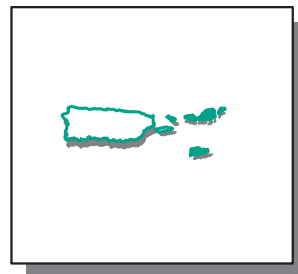
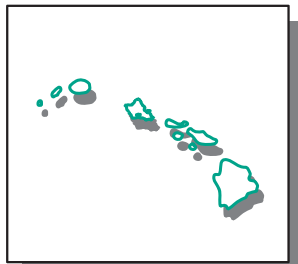
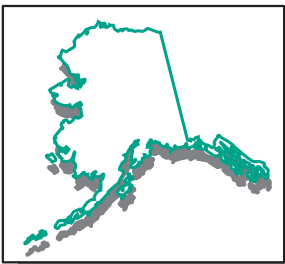
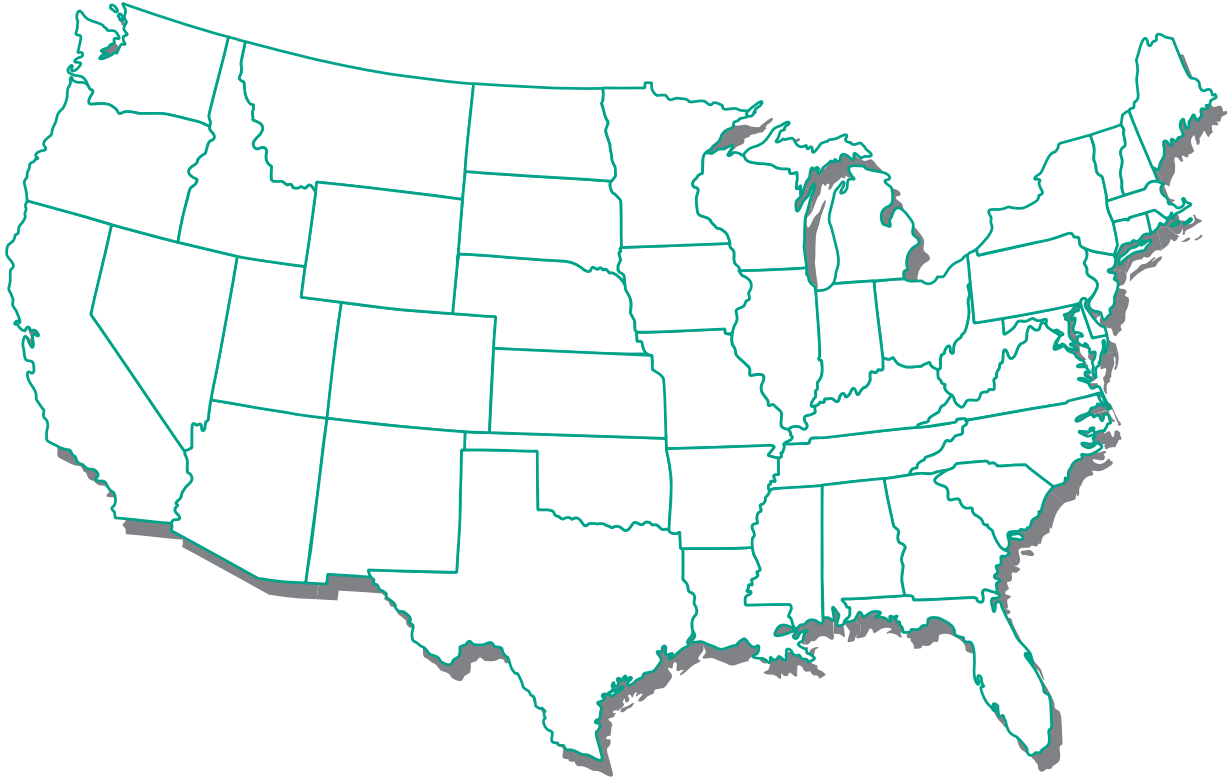




Regional Activity



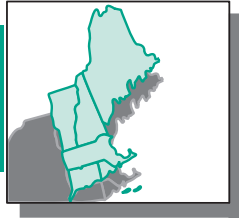
The following summaries of housing market conditions and activities have been prepared by economists in the U.S. Department of Housing and Urban Development's (HUD's) field offices. The reports provide overviews of economic and housing market trends within each region of HUD management. Also included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



After 2 years of significant job losses, nonfarm payrolls in the New England region increased by 27,800 jobs, or 0.4 percent, during the 12 months ending March 2011, compared with a decrease of 238,400 jobs, or 3.4 percent, during the previous 12-month period. The professional and business services sector posted the most dramatic turnaround, gaining 16,400 jobs, or 2.0 percent, after losing 46,700 jobs, or 5.3 percent, during the 12-month period ending in 2010. The education and health services and the leisure and hospitality sectors added 19,800 and 14,200 jobs, or 1.5 and 2.2 percent, respectively. The only other significant payroll gain was in the retail subsector, which created 5,700 jobs, an increase of 0.7 percent, after losing 27,500 jobs, or 3.4 percent, during the 12-month period ending March 2010. During the 12 months ending March 2011, the manufacturing and construction sectors accounted for losses of 7,400 and 3,300 jobs, or 3.1 and 0.5 percent, respectively. The financial services sector, which continues to post payroll declines, lost 6,600 jobs, or 1.4 percent, during the 12 months ending March 2011, following a loss of 19,800 jobs, or 4.1 percent, during the previous 12 months. The government sector lost 5,100 jobs, or 0.5 percent, despite a gain of 2,400 jobs in the federal subsector, which was offset by a loss of 8,200 jobs, or 5.6 percent, in the local government subsector.

Nonfarm payrolls increased in all states except Maine, where job growth was virtually flat during the 12 months ending March 2011. In Massachusetts, nonfarm payrolls increased by 19,000 jobs, or 0.6 percent, to a total of 3.2 million jobs, which represents nearly 70 percent of the net payroll gain for the region, compared with a loss of 97,000 jobs, or 3.0 percent, during the previous 12 months. The most significant job gains were in the education and health services, leisure and hospitality, and professional and business services sectors, which increased by 10,900, 6,300, and 5,900 jobs, or 1.7, 2.1, and 1.3 percent, respectively, compared with the number of jobs during the 12 months ending March 2010. Job losses in the construction and manufacturing sectors totaled only 3,800 jobs combined, or 1.0 percent, for the 12 months ending March 2011. During the same period, Connecticut gained 3,400 jobs, or 0.2 percent, compared with a loss of 74,000 jobs, or 4.4 percent, during the

previous 12 months. Gains of 6,300 and 5,100 jobs, or 2.1 and 2.7 percent, in the education and health services and professional and business services sectors, respectively, were partially offset by losses of 2,200 and 1,500 jobs, or 4.3 and 0.9 percent, in the construction and manufacturing sectors, respectively. The remaining significant job growth in the region was in Vermont, where 3,300 jobs were created, an increase of 1.1 percent, compared with a loss of 9,000 jobs, or 2.9 percent, a year earlier. Primary job growth in Vermont was in the leisure and hospitality and the professional and business services sectors, with gains of 1,500 and 1,000 jobs, or 4.7 percent each. New Hampshire and Rhode Island had small job gains of 1,500 and 800 jobs, respectively, or 2.0 percent each, and Maine's employment level was virtually flat, with only 200 jobs lost. During the 12 months ending March 2011, the unemployment rate in the New England region averaged 8.3 percent, which was down from 8.5 percent during the previous 12 months and is below the national average of 9.4 percent during the 12 months ending March 2011. Average unemployment rates for the states ranged from 5.7 percent in New Hampshire to 11.4 percent in Rhode Island.

Despite moderate employment gains and continued lower interest rates, New England home sales markets were soft during the first quarter of 2011 compared with mostly balanced conditions during the previous quarter. Sales were down in all states, ranging from 5 to 15 percent. According to the Massachusetts Association of REALTORS® (MAR), during the 12-month period ending March 2011, existing home sales were down 6 percent, to 36,670 homes sold, compared with the previous 12 months. The median sales price in March 2011 was down 2 percent, to \$273,500, from a year ago. The Rhode Island Association of REALTORS®, (RIAR) reported that, during the 12 months ending March 2011, existing home sales totaled 6,660 homes, down 15 percent compared with sales during the 12 months ending March 2010 but unchanged from the number of homes sold during the 12 months ending March 2009. The median sales price was up 1 percent to \$195,000, primarily from a 32-percent reduction in the number of distressed sales.

The Maine Real Estate Information System, Inc., reported that, during the 12 months ending March 2011, existing home sales in Maine decreased by 7 percent, to 10,080 homes sold, compared with an 18-percent increase during the previous 12 months. The median sales price was \$159,700, down 3 percent from a year earlier. According to the Northern New England Real Estate Network (NNEREN), during the 12 months ending March 2011, the number of new and existing homes sold in New Hampshire decreased by 5 percent, to 10,490, compared with a gain of more than 9 percent during the previous 12 months. The median sales price was \$193,950, down 6 percent from the previous 12-month period. In Connecticut, Prudential Connecticut Realty reported that 22,425

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

homes were sold during the 12 months ending March 2011, a decrease of about 8 percent, compared with the 24,360 homes sold during the previous 12-month period. The median sales price in March 2011 was \$240,000, down 2 percent from the median price of \$245,000 a year earlier.

According to the Federal Housing Finance Agency, in the fourth quarter of 2010, home sales prices in the New England census region decreased by approximately 1 percent compared with prices during the fourth quarter of 2009, which represents the lowest rate of price depreciation of the nine census regions. The comparable decline for the nation was about 4 percent. According to LPS Applied Analytics, in March 2011, the number of loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) decreased by 2.6 percent to 102,580 loans compared with 105,275 loans reported in March 2010. The March 2011 level represents 6.5 percent of all home loans in the region, down from 7.0 percent in March 2010. The largest percentage point change in the region was in Massachusetts, declining from 6.9 percent in March 2010 to 6.0 percent in March 2011. Vermont had the lowest rate in the region at 4.5 percent. The comparable national rate was 8.1 percent.

The number of condominiums sold and the median sales price both were down in the New England region during the 12 months ending March 2011, partially because the first-time homebuyer tax credit program ended. According to the MAR, during the 12 months ending March 2011, in Massachusetts, the number of condominiums sold was down 9 percent, to 14,690 units, compared with a 7-percent increase in the number sold during the previous 12-month period. The median condominium sales price was down 8 percent, to \$234,500, compared with a 14-percent increase from \$224,500 to \$256,000, 12 months earlier. In Rhode Island, the RIAR reported that condominium sales were down 9 percent, to 1,120 units, after an increase of 8 percent to 1,235 units during the year ending March 2010. The median condominium sales price was down 4 percent, to \$169,900, compared with a 1-percent increase during the previous 12 months. According to the NNEREN, in New Hampshire, condominium sales totaled 2,590 units, a decline of 10 percent, after an 11-percent decline during the previous 12 months. The median condominium sales price was down 9 percent, to \$149,900, compared with a 6-percent increase to \$164,700 during the 12 months ending March 2010. Prudential Connecticut Realty reported that during the 12 months ending March 2011, the number of condominium sales decreased by nearly 13 percent, and the median sales price was down 7 percent to \$163,500.

The decreasing number of existing home sales after the tax credit programs expired and the subsequent decline in home sales prices have limited growth in new single-family construction activity, as measured by the number of single-family building permits issued. During the 12 months ending March 2011, based on preliminary data,

the number of new single-family homes permitted was 10,910, virtually unchanged from the 12 months ending March 2010 and up only 1 percent from the 12 months ending March 2009. Massachusetts and New Hampshire increased the number of single-family permits issued by 4 percent each to 4,540 and 1,475 homes permitted, respectively. These gains were offset by decreases in the region's other four states. Connecticut and Rhode Island had single-family production declines of 2 and 11 percent to 2,080 and 690 homes permitted, respectively. The northern New England states of Maine and Vermont had declines of 4 and 3 percent to 1,600 and 520 homes permitted, respectively.

During the 12 months ending March 2011, the level of multifamily construction in the region, as measured by the number of multifamily units permitted, increased by 18 percent, to 5,565 units, compared with a decline of 40 percent, to 4,720 units, during the previous 12 months. Based on preliminary data, the number of multifamily units permitted in Massachusetts, during the 12 months ending March 2011, increased by 46 percent, to 2,910 units, compared with a decrease of more than 50 percent to fewer than 2,000 units during the previous year. The number of multifamily units permitted in Connecticut and Rhode Island increased 5 and 15 percent to 1,200 and 225 units permitted, respectively. Vermont increased the number of multifamily units permitted by 24 percent to 390 units. The number of multifamily units permitted in New Hampshire and Maine declined 25 and 10 percent to 660 and 180 units, respectively.

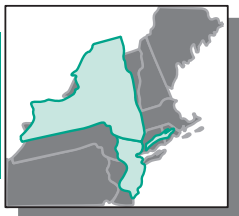
Rental markets in the New England region were balanced to tight during the first quarter of 2011. According to Reis, Inc., vacancy rates declined and rents increased in virtually all metropolitan area markets. In general, the larger metropolitan markets, with moderate levels of new inventory, were balanced, with vacancy rates ranging from 4 to 6 percent. As of the first quarter of 2011, the Boston metropolitan area had an apartment rental vacancy rate of 4.6 percent, down from 6.5 percent a year earlier. Additions to the rental inventory have been and are projected to be limited; only about 1,700 added units are expected for 2010 and 2011 combined, and rents have increased nearly 3 percent during the past year. The Hartford metropolitan area apartment rental vacancy rate was 4.3 percent, down from 5.7 percent a year earlier. Rents increased by nearly 2 percent during the 12 months ending March 2011. In Providence, the apartment rental vacancy rate decreased from 7.9 to 5.5 percent during the 12 months ending March 2011, because excess inventory was absorbed. Rents changed little, increasing less than 1 percent. Smaller rental markets, with very limited new inventory are tight, with vacancy rates ranging from 3 to 4 percent and rents increasing by more than 3 percent. In Portland the apartment rental vacancy rate of 4.2 percent, during the 12 months ending March 2011, was down from 5.5 percent a year earlier; rents increased by more than 4 percent during the same



period. During the 12 months ending March 2011, the Worcester market had a vacancy rate of 4.0 percent, down from 5.5 percent a year earlier, and rents increased by nearly 5 percent during the same period.

NEW YORK/ NEW JERSEY

HUD Region II



After 2 years of job losses, economic conditions in the New York/New Jersey region improved during the past year, although most hiring was concentrated in New York City (NYC). During the 12 months ending March 2011, nonfarm payrolls increased by 25,800 jobs, or 0.2 percent, to 12.4 million, a significant improvement compared with the loss of 370,600 jobs, or 2.9 percent, during the previous 12 months. The increase of 43,350 jobs, or 0.5 percent, in New York State was offset by the loss of 17,550 jobs, or 0.5 percent, in New Jersey. Total nonfarm payrolls averaged 8.6 million jobs in New York and 3.9 million in New Jersey. Employment in NYC increased by 36,300, or 1.0 percent, to more than 3.7 million jobs.

Job growth in the New York/New Jersey region was strongest in the education and health services, professional and business services, and leisure and hospitality sectors. An increase of 46,350 jobs, or 2.0 percent, was recorded in the education and health services sector, with gains of 38,900 jobs, or 2.3 percent, in New York and nearly 7,500 jobs, or 1.2 percent, in New Jersey. The professional and business services sector increased by 26,500 jobs, or 1.6 percent, in the region primarily because of hiring in NYC, which added 16,350 jobs, or 2.9 percent. The leisure and hospitality sector expanded by 24,950 jobs, a 2.4-percent increase, with additions of 22,050 and 2,900 jobs, or increases of 3.1 and 0.9 percent, in New York and New Jersey, respectively. After 3 years of declining payrolls, the financial activities sector of NYC recorded an increase of 2,400 jobs, or 0.6 percent, a significant improvement compared with the loss of 30,750 jobs, or 6.7 percent, during the previous 12 months. In NYC, the sector with the largest increase in payrolls was education and health services, which added 19,500 jobs, or 2.6 percent. During the 12 months ending March 2011, the construction and manufacturing sectors declined by 20,600 and 16,200 jobs, or 4.6 and 2.2 percent, respectively, which reflects a significant improvement compared with the declines of 60,500 and 85,100 jobs, or 11.8 and 10.5 percent, respectively, recorded during the previous 12 months. The Newark metropolitan area, which lost 9,975 jobs, or 1.0 percent, recorded the largest payroll decline in the region, largely because of losses in the government sector. During the 12 months ending March 2011, the unemployment rate in the New York/New Jersey region averaged 8.7 percent,

down slightly from the 9.0-percent rate recorded during the previous 12 months. The average unemployment rate declined from 8.7 to 8.3 percent in New York and from 9.5 to 9.3 percent in New Jersey.

As the economy improved, most sales housing markets in the New York/New Jersey region show signs of strengthening but remain slightly soft. According to the NATIONAL ASSOCIATION OF REALTORS®, home sales in the region during 2010 (the latest information available) declined by 17,100 homes, or 5 percent, from 2009 to a seasonally adjusted annual rate of 352,000 homes sold. According to LPS Applied Analytics, during March 2011, the percentage of total loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) in the region increased to 8.6 percent compared with 8.4 percent a year earlier. The rate in New Jersey rose from 9.3 to 9.7 percent, but in New York it remained unchanged at 7.8 percent.

According to data from the New York State Association of REALTORS®, during the 12 months ending March 2011, the number of existing single-family home sales in the state (excluding parts of NYC) declined by 8 percent, to 74,150 homes, compared with the number sold during the same period a year earlier. The median price of an existing home increased 3 percent to \$215,000. Most Upstate New York metropolitan areas reported declining sales and moderate price increases. According to the Greater Capital and Greater Rochester Associations of REALTORS®, in the Albany-Schenectady-Troy and Rochester metropolitan areas, home sales were down 11 percent to 7,400 and 9 percent to 9,950, respectively. The median sales price rose by 2 percent in the Rochester metropolitan area, increasing to \$114,900, and remained unchanged at \$175,000 in the Albany metropolitan area. According to the Buffalo Niagara Association of REALTORS®, during the 12 months ending February 2011, home sales declined by 13 percent to 8,625 homes sold and the median sales price increased by 5 percent to \$105,000.

The NYC home sales market is balanced, although prices have continued to decline in Manhattan. Prudential Douglas Elliman Real Estate reported that, during the 12 months ending March 2011, existing condominium and cooperative unit sales in Manhattan, Brooklyn, and Queens increased 6 percent to 29,900 units compared with the number sold during the 12 months ending March 2010. The average sales price rose by 10 percent to \$789,000, and the average number of days a home remained on the market declined by 22 days to 111 days, which is 12 days fewer than the average of 123 days recorded during the 12 months ending March 2009. During the past year, home sales increased 17 percent to 10,100 in Manhattan and rose by 6 percent to 7,650 in Brooklyn, while sales declined 1 percent to 12,150 in Queens. The current level of home sales in Manhattan is 5 percent higher than the average annual rate of 9,575 homes sold from 2006 through 2010. In Manhattan, the median price declined approximately 10 percent a year during the past 2 years to \$782,100 in March 2011. The median price increased by 2 percent, to \$475,000, in Brooklyn, and by 1 percent, to \$350,000, in Queens.

In New Jersey, home sales markets are slightly soft. Home sales declined in 2010 and home prices remained relatively flat in most areas. According to data from the New Jersey Association of REALTORS®, the number of existing homes sold declined by nearly 5 percent, down from 115,300 homes sold in 2009 to 110,000 homes sold during 2010 (the latest data available). During 2010, the median sales price in New Jersey remained nearly unchanged at \$304,000. All three regions of the state reported decreased home sales, with declines in Southern, Central, and Northern New Jersey of 11, 3, and 2 percent, to 27,400, 29,200, and 53,400, respectively. In Southern New Jersey, the median price increased by nearly 2 percent to \$207,400, but median prices remained unchanged at \$370,000 and \$314,900 in Northern and Central New Jersey, respectively.

