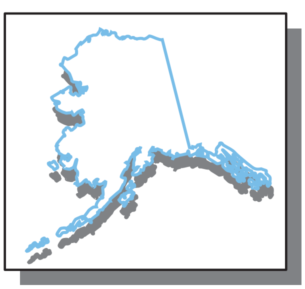
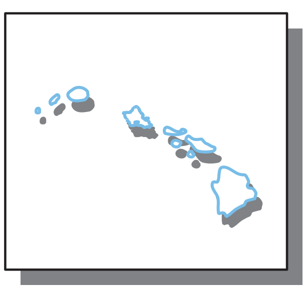
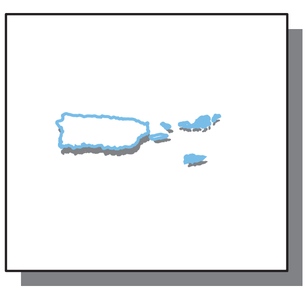
Regional Activity





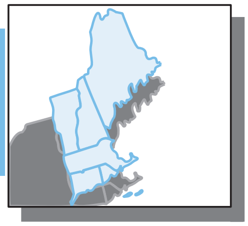


The following summaries of housing market conditions and activities have been prepared by economists in the U.S. Department of Housing and Urban Development's (HUD's) field offices. The reports provide overviews of economic and housing market trends within each region of HUD management. Also included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



The economic decline, which began in the third quarter of 2008, slowed in the New England region during 2010, with nonfarm payrolls averaging 6.8 million jobs, down only 17,000, or 0.3 percent, compared with the loss of 266,500 jobs, or 3.8 percent, during 2009. Job losses during the past 3 years exceeded by nearly 50 percent the 192,400 jobs added in the region between 2004 and 2007. During 2010, the service-providing sectors of education and health services and leisure and hospitality posted the most significant job gains, with increases of 23,600 and 9,400 jobs, or 1.8 and 1.5 percent, respectively. As of 2010, education and health services employment represents more than 20 percent of the nonfarm payroll jobs in the region, up from 15 percent in 2000. In 2010, the manufacturing and construction sectors accounted for the loss of 13,900 and 13,000 jobs, or 5.3 and 2.2 percent, respectively. Major losses in service-providing sectors were recorded in the financial activities and retail and wholesale trade sectors, which lost 10,500 and 9,900 jobs, or 2.3 and 2.4 percent, respectively, compared with the number of jobs recorded during 2009.

Nonfarm payroll gains were reported only in New Hampshire and Massachusetts during 2010. New Hampshire added 7,500 jobs, or 1.2 percent, including increases of 2,000 jobs, or 3.1 percent, in the professional business services sector and 2,000 jobs, or 3.3 percent, in the leisure and hospitality sector. The level of nonfarm payrolls in Massachusetts in 2010 remained virtually unchanged with a gain of only 1,300 jobs, to 3.2 million jobs. Job gains in the education and health services and the professional and business services sectors of 14,300 jobs, or 2.2 percent, and 3,400 jobs, or 0.7 percent, respectively, were partially offset by losses of 5,400 jobs, or 2.1 percent, and 5,300 jobs, or 4.8 percent, in the manufacturing and construction sectors, respectively. Connecticut lost 11,500 jobs, which was a 0.7-percent decline, including 4,700 manufacturing jobs, 3,900 construction jobs, and 3,700 financial activities jobs, decreases of 2.7, 7.1, and 2.7 percent, respectively. Rhode Island's loss of 7,800 jobs, or 1.7 percent, was a significant improvement compared with the 22,900 jobs, or 4.8 percent, lost in 2009. In 2010, Maine and Vermont had small losses of 0.7 percent each, down 4,500 and 1,900 jobs, respectively.

During 2010, the unemployment rate in the New England region averaged 8.6 percent, up from 8.3 percent in 2009, but it was below the national average of 9.6 percent. Average unemployment rates for the states in the region ranged from 6.1 percent in New Hampshire and Vermont to 11.9 percent in Rhode Island.

Despite moderating employment declines and continued lower interest rates during the second half of 2010, expiration of the homebuyer tax credit programs led to reduced home sales totals in all states compared with the number of homes sold during 2009. According to the Massachusetts Association of REALTORS® (MAR), during 2010, existing home sales were down 1 percent from the 35,570 sales in 2009. In 2010, the median sales price was up 4 percent, to $302,500, from $290,000 in 2009, but was down 3 percent compared with the $311,000 median sales price in 2008. In 2010, the inventory of homes on the market increased 11 percent, to 24,100, an 8-month supply, compared with a 7-month supply of homes in 2009. The Rhode Island Association of REALTORS® (RIAR) reported that, in 2010, existing home sales totaled 6,830 homes, representing a decrease of 12 percent compared with the number of homes sold during 2009, but up 3 percent from 2008. The median sales price increased 5 percent, to $210,000, but was 11 percent lower than the median sales price in 2008.

The Maine Real Estate Information System, Inc., reported that, during 2010, existing home sales in Maine decreased by 3 percent, to 1,210 homes. The median sales price increased 3 percent to $168,750 but was down 6 percent from the $180,000 median sales price in 2008. According to the Northern New England Real Estate Network (NNEREN), in 2010, the number of new and existing homes sold in New Hampshire decreased 3 percent, to 10,530, compared with a gain of 6 percent in 2009. In 2010, the median sales price was up slightly by 1 percent, to $215,000, but down 9 percent from the median sales price of $235,000 in 2008. The Vermont Department of Taxes reported that, during 2010, new and existing home sales in Vermont totaled 4,450, an increase of 15 percent compared with the number of sales recorded during 2009 and matching the total number of sales in 2008. The 2010 median sales price of $187,000 was up 1 percent compared with the price during 2009 and down 6 percent from the $199,000 price in 2008. The Warren Group reported that, in Connecticut, during 2010, about 24,270 existing homes were sold, a decrease of less than 1 percent compared with the 24,400 homes sold in 2009. The median sales price for 2010 was $250,000, up 4 percent from 2009.

According to the Federal Housing Finance Agency, in November 2010, home prices in the New England census region decreased slightly by 1 percent compared with prices during November 2009, representing (along with the West South Central region) the smallest price decline of the nine census regions. The comparable decline

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

for the nation was 4 percent. According to the Lender Processing Services Mortgage Performance Data, in December 2010, the number of loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) decreased by 11 percent to 100,975 loans compared with the 113,130 reported in December 2009. This December 2010 level represents 6.4 percent of all home loans in the region, down from 7.0 percent in December 2009. This rate declined for all states in the region and ranged from 8.5 percent in Rhode Island to 4.3 in Vermont, one of the lowest in the nation. The national rate in December 2010 was 8.3 percent.

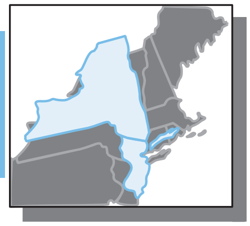
Condominium sales in the New England region were down, particularly in the second half of 2010, but median prices were up. According to MAR, during 2010, in Massachusetts, condominium sales were down less than 1 percent to 15,180 compared with the number sold during 2009; the median sales price was up 6 percent to $268,000. In Rhode Island, during 2010, RIAR reported that condominium sales were down 5 percent, to 1,145 units, but the median sales price was up 4 percent, to $187,000. The Warren Group reported that, in Connecticut, during 2010, condominium sales totaled 6,825 units, down 7 percent from 2009, but the median sales price was up 2 percent, to $182,250. According to NNEREN, in New Hampshire, during 2010, condominium sales totaled 2,635 units, a decline of 4 percent, and the median sales price was unchanged at $165,000.

Because of strong sales during the first half of 2010 and generally increasing prices, single-family homebuilding activity, as measured by the number of homes permitted, increased significantly in the New England region. During 2010, based on preliminary data, the number of homes permitted increased more than 17 percent, to 11,680 homes, the highest regional percentage increase in the nation and nearly 8 times the national average increase of 2 percent. During 2009, single-family home production was down 17 percent compared with production in 2008. All states posted increases in single-family permits in 2010. The largest absolute increase occurred in Massachusetts, where permits increased 18 percent, to 4,815 homes, from 4,055 homes permitted in 2009. Connecticut, Vermont, and New Hampshire increased permits issued by 22, 23, and 19 percent, to 2,260, 590, and 1,560 homes, respectively, compared with the number of homes permitted in 2009. Maine and Rhode Island had smaller increases of 9 and 6 percent, to 1,720 and 740 homes, respectively. Among the metropolitan areas that had the most significant increases in single-family construction were the Boston-Cambridge-Quincy, Massachusetts-New Hampshire metropolitan area, increasing 21 percent, to 3,710 homes, and the Bridgeport-Stamford-Norwalk, Connecticut metropolitan area, which increased 39 percent, to 540 homes.

Bolstered by higher production levels in Massachusetts and New Hampshire, the level of multifamily construction in the region, as measured by the number of units permitted, increased by 13 percent, to 5,825 units, in 2010. Based on preliminary data, the number of units permitted in Massachusetts increased by 30 percent, to 3,170 units, in 2010 compared with the number permitted during 2009. Multifamily units permitted in New Hampshire were up 33 percent, to 745 units. In Maine and Rhode Island, multifamily units permitted were down 22 and 20 percent, to 175 and 205 units, respectively. In Connecticut and Vermont, multifamily units permitted were down 6 and 11 percent, to 1,220 and 315 units, respectively. Cities and towns in the Boston-Cambridge-Quincy metropolitan area issued permits for 2,740 units, an increase of 13 percent compared with the number permitted during 2009, representing 47 percent of the total of multifamily units permitted in the region.

Conditions in most New England rental markets are balanced, but they continue to tighten as vacancy rates decline and rents rise. According to REIS, Inc., in 2010, rental production in the Boston metropolitan area was down 75 percent to slightly more than 1,000 units compared with the previous 5-year annual average of about 4,200 units. Recent increases in nonfarm payrolls in the metropolitan area have stimulated demand for new apartments, lowering the apartment vacancy rate to 5.1 percent in the fourth quarter of 2010, down from 6.4 percent a year earlier. Average market rent increased nearly 3 percent, to $1,748, during the same period. In Connecticut, the Hartford and New Haven metropolitan area markets tightened significantly, and conditions are tight in both markets. With only a few new units added to the inventory in 2010, apartment vacancy rates are 4.7 and 2.2 percent in the fourth quarter of 2010, down from 6.2 and 3.0 percent, respectively, from the fourth quarter of 2009. Average market rents have increased nearly 2 percent in both markets, to $980 in Hartford and $1,110 in New Haven during the past year. In Fairfield County, where conditions are balanced, the addition of approximately 1,120 units during 2010 resulted in an increased apartment vacancy rate of 6.0 percent, up from 5.5 percent a year earlier, but the average rent increased more than 4 percent, to $1,814. The Providence metropolitan area market, which is balanced, had virtually no additions to the rental inventory during 2010. The apartment vacancy rate declined to 6.0 percent from 8.5 percent a year earlier, and the average rent was virtually unchanged, at $1,205. The Manchester-Nashua, New Hampshire-Massachusetts metropolitan area market tightened during 2010, and conditions are currently tight, with the apartment vacancy rate decreasing to 3.8 percent from 4.2 percent, and average rents are virtually unchanged, at $1,069. In the Portland, Maine metropolitan area, conditions are tight as the apartment vacancy rate declined to 2.8 percent from 4.2 percent, and the average rent increased nearly 3 percent during the past year.

NEW YORK/ NEW JERSEY



HUD Region II

Economic conditions in the New York/New Jersey region showed signs of improving in 2010, as job losses slowed compared with the conditions during 2009, the beginning of the job decline. During 2010, nonfarm payrolls in the region averaged approximately 12.4 million jobs, down by 87,600 jobs, or 0.7 percent, which is significantly less than the loss of 393,700 jobs, or 3.1 percent, which occurred during 2009. Total payroll losses in the region were divided almost equally between the two states. In New Jersey, nonfarm payrolls declined by 44,700 jobs, or 1.1 percent, to 3.8 million. New York State registered a loss of 43,000 jobs, or 0.5 percent, resulting in an average of 8.5 million jobs. In New York City, nonfarm payrolls decreased by 10,400, or 0.3 percent, to nearly 3.7 million jobs.

