                  | 5,371          | 1,099          | 0.994                              | 1.006         | 0.938         |
| Texas                      | 67,618                 | 52,795         | 14,823         | 65,739                 | 51,425         | 14,314         | 1.029                              | 1.027         | 1.036         |
| <b>Southwest</b>           | <b>91,873</b>          | <b>72,653</b>  | <b>19,220</b>  | <b>91,016</b>          | <b>71,722</b>  | <b>19,294</b>  | <b>1.009</b>                       | <b>1.013</b>  | <b>0.996</b>  |
| Iowa                       | 5,454                  | 4,393          | 1,061          | 4,978                  | 4,144          | 834            | 1.096                              | 1.060         | 1.272         |
| Kansas                     | 3,628                  | 2,891          | 737            | 4,550                  | 2,701          | 1,849          | 0.797                              | 1.070         | 0.399         |
| Missouri                   | 6,415                  | 4,715          | 1,700          | 6,143                  | 4,384          | 1,759          | 1.044                              | 1.076         | 0.966         |
| Nebraska                   | 3,716                  | 3,296          | 420            | 4,066                  | 3,670          | 396            | 0.914                              | 0.898         | 1.061         |
| <b>Great Plains</b>        | <b>19,213</b>          | <b>15,295</b>  | <b>3,918</b>   | <b>19,737</b>          | <b>14,899</b>  | <b>4,838</b>   | <b>0.973</b>                       | <b>1.027</b>  | <b>0.810</b>  |
| Colorado                   | 9,185                  | 7,271          | 1,914          | 7,449                  | 5,783          | 1,666          | 1.233                              | 1.257         | 1.149         |
| Montana                    | 1,768                  | 1,259          | 509            | 1,422                  | 1,141          | 281            | 1.243                              | 1.103         | 1.811         |
| North Dakota               | 2,639                  | 1,730          | 909            | 2,399                  | 1,471          | 928            | 1.100                              | 1.176         | 0.980         |
| South Dakota               | 2,396                  | 1,843          | 553            | 2,631                  | 1,885          | 746            | 0.911                              | 0.978         | 0.741         |
| Utah                       | 7,444                  | 5,767          | 1,677          | 8,794                  | 5,210          | 3,584          | 0.846                              | 1.107         | 0.468         |
| Wyoming                    | 1,658                  | 1,027          | 631            | 1,381                  | 980            | 401            | 1.201                              | 1.048         | 1.574         |
| <b>Rocky Mountain</b>      | <b>25,090</b>          | <b>18,897</b>  | <b>6,193</b>   | <b>24,076</b>          | <b>16,470</b>  | <b>7,606</b>   | <b>1.042</b>                       | <b>1.147</b>  | <b>0.814</b>  |
| Arizona                    | 10,035                 | 8,899          | 1,136          | 10,676                 | 9,601          | 1,075          | 0.940                              | 0.927         | 1.057         |
| California                 | 31,195                 | 19,167         | 12,028         | 25,312                 | 18,132         | 7,180          | 1.232                              | 1.057         | 1.675         |
| Hawaii                     | 2,916                  | 1,462          | 1,454          | 2,058                  | 1,584          | 474            | 1.417                              | 0.923         | 3.068         |
| Nevada                     | 5,187                  | 4,452          | 735            | 5,430                  | 3,443          | 1,987          | 0.955                              | 1.293         | 0.370         |
| <b>Pacific</b>             | <b>49,333</b>          | <b>33,980</b>  | <b>15,353</b>  | <b>43,476</b>          | <b>32,760</b>  | <b>10,716</b>  | <b>1.135</b>                       | <b>1.037</b>  | <b>1.433</b>  |
| Alaska                     | 783                    | 648            | 135            | 742                    | 483            | 259            | 1.055                              | 1.342         | 0.521         |
| Idaho                      | 3,619                  | 3,268          | 351            | 4,243                  | 3,585          | 658            | 0.853                              | 0.912         | 0.533         |
| Oregon                     | 5,662                  | 4,612          | 1,050          | 5,846                  | 4,378          | 1,468          | 0.969                              | 1.053         | 0.715         |
| Washington                 | 15,654                 | 11,655         | 3,999          | 12,928                 | 9,792          | 3,136          | 1.211                              | 1.190         | 1.275         |
| <b>Northwest</b>           | <b>25,718</b>          | <b>20,183</b>  | <b>5,535</b>   | <b>23,759</b>          | <b>18,238</b>  | <b>5,521</b>   | <b>1.082</b>                       | <b>1.107</b>  | <b>1.003</b>  |
| <b>United States</b>       | <b>464,764</b>         | <b>354,287</b> | <b>110,477</b> | <b>435,781</b>         | <b>330,984</b> | <b>104,797</b> | <b>1.067</b>                       | <b>1.070</b>  | <b>1.054</b>  |