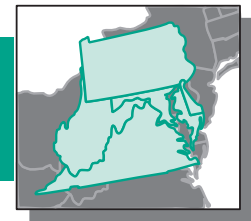
As economic conditions in the New York/New Jersey region showed signs of improving, builders increased multifamily construction, but single-family homebuilding declined slightly. During the 12 months ending March 2011, multifamily building activity, as measured by the number of units permitted, increased by 34 percent to 15,150 units compared with a 74-percent decrease during the previous 12 months, based on preliminary data. During the past 12 months, apartments accounted for approximately 80 percent of permitting activity in the region, up from 70 percent during the 2000s. In New York, the number of multifamily units permitted increased by 2,025 units, or 28 percent, to 9,125 units from a year earlier. In New Jersey, the number of multifamily units permitted increased by 1,850, or 45 percent, to about 6,025 units, a significant improvement compared with the 55-percent decline that occurred a year earlier. For comparison, from 2006 through 2008, the number of multifamily units permitted annually averaged 36,750 units in New York and 12,900 units in New Jersey. During the 12 months ending March 2010, based on preliminary data, the number of single-family homes permitted in the region decreased by approximately 4 percent to 13,150 homes compared with an 11-percent decline recorded during the same period a year earlier. The current level of single-family permitting remains well below the 47,200 homes permitted in the region from 2000 through 2005. Single-family home construction decreased by 150, or 2 percent, to 5,975 homes in New York and by 440, or 6 percent, to 7,175 homes in New Jersey.

As of the first quarter of 2011, most rental markets in the region were tight, with declining vacancy rates and rising rents. According to Reis, Inc., in the first quarter of 2011, the apartment vacancy rate in NYC remained unchanged at 2.8 percent compared with the rate recorded a year earlier. During the first quarter of 2011, the average asking rent increased by more than 4 percent to \$2,875. In Long Island, the vacancy rate declined slightly from 3.8 to 3.7 percent; rents increased by 3 percent to \$1,560. The Westchester market tightened as the vacancy rate declined from 4.8 to 3.5 percent, and rents increased by less than 1 percent to \$1,855. The Rochester metropolitan area rental market tightened, as the vacancy rate decreased from 5.1 to 3.8 percent, and the average rent increased more than 3 percent to

\$780. In the Syracuse metropolitan area, the vacancy rate declined from 4.4 to 3.7 percent, while the average rent increased more than 2 percent to \$700. The Buffalo metropolitan area market tightened as the vacancy rate decreased from 5.0 to 4.2 percent, and the average rent increased 1 percent to nearly \$740. In Central New Jersey, the vacancy rate declined from 4.1 to 3.7 percent, and the average rent increased by more than 1 percent to \$1,160. In Northern New Jersey, the vacancy rate decreased from 5.3 to 4.7 percent, and the average rent increased by 2 percent to nearly \$1,520.

MID-ATLANTIC

HUD Region III



During the 12 months ending March 2011, nonfarm payrolls averaged 13.7 million jobs, up 86,600 jobs, or 0.6 percent, from the average of 13.6 million jobs a year earlier. The professional and business services sector added 37,500 jobs, an increase of 2 percent. The education and health services sector and the retail trade subsector grew by 41,650 and 9,950 jobs, or 1.9 and 0.7 percent, respectively. The federal government subsector added 25,300 jobs, an increase of nearly 4 percent, offsetting 11,900 job losses in the state and local government subsectors to produce a net gain in the government sector of 0.6 percent, or 13,400 additional jobs. Job declines were most severe in the information and financial activities sectors, down 10,400 and 10,100 jobs, or 4 and 1 percent, respectively. The construction subsector declined by 7,550 jobs, or 1 percent, compared with the 13-percent decline, or 91,600 jobs lost, during the 12 months ending March 2010.

The total number of nonfarm jobs increased in every state in the region and in the District of Columbia during the 12 months ending March 2011. The increase of 48,050 new jobs in Pennsylvania, a gain of 0.9 percent, accounted for 55 percent of all new jobs in the Mid-Atlantic region. Nearly one-half of the new jobs in Pennsylvania were in the education and health services sector, which increased by 20,730 jobs, or 1.8 percent. The District of Columbia reported the largest percentage increase in jobs of 1.6 percent, or nearly 11,000 jobs, with approximately three-fourths of those in the federal government. Virginia added 13,770 jobs, or 0.4 percent, and Maryland increased by 7,650 jobs, up 0.3 percent. In Virginia, the professional and business services sector accounted for 97 percent of the net gain, and in Maryland, federal government jobs represented 97 percent of the net additions. In West Virginia and Delaware, nonfarm payrolls grew by 5,300 and 867 jobs, or 0.7 and 0.2 percent, respectively. During the 12-month period ending March 2011, the regional unemployment rate averaged 7.7 percent, down from the 7.9-percent regional average recorded during the previous 12 months. Unemployment



rates among the states ranged from 6.7 percent in Virginia to 9.1 percent in West Virginia. The District of Columbia reported an unemployment rate of 9.7 percent, down from 10.1 percent a year earlier.

The home sales market in the Mid-Atlantic region was soft during the first quarter of 2011 as the market adjusted to the expiration of the homebuyer tax credit in 2010. The number of home sales declined in all states in the Mid-Atlantic region during the 12 months ending March 2011. According to the Maryland Association of REALTORS®, 51,500 existing homes were sold in Maryland during the 12-month period compared with 52,300 homes sold during the 12 months ending March 2010. As the number of sales decreased, total active inventory increased by 2 percent to an average of 42,700 homes on the market compared with 41,900 a year earlier. The average home sales price was \$290,900 during the 12 months ending March 2011, down nearly 2 percent from the \$296,100 reported during the previous 12-month period. In the Baltimore metropolitan area, 21,900 homes were sold during the 12 months ending March 2011, down 3 percent from the 22,600 homes sold during the 12 months ending March 2010, according to Metropolitan Regional Information Systems, Inc. (MRIS®). Prices declined by nearly 2 percent to an average of \$273,900 from an average of \$278,800 during the previous year.

The Virginia home sales market was soft during the first quarter of 2011. According to the Virginia Association of REALTORS®, 16,500 existing homes were sold during the first quarter of 2011, nearly unchanged from the number sold during the first quarter of 2010. The median sales price for the state declined nearly 7 percent to \$210,000 from the \$225,000 price reported in the first quarter of 2010. In both the greater Richmond and Hampton Roads-Chesapeake Bay areas, the number of quarterly home sales declined 17 percent to 2,190 and 3,245 homes, respectively; median sales prices decreased by 9 percent in both areas to \$198,500 and \$215,200, respectively.

The resale market softened within the other states in the region during 2010 (the most recent data available). According to the NATIONAL ASSOCIATION OF REALTORS®, the resale market in Delaware, Pennsylvania, and West Virginia declined during 2010 compared with the number of existing homes sold during 2009. In Delaware, during the fourth quarter of 2010, the annual rate of home sales decreased 14 percent to 10,000 homes sold compared with the annual rate of 14,000 reported in the fourth quarter of 2009. In Pennsylvania, an annual rate of 150,800 homes sold was recorded, down 33 percent compared with the rate of 226,400 during 2009. The number of home sales decreased by 17 percent in West Virginia to a total annual rate of 27,200 homes sold. In the Washington, D.C. metropolitan area, according to MRIS®, a total of 62,900 homes sold during the 12 months ending March 2011, down 5 percent from 66,300 homes sold during the same period a year earlier. The

average home sales price increased by nearly 5 percent to \$377,000 during the 12 months ending March 2011 from \$360,600 during the previous 12-month period.

According to LPS Applied Analytics, during March 2011, the number of home loans that were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) in the region declined by 6.5 percent to approximately 221,900 loans compared with the number recorded during March 2010. This level represents a March 2011 rate of 6 percent of all loans recorded in the region compared with 6.7 percent during March 2010. The regional rate is also less than the current 8.1-percent national rate.

Softer sales market conditions reduced single-family construction activity, as measured by the number of building permits issued, in all states throughout the region except the District of Columbia. The regionwide levels of construction activity during the 12 months ending March 2011 decreased by 1,940, or nearly 5 percent, to a total of 37,300 homes. Production of new homes declined by 19 percent in Delaware, to 2,450 homes permitted, and by 11 percent in West Virginia, to 1,250 homes permitted. In Virginia, Maryland, and Pennsylvania, production was down 5, 4, and 2 percent to 13,900, 7,775, and 11,750 homes permitted, respectively. Construction activity totaled 230 homes permitted in the District of Columbia, up 100 homes from the previous year. Production in major metropolitan areas in the region varied during the 12 months ending March 2011. The number of single-family building permits issued increased by 5 percent to 3,575 homes in the Baltimore metropolitan area but declined by 8 percent to 4,920 homes in the Philadelphia metropolitan area and by 2 percent to 9,200 homes in the Washington, D.C. metropolitan area.

During the 12 months ending March 2011, multifamily construction activity, as measured by the number of units permitted, was mixed. For the region as a whole, preliminary data for the 12-month period indicate that the number of multifamily units permitted increased by 1,050 units, or 9 percent, to 12,580 units, compared with an 18-percent decrease during the previous 12-month period. Maryland and Virginia reported increases in multifamily production, permitting 3,150 and 5,770 multifamily units, up 15 and 22 percent, respectively. Multifamily production in West Virginia, Pennsylvania, and Delaware declined by 55, 7, and 3 percent as the number of multifamily units permitted totaled 800, 2,210, and 490 units, respectively. In the District of Columbia, 880 multifamily units were permitted, a decrease of 16 percent. The number of multifamily units permitted in the largest Mid-Atlantic metropolitan areas during the 12 months ending March 2011 were 2,000 in Philadelphia, a 5-percent decrease; 1,670 in Baltimore, a 27-percent decrease, and 4,900 in Washington, D.C., a 55-percent increase.

Rental market conditions in the three largest metropolitan areas in the region were mixed during the first quarter of 2011. Because the number of apartments being added to

the supply has declined during the past 3 years, the Philadelphia metropolitan area apartment market tightened. According to Delta Associates, during the 12 months ending March 2011, vacancy rates in Philadelphia decreased from 8.5 to 5.3 percent, while the average rent increased 8 percent, to \$1,550. In Center City Philadelphia, average rents increased by 13 percent, to \$2,100, while the apartment vacancy rate declined from 4.2 to 3.6 percent. During the first quarter of 2011, the Baltimore metropolitan area rental market was slightly soft, with an apartment vacancy rate of 7.2 percent, but improved from the 8.7-percent rate that was reported a year earlier. Apartment vacancy rates in the city of Baltimore declined from 10.7 to 7.2 percent during the 12 months ending March 2011. Average rents increased by nearly 5 percent to \$1,420 in the Baltimore metropolitan area and by 2 percent to \$1,575 in the city of Baltimore. Higher vacancy rates for midrise and highrise apartments in the Washington, D.C. metropolitan area offset the balanced conditions in lowrise units to produce a slightly soft apartment market overall. Vacancy rates in midrise and highrise apartments during the 12 months ending March 2011 decreased from 13.4 to 7.3 percent in Northern Virginia and from 13.7 to 9.1 percent in Suburban Maryland but increased in the District of Columbia from 9.9 to 11.4 percent. In March 2011, rents for midrise and highrise apartments averaged \$2,430 in the District of Columbia, \$2,170 in suburban Maryland, and \$2,160 in Northern Virginia, up 4, 7, and nearly 6 percent, respectively, from March 2010. Metropolitan areawide vacancy rates for Class A garden apartments decreased from 8.2 to 6.0 percent during the 12 months ending March 2010. During the same 12-month period, garden apartment rents in the Maryland suburbs and in Northern Virginia increased nearly 5 and 10 percent to average \$1,510 and \$1,520, respectively.



During the 12-month period ending March 2011, nonfarm payrolls averaged 25.1 million jobs, a decrease of 20,500 jobs, or 0.1 percent, from the same period a year earlier. Results were mixed in the region, with payrolls increasing the most in Tennessee and Kentucky, by 17,900 and 16,800 jobs, or 0.7 and 1 percent, respectively. During the 12 months ending March 2011, Mississippi, South Carolina, and the Virgin Islands also recorded employment gains that ranged from 0.3 to 0.6 percent. Employment in Puerto Rico declined the most in the region, down by 28,800 jobs, or 3 percent, to 918,700 jobs, followed by Georgia and Florida, where employment decreased by

16,400 and 11,200 jobs to 3,828,500 and 7,184,900 jobs, respectively. During the first quarter of 2011, payroll growth was positive in every state in the region compared with the growth recorded during the first quarter of 2010, when employment declined in every state in the region. Only Puerto Rico and the Virgin Islands recorded continued job losses during the first quarter of 2011.

Job losses in the Southeast/Caribbean region during the 12 months ending March 2011 resulted primarily from declines in employment in the construction sector, which fell by 70,900 jobs, or 7 percent. Soft sales and rental markets, as well as tight credit markets, have contributed to job losses in the sector. Other significant declines in nonfarm payrolls in the region included the manufacturing and government sectors, which decreased by 36,500 and 27,300 jobs, or 1.7 and 0.6 percent, respectively. During the past 12 months, manufacturing employment in the region continued a long-term decline that occurred partially because of international manufacturing competition. Decreases in government employment were primarily the result of cost-cutting efforts by state and local governments to compensate for long-term decreases in tax revenues resulting from the slow economy. The largest increase in employment, 107,900 jobs, or 3.5 percent, came from the professional and business services sector; every state and the Caribbean recorded an increase in employment in the sector. During the past 12 months, the education and health services sector and the leisure and hospitality sector in the region increased by 48,600 and 20,200 jobs, or 1.4 and 0.8 percent, respectively. During the 12 months ending March 2011, the unemployment rate for the region decreased to an average of 10.7 percent from 10.9 percent during the previous 12-month period. During the past 12 months, unemployment rates ranged from 9.2 percent in Alabama to 16.2 percent in Puerto Rico.

Throughout the Southeast/Caribbean region, sales housing markets remain soft because of the large number of distressed properties; however, during the past 12 months, the percentage of distressed loans declined in every state in the region. According to LPS Applied Analytics, in March 2011, 11.1 percent of home loans in the region were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from 12.2 percent in March 2010. In March 2011, the rates of distressed loans ranged from 5.8 percent in Kentucky to 18.1 percent in Florida. The large number of distressed home loans and falling housing prices in Florida have increased investor purchases in the state, resulting in an increase in the number of home sales. According to data available from Florida Realtors®, during the 12 months ending March 2011, sales of existing homes and condominiums in Florida increased by 4 percent to 176,600 and by 25 percent to 78,550, respectively, compared with the numbers sold during the previous 12-month period. The year-to-date median sales price through March 2011 for an existing single-family home or condominium decreased by 6 percent to \$123,600 and by 14 percent to \$80,700, respectively,



from the median prices during the first quarter of 2010. In Miami, during the 12 months ending March 2011, existing single-family home sales increased by 17 percent to 8,025, with the year-to-date median sales price down 19 percent to \$159,800. In Miami, during the same period, condominium sales increased by 54 percent to 11,500, but the year-to-date median sales price decreased by 30 percent to \$97,400.

The Alabama Center for Real Estate reported that, during the 12 months ending March 2011, approximately 35,800 new and existing homes and condominiums sold statewide, a 9-percent decrease from the 12 months ending March 2010. The average price for a home or condominium sold was about \$145,600, which was virtually unchanged from the price during the 12 months ending March 2010. In Kentucky, during the first quarter of 2011, according to the Greater Louisville Association of REALTORS®, approximately 1,950 new and existing single-family homes and 225 condominiums were sold, a decrease of 7 and 12 percent, respectively, from the first quarter of 2010. During the first quarter of 2011, the median prices of single-family homes and condominiums sold decreased by 3 percent to \$130,000 and by 4 percent to \$116,500, respectively, compared with the first quarter of 2010. The Lexington Bluegrass Association of REALTORS® reported that, during the 12 months ending March 2011, about 6,225 new and existing homes were sold, a decrease of 14 percent from the previous 12 months. During the 12-month period ending March 2011, the average price of a home sold increased 2 percent to \$170,200. During that same period, approximately 500 condominiums and townhomes in Lexington were sold, down 22 percent from the previous 12 months, but the average price increased 13 percent to \$153,800.

According to the North Carolina Association of REALTORS®, Inc., during the 12 months ending March 2011, 80,500 existing homes were sold in the 21 areas reported on by the association, a 3-percent decrease compared with the number sold during the previous 12-month period. The statewide average price of a home increased by less than 1 percent to \$201,700. The number of homes sold decreased in the three largest metropolitan areas of the state—Charlotte, Greensboro, and Raleigh—which recorded declines of 2, 4, and 6 percent, respectively. The average home price in Charlotte and Raleigh increased by 1 and 3 percent, respectively, but decreased by nearly 2 percent in Greensboro. South Carolina REALTORS® reported that, during the 12 months ending March 2011, 45,100 homes were sold statewide, a decrease of nearly 5 percent from the number sold during the previous 12 months. During the 12 months ending March 2011, the number of homes sold declined in 9 of the 14 reported areas for which 24 months of data were available and median home prices decreased in 10 areas. The year-to-date median price of a home decreased 4 percent to \$140,000 statewide.

According to the Knoxville Area Association of REALTORS®, in the 12 months ending March 2011, the number of new and existing single-family homes sold in Knoxville decreased by 9 percent to 8,770 homes, but the average sales price increased to \$174,800, up nearly 2 percent. Knoxville condominium sales decreased by nearly 9 percent to 970, and the average price declined by 3 percent to \$154,800. According to the Greater Nashville Association of REALTORS® the number of new and existing single-family homes and condominiums sold decreased by 7 percent to 16,740 and by 17 percent to 2,225, respectively, during the 12 months ending March 2011. From March 2010 to March 2011, the median price for a single-family home increased from \$159,250 to \$165,000, or 4 percent, and the median price for a condominium increased from \$137,450 to \$143,000, or 4 percent. According to the Memphis Area Association of REALTORS®, in the 12 months ending March 2011, 9,800 new and existing single-family homes were sold, a decrease of 12 percent; the average price decreased by 1 percent to \$143,600. Condominium sales decreased by 22 percent to 350, while the average sales price declined to \$142,100, compared with the sales price recorded during the previous 12 months.

As a result of weak economic conditions and tight credit markets in the Southeast/Caribbean region, single-family production continued to decline during the past 12 months. Based on preliminary data, during the 12-month period ending March 2011, single-family homebuilding in the region, as measured by the number of building permits issued, decreased by 14,400 homes, or 13 percent, to 98,550. Every state in the region recorded a decrease in single-family homebuilding, ranging from a decrease of approximately 3,300 homes, or 13 percent, in North Carolina, to a decrease of 835 homes, or 15 percent, in Kentucky. The number of permits issued in the region remains near the lowest number recorded in more than 20 years.

Because of soft apartment markets and tight credit conditions in 2010, multifamily construction, as measured by the number of multifamily units permitted, remained near historic lows in the Southeast/Caribbean region but increased slightly in some states in the region. According to preliminary data, during the 12 months ending March 2011, the number of multifamily units permitted increased by 830 units, or 3 percent, to approximately 28,750 units. Trends in permits during the past 12 months varied throughout the region. Permits decreased by 1,400 units, or 42 percent, in Alabama to 1,950 units but increased by 2,625 units, or 39 percent, to 9,450 units in Florida. Kentucky and North Carolina also recorded increases of 570 and 490 units permitted, respectively.

As a result of minimal apartment construction and improved absorption during the past 12 months, significant decreases in apartment vacancy rates have occurred in each of the 20 largest metropolitan areas in the region in

the first quarter of 2011. Of the 20 areas, 15 are considered to have balanced apartment market conditions. According to Reis, Inc., vacancy rates declined by at least 2 percentage points in Atlanta, Columbia, Greensboro-Winston-Salem, Jacksonville, and Memphis, but, because of an excessive number of vacant units in 2010, the declines were not sufficient to achieve balanced apartment market conditions. The largest decline in vacancy rates occurred in Charleston, where, from the first quarter of 2010 to the first quarter of 2011, the vacancy rate decreased from 11.6 to 7.5 percent. Vacancy rates ranged from 5.2 percent in Chattanooga to 11.2 percent in Memphis during the first quarter of 2011. In Atlanta and Miami, during the first quarter of 2011, the vacancy rates were 9.1 and 5.6 percent, down from 11.5 and 6.3 percent during the first quarter of 2010, respectively. Between the first quarter of 2010 and the first quarter of 2011, average monthly rents increased in 19 areas; only Jacksonville had a decrease in rent of less than 1 percent to \$800. Rent increases ranged from nearly 4 percent in Greenville to less than 1 percent in Atlanta, Birmingham, Lexington, and Orlando. During the first quarter of 2011, rents averaged \$846 in Atlanta and increased by 1 percent to \$1,088 in Miami from the first quarter of 2010.