During 2010, the largest job declines in the New York/New Jersey region occurred in the government, construction, and manufacturing sectors. The region lost 39,900 jobs in the government sector, a 1.8-percent decrease, with declines at both the state and local levels because of budget cuts. New York State accounted for nearly 80 percent of the losses in the government sector, recording a decline of 31,300 jobs, or 2.1 percent, while New Jersey registered a loss of 8,600 jobs, or 1.3 percent. The construction sector lost 27,100 jobs, or 5.8 percent, throughout the region. Construction job losses totaled 13,600, or 4.2 percent, in New York State and 13,400, or 9.7 percent, in New Jersey. The manufacturing sector in the region continued to contract during 2010; however, job losses slowed to 26,100, or 3.5 percent, compared with the decline of 86,300 jobs, or 10.4 percent, in 2009. Manufacturing payrolls decreased by 15,800 jobs, or 3.3 percent, in New York State, and by 10,300 jobs, or 3.9 percent, in New Jersey.

Two sectors added jobs in the New York/New Jersey region in 2010: the education and health services and the leisure and hospitality sectors. The education and health services sector recorded an increase of 29,600 jobs, or 1.3 percent, with gains of more than 25,500 jobs, or 1.8 percent, in New York State and nearly 5,000 jobs, or 0.7 percent, in New Jersey. The leisure and hospitality sector expanded by 14,500 jobs, a 1.4-percent increase, with additions of 12,500 and 2,025 jobs, or increases of 1.8 and 0.6 percent, in New York State and New Jersey, respectively. In New York City, in 2010, the number of leisure travelers to the city increased by nearly 7 percent, to 48.7 million; as a result, the leisure and hospitality sector increased by 7,900 jobs, or 2.6 percent. The unemployment rate in the New York/New Jersey region was 8.7 percent in 2010, which is unchanged from 2009. The average unemployment rate remained constant at 8.4 percent in New York but increased from 9.2 to 9.5 percent in New Jersey.

Throughout most of the New York/New Jersey region, sales housing market conditions remain slightly soft, but are improving slowly, as trends in the data for prices and home sales were mixed. According to the NATIONAL ASSOCIATION OF REALTORS®, during the third quarter of 2010 (the latest information available), home sales declined by 101,600 homes, or 25 percent, from a year earlier to a seasonally adjusted annual rate of 296,600 homes sold. According to Lender Processing Services Mortgage Performance Data, as of December 2010, 8.7 percent of total loans in the region were 90 days or more delinquent, in foreclosure, or in REO (Real Estate Owned), up from 8.2 percent a year earlier. This level is comparable to the 8.3-percent rate for the nation as of December 2010.

According to data from the New York State Association of REALTORS®, during 2010, the number of existing single-family home sales in New York (excluding parts of New York City) decreased nearly 4 percent, to 74,600 homes, compared with the number sold during 2009. The median price of an existing home increased more than 7 percent from $205,000 in 2009 to $219,900 in 2010. For the Rochester metropolitan area, during 2010, the Greater Rochester Association of REALTORS® reported a 6-percent decrease in home sales, down to 10,100 homes sold, but the median sales price increased 5 percent to $119,500. The Greater Capital Association of REALTORS®, Inc., reported that, during 2010, in the Albany-Schenectady-Troy metropolitan area, existing home sales decreased by 8 percent, down to approximately 7,425 homes sold, but the median sales price rose 3 percent to $188,000. During the 12 months ending December 2010, the Buffalo Niagara Association of REALTORS® reported that sales of single-family homes declined 15 percent, to less than 8,550 homes sold, but the median sales price increased 11 percent, to $116,500.

The New York City home sales market, which remains slightly soft, strengthened during 2010. Prudential Douglas Elliman Real Estate reported that, in Manhattan, Brooklyn, and Queens, during 2010, existing condominium and cooperative unit sales increased 20 percent to 29,900 units compared with the number sold during 2009. During 2010, the average sales price rose by 9 percent, from $727,100 to $791,300, but the average number of days a home remained on the market declined by 33 days to 113 days. In Queens, home sales increased more than 15 percent to 12,700 homes, and the median sales price increased more than 5 percent to $369,000. In Brooklyn, home sales increased 9 percent to 7,140 homes, and the median sales price increased 6 percent, to $475,000. During 2010, home sales in Manhattan totaled nearly 10,100 homes, a 36-percent increase compared with the 7,430 homes sold during 2009. Although the 2010 sales level in Manhattan is 25 percent below the peak that occurred in 2007, home sales are within 3 percent of the 2008 level of 10,400 homes. In 2010, the median sales price in Manhattan was $845,000, up more than 4 percent from a year earlier.

In New Jersey, home sales markets are slightly soft. Home sales increased, continuing the trend that began in 2009, but home prices remain relatively flat in most areas. According to data from the New Jersey Association of REALTORS®, during the 12 months ending September 2010 (the latest information available), the number of existing homes sold rose by nearly 12,700, or 12 percent, to 119,400 homes sold. During the 12 months ending September 2010, the median sales price declined by 1 percent, to $316,700, which is 17 percent below the peak of $381,400 recorded in September 2007. For the 12 months ending September 2010, Northern New Jersey reported the largest increase in home sales, up 15 percent to 57,900 homes, with the median price declining by less than 1 percent to $387,500. In Central New Jersey, home sales rose 12 percent, to 31,200 homes, and the median price increased 2 percent, to $326,600. In Southern New Jersey, existing single-family homes sales increased 6 percent, to 30,300, and the median price increased 1 percent, to $213,700.

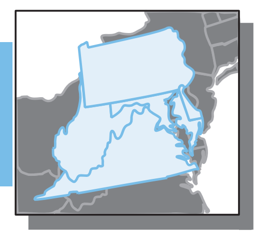
As economic conditions in the New York/New Jersey region showed signs of improving, builders increased construction of single-family homes and multifamily units. During the 12 months ending December 2010, based on preliminary data, the number of single-family homes permitted increased 7 percent to 17,750 homes compared with a 25-percent decline recorded during the same period a year earlier. Single-family home construction rose by 260 homes, or 4 percent, to 7,400 homes in New Jersey and by 900 homes, or nearly 10 percent, to 10,350 homes in New York. In the region, multifamily building activity, as measured by the number of units permitted, increased by 21 percent, to 15,775 units, compared with a 74-percent decrease during the 12 months ending December 2009. In New Jersey, the number of multifamily units permitted increased by 820, to 5,925 units permitted, which was a 16-percent increase from a year earlier. In New York, the number of multifamily units permitted increased by more than 1,925 units, or 24 percent, to 9,850 units, which is a significant improvement compared with the 80-percent decline that occurred during the 12 months ending December 2009. For comparison, between 2006 and 2008, the number of multifamily units permitted annually averaged 36,750 units in New York and 12,900 units in New Jersey.

Rental markets in the New York/New Jersey region remained balanced during the fourth quarter of 2010, although conditions in most markets have tightened from a year earlier, with several markets in Upstate New York and New Jersey recording declines in vacancies. The market in the Buffalo metropolitan area tightened, with the vacancy rate dropping 1 percentage point to 4.4 percent and the average rent increasing by 1 percent to nearly $740. The Rochester apartment market became tighter: the vacancy rate declined from 4.7 to 4.2 percent, and the average rent increased nearly 3 percent, to approximately $770. In the Syracuse metropolitan area, the vacancy rate decreased from 4.4 to 4.0 percent, and the average rent increased 2 percent, to $700. For the fourth quarter of 2010, in Northern New Jersey, the vacancy rate decreased from 5.2 to 4.9 percent, and the average rent rose to $1,510, which was a 2-percent increase. In Central New Jersey, the vacancy rate remained unchanged at 3.9 percent, and the average rent increased 1 percent, to $1,160.

Although vacancies increased in New York City, the rental market is one of the tightest in the nation. According to Reis, Inc., in the fourth quarter of 2010, the apartment vacancy rate in New York City increased from 2.9 to 3.2 percent. Despite the increase in vacancies, which occurred because of a slight lessening of demand with the slower economy, the average asking rent increased by nearly 5 percent to $2,870. Conditions continued to be tight in the Long Island market, where rents increased more than 2 percent, to $1,550, although the vacancy rate increased slightly from 3.6 to 3.8 percent. The Westchester market tightened as the vacancy rate declined from 5.2 to 3.7 percent, with the absorption of 1,250 apartment units completed in 2008 and 2009, but rents declined by slightly less than 1 percent to $1,860.

MID-ATLANTIC

HUD Region III



During 2010, nonfarm payrolls remained relatively stable in the Mid-Atlantic region, declining by only 11,000 jobs compared with the loss of 434,900 jobs, or 3 percent, during 2009. During 2010, nonfarm payrolls averaged 13.6 million jobs in the region. After reporting declines for 22 months, the professional and business services sector added 20,000 jobs in 2010, which was an increase of 1 percent from 2009. The education and health services and the leisure and hospitality sectors grew by 36,300 and 23,100 jobs, or 1.7 and 1.9 percent, respectively. Gains of 28,200, or 4.5 percent, in the federal government subsector offset losses of 12,900 jobs in the state and local government subsectors, to produce a 0.6-percent increase, or nearly 13,200 additional jobs, in the total government sector. With the exception of the addition of 1,160 jobs, a 0.2-percent increase, in the other services sector, all remaining sectors experienced net losses during 2010.

The manufacturing sector continued a two-decade-long loss and declined by 31,700 jobs, or 3 percent, during 2010.

Pennsylvania lost 14,725 jobs, or nearly 3 percent, in the manufacturing sector, accounting for 46 percent of all losses in the sector in the region. The construction sector lost 28,800 jobs, or nearly 5 percent, in the region. Losses in the construction sector began in 2007, peaked during 2009, and have continued declining but at a slower pace through 2010. Virginia's loss of 11,400 jobs in the sector in 2010, a decline of 6 percent from 2009, represents 40 percent of all construction jobs lost in the region. Every state in the region reported a net job loss except the District of Columbia, which added 9,300 federal government jobs and 5,700 professional and business services jobs, resulting in a net gain of 11,900 jobs, or a 1.7-percent increase over 2009. During 2010, the average unemployment rate in the Mid-Atlantic region increased from 7.5 to 8.1 percent. Unemployment rates among the states in the region ranged from 7.0 percent in Virginia to 9.2 percent in West Virginia. The District of Columbia reported the highest unemployment rate in the region at 10.3 percent.

At the close of 2010, conditions in the home sales markets in the Mid-Atlantic region were mixed. During the fourth quarter of 2010, the market in Maryland was balanced as home sales increased, partly because of home price declines, and inventories stabilized. According to the Maryland Association of REALTORS®, 50,880 existing homes were sold in Maryland during 2010 compared with the 49,530 homes sold during 2009, an increase of nearly 3 percent. The increase in sales was not as great as the 11-percent improvement in 2009 over 2008 sales, but it continued a positive trend. The inventory declined by less than 1 percent to an average of 43,800 homes on the market, slightly more than 10 months of supply compared with 44,100 homes and nearly 11 months of supply a year earlier. During 2010, the average home sales price declined 3 percent, to $294,000, from the $302,340 reported a year earlier. Nearly 21,450 homes were sold in the Baltimore metropolitan area during 2010, according to Metropolitan Regional Information Systems, Inc. (MRIS®), down 3 percent from the number sold in 2009. Prices in Baltimore, which averaged $279,800, remained relatively flat. In the Maryland suburbs of the Washington, D.C. metropolitan area, sales volume increased 17 percent to 9,960 homes, but prices declined 12 percent to $217,400.

The sales market was soft in Virginia during the fourth quarter of 2010. The Virginia Association of REALTORS® reported that 18,130 homes were sold during the fourth quarter compared with nearly 22,800 sold during the same quarter in 2009, a decline of more than 20 percent. The median sales price increased 4 percent from $225,750 in the fourth quarter of 2009 to $234,600 currently. In the Northern Virginia suburbs of the Washington, D.C. metropolitan area, expiration of the first-time homebuyers tax credit contributed to a decrease of 10 percent in sales volume to nearly 34,000 homes, but the market showed recovery with prices increasing 11 percent to $388,200 and days on the market declining to 56 from 77 a year earlier.