\*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  | 2010 Through September |               |              |
|-------|--|------------------------|---------------|--------------|
|       |  | Total                  | Single Family | Multifamily* |
| 26420 | Houston-Sugar Land-Baytown, TX                     | 22,332                 | 18,023        | 4,309        |
| 19100 | Dallas-Fort Worth-Arlington, TX                    | 15,227                 | 11,578        | 3,649        |
| 35620 | New York-Northern New Jersey-Long Island, NY-NJ-PA | 13,248                 | 5,359         | 7,889        |
| 47900 | Washington-Arlington-Alexandria, DC-VA-MD-WV       | 10,082                 | 7,600         | 2,482        |
| 31100 | Los Angeles-Long Beach-Santa Ana, CA               | 8,055                  | 3,053         | 5,002        |
| 42660 | Seattle-Tacoma-Bellevue, WA                        | 7,490                  | 4,770         | 2,720        |
| 38060 | Phoenix-Mesa-Scottsdale, AZ                        | 6,652                  | 5,994         | 658          |
| 12060 | Atlanta-Sandy Springs-Marietta, GA                 | 6,121                  | 5,182         | 939          |
| 12420 | Austin-Round Rock, TX                              | 5,686                  | 4,970         | 716          |
| 37980 | Philadelphia-Camden-Wilmington, PA-NJ-DE-MD        | 5,633                  | 4,057         | 1,576        |
| 41700 | San Antonio, TX                                    | 5,274                  | 4,228         | 1,046        |
| 16980 | Chicago-Naperville-Joliet, IL-IN-WI                | 5,213                  | 3,315         | 1,898        |
| 40140 | Riverside-San Bernardino-Ontario, CA               | 4,917                  | 4,076         | 841          |
| 14460 | Boston-Cambridge-Quincy, MA-NH                     | 4,836                  | 2,791         | 2,045        |
| 16740 | Charlotte-Gastonia-Concord, NC-SC                  | 4,656                  | 3,805         | 851          |
| 26900 | Indianapolis, IN                                   | 4,523                  | 3,049         | 1,474        |
| 45300 | Tampa-St. Petersburg-Clearwater, FL                | 4,498                  | 3,486         | 1,012        |
| 41180 | St. Louis, MO-IL                                   | 4,474                  | 3,448         | 1,026        |
| 29820 | Las Vegas-Paradise, NV                             | 4,400                  | 3,850         | 550          |
| 39580 | Raleigh-Cary, NC                                   | 4,369                  | 3,830         | 539          |
| 12580 | Baltimore-Towson, MD                               | 4,361                  | 2,757         | 1,604        |
| 34980 | Nashville-Davidson--Murfreesboro, TN               | 4,326                  | 3,182         | 1,144        |
| 36740 | Orlando-Kissimmee, FL                              | 4,198                  | 3,410         | 788          |
| 33460 | Minneapolis-St. Paul-Bloomington, MN-WI            | 4,025                  | 2,997         | 1,028        |
| 33100 | Miami-Fort Lauderdale-Miami Beach, FL              | 4,014                  | 2,539         | 1,475        |
| 19740 | Denver-Aurora, CO                                  | 3,929                  | 2,923         | 1,006        |
| 21340 | El Paso, TX  | 3,623                  | 2,225         | 1,398        |
| 18140 | Columbus, OH                                       | 3,518                  | 2,443         | 1,075        |
| 38900 | Portland-Vancouver-Beaverton, OR-WA                | 3,383                  | 2,719         | 664          |
| 41860 | San Francisco-Oakland-Fremont, CA                  | 3,360                  | 1,719         | 1,641        |
| 47260 | Virginia Beach-Norfolk-Newport News, VA-NC         | 3,317                  | 2,541         | 776          |
| 27260 | Jacksonville, FL                                   | 3,026                  | 2,843         | 183          |
| 40060 | Richmond, VA                                       | 2,972                  | 2,101         | 871          |
| 41740 | San Diego-Carlsbad-San Marcos, CA                  | 2,930                  | 1,751         | 1,179        |
| 36420 | Oklahoma City, OK                                  | 2,880                  | 2,387         | 493          |
| 30780 | Little Rock-North Little Rock, AR                  | 2,838                  | 1,375         | 1,463        |
| 32580 | McAllen-Edinburg-Mission, TX                       | 2,616                  | 2,215         | 401          |
| 22180 | Fayetteville, NC                                   | 2,608                  | 1,257         | 1,351        |
| 17140 | Cincinnati-Middletown, OH-KY-IN                    | 2,574                  | 2,327         | 247          |
| 17900 | Columbia, SC                                       | 2,542                  | 2,092         | 450          |
| 38300 | Pittsburgh, PA                                     | 2,482                  | 2,212         | 270          |
| 16700 | Charleston-North Charleston, SC                    | 2,444                  | 2,195         | 249          |
| 19820 | Detroit-Warren-Livonia, MI                         | 2,288                  | 1,761         | 527          |
| 41620 | Salt Lake City, UT                                 | 2,163                  | 1,500         | 663          |
| 32820 | Memphis, TN-MS-AR                                  | 2,162                  | 1,342         | 820          |
| 12940 | Baton Rouge, LA                                    | 2,142                  | 2,028         | 114          |
| 46140 | Tulsa, OK  | 2,130                  | 1,856         | 274          |
| 40900 | Sacramento--Arden-Arcade--Roseville, CA            | 2,127                  | 1,753         | 374          |
| 36540 | Omaha-Council Bluffs, NE-IA                        | 2,101                  | 1,897         | 204          |
| 19780 | Des Moines, IA                                     | 2,002                  | 1,561         | 441          |

\*Multifamily is two or more units in structure. \*\*As per new Office of Management and Budget metropolitan area definitions. CBSA = Core Based Statistical Area.

Source: Census Bureau, Department of Commerce