MIDWEST

HUD Region V



In the Midwest region, employment levels increased during the first quarter of 2011, the first quarterly increase in nonfarm payroll jobs since 2007. For the 12 months ending March 2011, nonfarm payrolls gained almost 103,000 jobs, or 0.5 percent, to an average of 22.7 million jobs compared with a decline of 1.2 million jobs in the previous 12-month period. Sectors with job growth included the professional and business services, education and health services, and manufacturing sectors, which added 99,400, 61,700, and 47,300 jobs, or 3.7, 1.7, and 1.7 percent, respectively. These gains were partially offset by losses recorded in the construction, financial activities, and government sectors, which declined by 32,200, 21,800, and 21,200 jobs, or 3.9, 1.7, and 0.6 percent, respectively. Each of the six states in the region reported nonfarm payroll job increases, led by Michigan, which gained 30,500 jobs, or 0.8 percent, followed by Indiana, Ohio, and Illinois, which gained 27,900, 17,100, and 14,900 jobs, or 1.0, 0.3, and 0.3 percent, respectively. Wisconsin and Minnesota reported smaller nonfarm payroll increases of 8,600 and 3,800 jobs, or 0.3 and 0.1 percent, respectively. As a result of increasing employment, the average unemployment rate for the 12 months ending March 2011 was 9.5 percent, down from the 10.7-percent rate

recorded for the 12 months ending March 2010. The unemployment rate, which dropped in each of the six Midwest region states, ranged from 7.0 percent in Minnesota to 11.7 percent in Michigan.

As economic conditions improved, home sales markets in the Midwest region strengthened, although conditions are still slightly soft as foreclosure activity and uncertain lending conditions continue to cause disruptions. State REALTOR® offices report declining sales and generally increasing prices for the 12 months ending March 2011. In Michigan, the Michigan Association of REALTORS® reported that, for the 12 months ending March 2011, sales declined 9 percent, to 105,700, and the average sales price increased 6 percent, to \$106,900. Declining sales and increasing prices also occurred in Indiana, where the Indiana Association of REALTORS® reported sales fell to 56,900, which represented a 9-percent decline from the previous year, and the average price rose almost 4 percent, to \$133,100, for the 12 months ending March 2011. The home sales market was soft in Minnesota where, according to the Minnesota Association of REALTORS®, during the 12 months ending March 2011 there was a 12-percent drop in new and existing home sales, down to 62,200, and an 11-percent decline in the median price, down to \$129,500, compared with the median sales price in March 2010. In Wisconsin, for the 12 months ending March 2011, the Greater Milwaukee Association of REALTORS® reported an 18-percent decrease in home sales for the four-county Milwaukee-Waukesha-West Allis metropolitan area, to 11,000 homes sold, and a 2-percent increase in the average sales price, to \$207,000, compared with home sales and prices for the previous 12-month period.

In Ohio, the Ohio Association of REALTORS® reported that, for the 12 months ending March 2011, home sales declined by almost 26 percent, to 97,950, but the average sales price remained unchanged at \$132,000 compared with home sales and prices for the 12 months ending March 2010. The Ohio Association of REALTORS® identified the slowly recovering economy and the end of the first-time homebuyers tax credit as contributing factors to the decline in home sales. In Illinois, home sales markets are soft in the state and in the Chicago metropolitan area. For the 12 months ending March 2011, the Illinois Association of REALTORS® reported a 10-percent decline in home sales for the state, to 101,100 homes, and a 12-percent drop in the median sales price, down to \$130,000. In the Chicago metropolitan area, for the 12 months ending March 2011, home sales declined 8 percent, to 73,250 homes, and the median sales price in March 2011 was \$158,000, 14 percent below the price in March 2010. According to LPS Applied Analytics, in February 2011, the number of home loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) decreased to 516,900, or 8.4 percent of all loans recorded in the Midwest region. These numbers reflect an improvement from the 9.3-percent rate recorded in February 2010, when 550,700 loans were in this status.



Partly because of weakness in the home sales market and the slowly recovering economic conditions, single-family construction activity, as measured by the number of building permits issued, declined during the 12 months ending March 2011. During the 12 months ending March 2011, the number of single-family homes permitted fell nearly 8 percent, to 39,700 homes, following a 10-percent decline for the previous 12-month period, based on preliminary data. Single-family homebuilding in the region remains significantly below the recent 3-year average annual pace from 2007 through 2009 of 74,750 homes. Every state except Michigan reported a decline; the declines ranged from 10 percent, or 5,875 homes, in Wisconsin to 15 percent, or 8,050 homes, in Indiana. Permits in Illinois, Ohio, and Minnesota were lower by 11, 13, and 14 percent, to 5,600, 8,575, and 5,575, respectively. In Michigan, single-family construction activity increased by 12 percent, to 6,000 homes.

Multifamily construction, as measured by the number of units permitted, increased in the Midwest region by 39 percent, to 16,850 units, for the 12 months ending March 2011, according to preliminary data. Each state registered gains ranging from 630 to 2,925 units in Ohio to an increase of 1,000 units, to 3,200, in Wisconsin. In Ohio, the increase in multifamily construction was led by Columbus, where 250 more multifamily units were permitted during the 12 months ending March 2011 than during the previous 12-month period. Increases of 30 percent each were reported in both Illinois and Indiana, where permits increased to 3,475 and 3,300 units, respectively. The Chicago metropolitan area accounted for all of the increases in multifamily units permitted in Illinois, and the Indianapolis metropolitan area accounted for 36 percent of the increased multifamily units reported in Indiana. In Minnesota and Wisconsin, the increase in multifamily units permitted was 45 and 46 percent, to 2,525 and 3,200 units, respectively. The Milwaukee metropolitan area accounted for two-thirds of the increased multifamily units permitted in Wisconsin, and the Minneapolis metropolitan area accounted for 61 percent of the increased units permitted in Minnesota.

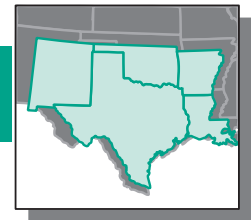
Conditions improved in major rental markets in the Midwest region during the first quarter of 2011, with lower vacancy rates and higher average rents compared with the first quarter of 2010. Apartment market conditions improved in all three major metropolitan areas in Ohio: Cincinnati, Cleveland, and Columbus. Conditions in Cincinnati and Cleveland are currently balanced, with vacancy rates reported by Reis, Inc., of 6.4 and 5.2 percent, respectively, down from 8.2 and 7.0 percent during the first quarter of 2010. The apartment market in Columbus remains soft, with an apartment vacancy rate of 8.6 percent, down from 9.5 percent a year earlier. Rents in the three Ohio metropolitan areas increased between the first quarter of 2010 and the first quarter of 2011 by 2 percent in Cincinnati, to \$720, and by 1 percent in both Cleveland and Columbus, to \$740 and \$690, respectively.

In Detroit, where conditions are balanced, Reis, Inc., reported the apartment vacancy rate was 6.6 percent, down from 8.1 percent in the first quarter of 2010, and the average rent rose 1 percent, to \$830. In Minneapolis, the rental market is tight. According to Marquette Advisors, the estimated vacancy rate in Minneapolis was 3.1 percent in the first quarter of 2011, down sharply from 6.1 percent in the first quarter of 2010, and the average rent increased 2 percent, to \$916. In downtown Minneapolis, the average rent increased 5 percent, to nearly \$1,275, while the downtown Minneapolis apartment vacancy rate decreased from 8.4 to 3.5 percent.

In Milwaukee, the apartment market is balanced but tightening. According to Reis, Inc., the vacancy rate was 4.2 percent for the first quarter of 2011, down from the 5.2-percent rate reported in the first quarter of 2010, and the average rent increased 1 percent to \$840. In Indianapolis, the market is improving but remains slightly soft, as the average rent rose 3 percent, to \$690, and the apartment vacancy rate declined from 10.0 to 7.5 percent. In the Chicago metropolitan area, where conditions are balanced, Reis, Inc., reported the apartment vacancy rate for the first quarter of 2011 was 5.4 percent, down from 6.6 percent a year earlier, while the average rent increased 2 percent, to \$1,075. The downtown Chicago rental market is balanced. According to Appraisal Research Counselors, for the fourth quarter of 2010, the vacancy rate was 6.4 percent, down from the 7.6-percent rate reported in the fourth quarter of 2009, with net effective rents up approximately 7 percent since last year, including rent increases and declining concessions.

SOUTHWEST

HUD Region VI



After 2 years of declines, nonfarm payroll jobs have begun to increase in the Southwest region. During the 12 months ending March 2011, average nonfarm payrolls increased by 1 percent, or 149,700 jobs, to 15.9 million jobs. By comparison, for the 12 months ending March 2010, average nonfarm payrolls declined by 3.1 percent, or 497,300 jobs. During the 12 months ending March 2011, the education and health services sector recorded the largest growth, adding 62,000 jobs, an increase of 2.9 percent. The professional and business services and the government sectors increased by 46,100 jobs, or 2.5 percent, and 27,200 jobs, or 0.9 percent, respectively. The fastest growing sector was the natural resources and mining sector, which benefited from rising oil and gas prices, with an increase of 24,100 jobs, or 7.6 percent. Because of continued soft housing and commercial

property markets, job losses continued in the construction sector but at a much slower pace, with a decline of 13,500 jobs, or 1.5 percent, compared with a decrease of 115,100 jobs, or 11.7 percent, during the 12 months ending March 2010. During the 12 months ending March 2011, the manufacturing sector declined by 10,300 jobs, or 0.8 percent, continuing a trend of job losses in the sector that began in 2008.

During the 12 months ending March 2011, job losses in Louisiana and New Mexico were more than offset by nonfarm payroll gains in Arkansas, Oklahoma, and Texas. During the 12 months ending March 2011, Texas gained 144,800 jobs, or 1.4 percent, led by an increase of 48,900 jobs, or 3.6 percent, in the education and health services sector. In Arkansas, nonfarm payrolls increased by 10,300 jobs, or 0.9 percent, as losses in the goods-producing sectors were offset by gains in most service-providing sectors. In Oklahoma, nonfarm payrolls increased by 1,300 jobs, or 0.1 percent, which represents the first increase since the 12 months ending March 2009. In Louisiana, a decline of 1,100 jobs, or 0.1 percent, was led by nonfarm payroll declines of 5,700 each in the construction and government sectors. During the most recent 12 months, nonfarm payrolls in New Mexico recorded the largest decline in the region, down 5,600 jobs, or 0.7 percent, as job gains in the natural resources and mining and the education and health services sectors were offset by declines in most other sectors. For the 12 months ending March 2011, the unemployment rate in the region increased to 8 percent, up from the 7.7-percent rate recorded during the previous 12 months. The average unemployment rates ranged from 6.7 percent in Oklahoma to 8.4 percent in New Mexico; Louisiana, Arkansas, and Texas recorded unemployment rates of 7.7, 7.8, and 8.2 percent, respectively.

Sales housing market conditions in the Southwest region remained soft during the first quarter of 2011 despite small job gains in the region over the past 12 months. In Texas, during the 12 months ending March 2011, approximately 200,200 new and existing homes were sold, down 7 percent compared with the number sold during the previous 12 months and down 9 percent from the number sold during the 12 months ending March 2009, according to the Real Estate Center at Texas A&M University. For the 12-month period ending March 2011, the inventory of unsold homes in Texas was at a 7.5-month supply, up from the 7-month supply for the previous 12-month period and well above the 5-month average supply recorded from 2006 through 2008. During the 12 months ending March 2011, in most major metropolitan areas in Texas, the number of new and existing homes sold declined, with declines ranging from 5 percent in San Antonio to 10 percent in Dallas and Fort Worth. Houston and Austin recorded declines in the number of homes sold of 6 and 8 percent, respectively. During the 12 months ending March 2011, the average home sales price in Texas increased 4 percent to \$194,900 compared with the average price during the previous 12 months. Among major metropolitan areas in Texas, home sales price increases

ranged from 3 percent in Houston to 7 percent in Dallas. Fort Worth and San Antonio recorded home sales price increases of 4 percent each, and Austin recorded a 5-percent increase. In Dallas, during the 12 months ending March 2011, the average sales price of \$216,000 has nearly recovered to the average sales price of \$216,300 recorded 3 years earlier during the 12 months ending March 2008.

Home sales declined in a number of markets in states elsewhere in the region during the 12 months ending March 2011. In New Orleans, during the 12 months ending March 2011, according to the New Orleans Metropolitan Association of REALTORS® and Gulf South Real Estate Information Network, Inc., new and existing single-family home sales were down 5 percent to 7,075 homes, and the average sales price increased 2 percent to \$210,500. In Baton Rouge, during the 12 months ending March 2011, based on data from the Greater Baton Rouge Association of REALTORS®, the number of home sales declined 9 percent to 6,275 homes, and the average home sales price increased 2 percent to \$194,600. The Greater Albuquerque Association of REALTORS® reported that, in Albuquerque, during the 12 months ending March 2011, the number of home sales was down 8 percent to 6,450 homes compared with the number sold during the previous 12-month period, and that the average sales price increased 1 percent to \$215,600. According to the Oklahoma Association of REALTORS®, in Oklahoma, during the first quarter of 2011, the number of new and existing homes sold was down 4,725, or 11 percent, at 40,100 homes sold, and the average home sales price increased by approximately 1 percent to \$148,100 compared with the first quarter of 2010. According to the Arkansas REALTORS® Association, during the 12 months ending March 2011, the number of new and existing home sales in the state declined by 1,900, or 8 percent, to 22,700 homes compared with the number of homes sold during the previous 12 months and the average home sales price increased 1 percent to \$145,700.

Builders in the Southwest region responded to declining home sales by reducing single-family construction activity, which is measured by the number of single-family building permits issued. During the 12 months ending March 2011, the total number of single-family homes permitted was 81,200, a decline of 13,350 homes, or 14 percent, compared with the number permitted during the previous 12 months, based on preliminary data. For the 12 months ending March 2011, Texas recorded a 14-percent decrease in the number of single-family homes permitted, down 9,925 to 59,000 homes permitted. Other states in the region experienced declines in the number of single-family homes permitted, ranging from 9 percent in Louisiana to 18 percent in Oklahoma. Arkansas and New Mexico recorded declines of 14 and 17 percent, respectively.

Rental housing market conditions are soft in the largest metropolitan areas in Texas but improved during the first quarter of 2011 as builders responded to the soft



market conditions by reducing multifamily construction activity. According to ALN Systems, Inc., in the first quarter of 2011, the apartment vacancy rate in Austin was 7.3 percent, down from 10.7 percent during the first quarter of 2010, and the average rent increased 4 percent to \$860. In San Antonio, the apartment vacancy rate declined from 11.9 to 9.4 percent during the first quarter of 2011, and the average rent increased 1 percent to \$740. Rental markets in Fort Worth and Houston remained very soft, with vacancy rates of 10.9 and 12.6 percent, respectively, during the first quarter of 2011. The average rents in Fort Worth and Houston remained unchanged at \$700 and \$790, respectively, compared with the first quarter of 2010. In Dallas, during the first quarter of 2011, the vacancy rate declined to 9.3 percent from the 12.8-percent rate recorded during the first quarter of 2010, but the average rent remained unchanged at \$800.

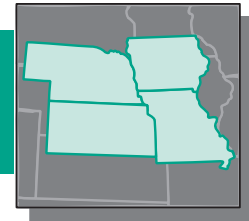
Rental housing market conditions improved in large metropolitan areas in other states throughout the Southwest region during the first quarter of 2011. Rental markets in Albuquerque and Little Rock are currently balanced. According to Reis, Inc., in the first quarter of 2011, the apartment vacancy rate in Albuquerque was 4.7 percent, down from 6.4 percent a year earlier, and the average rent increased 2 percent to \$720. In Little Rock, during the first quarter of 2011, the apartment vacancy rate was 6.9 percent, down from 8.6 percent a year earlier, and the average rent increased approximately 1 percent to \$660. Rental markets in the largest metropolitan areas in Oklahoma are improving but remained soft during the first quarter of 2011. In Oklahoma City, from the first quarter of 2010 to the first quarter of 2011, the apartment vacancy rate declined significantly from 10.1 to 7.5 percent, and the average rent increased 2 percent to \$560. In Tulsa, the vacancy rate declined from 9.4 percent in the first quarter of 2010 to 8.3 percent during the same period in 2011, and the average rent increased 1 percent to \$580. In New Orleans, during the first quarter of 2011, rental market conditions improved as the apartment rental vacancy rate fell to 8.8 percent, down from the 10.5-percent rate recorded a year earlier, and the average rent increased 3 percent to \$870.

Despite soft apartment rental markets in many large metropolitan areas, multifamily construction activity, as measured by the number of units permitted, increased in the Southwest region during the 12 months ending March 2011, following a large decline during the previous 12 months. Based on preliminary data, during the 12 months ending March 2011, the 25,600 units permitted reflect a 44-percent increase compared with the number of units permitted during the previous 12 months. Multifamily permitting levels for the 12 months ending March 2011 are approximately 48 percent below the 51,050 units recorded during the 12 months ending March 2009. During the 12 months ending March 2011, the number of multifamily units permitted in Texas increased by 55 percent, or 7,325 units, from the previous year, to 20,725

units. Other states in the region experienced changes in the number of multifamily units permitted, ranging from a decline of 680 units in Oklahoma to an increase of 1,200 units in Arkansas. Louisiana and New Mexico recorded increases of 100 and 170 units, respectively.

GREAT PLAINS

HUD Region VII



Economic conditions in the Great Plains region continued to decline in the first quarter of 2011, a trend that began in November 2007. During the 12 months ending March 2011, average nonfarm payrolls decreased by 0.3 percent, or 21,800 jobs, to 6.4 million jobs. In comparison, average nonfarm payrolls declined by 3.4 percent, or 227,400 jobs, for the 12 months ending March 2010. During the 12 months ending March 2011, gains in two employment sectors, totaling 21,500 jobs, were offset by a combined loss of 43,300 jobs in the remaining nine sectors. The professional and business services sector recorded the largest growth, adding 13,100 jobs, an increase of 1.9 percent. The education and health services sector increased by 8,400 jobs, or 0.9 percent, with all states in the region recording increased payrolls in the sector. Significant declines continued from the previous quarter in the mining, logging, and construction sector, which decreased by 15,700 jobs, or 5.4 percent, compared with a decrease of 44,900 jobs, or 13.3 percent, during the 12 months ending March 2010. Approximately 80 percent of the job losses are estimated to be in the construction subsector because of soft housing and commercial property markets. The information sector, which recorded declines in all states in the region, lost 10,100 jobs, or 7 percent, during the 12 months ending March 2011.

During the 12 months ending March 2011, job losses in Kansas and Missouri overshadowed nonfarm payroll gains recorded in Nebraska and Iowa, which represents the first increases in more than 2 years in the two states. During the 12 months ending March 2011, nonfarm payrolls in Nebraska increased by 2,800 jobs, or 0.3 percent, led by an increase of more than 2,900 jobs, or 2.9 percent, in the professional and business services sector. In Iowa, nonfarm payrolls increased by 1,600 jobs, or 0.1 percent, led by gains of 5,000 jobs in the professional and business services sector and 1,000 jobs in the education and health services sector, or 4.3 and 0.5 percent, respectively. Nonfarm payrolls in Missouri decreased by 17,100 jobs, or 0.6 percent, because combined gains of more than 7,900 jobs in the professional and business services and education and health services sectors were offset by combined losses of 12,500 jobs in the construction and manufacturing

sectors and declines in most other sectors. In Kansas, nonfarm payrolls declined by 9,300 jobs, or 0.7 percent, with declines in the information and manufacturing sectors accounting for nearly 50 percent of the total loss. For the 12 months ending March 2011, the unemployment rate in the region remained relatively unchanged at 7.5 percent compared with the rate for the 12 months ending March 2010. The average unemployment rates ranged from 4.4 percent in Nebraska to 9.4 percent in Missouri; Iowa and Kansas recorded rates of 6.1 and 6.9 percent, respectively.

Sales housing market conditions remained soft throughout all the states in the Great Plains region during the first quarter of 2011 because of the weakened economy. According to Hanley Wood, LLC, during the 12 months ending March 2011, sales of new and existing homes in the region declined 18 percent to 114,900 homes sold compared with the number sold during the previous period. Missouri recorded the largest absolute decline in sales during the past year, down 9,775 homes, or 15 percent. During the same period, home sales in Nebraska declined to 11,000 homes sold, a decrease of nearly 40 percent, representing the largest rate of decline of any state in the region. In Kansas and Iowa, sales of new and existing homes decreased by 20 and 11 percent, to 21,550 and 25,500 homes sold, respectively. During the 12 months ending March 2011, despite the declines in sales, the average sales price in the region increased to \$167,900, up nearly 4 percent compared with the sales price from a year earlier because of a decrease in distressed sales. According to LPS Applied Analytics, during the first quarter of 2011, the percentage of total loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) fell in all four states in the region. Missouri had the greatest percentage point decrease, falling from 5.9 to 5.3 percent, followed by Nebraska, which declined from 3.9 to 3.5 percent during the past year. During the first quarter of 2011, Iowa and Kansas had rates of 4.7 and 4.9 percent, respectively, compared with 5.1 percent in both states during the same period of the previous year.