As 2010 ended, the markets in the rest of the region, in general, remained soft, with price declines still required to stimulate sales. During the 12 months ending September 2010, sales volume declined in Pennsylvania, West Virginia, and Delaware, after an increase in sales during the 12 months ending September 2009 that was stimulated by both declines in prices and the availability of tax credits. According to the NATIONAL ASSOCIATION OF REALTORS®, during the third quarter of 2010 (the most recent data available), homes were sold at an annual rate of 135,200 in Pennsylvania, 24,400 in West Virginia, and 8,800 in Delaware, which indicates decreases of 27, 15, and 31 percent, respectively, compared with the number of homes sold in the third quarter of 2009. The market became balanced in the District of Columbia during 2010. According to MRIS®, the District of Columbia reported 6,200 homes sold during the year, a 4-percent increase from the volume reported during 2009, with a 5-percent increase in average price to $512,700.

According to Lender Processing Services Mortgage Performance Data, in December 2010, the number of home loans that were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) in the region decreased by 8.6 percent to approximately 219,400 loans compared with the number recorded during December 2009. The current rate of all loans recorded in the region is 6.2 percent compared with 6.8 percent in December 2009 and is less than the current 8.3-percent national rate.

Despite mixed conditions in the existing home sales market, new home construction activity, as measured by the number of homes permitted, increased. Based on preliminary data, during 2010, new single-family home construction increased by nearly 5 percent to 38,400 homes permitted. Production in Pennsylvania increased by 11 percent, with 12,200 homes permitted. In Maryland, permits increased by 4 percent to 7,890 homes and, in Virginia, permits were issued for 14,300 homes, nearly 3 percent more than the number issued during 2009. New home construction increased less than 1 percent in Delaware, to 2,670 homes. In West Virginia, production declined by nearly 9 percent, to 1,290 homes, and, in the District of Columbia, production declined from 160 homes in 2009 to 120 homes in 2010. During 2010, all major metropolitan areas in the region reported increases in new home construction. The number of building permits issued for single-family homes increased 8 percent to 4,860 homes in the Philadelphia metropolitan area, 15 percent to 3,110 homes in the Baltimore metropolitan area, and nearly 4 percent to 9,010 homes in the Washington, D.C. metropolitan area.

During 2010, multifamily construction activity, as measured by the number of units permitted, was relatively unchanged in the Mid-Atlantic region. According to preliminary data for the period, the number of multifamily units permitted decreased by 120 units, or 1 percent, to nearly 11,400 units. Only Maryland and West Virginia increased production over 2009, issuing permits for 3,340 and 160 units, or increases of 32 and 29 percent, respectively. The number of multifamily units permitted decreased in Pennsylvania and Virginia during 2010 by 8 and 6 percent to a total of 2,240 and 4,660 units, respectively. Reductions in multifamily production occurred in Delaware and the District of Columbia, which recorded decreases of 17 and 44 percent to totals of 400 and 550 units permitted, respectively. Multifamily building activity was mixed in the largest metropolitan areas in the region. During 2010, the Washington, D.C. metropolitan area reported 3,110 units permitted, 16 percent more than were permitted in 2009, and the Baltimore metropolitan area reported 1,940 multifamily units permitted, an increase of 7 percent. In the Philadelphia metropolitan area, the number of multifamily units permitted decreased by 12 percent, to 2,100 units.

Rental market conditions in the three largest metropolitan areas in the region were mixed during the fourth quarter of 2010. In the Baltimore metropolitan area, rental market conditions were soft. According to data from Delta Associates, during 2010, vacancy rates increased from 7.4 to 9.1 percent, primarily due to 1,450 newly constructed apartments in leasing in the northern suburbs and in Baltimore City. Average rents in the Baltimore metropolitan area increased by 7 percent to $1,440. Limited additions to the apartment supply during 2010 resulted in a tighter market in the Philadelphia metropolitan area as vacancies declined and rents increased. According to Delta Associates, during 2010, vacancy rates decreased from 8.5 to 3.2 percent, but the average rent increased more than 8 percent, to $1,550. During 2010, average rents in the suburbs increased by more than 5 percent, to $1,360. In Center City Philadelphia, average rents increased by 17 percent, to $2,100, while concessions in the city declined from 7.6 to 2.5 percent. The rental market in the Washington, D.C. metropolitan area, in general, was soft, resulting from higher vacancy rates in the market for midrise and highrise apartments that outweighed the balanced conditions in the market for garden apartments. According to Delta Associates, vacancy rates in midrise and highrise apartments during 2010 decreased from 10.7 to 7.1 percent in Northern Virginia but increased in both the District of Columbia and the Maryland suburbs from 10.8 to 12.3 percent and from 10.4 to 12.1 percent, respectively. In December 2010, rents for midrise and highrise apartments averaged $2,450 in the District of Columbia, $2,100 in suburban Maryland, and $2,180 in Northern Virginia, up 6, 7, and nearly 8 percent, respectively, from December 2009. Vacancy rates for Class A garden apartments increased to 6.6 percent from 5.4 percent a year earlier. During 2010, rents in garden apartments rose nearly 9 percent in both the Maryland and Northern Virginia suburbs surrounding the District of Columbia to average $1,610 from $1,490 a year earlier, but concessions declined to 2.5 from 5.4 percent.

Southeast/Caribbean

HUD Region IV

Employment in the Southeast/Caribbean region declined in 2010 for the third consecutive year, but the rate of job losses slowed compared with losses recorded in 2008 and 2009. In 2010, nonfarm payrolls averaged 25.1 million, a decrease of 200,300 jobs, or 0.8 percent, compared with the number of jobs recorded during 2009. Job losses totaled 428,400, or 1.6 percent, in 2008 and almost 1.5 million, or 5.5 percent, in 2009. During 2010, payrolls decreased in every major sector except the education and health services sector, which increased by 67,400 jobs, or 2 percent; the professional and business services sector, which added 34,500 jobs, or 1.1 percent; and the government sector, which recorded a minimal gain of 9,500 jobs. The largest declines occurred in the construction, manufacturing, and financial activities sectors, with decreases of 97,100, 79,800, and 44,100 jobs, or 9.2, 3.4, and 3.1 percent, respectively. During 2010, total nonfarm payrolls fell in Puerto Rico and in six of the eight states in the region; they remained relatively unchanged from 2009 levels in Kentucky, South Carolina, and the Virgin Islands. Job losses of 60,000 in Georgia, 54,800 in Florida, and 33,500 in Puerto Rico accounted for 74 percent of the job losses in the region. During 2010, the unemployment rate in the region averaged 11 percent, up slightly from the average rate of 10.6 percent recorded during 2009. The unemployment rate ranged from 9.9 percent in both Alabama and Tennessee to 16.1 percent in Puerto Rico. The largest increase in the unemployment rate occurred in Florida, where the rate increased by 1.4 percentage points to 11.9 percent. Mississippi and Puerto Rico recorded 1.1-percentage point increases, but the remaining states in the region reported rates that were relatively unchanged from the 2009 levels.

Most local housing markets in the Southeast/Caribbean region are soft because of weak economic conditions, lenders' tight credit standards, and the large number of distressed properties. According to Lender Processing Services Mortgage Performance Data, in December 2010, 11.5 percent of home loans in the region were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down slightly from 12.2 percent in December 2009. The rate of distressed properties declined for all states in the region. Florida reported the highest distressed-property rate in the region, at 18.6 percent, down from 19.1 percent in December 2009. The lower rate of distressed properties in Florida was due to an increase in home sales activity. Although markets in Florida remained soft during the past year, lower prices induced higher sales activity for both single-family homes and condominiums. According to data available from Florida Realtors®, during 2010, 170,900 existing homes were sold statewide, a 5-percent increase compared with the number sold in 2009 and 38 percent higher than the number sold in 2008, but still below the average of 187,500 homes that were sold annually between 2005 and 2007. In Florida, during 2010, the median price of an existing single-family home sold declined by 4 percent to $136,500, down from $142,500 in 2009. In 2010, sales of existing condominiums increased by 29 percent to 72,050 units, nearly doubling the number sold in 2008. In 2010, the median price of an existing condominium sold was $91,300, 15 percent less than the price a year earlier. In Miami, single-family home sales increased by 9 percent to 7,300 homes, but the median price decreased by 3 percent to $189,400. Condominium sales in Miami increased 43 percent to 9,775 units, but the median price declined by 18 percent to $116,900.

In Alabama, according to the Alabama Center for Real Estate, during 2010, approximately 36,250 new and existing homes and condominiums were sold, a 4-percent decline compared with the 37,900 homes and condominiums sold during 2009. During 2010, the average inventory of unsold homes was unchanged from the 2009 level of 40,300, which represents approximately a 13-month supply. The average number of days that a home remained on the market was also relatively unchanged at 149 days, and the average price increased by less than 1 percent to $145,500. Data from South Carolina REALTORS® indicate that, during 2010, the number of existing homes sold in the state increased by less than 0.5 percent to 47,050. Sales decreased in 8 of 15 reported areas of the state. Declines in sales ranged from more than 5 percent in Columbia to 23 percent in Myrtle Beach. From 2009 to 2010, the median home price increased nearly 1 percent statewide, to $150,000. The median price increased in 10 of 15 reported areas, ranging from slightly more than 1 percent in Columbia to 8 percent in Greenwood. According to data from the North Carolina Association of REALTORS®, in 2010, the number of existing homes sold statewide decreased to 80,500, a decline of 650 homes, or 1 percent. The number of homes sold decreased in 9 of 21 reported areas, including Raleigh, where sales decreased by 3 percent to 20,250 homes. Sales volumes were virtually unchanged in the other two largest metropolitan areas in the state, Charlotte and Greensboro, at 22,150 and 10,850 homes, respectively. In North Carolina, the average price of an existing home sold increased by $2,400, or 1 percent, to $203,100. Average prices decreased in 12 of 21 reported areas, including Greensboro, where the average price of a home decreased by 2 percent to $155,900. In Charlotte and Raleigh, average prices increased by 3 percent to $207,000 and $229,100, respectively.

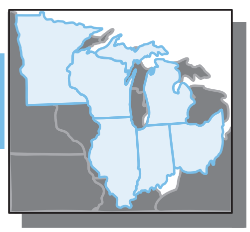
According to the Greater Louisville Association of REALTORS®, reporting data for new and existing homes, about 10,200 single-family homes and 1,200 condominiums sold during 2010, decreases of 2 and 4 percent, respectively, compared with the number sold during 2009. During 2010, the median prices of single-family homes and condominiums sold increased by 4 percent to $140,000 and 5 percent to $124,500, respectively, compared with the prices recorded during 2009. The Lexington Bluegrass Association of REALTORS®, reporting data for new and existing homes, recorded that, during 2010, 6,700 homes were sold, a decrease of 9 percent from 2009. From 2009 to 2010, the median price of a home sold increased 1 percent, to $141,500. About 550 condominiums or townhomes sold, down 16 percent from 2009. From 2009 to 2010, the median price of a condominium or townhome sold increased 2 percent, to $119,500. During 2010, the Greater Nashville Association of REALTORS® reported sales of new and existing single-family homes and condominiums decreased 4 and 10 percent, respectively, to approximately 16,900 and 2,350 units. From December 2009 to December 2010, the monthly median sales price increased 6 percent to $174,500 for a single-family home and decreased 7 percent to $140,000 for a condominium unit. According to the Knoxville Area Association of REALTORS®, during 2010, 9,050 single-family homes were sold, a decrease of 3 percent, and the average price remained relatively unchanged at $172,600. During the same period, 990 condominium units were sold, a decrease of 3 percent, and the average price declined by 4 percent to $154,700. During 2010, the Memphis Area Association of REALTORS® reported that new and existing sales decreased by 11 percent to 10,000 single-family homes and by 14 percent to 380 condominium units. The average price of a single-family home decreased by less than 1 percent to $143,000, but the average price of a condominium increased by 8 percent to $144,800.

In the Southeast/Caribbean region, during 2010, single-family home construction activity, as measured by the number of building permits issued, increased by 2 percent to 105,300 homes relative to 2009. Despite the increase, home construction remained well below the average of 438,100 single-family homes that were permitted annually between 2004 and 2007. During 2010, home construction activity increased in four states. In Florida, North Carolina, and Georgia, permits increased by 3,525, 725, and 460 homes, respectively, to 29,650, 24,350, and 12,600 homes. In Kentucky, permits increased by less than 1 percent to 5,175 homes. In 2010, multifamily construction in the region continued to decline but at a much lower rate compared with the rate of decline during 2009. During 2010, 28,100 multifamily units were permitted, a decline of 1,975 units, or 7 percent, compared with the number permitted during 2009. In contrast, between 2004 and 2007, an average of 121,300 multifamily units were permitted annually in the region. Multifamily construction declined in all but three states in the region for the period. Multifamily unit permits increased by 1,700 units, or 62 percent, to 4,450 units in Tennessee; by 350 units, or 33 percent, to 1,400 units in Kentucky; and by 285 units, or 3 percent, to 8,650 units in Florida.

Limited construction of new apartments and stabilizing labor markets during 2010 contributed to both declining vacancy rates in the Southeast/Caribbean and a mix of soft, balanced, and near-balanced apartment markets. For the second consecutive quarter, all 20 primary market areas surveyed by Reis, Inc., recorded vacancy rate decreases compared with rates recorded for the same quarter last year. During the fourth quarter of 2010, apartment vacancy rates ranged from 5.3 percent in Louisville to 11.4 percent in Memphis. During the past year, markets with the largest declines in vacancy rates included the South Carolina markets of Columbia, Charleston, and Greenville, where 3- to 4-percentage point decreases were recorded; the rates fell to 9.1, 8.2, and 7.7 percent, respectively. In Jacksonville, the vacancy rate declined by 3.5 percentage points to 10.9 percent, and, in Atlanta, the rate decreased by 2 percentage points to 9.7 percent, although soft conditions persisted in both areas. During 2010, improved occupancy enabled property owners to increase rents in some markets. Average asking rents increased by 2 percent or less in 17 markets. In Greenville, South Carolina, the average asking rent increased by nearly 4 percent to $645, the largest rate of increase recorded in the region.

MIDWEST

HUD Region V



Economic conditions in the Midwest remained weak during 2010, continuing a 3-year trend. During the past year, nonfarm payrolls decreased by 154,200, or 0.7 percent, to an average of 22.6 million jobs, which was much less than the loss of 1.3 million jobs, or 5.3 percent, during 2009 and was the smallest decline since the 12 months ending September 2008. Employment increased in three sectors, led by the education and health services sector, which gained 46,100 jobs, or 1.3 percent. The two other sectors with job gains were the professional and business services sector and the mining and logging sector, up 34,400 and 800 jobs, or 1.3 and 0.5 percent, respectively. During 2010, all other sectors reported job losses, led by the construction sector, which lost 61,300 jobs, or 7.3 percent, and the financial activities and manufacturing sectors, which were down 38,500 and 34,800 jobs, or 2.9 and 1.2 percent, respectively.

All six states in the region recorded decreases in nonfarm payrolls in 2010. Illinois reported the largest decline, down 83,000 jobs, or 1.5 percent. Ohio, Michigan, and Wisconsin registered declines of 73,500, 51,500, and 37,600, or losses of 1.4, 1.3, and 1.4 percent, respectively. Minnesota and Indiana both recorded job losses of less than 1 percent, with a decrease of 9,900, or 0.4 percent, in Minnesota and 8,500, or 0.3 percent, in Indiana. The average unemployment rate for the region declined slightly, from 10.3 percent in 2009 to 10.2 percent in 2010. Four states recorded lower unemployment rates, with Michigan reporting an unemployment rate of 13.1 percent, the highest in the region, although it was down from the 13.6-percent rate recorded in 2009. In Minnesota, from 2009 to 2010, the unemployment rate fell from 8.0 to 7.1 percent, in Wisconsin the rate dropped from 8.5 to 8.1 percent, and in Indiana it dropped from 10.1 to 9.9 percent. The unemployment rate rose in Illinois and Ohio, from 10.1 to 10.4 percent and from 10.2 to 10.3 percent, respectively.

The slow economy continues to disrupt home sales markets in the Midwest region. Although data on home sales and prices vary, market conditions remain slightly soft throughout most of the region. According to data from the Michigan Association of REALTORS®, in Michigan, during the 12 months ending November 2010, new and existing home sales rose approximately 7 percent, to 120,300 homes compared with the number sold during the previous 12 months; the sales level was about the same as the annual average for 2004 through 2008. For the 12-months ending November 2010, the average price increased 7 percent to $106,100. In Illinois, the home sales market is soft, with approximately 103,700 homes sold, down 4 percent from the 2009 total of 107,800 home sales, according to the Illinois Association of REALTORS®. The median sales price reported in Illinois was also down, approximately 3 percent, to $152,000. In the Chicago metropolitan area during 2010, new and existing home sales declined by approximately 1 percent, to 69,000 homes sold, and the median sales price declined almost 6 percent, to $185,000.

According to the Indiana Association of REALTORS®, in 2010, new and existing home sales in Indiana were down almost 7 percent from 2009, to 57,750 homes sold, but the average sales price increased 4 percent, to $133,000. The Ohio Association of REALTORS® reported that, in 2010, new and existing home sales decreased 4 percent compared with sales during 2009, down to 101,000 homes sold, but the average sales price increased almost 3 percent, to $132,700. In Minnesota, the Minnesota Association of REALTORS® reported an 11-percent decline in home sales, down to 66,050 sold, but a stable median sales price of $150,000. In Wisconsin, the Milwaukee-Waukesha-West Allis metropolitan area, including four counties, reported 11,500 new and existing home sales, a decrease of 13 percent from the 13,250 homes sold in 2009, according to the Greater Milwaukee Association of REALTORS®, while the median sales price increased one percent, to $176,000. According to Lender Processing Services Mortgage Performance Data, in December 2010, the number of home loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) in the region decreased to approximately 496,100, or 8.5 percent of all loans recorded in the region. These figures show an improvement from the 9.1-percent rate recorded in December 2009, although it is still higher than the current 8.3-percent rate for the nation.

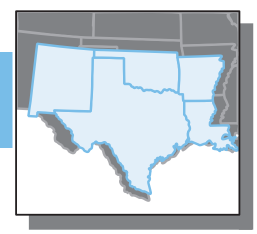
Despite generally soft sales market conditions, single-family construction activity, as measured by the number of building permits issued, increased in the Midwest region during 2010. According to preliminary data, in 2010, 42,000 single-family permits were issued in the region, 4 percent above the number of permits issued in 2009 but 20 percent below the number issued in 2008. From 2003 through 2007 in the region, an average of 186,600 permits for single-family homes was issued annually. In 2010, all states in the region except Michigan reported single-family construction activity within 2 percent of 2009 totals, according to preliminary data. In Indiana, in 2010, construction was up 2 percent to 8,750, and, in Ohio, home construction gained 1 percent, to 9,125 homes. The construction level in Wisconsin during 2010 remained unchanged at 6,225, but in Illinois and Minnesota, home construction fell 1 and 2 percent, to 5,875 and 5,900, respectively. In Michigan, during 2010, the increase in single-family homes permitted rose 28 percent, to 6,100, but the number remains far below the 33,900 single-family homes permitted, on average, from 2003 through 2007.

Multifamily building activity, as measured by the number of units permitted, also increased in the Midwest region because of generally balanced rental market conditions in most states. In 2010, according to preliminary data, approximately 16,250 multifamily units were permitted, 36 percent more than the 11,900 units permitted in 2009, but 39 percent below the 26,550 multifamily units permitted in 2008. From 2003 through 2007, the number of multifamily units permitted averaged 54,500 annually in the region. From 2009 to 2010, all six states in the region recorded increases in multifamily units permitted, ranging from 17 percent in Wisconsin, or an increase of 2,800 units, to 124 percent in Michigan, where multifamily units permitted increased from 575 to 1,275, according to preliminary data. In Indiana, from 2009 to 2010, the number of multifamily units permitted rose 21 percent, from 2,525 to 3,050, and, in Ohio, the number of units permitted increased 29 percent, to 2,775. In Illinois and Minnesota during 2010, the increases in multifamily units permitted were 45 and 54 percent, to 3,650 and 2,700 units, respectively.

Apartment market conditions in major metropolitan areas in the Midwest region were mixed, but signs of strengthening were evident in the fourth quarter of 2010. According to Reis, Inc., in Chicago, for the fourth quarter of 2010, the apartment vacancy rate was 6 percent, down from 7 percent in 2009, but the average rent increased almost 2 percent, to $1,075, reflective of a balanced market. In Ohio, all three major metropolitan areas recorded stable or decreasing vacancy rates and increasing rents. In Columbus, the apartment market remains somewhat soft, with an estimated vacancy rate of 9 percent, the same rate recorded in 2009, and the average rent increased less than 1 percent, to $690. In Cincinnati and Cleveland, during 2010, markets were generally balanced, with apartment vacancy rates of 7 and 6 percent, respectively, down from 8 and 7 percent in 2009, but both metropolitan areas recorded increased average rents, up 1 percent, to $710 in Cincinnati and $720 in Cleveland. From the fourth quarter of 2009 to the fourth quarter of 2010, in Michigan, the apartment vacancy rate in Detroit was generally balanced, declining from 8 to 7 percent. At the same time, the average rent increased by less than 1 percent, to $830, according to Reis, Inc. In Indianapolis, for the fourth quarter of 2010, the apartment market was slightly soft, with a vacancy rate of 8 percent, down from 10 percent in 2009, and the average rent increased almost 2 percent, to $680. Milwaukee and Minneapolis both had tight markets with declining vacancy rates, down to 5 and 4 percent, respectively, but increasing rents of 1 percent each, to $840 in Milwaukee and $960 in Minneapolis.

Southwest

HUD Region VI



Economic conditions in the Southwest region turned positive in the fourth quarter of 2010, the first 12-month increase in nonfarm payroll jobs in nearly 2 years. During the 12 months ending December 2010, average nonfarm payrolls increased by 0.1 percent, or 23,000 jobs, to 15.7 million jobs. By comparison, average nonfarm payrolls declined by 2.8 percent, or 460,000 jobs, for the 12 months ending December 2009. The education and health services sector recorded the largest growth during the 12 months ending December 2010, adding 80,100 jobs, an increase of 3.8 percent. The government sector increased by 23,400 jobs, or 0.8 percent, despite Louisiana and Oklahoma's combined losses of 4,400 jobs in the sector. The leisure and hospitality sector recorded gains for the second consecutive quarter, with an increase of 13,900 jobs, or 0.9 percent. Significant declines continued from the previous quarter in the construction sector as soft housing and commercial property markets contributed to a decrease of 37,800 jobs, or 4.2 percent, compared with a decrease of 103,400 jobs, or 10.4 percent, during the 12 months ending December 2009. The manufacturing sector, which recorded declines in all states in the region, except New Mexico, lost 19,800 jobs, or 1.5 percent, during the 12 months ending December 2010.

During the fourth quarter of 2010, job losses in Arkansas, Louisiana, New Mexico, and Oklahoma were offset by the largest nonfarm payroll gains recorded in Texas since the second quarter of 2009. During the 12 months ending December 2010, Texas gained 42,100 jobs, or 0.4 percent, led by an increase of 52,800 jobs, or 4 percent, in the education and health services sector. In Oklahoma, nonfarm payrolls decreased by 5,600 jobs, or 0.4 percent, led by losses of 6,000 jobs in the manufacturing sector and 3,800 jobs in the government sector, or 4.6 and 1.1 percent, respectively. Nonfarm payroll losses in Louisiana appear to have bottomed out with only a small decrease of 100 jobs, as combined gains of more than 12,900 jobs in the leisure and hospitality and the education and health services sectors were partially offset by combined losses of 12,000 jobs in the construction, manufacturing, and financial activities sectors. Nonfarm payrolls in New Mexico declined by 10,000 jobs, or 1.2 percent, for the 12 months ending December 2010. In Arkansas, nonfarm payrolls declined by 3,500 jobs, or 0.3 percent, with declines in the manufacturing, trade, and leisure and hospitality sectors accounting for nearly 70 percent of the total loss. For the 12 months ending December 2010, the unemployment rate in the region increased to 8 percent from the 7.4-percent rate for the previous 12 months. The average unemployment rates ranged from a low of 6.8 percent in Oklahoma to a high of 8.4 percent in New Mexico; Louisiana, Arkansas, and Texas recorded rates of 7.4, 7.7, and 8.2 percent, respectively.