Following state trends, home sales continued to decrease in all major markets throughout the region during the first quarter of 2011, although home prices began to stabilize. According to the Kansas City Regional Association of REALTORS® and Heartland Multiple Listing Service, Inc., during the 12 months ending March 2011, the average price of new and existing single-family homes in Kansas City remained unchanged at \$161,600, and home sales were down 13 percent to 22,600 homes sold. In St. Louis, the number of existing home sales decreased to 13,300, based on city and county data from the St. Louis Association of REALTORS®, and the average home sales price increased 4 percent to \$182,300. During the 12 months ending March 2011, the Des Moines Area Association of REALTORS® reported that, in Des Moines, the number of home sales declined 17 percent to 6,925 homes when compared with the number sold

during the previous 12-month period, and the average home sales price was up slightly to \$160,800, indicating a 2-percent increase. According to the Wichita Area Association of REALTORS®, during the 12 months ending March 2011, the number of homes sold in Wichita declined by 9 percent, down to 7,750 homes sold, and the average home sales price remained unchanged at \$134,800. According to the Omaha Area Board of REALTORS®, during the 12 months ending March 2011, home sales in Omaha decreased by 10 percent to 8,225 homes sold, and the average home price increased 4 percent to \$167,500.

Reduced home sales resulted in a decrease of single-family construction activity in every state in the Great Plains region, as measured by the number of single-family building permits issued. During the 12 months ending March 2011, based on preliminary data, the total number of single-family homes permitted in the region was 16,000, a decrease of 2,600 homes, or 14 percent, compared with the number permitted during the previous 12 months. Nebraska recorded a 28-percent decrease in the number of single-family homes permitted, down 1,150 to 2,925 homes permitted, which represents the largest decline in the region. Kansas recorded a 12-percent decrease, down to 2,975 single-family homes permitted. In other states in the region, changes ranged from a decrease of 6 percent in Iowa to a decrease of 13 percent in Missouri.

Rental housing market conditions were mixed in the large metropolitan areas throughout the Great Plains region during the first quarter of 2011. According to Reis, Inc., in the first quarter of 2011, the apartment market in Wichita was balanced, with a vacancy rate of 6.1 percent, down from 7 percent a year earlier, and the average rent remained relatively unchanged at \$520. In Omaha, during the first quarter of 2011, the apartment market was tight, with a vacancy rate of 4.4 percent, down from 6.2 percent a year earlier, and the average rent increased approximately 2 percent to \$700. Rental markets in the largest metropolitan areas in Missouri were slightly soft during the first quarter of 2011. In Kansas City during the first quarter of 2010, the apartment vacancy rate declined from 10.3 to 7.5 percent, and the average rent increased 2 percent to \$710. In St. Louis, for the first quarter of 2010, the vacancy rate declined from 9 to 7.3 percent for the same period in 2011, and the average rent increased by 1 percent to \$730. Rental market conditions in Des Moines tightened during the first quarter of 2011 because the apartment vacancy rate fell to 4.3 percent, down slightly from the 4.8-percent rate recorded a year earlier, and the average rent increased 1 percent to \$710.

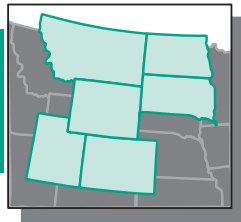
Multifamily construction, as measured by the number of multifamily units permitted, declined by 24 percent, to 5,425 units, in the Great Plains region during the past year compared with a 21-percent decrease for the 12 months ending March 2010. In comparison, multifamily construction activity averaged 15,850 units permitted annually from 2005 through 2008. During the past 2 years,



continued weak economic conditions and limited credit availability have resulted in reduced construction levels in every state in the region, with the exception of Nebraska. Improving rental market conditions in Nebraska led to the permitting of 840 units, up from the 530 units permitted for the 12 months ending March 2010. In Kansas, during the 12 months ending March 2011, the number of multifamily units permitted declined by 55 percent, or 1,050 units, from the previous year to 850 units. In other states in the region, changes ranged from a decline of 30 percent in Iowa, down to 1,325 units permitted, to a decrease of 15 percent in Missouri, down to 2,400 units permitted.

ROCKY MOUNTAIN

HUD Region VIII



In the Rocky Mountain region, nonfarm payroll jobs have increased slightly in the past 12 months but remain well below the peak of 5.1 million jobs recorded during late 2008. From the 12 months ending February 2010 to the 12 months ending February 2011, nonfarm payrolls increased by about 4,400 jobs, or 0.1 percent, to 4.9 million jobs. The goods-producing sectors, which have been losing jobs since late 2007, declined by 2.2 percent in the past 12 months. Manufacturing sector payrolls fell by 3,800 jobs, or 1.2 percent, and construction sector payrolls fell by 19,400 jobs, or 6.9 percent. These losses were offset by a 0.5-percent increase in payrolls in the service-providing sectors. The education and health services and the professional and business services sectors added about 17,200 and 8,700 jobs, increases of 2.8 and 1.5 percent, respectively. Government sector employment also increased. Although local government payrolls in the region declined by 1,000 jobs, or 0.2 percent, federal and state government payrolls rose by 4,700 and 3,500 jobs, or 3.5 and 1.5 percent, respectively.

Within the region during the past 12 months, the largest employment declines occurred in Colorado and Wyoming, where nonfarm payrolls decreased by 8,700 and 1,000 jobs, respectively, or 0.4 percent each. Much of that payroll decline was because of declining construction activity. In Colorado, construction sector payrolls fell by 13,100 jobs, or 10 percent, because of declining nonresidential building activity. In Wyoming, construction payrolls fell by 800 jobs, or 3.4 percent, because of a decline in multifamily residential building activity. In Montana, total nonfarm payrolls also fell slightly, down 0.1 percent, or 300 jobs. These payroll losses were offset by gains elsewhere in the region. In Utah, during the past 12 months, nonfarm payrolls rose by 1,800 jobs, or 0.2

percent, and in South Dakota, they rose by 1,300 jobs, or 0.3 percent. North Dakota had the fastest job growth in the country, at 3.1 percent, an increase of 11,200 jobs. In the 12 months ending February 2011, the mining and logging sector in North Dakota added 4,400 jobs, a 62-percent increase. This increase was largely because of strong energy-related growth in western parts of the state. Despite the overall job growth for the region, unemployment rates remain high in some areas. For the 12 months ending February 2011, the average unemployment rate for the region was 7.7 percent, up from 7.5 percent a year earlier. For the 12 months ending February 2011, state unemployment rates ranged from 3.9 percent in North Dakota to 9 percent in Colorado, but all states in the region continued to have unemployment rates below the 9.5-percent national average.

Home sales markets in the Rocky Mountain region remained soft in the first quarter of 2011 because of sluggish job growth and tight lending standards. Based on data from the NATIONAL ASSOCIATION OF REALTORS®, during the fourth quarter of 2010, home sales in the region were down 21 percent from a year earlier to a seasonally adjusted annual rate of 171,200 homes sold. The decreases in home sales varied by state, ranging from more than 8 percent in Wyoming to 38 percent in South Dakota, but sales were down for all states in the region. Despite the decline in sales, home prices appear to be stabilizing. Based on the Federal Housing Finance Agency's Home Price Index, quality-controlled sales prices for existing homes in the region were down less than 1 percent in the fourth quarter of 2010 compared with a year earlier. By contrast, home prices for the region in the fourth quarter of 2009 were down nearly 4 percent from a year earlier. In the fourth quarter of 2010, home prices were up 1 percent in South Dakota and 2 percent in North Dakota—the highest rates of price appreciation in the country—but those increases were offset by declines elsewhere. In Wyoming, Colorado, Montana, and Utah, prices in the fourth quarter of 2010 were down by less than 1 percent to slightly more than 2 percent. Continued economic weakness in the region has also led to an increase in mortgage defaults. For the 12 months ending March 2011, based on LPS Applied Analytics data, the number of homes that were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) represented 4.9 percent of all home loans in the region, up from 4.6 percent during the previous 12 months. For the 12 months ending March 2011, the rates for distressed loans in the Rocky Mountain region ranged from 2 percent in North Dakota to 6.2 percent in Utah, but all states in the region were below the 8.4-percent national average.

Home sales have decreased in most of the larger metropolitan areas of Colorado, but, contrary to the overall state trend, prices have increased in many metropolitan areas. Based on data from Hanley Wood, LLC, during the 12 months ending February 2011, about 29,800 new and existing single-family homes were sold in the Denver-Aurora area compared with the 32,700 sold in the previous

12 months, which represents a nearly 9-percent decline. In the Colorado Springs and Fort Collins-Loveland areas, during the 12 months ending February 2011, sales were down by 9 and 10 percent to 9,300 and 4,400 homes sold, respectively. In the Denver-Aurora area, the average price for homes sold was up by more than 5 percent to about \$287,500. In the Colorado Springs and Fort Collins-Loveland areas, home prices were up more than 4 and 6 percent, to \$227,100 and \$260,100, respectively. In Grand Junction, during the 12 months ending February 2011, however, average home prices fell more than 11 percent to about \$205,400, and home sales fell by more than 5 percent to about 1,900 homes sold. In the major metropolitan areas of Utah, the home sales markets were soft, with both number of sales and prices declining. In the Salt Lake City area, in the 12 months ending February 2011, about 13,500 new and existing single-family homes were sold, which represents a nearly 10-percent decrease from a year earlier. In the Ogden-Clearfield and Provo-Orem areas, during the 12 months ending February 2011, sales were down nearly 17 and 13 percent, to about 7,500 and 6,200 homes sold, respectively. In the Ogden-Clearfield, Salt Lake City, and Provo-Orem areas, average prices for homes sold were down less than 1 percent, more than 1 percent, and more than 3 percent, to \$208,000, \$256,600, and \$232,200, respectively. Elsewhere in the region, sales in general were down but prices increased. In Billings and Fargo, sales of new and existing homes fell 23 and 11 percent, to 1,800 and 2,800 homes sold, respectively, but average home prices were up 7 and 5 percent, to \$210,100 and \$174,700, respectively.

Sales of attached homes (such as condominiums and town-homes) remain weak in most metropolitan areas of the region. Based on data from Hanley Wood, LLC., in the 12 months ending February 2011, about 9,500 new and existing attached homes were sold in the Denver-Aurora area, down from the 10,800 sold in the previous 12 months, or a 12-percent decline. In Colorado Springs, sales fell nearly 10 percent, down to less than 700 units sold. In Provo-Orem and Ogden-Clearfield, sales of attached homes fell by more than 20 percent in both areas, to 1,000 and 450 units sold, respectively. In Salt Lake City, sales fell nearly 14 percent to 3,000 units sold. In the 12 months ending February 2011, in Denver-Aurora, the average price for existing attached homes sold was up by less than 1 percent from a year earlier, to about \$179,300. In Colorado Springs, the average price fell nearly 7 percent to \$138,200. In Provo-Orem and Salt Lake City, average prices were up nearly 2 and 3 percent, to \$155,300 and \$210,100, respectively, but in Ogden-Clearfield, the average price was down nearly 2 percent to \$138,000.

Despite the weak home sales market, homebuilding increased slightly in the past 12 months in the Rocky Mountain region. Based on preliminary data, in the 12 months ending February 2011, single-family building activity, as measured by the number of permits issued, was up to about 19,300 homes permitted, which represents an increase of more than 1 percent from the previous 12

months. This number is well below the peak years of 2004 through 2006, however, when an average of more than 72,000 single-family homes a year were permitted in the region. In North Dakota and Colorado, single-family construction increased by 8 and 14 percent to about 7,700 and 1,600 homes, respectively, but in South Dakota, Montana, Utah, and Wyoming, homebuilding fell by 16, more than 7, nearly 2, and less than 1 percent, to 1,600, 1,100, 6,000, and 1,200 homes permitted, respectively. Multifamily construction fell slightly during the past 12 months in the region. Based on preliminary data, in the 12 months ending February 2011, about 8,000 multifamily units were permitted, down less than 1 percent from a year earlier. During the 12 months ending February 2011, in North Dakota, Montana, and Colorado, construction increased by 230, 270, and 770 units to about 1,450, 600, and 2,600 units permitted, respectively. In South Dakota, Utah, and Wyoming, however, multifamily construction activity fell by 240, 510, and 540 units to about 650, 2,150, and 450 units permitted, respectively. From 2006 through 2008, multifamily building in the region peaked at 15,800 units a year.

Rental market conditions tightened in most areas of the Rocky Mountain region in the first quarter of 2011 compared with market conditions a year earlier, and markets in most areas now range from balanced to tight. Demand has increased as growth in renter households has increased, and rental unit construction has not kept pace with rising demand. Based on data from Apartment Insights, Inc., apartment markets in Colorado Front Range metropolitan areas are currently balanced to tight. In the Denver-Aurora area, in the first quarter of 2011, the apartment vacancy rate was 5.5 percent, down from 7 percent a year earlier. The Colorado Springs, Boulder, and Fort Collins-Loveland areas had first quarter 2011 vacancy rates of 5.8, 3.9, and 3.6 percent, respectively, representing declines of more than 1 percentage point from a year earlier in each area. In the Denver-Aurora area, during the first quarter of 2011, monthly rents averaged about \$870, up nearly 5 percent from a year earlier. Rents in Colorado Springs, Boulder, and Fort Collins-Loveland averaged about \$720, \$980, and \$880 a month, increases of 3, more than 3, and 8 percent, respectively, from a year earlier. In the major metropolitan areas of Utah, rental markets tightened in the past year and are now balanced to tight. According to Reis, Inc., during the first quarter of 2011, in the Salt Lake City, Ogden-Clearfield, and Provo-Orem areas, apartment vacancy rates were 6.3, 4.8, and 4.0 percent, respectively, representing declines of more than one-half of a percentage point from a year earlier in each area. In the first quarter of 2011, in Salt Lake City and Ogden-Clearfield, effective monthly rents averaged \$715 and \$670, increases of 2 and nearly 2 percent, respectively, from a year earlier, but in Provo-Orem rents fell by less than 1 percent to about \$770. The Fargo rental market has tightened in the past year and is currently balanced; according to Appraisal Services, Inc., in the first quarter of 2010, the apartment vacancy rate was 6.2 percent, down from 7.2 percent a year earlier.



PACIFIC

HUD Region IX



Nonfarm job losses that started in the Pacific region in 2008 continued during the 12-month period ending March 2011, but at a slower average rate of decline. During the 12-month period ending March 2011, nonfarm payrolls averaged more than 18 million jobs, reflecting a decline of 51,900 jobs, or 0.3 percent, compared with a decline of 1.2 million jobs, or 6 percent, during the 12 months ending March 2010. During the more recent period, the construction sector lost 62,100 jobs, or 8 percent, because of the slowdown in both residential and commercial construction. Job gains occurred in the professional and business services, education and health services, and leisure and hospitality sectors, which added 52,200, 13,300, and 10,600 jobs, or 2, 2, and 1 percent, respectively.

During the 12 months ending March 2011, three of the four states in the region had nonfarm job losses compared with a decline in all four states during the 12 months ending March 2010. In California, nonfarm payrolls declined by 13,300 jobs, or 0.1 percent, to average 13.9 million jobs. The government sector, which lost 55,500 jobs, or 6.2 percent, replaced construction as the sector with the largest number of job losses in the state because of state and local government revenue shortfalls. In Southern California, nonfarm payrolls declined 17,700 jobs, or 0.2 percent. San Francisco Bay Area payrolls added 2,750 jobs, or 0.1 percent, as gains in the professional and business services and the education and health services sectors offset the losses in the construction sector. In Arizona, during the 12 months ending March 2011, nonfarm payrolls decreased by 23,250 jobs, or 1 percent, to average 2.4 million jobs. The decrease was driven by a decline of 10,300 jobs, or 8.6 percent, in the construction sector. In Nevada, nonfarm payrolls decreased by 16,200 jobs, or 1.4 percent, to average 1.1 million jobs. Nevada's construction sector declined by 14,900 jobs, or 20.4 percent, as home sales continued to decline. The 3-percent increase in total visitors to Las Vegas supported the gain in the leisure and hospitality sector of 2,800 jobs, or 2.8 percent. Hawaii was the only state in the region with a gain in nonfarm payrolls, adding 900 jobs, or 0.2 percent, to average 588,900 jobs. During the 12 months ending March 2011, the construction sector in Hawaii lost 1,900 jobs, or 6.2 percent, compared with the number of construction jobs lost during the previous 12 months. The professional and business services sector led job gains in Hawaii, with an increase of 10,200 jobs, or 3.8 percent. From the 12 months ending March 2010 to the 12 months ending March 2011, the average unemployment rate in the region increased from 11.6 to 11.9 percent. State unemployment rates ranged from 6.6 percent in Hawaii to 14.5 percent in Nevada.

Real Estate Owned (REO) sales and high unemployment rates resulted in soft sales housing markets in three of the four states in the Pacific region. The home sales markets in both Arizona and Nevada remained soft during the first quarter of 2011, a condition that has existed since the third quarter of 2007 in Arizona and the first quarter of 2007 in Nevada. According to Hanley Wood, LLC, during the 12-month period ending March 2011, 111,200 new and existing homes sold in Arizona, which represents a 17-percent decline compared with the number sold during the previous 12-month period. During the 12-month period ending March 2011, the average home sales price declined by 6 percent, to \$134,700. From the 12 months ending March 2010 to the 12 months ending March 2011, Arizona REO sales as a percentage of all existing home sales increased from 51 to 58 percent. In the Phoenix metropolitan area, new and existing home sales declined by 11 percent, to 92,300 homes sold, but the average home price increased by 3 percent to \$166,700. In Nevada, during the 12 months ending March 2011, 59,500 new and existing homes sold, a decline of 11 percent compared with the number sold during the 12-month period ending March 2010, and the average home sales price decreased 4 percent to \$139,700. In Nevada, from the 12 months ending March 2010 to the 12 months ending March 2011, REO sales as a percentage of all existing home sales declined from 65 to 60 percent. In Las Vegas, from the 12 months ending March 2010 to the 12 months ending March 2011, sales decreased by 11 percent, to 47,900 homes. During that same period, the average home price decreased from \$165,000 to \$161,200.

In California, during the first quarter of 2011, the home sales market also remained soft, a condition that has existed since the first quarter of 2007. According to Hanley Wood, LLC, the number of new and existing homes sold totaled 426,100, a 9-percent decrease compared with the number of homes sold during the previous 12-month period. During the 12-month period ending March 2011, the average home sales price increased by 2 percent to \$276,100. From the 12 months ending March 2010 to the 12 months ending March 2011, REO sales as a percentage of existing home sales decreased from 46 to 43 percent. In the San Francisco Bay Area, during the 12 months ending March 2011, 68,100 homes sold, which was a 7-percent decrease compared with the number sold during the previous 12 months; the average home sales price increased by 6 percent to \$534,300 during the same period. In Southern California, during the same period, the number of homes sold decreased by 9 percent to 234,300 homes, but the average home sales price increased 3 percent to \$500,100.

Because of moderate employment growth, Hawaii was the only state in the region that had a balanced sales housing market as of the first quarter of 2011. During the 12 months ending March 2011, according to Hanley Wood, LLC, the number of new and existing homes sold totaled 15,550, a 2-percent increase compared with the number sold during the previous 12 months. During the 12-month period ending March 2011, the average home sales price in Hawaii

increased by 7 percent to \$400,300. From the 12 months ending March 2010 to the 12 months ending March 2011, REO sales as a percentage of all existing sales increased from 9 to 16 percent. In the Honolulu area, during the 12 months ending March 2011, 9,700 homes sold, a decline of less than 1 percent compared with the number sold during the 12 months ending March 2010. The average home sales price increased 6 percent to \$517,100. According to the Honolulu Board of REALTORS®, the months of supply of unsold homes decreased from 6.4 months in March 2010 to 5.6 months in March 2011.

According to LPS Applied Analytics, in the region in March 2011, the number of homes 90 or more days delinquent, in foreclosure, or in REO decreased by 154,000 homes, or 19 percent, to 653,500 homes compared with the number of homes with distressed mortgages during March 2010. This level represents a current rate of 9.8 percent of all loans in the region in March 2011 compared with a rate of 12 percent in March 2010. In March 2011, the national rate was 8.1 percent.