Sales housing market conditions in the Southwest region remained slightly soft during the 12 months ending December 2010 because of continued job losses in most states in the region. During the 12 months ending December 2010, approximately 202,900 homes sold in Texas, down nearly 5 percent compared with the number sold during the previous 12 months and 13 percent below the number sold during the 12 months ending December 2008, according to the Real Estate Center at Texas A&M University. The inventory of unsold homes was at a 7-month supply for the 12-month period ending December 2010, relatively unchanged from the previous year but well above the 5-month average supply recorded between 2006 and 2008. During the 12 months ending December 2010, the number of homes sold declined in most major metropolitan areas in Texas, with declines ranging from 2 percent in San Antonio to 8 percent in Dallas. Much of the recent sales activity in the Dallas area has occurred in Collin County, where the average sales price of $246,500 for 2010 was approximately 28 percent above the state average. The average home sales price in Texas increased 4 percent to $192,900 during the 12 months ending December 2010 compared with the average price during the previous 12 months but still remains approximately 1 percent below the level recorded during the 12 months ending December 2008. Home sales price increases among major metropolitan areas in Texas ranged from 3 percent in San Antonio to 7 percent in Dallas.

Home sales declined in a number of markets in states elsewhere in the region during the 12 months ending December 2010. According to the New Orleans Metropolitan Association of REALTORS® and Gulf South Real Estate Information Network, Inc., new and existing single-family home sales in New Orleans were down 9 percent to 6,925 homes during the 12 months ending December 2010, but the median sales price increased 4 percent. In Baton Rouge, the number of home sales declined 8 percent to 6,375 homes, based on data from the Greater Baton Rouge Association of REALTORS®, but the average home sales price increased 2 percent to $195,700, although the price still remains nearly 3 percent below the level recorded during the 12 months ending December 2008. During the 12 months ending December 2010, The Greater Albuquerque Association of REALTORS® reported that the number of home sales was down 5 percent in Albuquerque to 6,475 homes compared with the number sold during the previous 12-month period. The average home sales price in Albuquerque was relatively unchanged at $216,000 during the 12 months ending December 2010. According to the Oklahoma Association of REALTORS®, the number of homes sold in Oklahoma was down 4,300 or 10 percent during the 12 months ending December 2010, at 40,500 home sold, but the average home sales price increased by approximately 1 percent to $147,700. According to the Arkansas REALTORS® Association, during the 12 months ending December 2010, the number of home sales for the state declined by 7 percent to 22,750 homes, but the average home sales price remained relatively unchanged at $145,200.

Builders in the Southwest region responded to declining home sales by reducing single-family construction activity, as measured by the number of single-family building permits issued. During the 12 months ending December 2010, the total number of single-family homes permitted in the region was 86,400, a decline of 1,475 homes, or 2 percent, compared with the number permitted during the previous 12 months, based on preliminary data. The number of permits issued during the 12 months ending December 2010 was 16 percent below the levels recorded during the 12 months ending December 2008. For the 12 months ending December 2010, Texas recorded a 1-percent decrease in the number of single-family homes permitted, down 620, to 63,000 homes. Other states in the region experienced changes in the number of single-family homes permitted, ranging from a decline of 6 percent in Oklahoma to an increase of 3 percent in Arkansas. Louisiana and New Mexico each recorded declines of 4 percent in the number of single-family homes permitted during the 12 months ending December 2010.

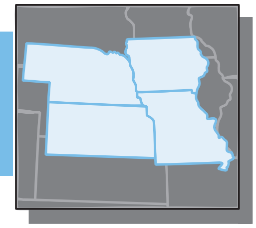
Rental housing market conditions in the largest metropolitan areas in Texas are soft but have improved slightly during the 12 months ending December 2010 as builders responded to soft market conditions by reducing multifamily construction activity. Austin remained the only major Texas market with an apartment vacancy rate under 10 percent. According to ALN Systems, Inc., the apartment vacancy rate in Austin was 8.7 percent for the 12 months ending December 2010, down from 11.5 percent during the previous 12 months, and the average rent declined 2 percent to $840. In San Antonio, the apartment vacancy rate declined slightly from 11.9 to 10.2 percent during the 12 months ending December 2010, and the average rent remained unchanged at $730. Rental markets in Fort Worth and Houston remained very soft, with vacancy rates of 11.4 and 13.8 percent, respectively, during the 12 months ending December 2010. The average rent in Fort Worth declined by 3 percent to $700 during the 12 months ending December 2010. During the same period, the average rent in Houston remained unchanged at $790, the first 12-month period since 2005 in which average rents have not increased. In Dallas, during the 12 months ending December 2010, the vacancy rate declined to 10.9 percent from the 12-percent rate recorded during the 12-month period ending December 2009, and the average rent declined 2 percent to $800.

Rental housing market conditions were mixed in large metropolitan areas in other states throughout the Southwest region during the fourth quarter of 2010. Rental markets in Albuquerque and Little Rock are currently balanced. According to Reis, Inc., the apartment vacancy rate in Albuquerque was 5 percent in the fourth quarter of 2010, down from 6.9 percent a year earlier, and the average rent increased 2 percent to $720. In Little Rock, during the fourth quarter of 2010, the apartment vacancy rate was 7.3 percent, down from 8.4 percent a year earlier, and the average rent increased approximately 2 percent to $660. Rental markets in the largest metropolitan areas in Oklahoma were slightly soft during the fourth quarter of 2010. In Oklahoma City, the apartment vacancy rate declined slightly from 10 percent in the fourth quarter of 2009 to 8 percent in the fourth quarter of 2010, and the average rent increased 3 percent to $560. In Tulsa, the vacancy rate declined slightly from 9.2 percent in the fourth quarter of 2009 to 8.8 percent during the same period in 2010, and the average rent increased 1 percent to $580. Rental market conditions in New Orleans remained soft as the apartment rental vacancy rate fell to 9.3 percent during the fourth quarter of 2010, down from the 11-percent rate recorded a year earlier, and the average rent increased 2 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 December 2010, based on preliminary data. The 24,000 units permitted during the 12 months ending December 2010 reflect a 7-percent increase compared with the number of units permitted during the previous 12 months. Multifamily permitting levels remain approximately 61 percent below the levels recorded during the 12 months ending December 2008. During the 12 months ending December 2010, the number of multifamily units permitted in Texas grew by 13 percent, or 2,175 units, from the previous year to 18,700 units. Louisiana and Oklahoma recorded declines of 35 and 12 percent, respectively, and Arkansas and New Mexico recorded increases of 4 and 5 percent, respectively, for the 12 months ending December 2010.

Great Plains

HUD Region VII



Nonfarm payrolls in the Great Plains region continued a 3-year decline in 2010, but the pace of job losses slowed during the year. In 2010, nonfarm payrolls in the region decreased by 1 percent, or 49,000, to 6.4 million jobs, compared with a loss of about 3 percent during 2009. Payroll losses in 2010 were greatest in the construction sector, which declined by 18,000 jobs, or 6 percent, mainly because of declining commercial development and subdued residential construction. The manufacturing sector had the second greatest decline in payrolls in 2010, decreasing by 15,000 jobs, or 2 percent. In Kansas, the aerospace industry lost 4,100 jobs, or 14 percent, and the motor vehicles industry in Missouri lost 1,100 jobs, or 19 percent; these two losses represented the most significant workforce reductions. During 2010, shrinking construction and manufacturing payrolls equaled approximately one-fourth of the payroll decline that occurred in 2009, when a combined 127,000 jobs were cut in the two sectors. The education and health services, government, and other services sectors were the only private employment sectors that had payroll increases. The education and health services sector increased by 11,000 jobs, or 1 percent, mainly because of hiring in the medical services industry. The government and the other services sectors each grew by about 0.5 percent, adding 6,000 and 500 jobs, respectively. Hiring in the government sector mainly consisted of adding census workers to the federal payroll, while in other services, new jobs were scattered among several subsectors. The unemployment rate averaged 7.5 percent during 2010 compared with 7.3 percent in 2009.

All four states in the region recorded smaller job losses in 2010 than in 2009. Iowa and Nebraska payrolls fell less than 1 percent, with jobs declining by 4,100 and 2,200, respectively, compared with the 45,000 and 20,000 jobs lost during 2009. In Kansas, in 2010, 13,200 payroll jobs were lost, which represents a 1-percent decline compared with a 3-percent decline, or a loss of 45,000 jobs, in 2009. During 2010, job losses in Missouri totaled slightly more than 29,000, which was a 1-percent decline compared with a decline of 104,000 jobs, or 3 percent, in 2009. In Kansas, for the first time since 2007, the average unemployment rate fell, declining from 6.7 percent in 2009 to 6.6 percent in 2010. In Iowa, Missouri, and Nebraska, the average unemployment rate increased during 2010 to 6.6, 9.4, and 5 percent from 6, 9.3, and 4.6 percent in 2009, respectively.

Weak economic conditions throughout the Great Plains region during 2010 led to a third year of soft sales housing market conditions as most metropolitan areas showed double-digit average months' supply of unsold inventory. Sales activity was brisk before the July 1, 2010 expiration date of the homebuyer tax credit program but was more than offset by the slowdown during the last 6 months of the year. According to Hanley Wood, LLC, overall sales of new and existing homes fell 14 percent for the region, from 153,000 in 2009 to 130,300 in 2010. Despite the decline in sales during 2010, the average price of new and existing homes sold was $171,000, which is a 3-percent increase from the $165,200 average price during 2009. The increase occurred because of strong demand early in the year in all four states and because of decreased foreclosure sales activity in Kansas and Nebraska during 2010. Lender Processing Services Mortgage Performance Data show that 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 during 2010. From 2009 to 2010, Missouri had the greatest percentage point decrease, falling from 6 to 5.4 percent. Nebraska had the second greatest decrease during that same period, falling from to 4.1 to 3.6 percent. Iowa and Kansas had rates of 4.8 and 5 percent, respectively, in 2010 compared with 5.2 and 5.3 percent in 2009. In Kansas and Missouri, sales of new and existing homes decreased by 14 and 10 percent, to 25,000 and 65,000 homes, respectively. In Kansas, the average home sale price increased 2 percent, to $181,700, and, in Missouri, it increased by 4 percent, to $174,500. In Iowa, total home sales, at 29,000, were relatively unchanged from 2009 to 2010, but the average home price increased 3 percent to $158,000.

New and existing home sales and average home price trends in the major metropolitan areas of the region were consistent with state trends. Total home sales in the Kansas City area had the largest declines in the region, falling by 17 percent to 30,000 homes in 2010 from 36,000 homes in 2009. Despite the decline in sales, the average price for all homes sold was up 3 percent, to $190,700 in 2010 compared with $184,500 in 2009. According to the Kansas City Real Estate Report®, as of December 2010, Kansas City had an 11-month supply of unsold inventory, which was unchanged from a year earlier. Total home sales in Des Moines decreased 15 percent, from 10,150 in 2009 to 8,600 in 2010, but the average price increased from $159,800 to $166,200, which was an increase of 4 percent. The average sales price rose despite a 13-month supply of unsold inventory as of December 2010, as reported by the Des Moines Area Association of REALTORS®. In St. Louis, total home sales fell by 13 percent, from 43,000 in 2009 to 37,600 in 2010, but the average price increased 5 percent, to $179,700. Total home sales declined by 11 percent in Wichita, from 10,300 in 2009 to 9,200 in 2010, but the average price was unchanged at $142,300. According to the Wichita Area Association of REALTORS®, as of December 2010, Wichita had a 7-month supply of unsold inventory. In Omaha, according to the Great Plains Area Multiple Listing Service®, during 2010, total homes sales declined by 14 percent, to 9,200, but the average price increased 4 percent to $170,100. As of December 2010, Omaha had a 10-month supply of unsold inventory compared to a 9-month supply a year earlier.

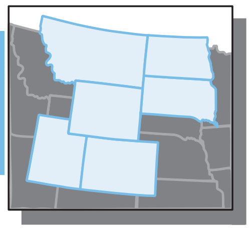
Single-family home construction, as measured by the number of single-family building permits issued, totaled 17,200 homes in the region during 2010, which was a slight decrease from the 17,100 permits issued in 2009, based on preliminary data. Because of a regionwide soft sales market, construction activity continued to remain low compared with the 8-year period from 2001 through 2008, when single-family home permits averaged 46,000 a year. In Missouri, single-family home construction increased 8 percent in 2010 to 5,725 homes compared with the decline of 14 percent during 2009. In Iowa, in 2010, the number of single-family homes permitted totaled 5,150, a 6-percent increase compared with the 4-percent decline a year earlier. In Kansas, in 2010, the number of single-family homes permitted was 3,125, a decrease of 5 percent compared with a 20-percent decline in 2009. In Nebraska, during 2010, permits issued for single-family homes decreased by 17 percent, to 3,200 homes, compared with a 4-percent decline recorded a year earlier.

During 2010, increased demand for rental units in the Great Plains region led to improving metropolitan area rental market conditions. As of the end of 2010, the apartment market was balanced in Omaha and slightly soft in Kansas City, Wichita, and St. Louis, with rents increasing in all of these areas, except in Wichita. According to Reis, Inc., during 2010, the Kansas City apartment vacancy rate averaged 7.9 percent compared with 9.1 percent in 2009, but the average rent increased by nearly 2 percent, to $712. In Wichita, in 2010, the average apartment vacancy rate was 6.4 percent compared with 8.4 percent a year earlier, and the average rent was $517, unchanged from 2009. In the St. Louis area, in 2010, the average apartment vacancy rate was the lowest rate since 2007, at 7.6 percent compared with 9.2 percent a year earlier, and the average rent was $730 compared with $724 a year earlier. In Omaha, during 2010, the vacancy rate averaged 4.6 percent compared with 6.8 percent a year earlier, and the average rent was $703, an increase of 2 percent from 2009.

Multifamily construction, as measured by the number of multifamily units permitted, declined by 29 percent, to 5,250 units, in the Great Plains Region during 2010 compared with a 32-percent decrease in 2009, based on preliminary data. Nearly all multifamily construction activity was for apartments. Because of weak economic conditions and limited credit availability during the past 2 years, multifamily construction activity is well below the 15,100 units built annually during the 2001-through-2008 period. During 2010, improving rental markets in Missouri led to the permitting of 2,275 units, which is a 20-percent increase in multifamily construction activity compared with a 7-percent increase in 2009. During 2010, mainly because of the improving rental apartment market in Omaha, Nebraska recorded a 60-percent increase in multifamily construction activity; 925 units were issued permits compared with 575 a year earlier. Because of soft rental market conditions, during 2010, multifamily development in Iowa and Kansas declined by 22 and 69 percent, to 1,350 and 700 units, respectively, putting them on pace for the lowest level of annual multifamily construction activity in the past 10 years.

Rocky Mountain

HUD Region VIII



Economic conditions in the Rocky Mountain region have stabilized in recent months, but employment for 2010 remained below the level of a year earlier. Average nonfarm payrolls for 2010 were down by about 43,600 jobs, or 0.9 percent, from a year earlier, to 4.9 million jobs. During the fourth quarter of 2010, however, seasonally adjusted nonfarm payrolls were relatively unchanged from the previous two quarters, suggesting that employment has stopped declining. In 2010, more than 80 percent of the job losses in the region occurred in Colorado, where nonfarm payrolls were down by 39,900 jobs, or 1.8 percent, compared with the payrolls recorded a year earlier. In Wyoming and Montana, payrolls declined by 3,100, and 3,900 jobs, or 1.1 and 0.9 percent, respectively. In 2010, in Utah and South Dakota, payrolls remained flat, but, in North Dakota, they increased by 3,400 jobs, or 0.9 percent, which was one of the highest rates of job growth among all states in the country. For the region, in 2010, the sectors with the biggest job losses were the construction and manufacturing sectors, where payrolls fell by 27,500 and 10,100 jobs, or 10 and 3 percent, respectively. The decline in construction payrolls was partly due to decreased commercial building activity, and partly because of a decline in multifamily residential construction. Payrolls also declined in the financial activities, transportation and utilities, and leisure and hospitality sectors by 7,200, 5,200, and 4,600 jobs, or 2, 3, and 1 percent, respectively. In 2010, the only sectors that expanded were the education and health services sector, which added 14,700 jobs, a 2-percent increase, and the government sector, which added 6,000 jobs, a 1-percent increase. The decline in payrolls led to an increase in the unemployment rate for the region, which rose from 6.8 percent in 2009 to 7.3 percent in 2010. Statewide unemployment rates for 2010 ranged from 3.8 percent in North Dakota to 8.2 percent in Colorado, but all states in the region continued to have unemployment rates that were below the national average of 9.6 percent.

Home sales market conditions were soft throughout the Rocky Mountain region in the fourth quarter of 2010, although home prices increased in some local areas. During the fourth quarter of 2010, sales of existing homes fell, partly because of the expiration of the homebuyer tax credits. According to the NATIONAL ASSOCIATION OF REALTORS®, for fourth quarter 2010, the seasonally adjusted annual rate of existing home sales in the region was down 21 percent from a year earlier. The current annual rate of home sales is at171,200, well below the peak rates of 2005 and 2006, when an average of more than 250,000 homes a year were sold. Sales were down for all states in the region, with the biggest declines in North Dakota and South Dakota, where sales fell 28 and 38 percent, respectively, while Colorado and Wyoming had the smallest declines, at 16 and 8 percent, respectively.

Despite weaker home sales, mortgage defaults and foreclosures have decreased in the Rocky Mountain region in the past year. According to Lender Processing Services Mortgage Performance Data, from December 2009 to December 2010, the number of loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) fell from 5.2 to 4.8 percent. The rate of distressed loans as a share of all loans ranged from 1.9 percent in North Dakota to 6.1 percent in Utah, but all states in the region had lower rates compared with a year earlier, and every state in the region was below the national average of 8.3 percent.

Consistent with the state trends, home sales have declined in most metropolitan areas of the Rocky Mountain region, based on data from Hanley Wood LLC, but prices have increased in some areas. Sales markets are soft in most of the Front Range cities in Colorado. In the 12 months ending November 2010, approximately 35,000 existing single-family homes were sold in the Denver-Aurora area, with a 7-percent decline from the 37,800 sold in the previous 12 months. In the Colorado Springs and Fort Collins-Loveland areas, sales were down 7 and 6 percent, to 10,500 and 4,800 homes sold, respectively. The sales market in Grand Junction remains soft, despite a drop in prices that boosted sales by 24 percent, to 2,500 homes sold. Home sales markets were also soft in the major metropolitan areas of Utah. In Salt Lake City, sales of existing single-family homes were down 1 percent, to 14,400 homes sold. In Provo-Orem and Ogden-Clearfield, sales were down 6 and 9 percent, to 7,800 and 6,300 homes sold, respectively. Sales were also down in other metropolitan areas of the region. Sales market conditions are soft in Fargo, Cheyenne, and Billings, where sales of existing single-family homes were down 8, 11, and 14 percent, to 1,700, 1,500, and 1,600 homes sold, respectively. Despite the slower home sales, prices were up in some metropolitan areas. During the 12 months ending November 2010, the average price for existing single-family homes sold in the Denver-Aurora area was about $281,400, a 10-percent increase from the previous 12 months. In the Colorado Springs and Fort Collins-Loveland areas, average prices were up 2 and 8 percent, to $206,100 and

$251,700, respectively. Prices were up in some other parts of the region as well. In Fargo, Cheyenne, and Billings, average prices for existing single-family homes were up 1, 2, and 5 percent, to $157,400, $176,700, and $202,700, respectively. In Grand Junction, however, the average price was down by 9 percent, to $208,000. Prices also declined in the major metropolitan areas of Utah. In Salt Lake City, the average price for existing single-family homes sold was down 6 percent, to $233,500. In Provo-Orem and Ogden-Clearfield, average home prices were down 7 and 2 percent, to $237,900, and $197,700, respectively.

Condominium sales were also weak in metropolitan areas throughout the region in 2010, based on data from Hanley Wood LLC. In the Denver-Aurora area, during the 12 months ending November 2010, sales of existing condominiums were down 1 percent to about 7,000 units sold. In Boulder and Fort Collins-Loveland, sales were down 12 and 14 percent, to 750 and 550 units sold, respectively. Sales also fell in Ogden-Clearfield by 16 percent, to 450 units sold. In Colorado Springs, however, sales were up 18 percent, to 600 units sold. In both Salt Lake City and Provo-Orem, existing condominium sales also increased by 14 percent, to 3,100 and 1,100 units, respectively. Condominium prices declined in most areas. Average prices for existing condominiums fell 3, 4, and 16 percent in Colorado Springs, Fort Collins-Loveland, and Boulder, to $107,500, $159,100, and $191,900, respectively. In Salt Lake City, Provo-Orem, and Ogden-Clearfield, average prices were also down 1, 2, and 5 percent, to $195,700, $135,900, and $130,700, respectively. In the Denver-Aurora area, however, in the 12 months ending November 2010, the average sales price for existing condominiums was up 2 percent, to about $140,300.

Homebuilding activity in the Rocky Mountain region increased in 2010, despite slower home sales, but building activity remains well below levels recorded a few years earlier. In the region, in 2010, based on preliminary data, construction of single-family homes, as measured by the number of building permits issued, totaled about 23,700 homes, an increase of 3,000 homes, or 14 percent, from a year earlier. Recent construction activity is far below the 2004-through-2008 average, when nearly 59,000 single-family homes a year were permitted in the region. During 2010, in both Colorado and North Dakota, single-family construction was up 26 percent, to 9,100 and 2,100 homes permitted, respectively, and, in Utah, single-family construction was up 14 percent, to 7,200 homes permitted. Building activity fell in Wyoming, however, where construction of single-family homes declined 11 percent, to 1,400 homes permitted.

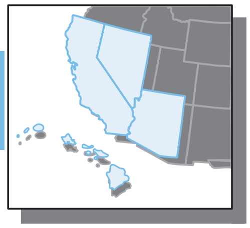
Rental market conditions were balanced to tight in most areas of the Rocky Mountain region in the fourth quarter of 2010. Demand for rental units has increased as more households have shifted from owner to renter occupancy, and apartment construction has not kept pace with rising demand. According to data from Apartment Insights, published by Apartment Appraisers & Consultants, in the fourth quarter of 2010, the apartment market in the Denver-Aurora area was balanced to tight, with a 5.4-percent vacancy rate, which was down from 7.5 percent a year earlier. During the fourth quarter of 2010, conditions were tight in Fort Collins-Loveland, where the apartment vacancy rate was 4.1 percent, down from 6.3 percent a year earlier. In Colorado Springs, the vacancy rate fell from 7.5 to 6.8 percent during the same period, and conditions are currently balanced. The Grand Junction rental market is currently soft, however. According to the Colorado Division of Housing, in the third quarter of 2010 (the most recent data available), the rental vacancy rate in Grand Junction was 7.9 percent, up from 7.1 percent a year earlier; this increase was a result of recent job losses. Rental markets in the major metropolitan areas of Utah have tightened in the past year and are now generally balanced. According to Reis, Inc., in Salt Lake City, in the fourth quarter of 2010, the apartment vacancy rate was 6.9 percent, down from 7.4 percent a year earlier. In Ogden-Clearfield, the apartment vacancy rate fell from 6.6 to 5.3 percent during the same period. The Fargo rental market is balanced. According to Appraisal Services, Inc., in Fargo, during the fourth quarter of 2010, the apartment vacancy rate was 5.7 percent, which was essentially unchanged from a year earlier.