New home construction activity, as measured by the number of single-family building permits issued, declined in every state in the Pacific region during the 12 months ending March 2011. Based on preliminary data, 43,700 single-family homes were permitted, a 17-percent decrease compared with the number of permits issued in the previous 12 months. During the 12-month period ending March 2011, in Arizona, the number of single-family homes permitted decreased by 4,700 permits, or 32 percent, to 9,900; in California, by 2,900 permits, or 10 percent, to 26,700; in Hawaii, by 900 permits, or 32 percent, to 1,900; and, in Nevada, by 800 permits, or 13 percent, to 5,100.

Rental housing markets varied from tight to balanced in California and tight in Hawaii during the first quarter of 2011. The rental housing market in the San Francisco Bay Area was tight. According to Reis, Inc., from the first quarter of 2010 to the first quarter of 2011, the apartment rental vacancy rate decreased from 5.5 to 4.3 percent in Oakland, from 4.7 to 3.4 percent in San Jose, and from 5.0 to 4.0 percent in San Francisco. During the same period, in San Francisco, rents increased more than 3.0 percent to \$1,866; in San Jose, more than 4.0 percent to \$1,543; and in Oakland, more than 1.0 percent to \$1,350. In Sacramento, in the first quarter of 2011, the rental vacancy rate was 5.7 percent, down from 7.1 percent in the first quarter of 2010, but average rents increased more than 1.0 percent to \$928. From the first quarter of 2010 to the first quarter of 2011, Reis, Inc., reported that the apartment rental vacancy rates decreased throughout Southern California. Riverside and San Bernardino Counties remained balanced, with the rental vacancy rate declining from 8.0 to 6.0 percent. The rental markets were tight in Los Angeles, Orange, San Diego, and Ventura Counties, with declines in vacancy rates from 5.5 to 4.5 percent, from 6.4 to 4.9 percent, from 4.9 to 3.9 percent, and from 5.3 to 4.5 percent, respectively. Reis, Inc., recorded that, in the first quarter of 2011, the average rent in Southern California was \$1,372, unchanged from

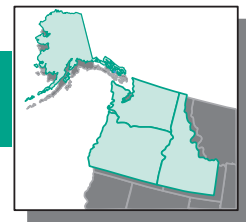
the rent recorded during the first quarter of 2010. From the first quarter of 2010 to the first quarter of 2011, according to Reis, Inc., the apartment vacancy rate in Honolulu declined from 3.6 to 2.7 percent, but the average rent increased 1.0 percent to \$1,298.

The rental housing markets in both Arizona and Nevada are soft but improving. According to Reis, Inc., in the first quarter of 2011, the Phoenix apartment vacancy rate was 8.9 percent, down from the 12.1-percent rate recorded in the first quarter of 2010, but the average rent increased nearly 1 percent to \$755. Reis, Inc., reported that, from the first quarter of 2010 to the first quarter of 2011, the apartment vacancy rate in the Las Vegas apartment market decreased from 11.8 to 8.6 percent, and the average rent decreased nearly 3 percent to \$803.

Multifamily construction activity, as measured by the number of multifamily units permitted, increased in only two of the four states in the Pacific region. During the 12-month period ending March 2011, based on preliminary data, permits for 21,200 multifamily units were issued in the region, a 44-percent increase compared with the number of units permitted during the 12 months ending March 2010. The decline in vacancy rates resulting from increased demand was the main reason for the permit increases. In Arizona and California, during the 12 months ending March 2011, the number of units permitted increased by 300 units, or 22 percent, to 1,600 units and by 7,400 units, or 71 percent, to 17,800 units, respectively, compared with the number of units permitted during the previous 12 months. These increases were partially offset by the 43-percent decline, down to 700 units permitted, in Hawaii and the 36-percent decline, down to 1,200 units permitted, in Nevada compared with the number permitted during the 12-month period ending March 2010.

NORTHWEST

HUD Region X



In the Northwest region, during the 12 months ending March 2011, nonfarm payrolls averaged 5.3 million jobs, an increase of 2,500 jobs, or 0.1 percent, compared with the 12 months ending March 2010, when 273,600 jobs were lost, which was a 4.9-percent decline from the previous year. This most recent increase marks the first time since March 2009 that the nonfarm payrolls have increased in the region. Alaska nonfarm payrolls increased by 5,500 jobs, or 1.7 percent, to an average of 326,400 jobs. In Oregon, nonfarm payrolls gained 6,700 jobs, a 0.4-percent increase, bringing nonfarm payroll jobs to a total of 1.6 million. During the 12-month period



ending March 2011, Idaho nonfarm payrolls averaged 604,600, down 700 jobs, or 0.1 percent. During the same period, Washington nonfarm payrolls declined by 9,000 jobs, or 0.3 percent, resulting in an average of 2.8 million jobs. Among the metropolitan areas in the Northwest region, during the 12-month period ending March 2011, the rate of nonfarm payroll growth was strongest in the Kennewick-Pasco-Richmond, Washington area, where jobs increased by 4.4 percent to 100,300, and in the Fairbanks, Alaska area, which recorded an increase in nonfarm payrolls of 2.1 percent to 39,000.

In the Northwest region, during the 12 months ending March 2011, nonfarm payroll gains were greatest in the education and health services sector, which added 14,600 jobs, or 2 percent, and in the business and professional services sector, which added 13,900 jobs, or 2.3 percent. Oregon accounted for more than one-third of the increase in education and health services sector employment, adding 5,000 jobs, an increase of 2.2 percent, and Washington led the way in the professional and business services sector, adding 9,800 jobs for a 3.1-percent increase. Significant losses in the construction and manufacturing sectors continued the downward trend that began in the region during the 12-month period ending February 2008. During the 12 months ending March 2011, payrolls in the construction sector were down by 18,500 jobs, or 6.8 percent, because of declines in commercial and multi-family residential construction. In the region, manufacturing sector payrolls declined by 1,600 jobs, or 0.3 percent, during the 12 months ending March 2011. During that same period, improving labor markets in Alaska and Oregon and the slowing pace of job losses in Idaho and Washington led to a decline in the average regional unemployment rate from 9.9 to 9.6 percent.

Continuing a trend that started in 2008, sales housing market conditions in the Northwest region remained soft during the 12 months ending March 2011. According to data from Hanley Wood, LLC, in Washington, during the 12 months ending March 2011, the number of new and existing single-family homes sold totaled approximately 72,550 homes, a 13-percent decrease compared with the number of homes sold during the 12 months ending March 2010. The average new and existing single-family home sales price decreased by 1 percent, to \$289,600, during the 12 months ending March 2011. In the Seattle metropolitan area, during the same period, 29,550 homes were sold, which was a 12-percent decrease compared with the number sold during the previous 12-month period. The average home sales price in the Seattle metropolitan area increased 1 percent to \$389,000. The number of homes sold decreased by 11 percent in the Tacoma metropolitan area, to 9,275 homes, and the average home sales price decreased 4 percent to \$232,200.

In Oregon, during the 12 months ending March 2011, according to data from Hanley Wood, LLC, the number

of new and existing single-family homes sold totaled approximately 44,625 homes, a 9-percent decrease compared with the number sold during the previous 12-month period. The average new and existing single-family home sales price decreased by 5 percent, to \$227,200, during the 12 months ending March 2011. During the same period, in the Portland-Vancouver-Beaverton, Oregon-Washington metropolitan area, the number of new and existing homes sold totaled 21,800, down 9 percent compared with the number sold during the previous period, and the average home sales price decreased 5 percent to \$263,000. Based on data from Hanley Wood, LLC, in Idaho, during the 12 months ending March 2011, new and existing homes sales declined 6 percent to 24,050 homes and the average home sales price decreased 7 percent to \$168,300. For the same period, in the Boise metropolitan area, new and existing home sales totaled 15,350 homes, unchanged from the 12 months ending March 2010. During the 12 months ending March 2011, the average home sales price declined by 6 percent to \$163,400.

According to data from Hanley Wood, LLC, in Alaska, during the 12 months ending March 2011, the number of new and existing homes sold decreased by 5 percent to 6,525, and the average price increased 4 percent to \$260,600. In Anchorage, market conditions were only slightly soft during the same period, with the number of new and existing homes sold declining 6 percent, down to a total of 6,125 homes; the average price, however, rose 4 percent to \$274,900.

In the Northwest region, because of an increase in foreclosure activity in Washington, foreclosures increased by 4.7 percent between February 2010 and February 2011. According to LPS Applied Analytics, the percentage of mortgage loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) increased from 5.9 to 6.4 percent in Washington. In Oregon, the rate was unchanged at 5.9 percent, and it declined from 7.2 to 6.6 percent in Idaho and from 3.3 to 2.8 percent in Alaska. All these rates remained below the 8.3-percent national average of 8.3 percent.

New single-family home construction activity, as measured by the number of permits issued, decreased in the 12 months ending February 2011, a trend that began 3 years earlier. Based on preliminary data, 20,200 homes were permitted in the region, a decline of 450 homes, or 2 percent, compared with the number permitted the previous 12 months. In Oregon and Idaho, during the 12 months ending February 2011, home permit activity fell by 470 and 880 homes, or 9 and 22 percent, to total 4,600 and 3,025 homes permitted, respectively, when compared with the number permitted during the previous period. In contrast, based on the number of building permits issued, single-family construction activity increased by 6 percent in Washington to 11,900 homes and by 25 percent in Alaska to 700 homes.

During the 12 months ending February 2011, multifamily construction activity, as measured by the number of units permitted, increased in the Northwest region. Based on preliminary data, the number of units permitted in the region totaled 6,625, up 25 percent, or 1,325 units, from the number of units permitted during the previous 12-month period. In Oregon, in the 12 months ending February 2011, 1,640 multifamily units were permitted, which represents an increase of 29 percent, or 320 units, compared with the number permitted during the 12 months ending February 2010. In Washington, during the 12 months ending February 2011, the gain in multifamily building activity totaled 750 units, or 23 percent, for a total of 4,000 units permitted. Nearly all the units permitted were in the Puget Sound area, where tight rental market conditions have spurred new apartment developments, such as the 6th and Lenora Apartment complex, a 654-unit project, which is soon to be under construction in downtown Seattle. In Idaho, during the 12 months ending February 2011, the number of multifamily units permitted increased by 150 to a total of 520 units compared with the number permitted during the previous 12 months. In Alaska, during the 12 months ending February 2011, the number of multifamily units permitted decreased by 120 units to a total of 160 units permitted compared with the number permitted during the previous 12 months.

Rental housing market conditions in the region's major metropolitan areas were tight to balanced as of the first quarter of 2011. According to data from Reis, Inc., the apartment rental vacancy rate in the Seattle metropolitan area was 5.3 percent, down from 7.3 percent in the first quarter of 2010. As of the first quarter of 2011, the average asking rent for apartments in the Seattle metropolitan area was \$1,040, up 3 percent from a year earlier. In the Tacoma metropolitan area, as of the first quarter of 2011, the apartment vacancy rate was 5.5 percent, down from 7.9 percent a year earlier. The average asking rent in Tacoma was \$764, up 3 percent from the first quarter of 2010. In the Spokane metropolitan area during the first quarter of 2011, the average vacancy rate was 5.3 percent compared with 7 percent a year earlier. The average asking rent increased 2.4 percent to \$645.

Tight rental market conditions were recorded during the first quarter of 2011 in the Portland, Salem and Eugene-Oregon metropolitan markets and in the Anchorage metropolitan area where, compared to a year earlier, the average vacancy rate fell to 3.9, 3.2, 3.5, and 3.4 percent from 6.4, 5.0, 3.3, and 4.7 percent, respectively, according to Reis, Inc. The average asking rent in the Portland metropolitan area increased 4 percent to \$843. Between the first quarters of 2010 and 2011, the average asking rent in Salem increased 3 percent to \$641, and, in Eugene, it was relatively unchanged at \$713. As of the first quarter of 2011, in Anchorage, the average asking rent was \$1,034, an increase of 5 percent from a year earlier. In Boise, during the first quarter of 2011, rental market conditions improved as the vacancy rate decreased to 6.4 percent compared with 8.7 percent a year earlier, but the average asking rent increased 2 percent to \$700.

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

Charlottesville, Virginia

The Charlottesville metropolitan area includes the city of Charlottesville and Albemarle, Fluvanna, Greene, and Nelson Counties. The area is located in the Blue Ridge Mountains, within 70 miles of Richmond, Virginia and 125 miles of Washington D.C. Charlottesville is home to the University of Virginia (UVA), which is the top employer and primary contributor to the metropolitan area economy. As of April 1, 2011, the population of the metropolitan area is estimated at 202,400, an increase of approximately 0.4 percent since April 1, 2010, compared with the average annual growth from 2006 to 2010 of 1.0 percent. The slower population growth was driven by net out-migration of 200 people since April 1, 2010, compared with average annual net in-migration of 960 people from 2006 to 2010.

Economic conditions in the Charlottesville metropolitan area are stabilizing after a 3-year decline from the pre-recession peak of 101,900 nonfarm payroll jobs reported during the 12 months ending January 2008. During the 12 months ending January 2011, average nonfarm payroll jobs declined by 300, or 0.3 percent, to approximately 98,700 jobs, an improvement from the 2,700 jobs lost, a 2.7-percent decline, during the previous 12 months. Although employment levels remained relatively unchanged in most sectors, the leisure and hospitality sector gained 100 jobs, or 1.3 percent, but the goods producing sectors lost 400 jobs, or 4.0 percent. The government sector comprises one-third of total nonfarm payroll jobs in the metropolitan area and includes the two leading employers in the economy—UVA and UVA Medical Center—with a combined 19,700 jobs, or approximately 20 percent of the total nonfarm payroll jobs. The combined economic impact of UVA, which has an enrollment of 21,000 students and employs 2,100 faculty members, and UVA Medical Center in the metropolitan area was reported to be more than \$1.1 billion in 2005, according to the University of Virginia Weldon Cooper Center. The average unemployment rate during the 12 months ending January 2011 was 5.8 percent, an increase from 5.7 percent during the same period in 2010.

The home sales market in the Charlottesville metropolitan area is currently soft, with an estimated home sales vacancy rate of 2.3 percent, resulting from a weaker economy, declining net in-migration, and stricter lending requirements. Home sales in the area remain weak; however, after 3 straight years of decreasing volume, the number of home sales has increased for the second straight year, partially due to the 2010 first-time homebuyer's

tax credit. According to the Charlottesville Area Association of REALTORS®, during the 12 months ending February 2011, approximately 2,200 new and existing homes were sold, an increase of 2 percent compared with the 2,150 homes sold a year earlier, but a 17-percent decline from the average annual sales of 2,625 homes between 2007 and 2010. The average sales price of a new and existing home was \$331,100, an increase of 1 percent from the 12 months ending February 2010, but a 9-percent decline from the average sales price of \$358,400 between 2007 and 2009. According to LPS Applied Analytics, 3.0 percent of total loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) in February 2011, down from 3.5 percent in February 2010.

As a result of a softening home sales market and the weak economy, single-family homebuilding activity, as measured by the number of permits issued, has declined in 5 of the past 6 years. Based on preliminary data, 480 building permits were issued for single-family homes during the 12 months ending February 2011, a decrease of 10 percent from the previous year and a 26-percent decline from the 650 average annual permits issued between 2007 and 2010. Approximately 70 single-family homes are currently under construction at the Old Trail Village, a Planned Unit Development (PUD) in Albemarle County. When complete, Old Trail Village is expected to include 2,500 single-family homes, townhouses, condominiums, and apartments in addition to 126 assisted-living units. Approximately 300 units have already been completed, with the remaining buildout projected to continue over the next 10 to 15 years. Nearly 90 percent of the completed housing units are single-family homes or townhomes for sale.

The rental market in the Charlottesville metropolitan area is currently balanced, with the overall rental vacancy rate estimated at 6 percent. Increased rental demand and decreased building activity have caused rental market conditions to tighten compared with very soft conditions that existed 2 years earlier, when the overall vacancy rate was in excess of 9 percent. According to REIS, Inc., the apartment vacancy rate fell to 5.3 percent in the fourth quarter of 2010, a decline from 8 percent a year earlier. Average rents in the metropolitan area were \$970 during the fourth quarter of 2010, a 1-percent increase from a year earlier. Near UVA, rents for newly constructed units range from \$1,200 for one-bedroom units to \$2,900 for four-bedroom units. Based on preliminary data, 450 multifamily units were permitted during the 12 months ending February 2011. In comparison, during the previous 3 years, a total of 190 units were permitted. Currently, a 212-unit apartment complex at Arden Place in Albemarle County is under construction and expected to be completed in 2012.

Coeur d'Alene, Idaho

The Coeur d'Alene metropolitan area, which consists of Kootenai County, is located in northwest Idaho. The area attracts retirees for its quality of life and relatively low housing costs. As of April 1, 2011, the population of the metropolitan area is estimated at 142,200, which indicates an average annual increase of 2,600, or 1.9 percent, since July 1, 2009, compared with an average annual increase of 3,775, or 3 percent, from 2003 through 2008. As of 2009, about 15 percent of the population in the metropolitan area was 65 years old or older. Since 2006, population growth has slowed because of local job losses and national declines in home prices that have discouraged retirees from selling their homes and moving to the area.

Economic conditions in the metropolitan area remained weak during the 12 months ending January 2011, a trend that began in 2009, as nonfarm payrolls averaged 52,900 jobs, a decline of 600 jobs, or 1 percent, compared with the number of jobs during the previous 12 months. That decline is an improvement, however, when compared with the loss of 3,700 jobs, or 6.5 percent, recorded during the 12 months ending January 2010. The current decline was primarily because of the loss of 500 jobs in the construction sector, a 13-percent decline, which resulted from the soft real estate market. The leisure and hospitality and the education and health services sectors led hiring in the area, with the addition of 200 jobs in each sector, 3.2- and 2.9-percent increases, respectively. The Kootenai Medical Center is the leading employer in the area, with roughly 1,850 jobs. During the 12 months ending January 2011, the average unemployment rate was 10.7 percent, up from the average rate of 9.3 percent a year earlier.

The sales housing market in the Coeur d'Alene metropolitan area has been moderately soft since 2006. According to Hanley Wood, LLC, during the 12 months ending March 2011, sales of new and existing homes fell by 6 percent to about 2,900 homes compared with sales recorded during the previous 12 months; this decline was an improvement, however, from the 20-percent average annual decline in sales from 2006 to 2009. During the past 12 months, the average sales price increased by 5 percent to \$260,100 compared with the average price during the previous 12-month period, but this price was still well below the \$283,200 average between 2006 and 2009. Existing homes accounted for 87 percent of sales, with 2,550 homes sold, which was a 4-percent annual increase. Much of the increase, however, was because of REO (Real Estate Owned) sales, which rose by 54 percent to 860 homes, while regular sales of existing homes declined by 11 percent to 1,675. New home sales fell by 44 percent to 380 homes. According to LPS Applied Analytics, for February 2011, 5.9 percent of total loans in the area were 90 or more days delinquent, in foreclosure, or in REO, down from 6.3 percent in February 2010.

Home construction in the metropolitan area was affected by the decline in new home sales, as reflected in the issuance of single-family permits, which, based on preliminary data, fell by 42 percent to 440 units during the 12 months ending February 2011, down from the 750 units permitted during the previous 12 months. Single-family homebuilding, as measured by the number of building permits issued, peaked during 2004 and 2005, when an average of 2,125 homes were permitted annually, but it has declined every year since. The Ashworth development in suburban Post Falls will begin construction in June 2011, with plans for 450 single-family homes to be priced around \$120,000 to \$200,000. The entire development is projected to be completed within the next 7 years.

Rental housing market conditions in the Coeur d'Alene metropolitan area are soft, primarily because of an influx of foreclosed single-family homes for rent. As of September 2010, the latest data available, average apartment rents remained flat, when compared with rents from a year earlier, at \$580, \$650, and \$860 for one-, two-, and three-bedroom units, respectively. According to The Real Estate Report: Research on Spokane, Kootenai and Bonner Counties, as of September 2010, the latest data available, the apartment vacancy rate was 6.8 percent compared with 8.8 percent a year earlier because of reduced multifamily construction.

Multifamily construction activity, as measured by the number of units permitted, totaled about 210 units in the 12-month period ending February 2011, up from the 90 units permitted during the previous 12 months, based on preliminary data. Since reaching an average annual peak of 650 units from 2005 through 2007, the number of multifamily units permitted has declined to an average of 100 annually during 2008 and 2009. About 70 percent of new apartments in the area are targeted to seniors. Construction has begun on two tax credit projects for income-qualifying seniors that are expected to be completed later this year: the 50-unit Mill River Senior Apartments and the 42-unit Silver Creek Apartments.

Fort Collins-Loveland, Colorado

The Fort Collins-Loveland metropolitan area consists of Larimer County in north-central Colorado. The Rocky Mountain range borders Larimer County to the west, and more than 50 percent of the land area in the county is designated as national forest and park areas. The cities of Fort Collins and Loveland are centers for health care and trade in northern Colorado. Smaller cities, such as Estes Park and Red Feather Lakes, which are located along national park borders, are popular destinations for regional tourism. Colorado State University (CSU) is the leading employer in the area, with nearly 6,000 employees. CSU spends \$350 million annually on salaries for faculty and staff, and it generates \$330 million in annual



research expenditures, contributing approximately \$1.1 billion annually to the Colorado economy, according to the Institutional Research office at CSU. Other major employers include Poudre Valley Health System and Hewlett Packard Co. with 4,250 and 2,000 employees, respectively. As of April 2011, the population of the metropolitan area was estimated at 301,800. Because of slower in-migration during the past 2 years, population growth has slowed to an average of 4,450 a year, or 1.8 percent, compared with an average growth of 5,725, or 2.1 percent, annually from 2005 through 2007.

Nonfarm payroll jobs in the Fort Collins-Loveland metropolitan area have declined during the past 2 years after peaking in mid-2008 at 141,100 jobs. During the 12 months ending February 2011, nonfarm payrolls decreased by 1,300 jobs, or 1 percent, to an average of 132,300 jobs, compared with the 3.3-percent decrease in payrolls that occurred during the previous 12 months. Before the recent decline, nonfarm payrolls increased by 1,760 jobs annually, or 1.5 percent, from 2006 to 2008. During the 12 months ending February 2011, job losses were heaviest in the construction and manufacturing sectors. Construction payrolls declined 14.3 percent, or by 1,300 jobs, because of weak housing and commercial real estate markets. Manufacturing payrolls fell by 7.5 percent, or 840 jobs, during the same period; this loss included 200 jobs from Hewlett Packard Co. since June 2010. The leisure and hospitality, education and health services, and government sectors had payroll increases of 800, 600, and 300 jobs, or 4.9, 3.5, and 1 percent, respectively, from a year earlier. During the 12 months ending February 2011, the unemployment rate averaged 6.7 percent, up from 6.5 percent a year earlier. The National Aeronautics and Space Administration recently announced that Loveland would be the site for a new Aerospace and Clean Energy Manufacturing and Innovation Park, with the potential to add up to 10,000 jobs over the next 5 years.

Because of the weak economy and tight lending standards, the home sales market in Fort Collins-Loveland is soft. Hanley Wood, LLC, reported that, during the 12 months ending February 2011, sales of existing attached and single-family homes were down nearly 17 percent to 5,925 homes sold compared with 7,100 homes sold during the previous 12 months and were down 58 percent from the average of 14,240 homes sold annually between 2005 and 2007. For the 12 months ending February 2011, the average home sales price was \$236,700, which was essentially unchanged from a year earlier and was nearly 6 percent less than the 2005-to-2007 average price of \$250,650. According to LPS Applied Analytics data for February 2011, 3 percent of all mortgage loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), which was down from 3.6 percent a year earlier. Single-family homebuilding activity, as measured by the number of building permits issued, is well below the average of 1,600 homes permitted between 2005 and 2007. According to preliminary

data, building permits were issued for 460 single-family homes during the 12 months ending February 2011. Although the current volume of homebuilding activity is relatively low, during the past 12 months, the number of homes permitted increased 23 percent from the previous 12 months, suggesting an end to the 5-year decline.

Despite current economic conditions, the overall rental market is now tight. According to Apartment Insights, in the first quarter of 2011, the average apartment vacancy rate fell to 3.8 percent compared with the 6.1-percent rate recorded in the first quarter of 2010. Average asking apartment rents in the first quarter were \$735 for a one-bedroom unit, \$963 for a two-bedroom unit, and \$1,053 for a three-bedroom unit. Overall, average effective rent was \$835, an 8-percent increase from a year earlier. CSU has a significant effect on the local rental housing market. Approximately 23,550 students live off campus, constituting approximately 7,850 households, or one-third of the total renter households in the metropolitan area. The remaining 5,000 students live on campus in residence halls and university-owned apartments.

Based on preliminary data, during the 12 months ending February 2011, approximately 650 multifamily housing units were permitted, up from the 100 units permitted during the previous 12 months. Despite this large increase in units permitted, the 650 units permitted in the past 12 months are approximately equal to the average number of multifamily units permitted annually between 2004 and 2006. Completion of the 303-unit Lake Vista Apartments in Loveland, which recently began leasing, is scheduled for the end of 2011. Rents at Lake Vista Apartments range from \$1,185 for a one-bedroom unit to \$1,500 for a two-bedroom unit and \$1,710 for a three-bedroom unit.

Fort Worth-Arlington, Texas

The Fort Worth-Arlington Metropolitan Division consists of Johnson, Parker, Tarrant, and Wise Counties, which form the western half of the Dallas-Fort Worth metropolitan area. As of April 1, 2011, the population of the metropolitan division was estimated at 2.2 million, an increase of 2.8 percent from a year earlier, with 84 percent of the population residing in Tarrant County. Between 2006 and 2009, the population of the metropolitan division increased at an average annual rate of 52,000, or 2.6 percent, because of strong economic growth and relatively affordable housing compared with the nearby Dallas-Plano-Irving Metropolitan Division. The city of Fort Worth, located in Tarrant County, accounts for approximately 34 percent of the metropolitan division population and is the fifth largest city in the state. American Airlines, headquartered in Fort Worth, is the leading private-sector employer in the metropolitan division, with 24,800 employees, followed by Texas Health Resources Inc., with 18,450 employees.

Nonfarm payrolls increased by an average of 15,500 jobs annually, or 2.3 percent, from 2004 through 2008. From the third quarter of 2008 through the second quarter of 2010, 35,100 jobs were lost in the Fort Worth-Arlington metropolitan division; however, the economic downturn appears to be bottoming out. During the 12 months ending February 2011, nonfarm payrolls averaged 847,200 jobs, a gain of about 2,575 jobs, or 0.3 percent, compared with the number of jobs recorded during the previous 12 months. The education and health services, government, and financial activities sectors increased by 2,775, 2,475, and 1,275 jobs, or 2.7, 2.0, and 2.5 percent, respectively. Growth in the education and health services sector was primarily because of hospital expansions led by Texas Health Resources Inc. The most significant payroll declines occurred in the logging, mining, and construction sector, which lost 2,450 jobs, a decrease of 4.4 percent, resulting from reduced production of single-family homes and apartments. During the 12 months ending February 2011, the average unemployment rate in the metropolitan division was 8.2 percent, an increase from the 7.9-percent rate recorded during the previous 12-month period.

Sales housing market conditions in the Fort Worth-Arlington metropolitan division are currently slightly soft because of tighter mortgage lending standards and recent job losses. According to the Real Estate Center at Texas A&M University, during the 12 months ending February 2011, the number of new and existing attached and single-family homes sold totaled 8,050, a decrease of 6 percent from the 8,600 homes sold during the previous 12-month period. By comparison, home sales averaged 10,100 annually from 2004 through 2009. Based on the number of sales recorded during the past 12 months, the 4,950 homes listed for sale at the end of February 2011 represent approximately 7 months of supply compared with 6.5 months of supply at the end of February 2010. The average home sales price in the metropolitan division was \$144,800, up nearly 5 percent compared with the average home sales price during the previous 12 months but still slightly below the peak of \$146,000 reached in June 2008. During the past 12 months, the average home sales price in the Fort Worth-Arlington metropolitan division was \$69,800 lower than the average price of \$214,600 recorded in the Dallas-Plano-Irving metropolitan division. According to LPS Applied Analytics, in February 2011, in the Fort Worth-Arlington metropolitan division, approximately 5.5 percent of total loans were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from 6.3 percent in February 2010.

Home builders have responded to slowing sales by reducing production. Based on preliminary data, during the 12 months ending February 2011, single-family home construction, as measured by the number of building permits issued, declined in the metropolitan division by 840 to 4,575 homes permitted, a 16-percent decrease compared with the number of homes permitted during

the previous 12 months. Single-family home construction activity has declined significantly since peaking at the 16,400 homes permitted annually from 2004 through 2006. According to data from CB Richard Ellis, since 2007, almost 850 townhomes and condominiums have been constructed in the metropolitan division, primarily in and near downtown Fort Worth, compared with 1,025 constructed from 2003 through 2006.

Multifamily development activity reached a high during the 2005-through-2007 period, when an average of 3,675 units were permitted annually in the Fort Worth-Arlington metropolitan division. The average number of units permitted declined to 2,500 annually in 2008 and 2009. According to preliminary data, during the 12 months ending February 2011, approximately 1,400 multifamily units were permitted, an increase of 19 percent compared with the number of units permitted during the preceding 12 months.

As the economy has begun to recover during the past year and the construction of new apartments has slowed in recent years, rental market conditions have improved in the Fort Worth-Arlington metropolitan division, although the rental market remains very soft. According to data from ALN Systems, Inc., for the first quarter of 2011, the apartment vacancy rate was 10.4 percent compared with 13.2 percent in the first quarter of 2010. In the first quarter of 2011, effective rents decreased 2 percent to an average of \$700 a month compared with the rents recorded during the same period a year earlier. Average effective apartment rents are estimated at \$840 for a one-bedroom unit, \$975 for a two-bedroom unit, and \$1,010 for a three-bedroom unit.

West of downtown Fort Worth, near the Fort Worth Cultural District, are three major mixed-use developments with residential, retail, and office space worth \$1 billion in investments. These developments, which include the West 7th Street development, Museum Place, and So7, have a combined total of approximately 700 rental units, with rents starting at \$1,050, \$1,490, and \$2,400 for one-, two- and three-bedroom units, respectively. Additional development in the area includes the substantial renovation of the Fort Worth Museum of Science and History, which was recently completed, and the construction of a new building in the Kimbell Art Museum, which began construction in October 2010 and is scheduled to be completed in 2013. An additional \$500 million of construction is currently ongoing in the cultural district. New rental developments in the area include Lofts at West 7th, a 345-unit community, and Parkside at So7, a 71-unit community. Effective average rents in these two developments start at \$855 for a one-bedroom unit, \$1,490 for a two-bedroom unit, and \$2,400 for a three-bedroom unit. Currently under construction is Museum Place, a 217-unit community expected to be completed at the end of 2012, with rents starting at \$1,080 and \$1,510 for one- and two-bedroom units, respectively.



Huntsville, Alabama

NOTE: This report was written before the April 27, 2011 tornadoes that impacted the area and does not reflect any tornado damage.

The Huntsville metropolitan area, which comprises Limestone and Madison Counties, is located in northern Alabama along the Alabama-Tennessee border, about 100 miles north of Birmingham. The leading employers in the area are the Redstone Arsenal, a U.S. Army garrison and missile research center, and the National Aeronautics and Space Administration's Marshall Space Flight Center, with 30,000 and 6,500 employees, respectively. As of April 1, 2011, the population of the metropolitan area is estimated at 426,000, an annual increase of 9,000, or 2.2 percent, since July 1, 2006. These figures represent an increased growth rate when compared with the estimated average annual growth rate of 1.8 percent from April 1, 2000, through July 1, 2006. Relocations to the area because of the 2005 Department of Defense Base Closure and Realignment (BRAC) actions have contributed to increased in-migration and population growth since 2006. The most populous cities in the area are Huntsville and Madison, with 43 and 10 percent of the area population, respectively.

Nonfarm payroll jobs in the metropolitan area have declined since 2009, but the rate of job losses has slowed in recent months. During the 12 months ending February 2011, nonfarm payrolls declined by 200 jobs, or 0.1 percent, to 208,300 jobs compared with a decline of 5,200 jobs, or 2.4 percent, in the previous 12 months. The largest job decrease occurred in the manufacturing sector, which lost 3,100 jobs, or 11.7 percent, partly because of the layoff of more than 1,200 employees at Continental Automotive, Inc., since 2009. The government and the mining, logging, and construction sectors gained 2,600 and 900 jobs, or 5.7 and 12.8 percent, respectively, during the 12 months ending February 2011. Since 2006, the 2005 BRAC plan to relocate about 4,600 jobs (mostly civilian) to Redstone Arsenal during a 5-year period has contributed to increased employment in the government sector. Construction of the \$1 billion Redstone Gateway, which will add 4.4 million square feet of office space to Redstone Arsenal, contributed to increased employment in the mining, logging, and construction sector. During the 12 months ending February 2011, the average unemployment rate was 7.6 percent, down from the 7.9-percent rate recorded a year earlier. Dynetics, Inc., is building a new \$52 million facility in Cummings Research Park, which is expected to add about 350 jobs over the next 3 years.

The sales housing market in the Huntsville metropolitan area is soft because of recent job losses and tight credit market conditions. According to data from the Alabama Center for Real Estate, during the 12 months ending February 2011, new and existing home sales declined

by 6 percent to 4,450 compared with the number sold during the previous 12 months, partly because of the expiration of the first-time homebuyer tax credit. The current number of sales is well below the annual average of 6,275 from 2005 through 2007. During the 12 months ending February 2011, the average sales price increased by 5 percent, to \$190,400, a historic high, because of increased construction costs. According to LPS Applied Analytics, during February 2011, the percentage of mortgage loans that were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) was 3.9 percent, down slightly from the 4.0-percent rate recorded during February 2010.

Single-family homebuilding activity, as measured by the number of building permits issued, has continued to decline, which is a trend that began in 2007. Based on preliminary data, during the 12 months ending February 2010, single-family building permits were issued for 2,150 homes, down 2 percent from 2,200 homes permitted during the previous 12 months. In comparison, from 2003 through 2007, building permits were issued for an average of 3,475 homes annually. Prices for new three-bedroom, single-family homes start at about \$100,000. New developments include McMullen Cove and Burwell Gardens, with plans for about 1,400 and 700 homes and prices starting at \$280,000 and \$100,000, respectively.

Rental housing market conditions in the metropolitan area are soft, with an apartment vacancy rate of 9.4 percent in the fourth quarter of 2010, according to the latest data available from Reis, Inc. This vacancy rate is up from 8.5 percent during the same quarter a year earlier because of the completion of more than 1,700 units from 2008 through 2009. During the fourth quarter of 2010, average rents were \$610, an increase of nearly 4 percent when compared with the average rents recorded during the fourth quarter of 2009. This increase was because of strength in the Class A segment of the apartment market. The average apartment rents by number of bedrooms were \$540, \$640, and \$800 for one-, two-, and three-bedroom units, respectively.

Multifamily construction activity, as measured by the number of units permitted, has declined each year since 2007. Based on preliminary data, during the 12 months ending February 2011, about 30 multifamily units were permitted compared with the 580 units permitted during the previous 12 months. The current level of activity is well below the average of 960 units permitted annually from 2007 through 2008 and below the average of 430 units permitted annually from 2000 through 2006. The newest development, which opened in April 2010 is 18 Watercress Green, where rents for the 324 units start at \$760, \$1,000, and \$1,125 for one-, two-, and three-bedroom units, respectively. The 86-unit Gateway Place is currently under construction in downtown Huntsville at a cost of \$10 million.

Indianapolis-Carmel, Indiana

The Indianapolis-Carmel metropolitan area, composed of 10 counties in central Indiana, accounts for about 30 percent of the state population and is a major center for trade and healthcare. Indianapolis, the state capital and largest city in the state, is located 125 miles southeast of Chicago. The three leading private sector employers in the area are Eli Lilly and Company, with 12,000 employees; Rolls-Royce, a manufacturer of gas turbine engines, with 4,300 employees; and FedEx, with 4,000 employees.

As of April 1, 2011, the population of the metropolitan area was estimated at 1.8 million, an increase of 20,000, or 1.1 percent, since the April 1, 2010 Census, and similar to the rate since July 2007. Marion County, which includes Indianapolis, accounted for one-half of the total population of the metropolitan area in 2010; however, that proportion has been declining. Approximately 80 percent of the population growth since 2000 has occurred in Boone, Hamilton, Hancock, Hendricks, and Shelby Counties.

Nonfarm employment losses in the Indianapolis-Carmel metropolitan area, which began in 2009, appear to have subsided. During the 12 months ending January 2011, nonfarm payrolls remained relatively unchanged at an average of 870,300 jobs, following a loss of 24,700 jobs, or 4.5 percent, during the previous 12 months. During the 12 months ending January 2011, gains were led by the education and health services sector, which added 3,700 jobs, or 3.0 percent, and the professional and business services sector, which added 2,400 jobs, or 2.0 percent. All other sectors declined, led by the loss of 2,100 jobs, or 5.1 percent, in the construction sector and 1,500 jobs, or 1.8 percent, in the manufacturing sector. Despite recent declines in the construction sector, job losses are expected to stabilize as a result of several expansions throughout the area. Two projects estimated to cost a total of \$824 million are to be completed in late 2013 in downtown Indianapolis. Marion County has begun construction on replacing Wishard Hospital at an estimated cost of \$754 million. Indiana University-Purdue University Indianapolis will construct a new ophthalmology clinic and neuroscience laboratory that will cost an estimated \$70 million. Approximately 4,700 construction jobs will be created with these two projects. The average unemployment rate increased to 8.9 percent during the 12 months ending January 2011 compared with 8.5 percent during the previous 12 months.

The Indianapolis-Carmel metropolitan area home sales market is soft due to the weak economy and decreases in home sales, which have resulted in an increased inventory of unsold homes. According to the Metropolitan Indianapolis Board of REALTORS®, 18,800 single-family homes were sold during the 12 months ending March 2011, down 14 percent from the previous 12 months and a decrease of 26 percent compared with the average of 25,500 single-family homes sold annually from 2006 through 2009. During the 12 months ending March 2011,

the average sales price of a single-family home increased 7 percent to \$155,500. During the same period, the number of condominiums and townhomes sold was down 9 percent to 1,475 but the average sales price increased by 2 percent to \$136,500. The 17,700 total homes (single-family, condominiums, and townhomes) listed for sale as of April 1, 2011, represents approximately a 10-month supply of unsold homes compared with an 8-month inventory of unsold homes as April 1, 2010. According to LPS Applied Analytics, 7 percent of total loans in the metropolitan area were 90 days or more delinquent, in foreclosure, or REO (Real Estate Owned) in March 2010, unchanged compared with March 2009.

Single-family homebuilding activity, as measured by the number of building permits issued, remains well below the 2000-through-2005 peak period, when an average of 13,000 homes were permitted annually. According to preliminary data, building permits were issued for 2,900 new single-family homes during the 12-month period ending February 2011, down by 300 homes, or nearly 9 percent, from the previous 12 months. Approximately 80 percent of the permitting activity in the past 12 months occurred in the five counties previously identified as gaining the most population since 2000.

The apartment market in the metropolitan area remained soft but improved during 2010. According to Reis, Inc., the Indianapolis-Carmel apartment market vacancy rate decreased more than 2 percentage points, from 10.1 percent in the fourth quarter of 2009 to 8 percent in the fourth quarter of 2010. During the fourth quarter of 2010, vacancy rates in 10 submarkets ranged from a low of 4.5 percent in downtown Indianapolis to a high of 11 percent in the west and far northeast submarkets of Indianapolis. Effective rents increased 2 percent during the fourth quarter of 2010 to an average of \$640 a month, ranging from \$440 for an efficiency unit to \$590 for a one-bedroom unit, \$730 for a two-bedroom, and \$890 for a three-bedroom unit.

The soft rental market conditions in the metropolitan area led to a decrease in multifamily construction activity, as measured by the number of units permitted. According to preliminary data, approximately 1,325 multifamily units were permitted during the 12-month period ending February 2011, a 14-percent decline, compared with the number of units permitted during the previous 12 months. In comparison, an average of 4,620 multifamily units were permitted annually between 2003 and 2008. The District at Saxony, a new 269-unit apartment development located in the town of Fishers in fast-growing Hamilton County, is expected to complete construction by May 2011. The District is currently offering one- to three-bedroom apartments with rents between \$740 and \$1,600 a month. Anson II, a new 213-unit apartment, located in suburban Boone County, is currently under construction, with an anticipated completion date of April 2012, and is expected to have average monthly rents of \$950 for one-bedroom units and \$1,300 for two-bedroom units.



Kennewick-Pasco-Richland, Washington

The Kennewick-Pasco-Richland metropolitan area (also known as the Tri-Cities area) consists of Benton and Franklin Counties in southeastern Washington. The three largest cities, Kennewick, Pasco, and Richland, are regional centers for employment and for education and healthcare services. As of April 1, 2011, the population in the metropolitan area was estimated at 260,500, which represents an increase of 3.4 percent during the past 12 months because of strong job growth, but which is slightly lower than the 3.6-percent average annual rate recorded during the 2007-through-2009 period.