The tighter rental markets have contributed to a rise in monthly rents in many areas. According to data from Apartment Insights, the average effective apartment rent in the Denver-Aurora metropolitan area for the fourth quarter of 2010 was about $860 compared with $830 a year earlier, a 4-percent increase. In Fort Collins-Loveland, during the same period, the average apartment rent increased from $800 to $870, an increase of 8 percent. In Colorado Springs, rents were up 2 percent, to about $710. According to data from Reis, Inc., monthly rents in major metropolitan areas of Utah were up just slightly. In Salt Lake City, in the fourth quarter of 2010, the average effective rent was about $710, compared with $700 a year earlier. In Ogden-Clearfield, the average effective rent increased from about $655 to $665 during the same period.

Multifamily construction activity in the Rocky Mountain region, based on preliminary data, slowed in 2010, as a total of 8,300 units were permitted, which is a decline of 12 percent from the previous year. Construction of multifamily units remains well below the 2004-through-2008 levels, when an average of more than 15,000 units were permitted annually in the region. In Colorado, multifamily construction was up 27 percent, to about 2,700 units permitted, because of increased apartment construction in areas such as Fort Collins-Loveland. And multifamily building activity more than doubled in Montana, to about 700 units permitted, due to increased apartment construction in areas such as Missoula. Building activity was down significantly, however, in Utah and South Dakota, where multifamily construction fell by 39 and 48 percent, to 2,200 and 600 units permitted, respectively, because of a steep decline in apartment construction in areas such as Salt Lake City and Sioux Falls.

Pacific

HUD Region IX



Employment losses in the Pacific region, which started in 2008, continued throughout 2010 on an annual average basis but at a slower pace. During 2010, nonfarm payrolls averaged nearly 18 million jobs, reflecting a decline of 270,900 jobs, or 1.5 percent, compared with a decline of 1.2 million jobs, or 6.3 percent, during 2009. Employment in the construction sector was down 108,200 jobs, or 12.6 percent, because of job losses in both residential and commercial construction. The manufacturing sector was down 47,700 jobs, or 3.2 percent, continuing a 3-year trend. During 2010, the wholesale and retail trade sector was down 43,400 jobs, or 1.5 percent. The education and health services sector was the only sector to grow in the region, adding 38,600 jobs, or 1.7 percent. The federal government subsector added an additional 10,600 jobs, or 3 percent.

During 2010, all four states in the region had nonfarm job losses. In California, nonfarm payrolls declined by 212,600 jobs, or 1.5 percent, to average 13.9 million jobs. The construction sector alone lost 72,900 jobs, or 11.9 percent. Southern California and the San Francisco Bay Area had job declines of 130,200 jobs, or 1 percent, and 65,900 jobs, or 2 percent, respectively. In Hawaii, nonfarm payrolls decreased by 1,900 jobs, or 0.3 percent, to average 589,600 jobs. The main source of job losses in Hawaii in 2010 was the construction sector, which declined by 1,600 jobs, or 5 percent. The leisure and hospitality sector, which had the largest job losses in 2009, gained 1,800 jobs in 2010 because of a 16-percent, or $11.4 billion, increase in tourism. In Arizona, in 2010, nonfarm payrolls decreased by 22,000 jobs, or 0.9 percent, to average 2.4 million jobs. The construction sector and local government subsector declined the most, by 14,300 jobs, or 11.1 percent, and 7,400 jobs, or 2.6 percent, respectively. The education and health services sector added 10,200 jobs, which was an increase of 3.1 percent. In Nevada, nonfarm payrolls decreased by 34,500 jobs, or 3 percent, to average 1.1 million jobs. The completion of the $3.9 billion Cosmopolitan of Las Vegas hotel/casino complex resulted in the loss of several thousand construction jobs. The more than 2-percent increase in tourism did not prevent additional job cuts in the leisure and hospitality sector. The construction and the leisure and hospitality sectors declined by 19,500 jobs, or 23.9 percent, and 5,700 jobs, or 1.8 percent, respectively. The average unemployment rate in the region increased from 11.1 percent during 2009 to 12 percent during 2010. Unemployment rates in the region ranged from 6.5 percent in Hawaii to 14 percent in Nevada in 2010.

The sales housing markets in most of the Pacific region were soft because of high unemployment rates. Hawaii, with a moderate unemployment rate, was the only state in the region that had a balanced sales housing market. During 2010, according to Hanley Wood, LLC, the number of new and existing single-family homes sold totaled approximately 15,700 homes, an 8-percent increase compared with the number of homes sold during 2009. During 2010, the average single-family home sales price increased by 7 percent to $391,600. Although foreclosure sales increased from 8 percent of all existing sales in 2009 to 14 percent in 2010, this rate is still significantly lower than foreclosure rates in the rest of the region, which range from 43 percent in California to 60 percent in Nevada. In the Honolulu area, during 2010, 9,900 homes sold, a 5-percent increase compared with the number sold during 2009. The average single-family home sales price increased 11 percent to $438,400.

In California, the home sales market softened in 2010. According to Hanley Wood, LLC, the number of new and existing single-family homes sold totaled approximately 432,500, a 7-percent decrease compared with the number of homes sold during 2009. During 2010, the average single-family home sales price increased by 5 percent to $277,800. Foreclosure sales as a percentage of total existing sales decreased from 47 percent in 2009 to 43 percent in 2010. In the San Francisco Bay Area, during 2010, 83,300 homes sold, which was a 6-percent decrease compared with the number sold during 2009. During 2010, the average home sales price increased by 6 percent to $368,100. In the Southern California area, the number of homes sold decreased by 6 percent, to 235,500 homes, but the average home sales price increased 6 percent, to $235,500.

The home sales markets also softened in both Arizona and Nevada in 2010. According to Hanley Wood, LLC, Arizona foreclosure sales increased from 51 percent of all existing home sales in 2009 to 57 percent in 2010. Nevada foreclosure sales declined from 67 percent of all existing home sales in 2009 to 60 percent in 2010. According to Hanley Wood, LLC, 113,500 new and existing homes sold in Arizona during 2010, which was a 14-percent decline compared with the number sold during 2009. The average home sales price declined by 2 percent, to $139,500. In the Phoenix area, new and existing home sales declined by 9 percent, to 92,700. Even though sales declined, the average home price increased by 1 percent, to $138,700. In Nevada, 59,200 new and existing homes sold in 2010, a decline of 10 percent compared with the number sold during 2009, and the average home sales price decreased 3 percent, to $143,000. In Nevada in 2010, approximately 80 percent of all new and existing home sales occurred in the Las Vegas area. In Las Vegas, from 2009 to 2010, sales decreased by 12 percent, to 47,400 homes. During that same period, the average home price decreased from $142,200 to $139,600.

According to Lender Processing Services Mortgage Performance Data, in the region in December 2010, the number of homes 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) decreased by 114,800 homes, or 17 percent, to 683,400 homes compared with the number of homes during December 2009. This level represents a current rate of 10.2 percent of all loans in the region in December 2010 compared with a rate of 12.1 percent in December 2009. The national rate in December 2010 was 8.3 percent.

The rate of new home construction, as measured by the number of single-family building permits issued, was mixed in the Pacific region during 2010. Based on preliminary data, 41,300 single-family homes were permitted, a 4-percent decrease compared with the number of permits issued in 2009. In Nevada, the only state in the region that had an increase in single-family permits in 2010, single-family permits increased by 800, or 18 percent, to total 5,400 homes permitted. During 2010, the number of single-family homes permitted decreased in Arizona by 2,100 permits, or 17 percent, to 10,400; in California by 200 permits, or 1 percent, to 23,700; and in Hawaii by 100 permits, or 5 percent, to 1,900.

As of the fourth quarter of 2010, rental markets, in general, were balanced in California and tight in Hawaii. The San Francisco Bay Area rental market was balanced. According to Reis, Inc., from the fourth quarter of 2009 to the fourth quarter of 2010, the apartment rental vacancy rate decreased from 5.8 to 4.5 percent in Oakland, from 5.1 to 3.8 percent in San Jose, and from 4.8 to 4.3 percent in San Francisco. In both San Francisco and San Jose, average rents increased 3 percent to $1,858 and $1,531, respectively. The Oakland average rent increased 1 percent to $1,345. In Sacramento, in the fourth quarter of 2010, the rental vacancy rate was 6.2 percent, down from 7.3 percent in the fourth quarter of 2009, but average rents increased more than 1 percent to $926. From the fourth quarter of 2009 to the fourth quarter of 2010, according to Reis, Inc., the Honolulu apartment vacancy rate decreased from 3.3 to 2.8 percent, and average rents decreased 2 percent, to $1,315, even with the low vacancy rate. The low level of apartment construction during the past 10 years was the main reason for Honolulu's declining vacancy rate.

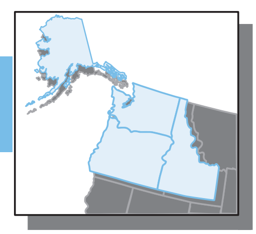
The major rental market in Southern California remained balanced during 2010. From the fourth quarter of 2009 to the fourth quarter of 2010, Reis, Inc., reported that the apartment rental vacancy rates decreased throughout Southern California. During this period, Riverside and San Bernardino Counties had the largest declines in rental vacancy rates, down from 8 percent to 6.5 percent. Rental vacancy rates in Orange and San Diego Counties declined from 6.4 to 5.4 percent and from 4.9 to 4.1 percent, respectively. In both Los Angeles and Ventura Counties, rental vacancy rate declined from 5.3 to 4.9 percent. Reis, Inc., recorded the average rent in Southern California at $1,372 in the fourth quarter of 2010, unchanged from the fourth quarter of 2009.

Although still soft, the rental housing markets in both Arizona and Nevada showed improvement. According to Reis, Inc., the Phoenix apartment vacancy rate was 9.7 percent in the fourth quarter of 2010, down from the 12.3-percent rate recorded in the fourth quarter of 2009, but the average rent, at $750, remained the same as the average rent in 2009. Reis, Inc., reported that, during the same period, the apartment vacancy rate in the Las Vegas apartment market decreased from 11.2 to 9.1 percent, and the average rent decreased 3 percent, to $804, during this same period.

Multifamily construction activity, as measured by the number of multifamily units permitted, increased in three of the four states in the Pacific region. In 2010, based on preliminary data, permits for 21,600 multifamily units were issued in the region, a 60-percent increase compared with the number of units permitted in 2009. In 2010, apartments represented more than 81 percent of the multifamily construction activity, mainly because of the decline in rental vacancy rates throughout the region. In Arizona, California, and Hawaii, during 2010, the number of multifamily units permitted totaled 1,600, 17,400, and 1,500, respectively, reflecting a 15-, 88-, and 49-percent increase compared with the number permitted during 2009. Only Nevada had a decline in the number of multifamily units permitted in 2010; 1,000 multifamily units were permitted, which is a decline of 1,200 units, or 53 percent, from 2009.

NORTHWEST

HUD Region X



Nonfarm payrolls in the Northwest region averaged 5.3 million jobs during 2010, a decline of 39,400 jobs, or 0.7 percent, compared with the number recorded during 2009, when 279,500 jobs were lost, which was a 5-percent decline from 2008. In Washington, during 2010, nonfarm payrolls averaged 2.8 million jobs, down 22,100 jobs, or 0.8 percent. In Oregon, nonfarm payrolls declined by 15,100 jobs, or 0.9 percent, which brought nonfarm payroll jobs to a total of 1.6 million. Idaho lost 4,800 jobs, or 0.8 percent, resulting in an average of 605,300 nonfarm payroll jobs. Alaska was the only state in the region that gained jobs during 2010, with nonfarm payrolls up by 2,600 jobs, or 0.8 percent, to average 323,800 jobs.

Nonfarm payroll gains during 2010 in the region occurred primarily in the education and health services sector, which added 15,700 jobs, a 2.2-percent increase. Employment in this sector increased by 9,200 jobs in Washington, 3,900 jobs in Idaho, 1,700 jobs in Alaska, and 900 jobs in Oregon.