The Tri-Cities area is home to Hanford, a nuclear facility that produced plutonium for use in atomic weapons for nearly 50 years before being decommissioned in 1987, leaving behind more than 53 million gallons of radioactive waste; it is now the location of the largest environmental cleanup in the nation. In 2009, the American Recovery and Reinvestment Act (ARRA) allocated nearly \$2 billion to the Hanford cleanup, which contributed to strong economic growth in the area by adding approximately 3,000 contract jobs. The leading employer in the area—Pacific Northwest National Laboratories (operated by Battelle), with 4,475 employees—has hired 820 workers since 2007. The second and third leading employers, URS Corporation and CH2M Hill, with 3,500 and 3,250 jobs, respectively, both are associated with the environmental remediation and nuclear waste cleanup of Hanford.

During the 12 months ending January 2011, nonfarm payrolls in the Tri-Cities area increased by 4,100 jobs, or 4.3 percent, to 99,600 jobs; in comparison, during the previous 12 months, nonfarm payrolls increased by 1,300 jobs, or 1.3 percent. During the 12 months ending January 2011, the professional and business services sector, which accounts for more than 24 percent of total nonfarm payrolls in the area, increased by 2,400 jobs, or 10.8 percent, the largest gain of any sector. Growth in this sector is attributed to increases in Hanford-related employment, a trend that may not continue after ARRA funding ends in September 2011. The government sector, which makes up nearly 18 percent of total nonfarm payrolls, added 500 jobs, which is an increase of 2.7 percent. The education and health services sector also grew by 500 jobs, or 4.4 percent. The only sector to record a loss was the mining, logging, and construction sector, which was down 100 jobs, or 1.5 percent, resulting from a decline in commercial construction. During the 12 months ending January 2011, the average unemployment rate was 7.1 percent, unchanged from the rate recorded during previous 12 months.

Because of strong population and job growth, the home sales market in the Tri-Cities area is balanced to tight. According to the Tri-City Association of REALTORS®, the existing home sales market had a 3.6-month inventory

of unsold homes as of February 2011, unchanged from February 2010. Hanley Wood, LLC, reported that, during the 12 months ending February 2011, total sales of existing single-family homes were down 12 percent to 2,700 homes compared with 3,100 homes sold during the previous 12 months. In comparison, existing single-family home sales averaged 4,150 annually from 2006 through 2008. The average sales price for existing homes was \$187,900, up nearly 4 percent from \$181,600, which was recorded during the previous 12 months. The average sales price increased by an average of 4 percent a year from 2006 through 2009 before declining 4 percent during the 12 months ending February 2010. During the 12 months ending February 2011, sales of new single-family homes increased by 11 percent to 1,550 homes. During the same period, the average sales price for a new home increased to \$184,900, up 5 percent, compared with a 9-percent decline during the previous 12 months.

In response to the increase in new home sales, single-family home construction increased during the 12 months ending February 2011. According to preliminary data, in the Tri-Cities area during 2010, 1,150 single-family homes were permitted, up 7 percent from the number permitted during 2009. During the 12 months ending February 2011, single-family home construction remained well below the 2002-through-2006 levels, when an average of 2,000 homes was permitted annually.

A growing population, combined with little new multi-family construction, has caused tight rental market conditions in the Tri-Cities area. According to the Washington State University's Washington Center for Real Estate Research (WCRER), as of March 2011, the apartment rental vacancy rate was 1.7 percent, up from 1.2 percent a year earlier. During the 2002-through-2006 period, approximately 2,025 units were added to the apartment inventory, but only 250 units have entered the market since 2007. According to the WCRER, as of March 2011, the average asking apartment rents were \$680 for a one-bedroom unit, \$920 for a two-bedroom/two-bathroom unit, and \$1,025 for a three-bedroom/two-bathroom unit. Overall average asking rent was \$780, an 8-percent increase from the rents recorded in March 2010. Multifamily building activity has remained low, averaging 15 units permitted a year in 2008 and 2009. Preliminary data indicate that no permits were issued in 2010 or in the first two months of 2011. Two projects in Richland, Island View Apartments and Badger Mountain Apartments, with 150 and 176 units, respectively, are currently under construction and are expected to be completed by January 2012.

Las Cruces, New Mexico

The Las Cruces metropolitan area, located in southern New Mexico and bordering both Texas and Mexico, is coterminous with Doña Ana County. As of April 1, 2011,

the population of the metropolitan area is estimated at 213,300, an increase of 4,100, or 2 percent, from the previous year. This percentage increase compares with an average increase of 2.1 percent annually from 2005 to 2010. Leading employers in the area include White Sands Missile Range, with 3,150 employees, and New Mexico State University (NMSU), which employs more than 3,050 and has an enrollment of approximately 24,000 students at its Doña Ana County campuses.

Recent job growth indicates that the Las Cruces metropolitan area has started to recover, following an economic downturn that began in mid-2009. In the 12 months ending February 2011, the area gained 700 jobs, or 1 percent, compared with the previous 12-month period, when nonfarm payrolls declined by 800 jobs, or 1.2 percent. During the 12 months ending February 2011, the metropolitan area recorded significant payroll gains in the professional and business services and the education and health services sectors and in the retail trade subsector, adding approximately 500, 300, and 100 jobs, or 6.9, 2.6, and 1.1 percent, respectively. The government sector also added 100 jobs, an increase of 0.6 percent. With 21,700 total jobs, government is the largest sector in the area, currently accounting for 31 percent of all nonfarm payroll jobs compared with the national average of 17 percent. Partially offsetting employment gains, the manufacturing and financial activities sectors lost 200 and 100 jobs, respectively, or 5.5 and 3.8 percent. The mining, logging, and construction sector, which has been in decline since 2007, was flat in the 12 months ending February 2011 after losing 700 jobs, or 15.5 percent, during the previous 12-month period, driven by the declining real estate market. Union Pacific Railroad is expected to begin construction in June 2011 of a new intermodal facility in Doña Ana County, creating 3,000 construction jobs during the 4-year building phase and an additional 600 permanent jobs at the facility after it reaches full capacity in 2025. For the year ending February 2011, the average unemployment rate was 8.3 percent, up significantly from the 7.4-percent rate recorded during the previous 12 months and well above the 5.3-percent average monthly unemployment rate recorded from 2003 through 2008.

The weakened economy and tighter lending practices have resulted in soft home sales market conditions in the Las Cruces metropolitan area. During the 12 months ending February 2011, new and existing attached and single-family home sales were down 13 percent from the previous 12-month period to 2,600 homes, according to Hanley Wood, LLC, partially because of the expiration of the first-time homebuyer tax credit program. In comparison, attached and single-family home sales peaked from 2005 through 2007 and averaged 4,750 annually. According to the Las Cruces Association of REALTORS®, during the 12 months ending February 2011, sales prices averaged \$184,800, down more than 1 percent from prices during the previous 12 months and down nearly 12 percent from \$209,000 in 2008.

Single-family home construction, as measured by the number of building permits issued, declined considerably in recent years as a result of the soft housing market. Based on preliminary data, during the 12 months ending February 2011, the number of single-family permits issued was down 19 percent to 720 compared with the number issued during the previous 12 months and was well below the average of 1,725 annually from 2003 through 2007. Most of the more recent single-family development has taken place in the northeastern area of Las Cruces near US Route 70, where land is less expensive. New homes in this area typically start at around \$170,000 for a 1,400-square-foot home. Irrigation rights on the west side of the city, along the Rio Grande River, have made land prohibitively expensive for most potential homebuyers and developers.

The home rental market in the Las Cruces metropolitan area has improved from the soft conditions of the past 3 years and is currently balanced. The current rental vacancy rate is estimated at 6 percent, down from 8 percent in 2009 and 10 percent in 2007. Average apartment rents are currently \$620 for one-bedroom units, \$725 for two-bedroom units, and \$875 for three-bedroom units. NMSU students constitute more than 25 percent of all rental market households, with an estimated 20,000 or more students residing in off-campus housing. Developments in the area immediately surrounding the main NMSU campus in Las Cruces, such as Casa Bandera and The Grove, currently have lower vacancy rates (between 2 and 4 percent) and are occupied almost entirely by students.

Multifamily building activity, as measured by the number of units permitted, increased to 175 units during the 12 months ending February 2011 compared with the 50 units permitted during the previous 12 months. These numbers are down considerably from the annual average of 370 multifamily units permitted from 2003 through 2007. The drop in building activity during the past 3 years has helped reduce the available inventory and allowed for the absorption of existing stock, resulting in the current balanced conditions.

Memphis, Tennessee-Mississippi-Arkansas

Memphis is the second largest metropolitan area in Tennessee, behind Nashville. The Memphis metropolitan area comprises Crittenden County in Arkansas; DeSoto, Marshall, Tate, and Tunica Counties in Mississippi; and Fayette, Shelby, and Tipton Counties in Tennessee. As of April 1, 2011, the population of the metropolitan area is estimated at 1.323 million, up 6,900, or 0.5 percent, since April 1, 2010, but down slightly from the 8,500, or 0.6 percent, annual average growth from 2006 through 2009. From 2005 through 2007, net in-migration averaged



5,100 people a year, but, since 2008, net out-migration has averaged an estimated 2,000 people a year because of job losses and a slowing economy. As a result, all population growth is a result of net natural change (resident births minus resident deaths).

Located along Interstate 240 (I-240) and I-55, Memphis International Airport, the world's busiest cargo airport, has a local economic impact of \$28.6 billion annually, according to the Sparks Bureau of Business and Economic Research/Center for Manpower Studies at The University of Memphis. The airport shipped more than 4 million tons of cargo in 2009 and serves as the primary hub for FedEx shipping. FedEx is the leading employer in the area, with 30,000 employees, followed by Methodist Le Bonheur Healthcare and Baptist Memorial Health Care Corporation, with 8,700 and 6,850 employees, respectively. Memphis also has the second-busiest cargo port on the Mississippi River, behind the Port of New Orleans. The University of Memphis enrolls more than 22,400 students and employs more than 2,500 faculty members and staff.

The economic downturn that began in the first quarter of 2008 has continued into 2011. During the 12 months ending February 2011, nonfarm payrolls averaged 586,800 jobs, a decrease of 10,300, or 1.7 percent, when compared with the number of jobs recorded during the previous 12 months. During the 12 months ending February 2011, job losses were greatest in the leisure and hospitality, trade, and manufacturing sectors with declines of 3,300, 1,600, and 1,500 jobs, or 5.0, 1.5, and 3.4 percent, respectively. The manufacturing sector is expected to improve when Electrolux, a manufacturer of home appliances, starts construction on a 700,000-square-foot manufacturing center in early 2011, at an investment of more than \$190 million. The facility is expected to employ more than 1,200 people when it starts production in mid-2012 and is expected to be fully operational by 2013. The education and health services sector added 900 jobs, or 1 percent, during the 12 months ending February 2011, following a 1.3-percent increase during the previous 12 months. The only other sector to add jobs during the 12 months ending February 2011 was the professional and business services sector, increasing by 200 jobs, or 0.2 percent, when compared with the number of jobs in the previous 12 months. During the 12 months ending February 2011, the average unemployment rate in the metropolitan area was 10 percent, unchanged from the rate recorded during the previous 12 months.

Sales housing market conditions in the Memphis metropolitan area are soft. Based on data from Memphis Area Association of REALTORS® for the 12 months ending February 2011, the number of new and existing single-family homes sold in the area totaled 9,925, a decrease of almost 10 percent compared with the 11,000 homes sold during the same period a year earlier and well below the annual average of 12,750 homes sold during the 2007-through-2009 period. The expiration of the

first-time homebuyer tax credit in 2010, along with tighter lending standards by mortgagees, contributed to the decline in home sales. The average home sales price remained relatively flat at \$145,500 during the 12 months ending February 2011, a decline of less than 1 percent, compared with the average price during the previous 12 months. The number of new and existing single-family homes sold has continued to decline every year since 2007, when 14,800 homes sold at an average price of \$173,100. Condominium sales make up a small portion of the home sales market, accounting for nearly 4 percent of all sales. During the 12 months ending February 2011, the number of condominiums sold totaled 370, down from 440 sold a year earlier. During the 12 months ending February 2011, the average condominium sales price increased to \$142,600, or by nearly 4 percent compared with the average price during the previous 12 months. According to LPS Applied Analytics, as of February 2011, 10.1 percent of total loans, or 16,575 loans, were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from 11.2 percent a year earlier but substantially higher than the 6.7-percent rate for the state of Tennessee during the same period.

As the number of home sales has continued to decline, builders in the Memphis metropolitan area have curtailed the production of new homes—a trend that began in 2005, when the number of homebuilding permits issued reached 9,700. Building permits were issued for 1,650 single-family homes during the 12 months ending February 2011, down 1 percent from the previous 12 months, based on preliminary data. In comparison, an average of 8,250 single-family homes were permitted annually from 2003 through 2007. In Shelby County, 660 homes were permitted, representing about 40 percent of single-family permits in the metropolitan area.

Rental market conditions in the metropolitan area are soft but have continued to improve since the first quarter of 2010. According to Reis, Inc., the apartment vacancy rate declined from 13.2 percent in the first quarter of 2010 to 11.2 percent in the first quarter of 2011, and the average asking rent increased by more than 1 percent to approximately \$680. The University of Memphis has approximately 19,200 students residing off campus, a number of whom are located in the submarkets surrounding the university. During the 12 months ending February 2011, multifamily construction activity, as measured by the number of units permitted, totaled 675 units, a 41-percent increase from the 12 months ending February 2010, based on preliminary data. In comparison, an average of 1,475 multifamily units were permitted annually from 2003 through 2007. The Lyon's Ridge Apartments complex, with 102 affordable and public housing units in south Memphis, is scheduled for completion in the second quarter of 2011. Subsidized rents for one-bedroom and two-bedroom apartments at Lyon's Ridge are expected to start at \$280 and \$320,

respectively. In 2010, the Memphis Housing Authority received a \$22 million HUD HOPE VI Revitalization grant to transform the Cleaborn Homes public housing development into a mixed-income community. Plans for the community include demolishing 460 units and replacing them with new units during four phases of development, beginning with the construction of 84 units for senior citizens; the remaining 316 units would be a mixture of townhomes and walkup apartments, which are scheduled for completion by 2015.

Nassau-Suffolk, New York

The Nassau-Suffolk Metropolitan Division (hereafter referred to as the Long Island metropolitan area) consists of Nassau and Suffolk Counties, which are located immediately to the east of New York City. As of April 1, 2011, the population of the metropolitan area was estimated at 2.8 million, reflecting an increase of 6,125, or 0.2 percent, since April 1, 2010, and the same rate of growth since 2008. Nearly 1.5 million people reside in Suffolk County, which accounted for more than 90 percent of the population growth on Long Island during the previous decade. Net migration to Suffolk County included an average of 6,300 people annually from Nassau County during the 2000s. The migration to Suffolk County can be attributed to its stronger economy and relatively affordable housing in the western and central portions of the county. The east end of Suffolk County is home to the resort communities known as The Hamptons and North Fork, which support a seasonal increase in the population of more than 200,000 during the summer.

Economic conditions in the Long Island metropolitan area are showing signs of improvement after 3 years of declining nonfarm payrolls. During the 12 months ending March 2011, nonfarm payrolls increased by 5,950 jobs, or 0.5 percent, which is a significant improvement compared with the loss of 32,900 jobs, or 2.6 percent, during the 12 months ending March 2010. During the 12 months ending March 2011, the education and health services sector, the largest employment sector in the area, added 5,350 jobs, an increase of 2.4 percent, because of hiring by healthcare providers such as North Shore-Long Island Jewish Health System and Catholic Health Services of Long Island, which employ 42,000 and 18,700, respectively, and are two of the leading employers in the area. The leisure and hospitality sector increased by 2,925 jobs, or 3.0 percent, because of hiring in the restaurant industry. Government sector payrolls increased by 950 jobs, or 0.5 percent, because of hiring at the federal and local levels. By 2014, nearly 400 jobs are expected to be created at the U.S. Department of Energy's Brookhaven National Laboratory (BNL), which currently employs nearly 3,000 Long Island residents and has an estimated annual economic impact of \$850 million. BNL is co-managed by another area leading employer, Stony Brook

University, which had 24,600 students enrolled as of the fall of 2010, nearly 14,000 employees, and an estimated annual economic impact of \$4.7 billion on the local economy, according to the university. Growth in the local government will likely slow as more than 200 Nassau County jobs are expected to be eliminated in 2011 because of budget issues. During the 12 months ending March 2011, the goods-producing sectors lost 4,600 jobs, or 3.3 percent, although current losses were not as large as the decline of 14,300 jobs, or 9.4 percent, that occurred during the previous 12-month period. The mining, logging, and construction sector accounted for more than two-thirds of net job losses in the goods-producing sectors during the past 2 years as commercial and residential construction activity slowed. During the 12 months ending February 2011, the Long Island metropolitan area unemployment rate averaged 7.1 percent, down slightly from the 7.2-percent rate recorded during the previous 12 months.

The Long Island metropolitan area home sales market remains soft after 5 years of high inventory levels and declining home sales, although it showed some signs of stabilizing during the past year. According to Prudential Douglas Elliman Real Estate, during 2010, existing home sales (including single-family homes, townhomes, and condominiums) on Long Island—excluding The Hamptons and North Fork—totaled 18,300 homes, which is relatively unchanged compared with the number of homes sold during 2009 and slightly below the average of 19,600 homes sold annually from 2007 through 2009. During 2010, the inventory of unsold homes on the market decreased 4 percent to 18,750, which represents a 12-month supply, a slight improvement compared with the nearly 13-month supply during 2009. In 2010, after 4 years of decline, the average sales price of a home on Long Island increased by 2 percent to \$439,200, which is 16 percent less than the \$524,100 peak sales price reached during the 12 months ending June 2006. During 2010, home sales in the Hamptons and North Fork increased by nearly 36 percent to 2,075 and the average sales price increased by about 13 percent to \$1.5 million, driven by increased bonus compensation on Wall Street. Average sales prices varied greatly throughout Long Island, with a low of \$357,400 in western and central Suffolk County, \$522,000 in Nassau County, and \$1.5 million in The Hamptons and North Fork. According to LPS Applied Analytics, as of February 2011, the percent of total loans in Nassau and Suffolk Counties that were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) was 8.5 and 11.3 percent, respectively, down from 8.6 and 11.5 percent a year earlier.

Home construction activity in the Long Island area increased during the past year, after 4 years of declining activity caused by the soft sales market. Based on preliminary data, during the 12 months ending March 2011, the number of single-family homes permitted increased to 1,325 homes, up 9 percent from the 1,200 homes



permitted during the same period a year earlier. In comparison, an average of 4,250 homes were permitted annually from 2000 through 2005. During the past 12 months, Suffolk County accounted for 70 percent of the single-family homes permitted, which is slightly below its nearly 80-percent average share during the 2000s. Recent single-family construction activity has been concentrated in the towns of Brookhaven and Southampton in eastern Suffolk County and the town of Hempstead in southwestern Nassau County.

The Long Island rental market is currently tight, although conditions have eased slightly during the past year. According to Reis, Inc., during the fourth quarter of 2010, the average apartment vacancy rate increased to 3.8 percent, up from 3.6 percent in the fourth quarter of 2009. Despite the slight increase in vacancies during the fourth quarter of 2010, average monthly rents increased by nearly 3 percent to about \$1,550 per month compared with rents recorded during the fourth quarter of 2009. Monthly rents averaged \$1,475 for a one-bedroom unit, \$1,875 for a two-bedroom unit, and \$2,725 for a three-bedroom unit in Nassau County and \$1,325 for a one-bedroom unit, \$1,700 for a two-bedroom unit, and \$2,150 for a three-bedroom unit in Suffolk County.

Multifamily construction, as measured by the number of multifamily units permitted, has slowed significantly since the mid-2000s, primarily because of the soft condominium sales market. Based on preliminary data, during the 12 months ending March 2011, the number of multifamily units permitted increased to 225 units, up from the 120 units permitted during the previous 12 months. The current number of units permitted remains well below the average of 1,225 units permitted annually from 2000 through 2005, when condominiums and townhomes accounted for nearly 55 percent of multifamily construction activity. The largest multifamily development currently under construction is the 720-unit, age-restricted, Meadowbrook Pointe, located in the central Nassau County village of Westbury. The phased project, which originally broke ground in late 2005, has sold more than 500 units and is currently building 212 condominiums, townhomes, and villas. Asking prices start around \$460,000 for a 970-square-foot, one-bedroom condominium and increase to about \$1.25 million for a 2,850-square-foot villa. Several transit-oriented developments (TOD) are currently planned or under construction near the Long Island Rail Road, which provides more than 300,000 daily commuters access to most of Long Island and New York City. Avalon at Rockville Center, a 349-unit TOD in southwest Nassau County, is currently under construction. Leasing is expected to commence in May 2011, with asking rents starting at \$2,240 for a one-bedroom unit and \$2,775 for a two-bedroom unit. The same developer is currently planning another TOD project, Avalon Huntington Station, in central Suffolk County, which would include a mix of 303 apartment units and 76 condominium units.

North Dakota

North Dakota, located in the Upper Midwest along the Canadian border, is the most rural of all states in the United States, with farmland covering 90 percent of the area. Agriculture, which is the largest industry in the state, directly contributed to nearly 10 percent of the gross state product in 2010 compared with 1.2 percent of the gross domestic product for the United States. As a result of new directional drilling techniques introduced in 2005, extracting oil from the large Bakken Field in western North Dakota has become an impetus for employment growth. According to a North Dakota State University study, in 2009, more than 65,000 direct and indirect jobs were generated in the state as a result of oil drilling and production, up nearly 70 percent from the 2007 estimate. As of April 1, 2011, the population of the state is estimated at 672,600, an average annual increase of 1.3 percent since 2007 compared with the 0.2-percent annual increase recorded from 2005 to 2007.

Economic conditions in North Dakota improved during the past year. During the 12 months ending February 2011, nonfarm payroll jobs in the state increased by 11,200 jobs, or 3 percent, to an average of 378,300 jobs compared with the 0.1-percent decrease in payroll jobs recorded during the previous 12 months. During the most recent 12-month period, employment in the mining and logging sector was up 62 percent, or 4,400 jobs, because of increased oil exploration and drilling. This sector now constitutes 3 percent of total nonfarm employment in the state compared with 2 percent a year earlier. The education and health services sector increased by 1,400 jobs, or 2.6 percent, as a result of hospital and school expansions. Government employment increased by 1,800 jobs, or 2.3 percent, with nearly all of the increase coming at the local level. For the 12 months ending February 2011, the unemployment rate averaged 3.8 percent, down from 4.2 percent a year earlier.

North Dakota's relatively strong economic performance during the past 2 years was driven primarily by energy industry growth but was also supported by a strong state banking system that helped stabilize its economy and housing markets during the national recession and credit crisis. From 2008 to 2010, the state-run Bank of North Dakota increased loans to businesses and private banks; the bank generated \$1.04 billion in new commercial loan volume per year, on average, which was almost double the \$562 million annual average between 2005 and 2007. A major expansion at Minot Air Force Base also contributed to the state's strong economic performance, and the base is now the largest employer in the state. The base added 1,100 airmen beginning in 2009, bringing the total number of civilian and military personnel stationed at the base to 6,800. For 2010, the base had a \$513.7 million economic impact on the state's economy, up 8 percent from 2009 and 38 percent from 2007. Other leading employers are the

University of North Dakota and Altru Health System, both of which are in Grand Forks, with 5,200 and 3,850 employees, respectively.

Home sales markets improved and were generally balanced in North Dakota during the 12 months ending February 2011. Hanley Wood, LLC, reported that, during the 12 months ending February 2011, sales of new and existing single-family homes were up nearly 3 percent, to 8,135 homes sold compared with the number sold during the previous 12 months. The average prices of new and existing single-family homes in the state increased by 4 and 7 percent, to \$212,700 and \$173,600, respectively. According to the Federal Housing Finance Agency house price index, in 2010, home prices increased by 5 percent, the highest rate of any state in the nation. According to LPS Applied Analytics, in February 2011, 2 percent of all home loans in the state were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from 2.4 percent in February 2010. North Dakota had the lowest foreclosure rate in the nation, according to the same data.

The strongest increases in home sales activity occurred in western North Dakota markets as a result of the expanding oil industry in places such as Bismarck and of the military buildup in Minot. Hanley Wood, LLC, reported that, during the 12 months ending February 2011, sales of new and existing single-family homes increased in Bismarck by 18 percent, to nearly 2,050 homes sold, and in Minot by 10 percent, to 1,230 homes sold. Home sales activity in the eastern North Dakota markets of Grand Forks and Fargo was influenced more by national housing trends. During the 12 months ending February 2011, new and existing home sales in Grand Forks and Fargo were down by 6 and 3 percent, to 880 and 3,100 homes, respectively. During the same period, the average price of new and existing single-family homes was up in all reported areas, with increases ranging from 3 percent, to \$179,700, in Bismarck to more than 12 percent, to \$175,400, in Grand Forks.

In response to the stronger home sales demand, single-family home construction in the state increased during the 12 months ending February 2011. Based on preliminary data, the number of single-family permits issued increased by 19 percent, to 1,460 homes permitted, compared with the number permitted a year earlier, but these numbers were still below the peak average of 2,400 units a year recorded from 2004 through 2006. The Fargo-Moorhead metropolitan area accounted for approximately one-half of the 1,460 homes permitted in the state for the current period. The city of West Fargo, adjacent to Fargo, is one of the fastest growing cities in the state and is where much of the new construction is taking place in the metropolitan area. One subdivision, West Port Beach, has added about 500 homes in the past 5 years. Prices for these homes ranged from about \$180,000 to \$220,000 for a four-bedroom, two-story house with a three-car garage. A more recently developed

subdivision, the Reserve at Osgood, includes homes averaging from \$350,000 to \$450,000; 75 of the 270 available homes have been sold.

Rental market conditions in North Dakota range from balanced in the eastern parts of the state to extremely tight in the western parts, a situation that has persisted for the past 3 years. According to an Appraiser Services, Inc., survey, in the first quarter of 2011, the average apartment vacancy rate in the Fargo-Moorhead area fell to 6.2 percent compared with the 7.2-percent rate recorded in the first quarter of 2010. According to the survey, asking rents for apartments that have recently come on line averaged \$680 for a one-bedroom unit, \$780 for a two-bedroom unit, and \$980 for a three-bedroom unit, up 2 percent from a year earlier. According to the Greater Grand Forks Apartment Association, as of February 2011, the apartment vacancy rate was 5.4 percent, which was relatively unchanged from a year earlier. During the first quarter of 2011, according to local sources, vacancy rates in Minot and Bismarck ranged from 2 to 3 percent and in oil-impacted areas such as Dickinson and Williston in western North Dakota were below 2 percent. Because of a housing shortage in oil-impacted areas, many workers stay in hotels and trailers in and around those cities or commute as far as 100 miles to work.

Multifamily building activity, as measured by the number of units permitted, has increased in response to the tightening rental markets in North Dakota. According to preliminary data, during the 12 months ending February 2011, the number of multifamily units permitted increased by 20 percent, to 1,420 units, of which apartments accounted for 90 percent. By comparison, an average of 1,100 multifamily units a year were permitted from 2006 through 2008; during this period, apartments accounted for 60 percent of the units permitted. Since 2006, the Fargo-Moorhead area has accounted for approximately one-half of multifamily building activity in the state, largely because of growth in student enrollment at the three area universities: North Dakota State University, Minnesota State University at Moorhead, and Concordia College. The combined enrollment for the fall 2010 semester for the three schools was more than 24,700 students, up by more than 10 percent since the fall 2006 semester.

Norwich-New London, Connecticut

The Norwich-New London metropolitan area, located in southeastern Connecticut, is coterminous with New London County. Leading employers in the area include the U.S. Naval Submarine Base New London, with 10,550 employees, and Foxwoods Resort, Mohegan Sun Casino, and General Dynamics Electric Boat, with 9,100, 8,650, and 8,300 employees, respectively. In fiscal year 2009, the Naval Submarine Base reported a direct economic impact of \$4.6 billion. As of April 1, 2011, the Norwich-New London metropolitan area population was estimated at



275,100, an increase of 1,050, or 0.4 percent, since April 1, 2010. Increased out-migration due to recent job losses resulted in a slowing of population growth compared with the 0.5-percent average annual increase from 2007 through 2009.

Nonfarm payrolls in the Norwich-New London metropolitan area have been declining since 2008; however, the declines appear to be slowing. During the 12 months ending February 2011, nonfarm payrolls decreased by 1,400 jobs, or 1.1 percent, to 129,500 jobs, compared with the previous 12-month decline of 5,400 jobs, or 4 percent. The local government sector, which includes both Native American-owned casinos in the area, accounted for 85 percent of net job losses during the 12 months ending February 2011, with a decline of 1,200 jobs, or 3.8 percent. Most of the decrease was in casino employment, including layoffs of 355 employees at Mohegan Sun in September 2010, reflecting a significant decline in tourism resulting from the slowdown in the national economy. The manufacturing sector declined by 300 jobs, or 1.8 percent, and, in February 2011, Pfizer, Inc., announced plans to lay off 1,100 employees at its Groton and New London facilities during the next 18 months. The only job increases occurred in the retail trade subsector and education and health services sector, which each gained 200 jobs, or 1.6 and 1.3 percent, respectively. During the 12 months ending February 2011, the average unemployment rate increased to 8.6 percent, up from 7.9 percent during the previous 12 months.

Because of job losses during the past 2 years, the home sales market in the Norwich-New London metropolitan area is soft. According to the Connecticut Multiple Listing Service, Inc., 2,025 new and existing homes were sold in New London County in 2010 (the most recent data available), nearly a 3-percent increase from the 1,975 homes sold in 2009. Despite the increase, the number of homes sold was down 41 percent from the average annual rate of 3,425 homes sold from 2003 through 2006. The median single-family home sales price increased by 2 percent in the fourth quarter of 2010 to \$224,400 compared with the fourth quarter of 2009, but it remained 24 percent below the peak of \$295,000 in the second quarter of 2007. The number of condominium sales decreased 15 percent, to 290 units, in 2010 compared with the number sold in 2009. The median condominium

sales price in the fourth quarter of 2010 was \$164,500, little changed from the previous year, but down 15 percent from the peak of \$193,250 in the second quarter of 2008. As the number of homes sold and median home sales price have each increased, foreclosure rates have decreased. According to LPS Applied Analytics, as of February 2011, 7.6 percent of the total number of home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from 7.9 percent a year earlier.

Single-family home construction, as measured by the number of building permits issued, peaked during 2004, when 990 homes were permitted. Based on preliminary data, during the 12 months ending February 2011, 250 single-family home permits were issued, which is relatively unchanged from the level during the previous 12 months but is a decline compared with the average of 560 homes permitted annually from 2006 through 2008. New London Harbour Towers, a 9-story, 52-unit condominium project, opened in April 2010. Prices for a mid-level, 2-bedroom unit range from \$400,000 to \$500,000. The price for a typical new single-family home in the area ranges from \$300,000 to \$400,000 and for a typical new condominium ranges from \$200,000 to \$300,000.

Based on preliminary data, during the 12 months ending February 2011, 60 multifamily units were permitted, down from the 160 units permitted in the previous 12 months. During the peak year of 2004, 700 multifamily units were permitted, and, from 2006 through 2008, an average of 230 units were permitted annually. Peach Tree Apartments is a planned 120-unit apartment development in Norwich that will replace an apartment building destroyed by fire in 2008.

The rental market in the Norwich-New London metropolitan area is currently balanced, with conditions tightening somewhat during the past year in response to limited new additions to the rental inventory. According to Reis, Inc., the apartment vacancy rate in New London County was 6.1 percent during the fourth quarter of 2010, down from 7.6 percent during the fourth quarter of 2009. The average effective rent was \$915, essentially unchanged from the previous year. Apartment rents in the area averaged \$860 for a one-bedroom unit, \$1,000 for a two-bedroom unit, and \$1,450 for a three-bedroom unit.

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

HUD Region and State	2011 Through March			2010 Through March			Ratio: 2011/2010 Through March		
	Total	Single Family	Multi-family*	Total	Single Family	Multi-family*	Total	Single Family	Multi-family*
Connecticut	499	419	80	624	530	94	0.800	0.791	0.851
Maine	332	303	29	503	480	23	0.660	0.631	1.261
Massachusetts	1,084	741	343	1,664	1,043	621	0.651	0.710	0.552
New Hampshire	574	288	286	722	350	372	0.795	0.823	0.769
Rhode Island	129	108	21	170	170	0	0.759	0.635	
Vermont	186	94	92	461	443	18	0.403	0.212	5.111
New England	2,804	1,953	851	4,144	3,016	1,128	0.677	0.648	0.754
New Jersey	2,696	1,543	1,153	2,679	1,777	902	1.006	0.868	1.278
New York	3,674	1,447	2,227	3,462	2,132	1,330	1.061	0.679	1.674
New York/New Jersey	6,370	2,990	3,380	6,141	3,909	2,232	1.037	0.765	1.514
Delaware	690	565	125	814	771	43	0.848	0.733	2.907
District of Columbia	714	111	603	280	2	278	2.550	55.500	2.169
Maryland	2,717	1,957	760	3,044	2,081	963	0.893	0.940	0.789
Pennsylvania	3,808	3,199	609	4,342	3,747	595	0.877	0.854	1.024
Virginia	5,963	3,771	2,192	5,213	4,112	1,101	1.144	0.917	1.991
West Virginia	308	294	14	410	308	102	0.751	0.955	0.137
Mid-Atlantic	14,200	9,897	4,303	14,103	11,021	3,082	1.007	0.898	1.396
Alabama	2,772	1,919	853	3,062	2,404	658	0.905	0.798	1.296
Florida	10,286	7,063	3,223	11,590	9,078	2,512	0.887	0.778	1.283
Georgia	4,164	3,317	847	4,463	4,063	400	0.933	0.816	2.118
Kentucky	1,390	1,093	297	1,631	1,437	194	0.852	0.761	1.531
Mississippi	1,180	1,069	111	1,127	1,110	17	1.047	0.963	6.529
North Carolina	8,284	5,565	2,719	8,861	7,483	1,378	0.935	0.744	1.973
South Carolina	3,514	3,000	514	4,410	3,935	475	0.797	0.762	1.082
Tennessee	3,070	2,616	454	4,714	3,179	1,535	0.651	0.823	0.296
Southeast/Caribbean	34,660	25,642	9,018	39,858	32,689	7,169	0.870	0.784	1.258
Illinois	1,811	1,356	455	2,151	1,735	416	0.842	0.782	1.094
Indiana	2,515	1,692	823	2,883	2,340	543	0.872	0.723	1.516
Michigan	1,664	1,342	322	1,662	1,477	185	1.001	0.909	1.741
Minnesota	1,058	871	187	1,722	1,260	462	0.614	0.691	0.405
Ohio	2,721	2,043	678	3,270	2,547	723	0.832	0.802	0.938
Wisconsin	1,831	1,040	791	1,821	1,534	287	1.005	0.678	2.756
Midwest	11,600	8,344	3,256	13,509	10,893	2,616	0.859	0.766	1.245
Arkansas	1,688	917	771	1,436	1,213	223	1.175	0.756	3.457
Louisiana	2,867	2,382	485	2,750	2,635	115	1.043	0.904	4.217
New Mexico	764	718	46	1,173	1,051	122	0.651	0.683	0.377
Oklahoma	1,744	1,584	160	2,337	1,920	417	0.746	0.825	0.384
Texas	20,379	15,190	5,189	22,169	18,854	3,315	0.919	0.806	1.565
Southwest	27,442	20,791	6,651	29,865	25,673	4,192	0.919	0.810	1.587
Iowa	1,105	896	209	1,364	1,076	288	0.810	0.833	0.726
Kansas	931	631	300	951	776	175	0.979	0.813	1.714
Missouri	1,746	1,019	727	1,939	1,514	425	0.900	0.673	1.711
Nebraska	649	633	16	970	879	91	0.669	0.720	0.176
Great Plains	4,431	3,179	1,252	5,224	4,245	979	0.848	0.749	1.279
Colorado	2,488	1,734	754	3,137	2,389	748	0.793	0.726	1.008
Montana	290	236	54	415	320	95	0.699	0.738	0.568
North Dakota	466	183	283	293	167	126	1.590	1.096	2.246
South Dakota	364	246	118	452	429	23	0.805	0.573	5.130
Utah	1,491	1,186	305	2,206	1,824	382	0.676	0.650	0.798
Wyoming	272	213	59	628	307	321	0.433	0.694	0.184
Rocky Mountain	5,371	3,798	1,573	7,131	5,436	1,695	0.753	0.699	0.928
Arizona	2,961	2,381	580	4,046	3,515	531	0.732	0.677	1.092
California	9,159	4,802	4,357	10,168	6,361	3,807	0.901	0.755	1.144
Hawaii	487	397	90	1,354	401	953	0.360	0.990	0.094
Nevada	1,496	1,054	442	2,071	1,788	283	0.722	0.589	1.562
Pacific	14,103	8,634	5,469	17,639	12,065	5,574	0.800	0.716	0.981
Alaska	136	120	16	115	113	2	1.183	1.062	8.000
Idaho	715	624	91	1,286	1,150	136	0.556	0.543	0.669
Oregon	1,860	1,250	610	1,756	1,591	165	1.059	0.786	3.697
Washington	3,635	3,176	459	4,874	3,859	1,015	0.746	0.823	0.452
Northwest	6,346	5,170	1,176	8,031	6,713	1,318	0.790	0.770	0.892
United States	127,327	90,398	36,929	145,645	115,660	29,985	0.874	0.782	1.232

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



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

CBSA	CBSA Name	2011 Through March		
		Total	Single Family	Multifamily*
26420	Houston-Sugar Land-Baytown, TX	5,826	5,177	649
19100	Dallas-Fort Worth-Arlington, TX	5,747	3,269	2,478
47900	Washington-Arlington-Alexandria, DC-VA-MD-WV	4,616	2,204	2,412
35620	New York-Northern New Jersey-Long Island, NY-NJ-PA	3,660	1,282	2,378
31100	Los Angeles-Long Beach-Santa Ana, CA	3,293	1,003	2,290
12420	Austin-Round Rock, TX	2,041	1,547	494
12060	Atlanta-Sandy Springs-Marietta, GA	1,971	1,504	467
38060	Phoenix-Mesa-Scottsdale, AZ	1,824	1,622	202
36740	Orlando-Kissimmee, FL	1,811	962	849
42660	Seattle-Tacoma-Bellevue, WA	1,737	1,516	221
45300	Tampa-St. Petersburg-Clearwater, FL	1,538	1,174	364
41740	San Diego-Carlsbad-San Marcos, CA	1,495	510	985
37980	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1,482	1,078	404
33100	Miami-Fort Lauderdale-Miami Beach, FL	1,441	656	785
41700	San Antonio, TX	1,424	1,020	404
16740	Charlotte-Gastonia-Concord, NC-SC	1,377	879	498
29820	Las Vegas-Paradise, NV	1,267	855	412
19740	Denver-Aurora, CO	1,163	688	475
26900	Indianapolis, IN	1,126	762	364
47260	Virginia Beach-Norfolk-Newport News, VA-NC	1,121	795	326
12580	Baltimore-Towson, MD	1,100	847	253
39580	Raleigh-Cary, NC	1,095	965	130
18140	Columbus, OH	1,049	609	440
38900	Portland-Vancouver-Beaverton, OR-WA	1,041	740	301
16980	Chicago-Naperville-Joliet, IL-IN-WI	963	673	290
34980	Nashville-Davidson--Murfreesboro, TN	949	926	23
22180	Fayetteville, NC	898	404	494
14460	Boston-Cambridge-Quincy, MA-NH	889	578	311
41860	San Francisco-Oakland-Fremont, CA	887	445	442
30780	Little Rock-North Little Rock, AR	861	330	531
41180	St. Louis, MO-IL	858	676	182
40140	Riverside-San Bernardino-Ontario, CA	846	671	175
32580	McAllen-Edinburg-Mission, TX	845	788	57
36420	Oklahoma City, OK	828	732	96
27260	Jacksonville, FL	815	671	144
17900	Columbia, SC	784	550	234
35840	North Port-Bradenton-Sarasota, FL	734	385	349
46060	Tucson, AZ	726	398	328
38300	Pittsburgh, PA	724	685	39
21340	El Paso, TX	717	628	89
16700	Charleston-North Charleston, SC	691	641	50
33460	Minneapolis-St. Paul-Bloomington, MN-WI	653	591	62
41620	Salt Lake City, UT	653	406	247
17140	Cincinnati-Middletown, OH-KY-IN	629	535	94
24660	Greensboro-High Point, NC	628	254	374
26620	Huntsville, AL	623	552	71
40060	Richmond, VA	609	515	94
40900	Sacramento--Arden-Arcade--Roseville, CA	588	398	190
35380	New Orleans-Metairie-Kenner, LA	580	497	83
12940	Baton Rouge, LA	576	551	25

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