Nonfarm payroll declines in the region during 2010 were led by job losses in the construction and manufacturing sectors. Payrolls in the construction sector were down by 34,000 jobs, or 12 percent, largely because of declines in commercial and multifamily residential construction. Payrolls in the construction sector decreased in Washington by 20,700 jobs, or 13 percent; in Oregon by 8,000 jobs, or 11 percent, and in Idaho by 5,100 jobs, or 15 percent. In Alaska, some commercial construction minimized losses in the construction sector to just 200 jobs, a decline of 1.1 percent. Payrolls in the manufacturing sector declined by 13,300 jobs, or 2.7 percent, in the region during 2010. Losses in the manufacturing sector payrolls totaled 8,300 jobs, or 3.1 percent, in Washington; 5,500 jobs, or 3.3 percent, in Oregon; and 800 jobs, or 1.5 percent, in Idaho. In Alaska, payrolls in the manufacturing sector gained 1,400 jobs, up nearly 11 percent, mainly because of hiring in the oil industry. Because of the job losses registered during 2010 throughout the region, the average regional unemployment rate increased from 9.4 to 9.6 percent. The unemployment rate, which increased in every state in the region, ranged from 8.1 percent in Alaska to 10.6 percent in Oregon.

Sales housing market conditions in the Northwest region remained soft during 2010, a trend that started in 2008. In Washington, according to data from Hanley Wood, LLC, during 2010, the number of new and existing single-family homes sold totaled approximately 74,700 homes, a 5-percent decrease compared with the number of homes sold during 2009. The average new and existing single-family home sales price decreased by 1 percent, to $288,500, during 2010. In the Seattle metropolitan area, during 2010, 30,500 homes sold, which was a 3-percent decrease compared with the number sold during in 2009. The average home sales price in the Seattle metropolitan area decreased 1 percent, to $388,700. In the Tacoma metropolitan area, the number of homes sold decreased by 6 percent, to 9,450 homes, and the average home sales price decreased 5 percent, to $235,100.

In Oregon, during 2010, according to data from Hanley Wood, LLC, the number of new and existing single-family homes sold totaled approximately 43,900 homes, a 2-percent decrease compared with the number of homes sold during 2009. The average new and existing single-family home sales price decreased by 5 percent, to $232,600, during 2010. During 2010, in the Portland-Vancouver-Beaverton, Oregon-Washington metropolitan area, the number of new and existing homes sold totaled 27,200, down 4 percent compared with the number sold during 2009, and the average home sales price decreased 3 percent, to $262,200. Based on data from Hanley Wood, LLC, in Idaho, during 2010, new and existing homes sales increased by 3 percent, to 28,400 homes, but the average home sales price decreased 7 percent, to $169,500. For the same period, in the Boise metropolitan area, new and existing home sales totaled 15,000 homes, a 6-percent increase compared with total home sales during 2009, largely because the average home sales price declined by 8 percent, to $164,900.

In Alaska, during 2010, the number of new and existing homes sold decreased by 17 percent, to 7,400 homes, but the average price increased 3 percent to $261,000, according to data from Hanley Wood, LLC. Market conditions were only slightly soft in Anchorage during the same period, with a 4-percent decline in the number of new and existing homes sold, down to a total of 6,300; the average price rose 3 percent to $271,500.

In the Northwest region, the number of foreclosures increased by 4.9 percent between December 2009 and December 2010, due to higher levels recorded in Washington. According to Lender Processing Services Mortgage Performance Data, the percentage of mortgage loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) increased from 5.6 to 6.2 percent in Washington. The rate remained relatively stable, at 5.6 percent, in Oregon, but it declined from 7 to 6.6 percent in Idaho and from 3.2 to 2.8 percent in Alaska. All these rates remained below the national average of 8.3 percent.

New single-family home construction activity, as measured by the number of permits issued, increased in 2010, after a 3-year declining trend, but this increase was largely based on gains in Washington. Based on preliminary data, 20,900 homes were permitted in the region, an increase of 1,420 homes, or 7 percent, compared with the number permitted during 2009. In Washington, 12,150 single-family building permits were issued in 2010, accounting for a gain of 1,760 homes permitted compared with the number permitted during 2009. In Oregon and Alaska, during 2010, home permit activity rose by 85 and 140 homes to total 750 and 4,880 homes permitted, respectively, when compared with the number permitted during 2009. In Idaho, during 2010, homebuilding activity decreased by 570 homes, to 3,150 homes permitted.

Multifamily construction activity, as measured by the number of units permitted, increased in the Northwest region during 2010. Based on preliminary data, the number of units permitted in the region totaled 6,960, up 23 percent, or 1,320 units, from the number of units permitted during 2009. In Washington, during 2010, the gain in multifamily building activity totaled 1,480 units, up 46 percent, for a total of 4,160 units permitted. Nearly all of the units permitted in Washington were for the Seattle metropolitan area, where tight rental market conditions have caused renewed interest in apartment development. In Alaska, during 2010, the number of multifamily units permitted declined by 150 units, to 150 units, compared with the number permitted during 2009. In Idaho and Oregon, during 2010, the number of multifamily units remained relatively unchanged from a year earlier, at 575 units and 1,565 units, respectively.

Rental housing market conditions were balanced to tight throughout much of the Northwest region during 2010, because of declining or flat rents and reduced levels of apartment production. According to fourth quarter 2010 data from Reis, Inc., the apartment rental vacancy rate in the Seattle metropolitan area was 5.8 percent, down from the 7.3-percent rate recorded in the fourth quarter of 2009. During the fourth quarter of 2010, the average asking rent for apartments in the Seattle metropolitan area was $1,035, up 3 percent from the average asking rent a year earlier. In the fourth quarter of 2010, in the Tacoma metropolitan area, the apartment vacancy rate was 6 percent, down from 8.1 percent a year earlier. The decline in vacancies can be attributed to the return of roughly 18,000 troops to Fort Lewis from Iraq during the summer of 2010. For the fourth quarter of 2010, the average asking rent in Tacoma was $765, up approximately 3 percent from the fourth quarter of 2009. During the fourth quarter of 2010, in the Spokane metropolitan area, according to data from Reis, Inc., the apartment vacancy rate fell to 5.3 percent, down from approximately 6.5 percent in the fourth quarter of 2009, but the average asking rent of approximately $640 was up 1 percent.

In the Portland-Vancouver-Beaverton metropolitan area, rental housing market conditions were balanced as of the fourth quarter of 2010. According to Reis, Inc., the apartment vacancy rate was 5.7 percent, down from 7 percent in the fourth quarter of 2009. The average asking rent increased 2 percent, to $840, up from $820 in the fourth quarter of 2009. In the Boise metropolitan area, during the fourth quarter of 2010, rental housing market conditions were soft, with an apartment vacancy rate of 8.4 percent, up from 8 percent recorded in the same quarter a year earlier; the average asking rent was nearly $695, unchanged from the fourth quarter of 2009. In Anchorage, as of the fourth quarter of 2010, rental market conditions were tight, with an estimated apartment vacancy rate of 2.0 percent, which was essentially unchanged from the rate recorded in the fourth quarter of 2009. The average asking rent was nearly $1,015, up 5 percent from the asking rent a year earlier. Continued job growth combined with a relatively low level of apartment construction contributed to the tight rental market conditions in the Anchorage area.

HUD's 10 regions are grouped as follows:

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

Housing Market Profiles

Burlington-South Burlington, Vermont

The Burlington-South Burlington metropolitan area comprises Chittenden, Franklin, and Grand Isle Counties along Lake Champlain in Northwest Vermont and extends to the Canadian border. According to Moody's Analytics, Inc., the leading employers include IBM Corporation, Fletcher Allen Health Care, and The University of Vermont, with approximately 5,400, 5,375, and 3,225 employees, respectively. Based on data from The University of Vermont's Office of Institutional Studies, the university has a direct economic impact of more than $400 million a year statewide. The estimated population of the area, as of January 1, 2011, was 211,261, accounting for nearly 35 percent of the state population. Since July 1, 2008, the population has grown by 1,025, or 0.5 percent, annually. The recent growth is greater than it was in the previous 4 years, when the population increased by an average of 650, or 0.3 percent, annually.

Nonfarm payroll jobs in the metropolitan area have declined since 2008, but job losses have slowed significantly in recent months. During the 12 months ending November 2010, nonfarm payrolls declined by 2,200 jobs, or 2 percent, to 108,900 jobs, compared with the previous 12-month decline of 3,100 jobs, or 2.8 percent. The largest job decreases occurred in the retail trade subsector and manufacturing sector, which lost 900 and 600 jobs, or 6.1 and 4.8 percent, respectively. In 2010, however, Dealer.com, a website and online marketing solutions provider for the automotive industry, added 170 jobs in the metropolitan area. The education and health services and the government sectors, which account for 18 and 19 percent of nonfarm payrolls, respectively, each gained 200 jobs, or 1 percent, during the 12 months ending November 2010. During the same period, the average unemployment rate was 5.4 percent, down from the 6.1-percent rate recorded a year earlier.

The home sales market in the metropolitan area is somewhat soft, but the number of home sales is beginning to increase. Based on data from the Vermont Property Transfer Tax System, the number of new and existing residential home sales totaled 1,875 in 2010, a 14-percent increase compared with the 1,650 homes sold in 2009. Sales are down 46 percent, however, from the 2004 peak year of 3,450 homes sold and down 23 percent from the average of 2,450 homes sold during the past 5 years. The median sales price for residential homes in Chittenden County, which accounts for more than 75 percent of recent home sales, increased by nearly 4 percent in 2010, to $251,500, compared with the median price in 2009. The median home sales price, however, remained 2 percent below the peak median price of $257,250 in 2007.

Condominium home sales in the metropolitan area increased to 540 units, or 24 percent, in 2010 compared with sales in 2009; however, sales remained 38 percent below the peak of 870 units sold in 2005. The median sales price for condominiums in Chittenden County was $197,900 in 2010, up 3 percent from the median price in 2009, but down 2.5 percent from the peak median sales price of $202,900 in 2007. As home sales and median home sales prices have started to increase, foreclosure rates have remained among the lowest in the country. According to Lender Processing Services Mortgage Performance Data, from December 2009 to December 2010, the number of loans that were 90 days or more delinquent, in foreclosure, or in REO (Real Estate Owned) decreased from 3.7 to 3.3 percent. This rate compares with 8.3 percent nationwide.

Single-family homebuilding activity, as measured by the number of building permits issued, has started to increase, reversing a downward trend that began in 2004. Based on preliminary data, during the 12 months ending November 2010, single-family homebuilding permits were issued for 250 homes, up from 200 homes permitted during the previous 12 months. In comparison, between 2003 and 2007, an average of 620 homes were permitted annually. Heatherfield Townhomes, an 83-unit community in South Burlington, is scheduled for completion in February 2011, with prices on the remaining units ranging from $339,500 to $354,500. The price for a typical new single-family home in Chittenden County ranges from $350,000 to $425,000.

The rental market in the metropolitan area is extremely tight because of limited new additions to the inventory and growing student demand. According to data from Allen & Brooks Associates, Inc., the apartment vacancy rate in Chittenden County for December 2010 was 1.4 percent, down from 2.7 percent a year earlier. Although The University of Vermont, Champlain College, and Saint Michael's College together have added 2,600 dormitory beds since 2000, the undergraduate student population of The University of Vermont alone increased by nearly 3,000 during that time. Nearly 5,000 undergraduates of the university live off campus and account for an estimated 10 percent of renters in the metropolitan area. As of September 2010, the most recent data available, the average effective rent for a two-bedroom unit was $1,000. Overall, rents increased by nearly 2 percent compared with rents recorded in September 2009.

Based on preliminary data, during the 12 months ending November 2010, the number of multifamily units permitted declined to 250 units compared with 300 units permitted during the previous 12 months. From 2004 to 2007, an average of 430 multifamily units were permitted annually. The Bacon Street Lofts in South Burlington, a 42-unit apartment complex, is under construction and scheduled to open in mid-2011. Rents for studios, one-bedroom, and two-bedroom units are expected to start at $950, $1,450, and $1,575, respectively.

Cincinnati-Middletown, Ohio-Kentucky-Indiana

The Cincinnati-Middletown metropolitan area, which encompasses 15 counties in the states of Ohio, Kentucky, and Indiana, is the largest metropolitan area in Ohio and the 24th largest metropolitan area in the United States. As of December 1, 2010, the population of the metropolitan area was estimated at 2.1 million, an increase of 10,750, or 0.5 percent, annually since July 2008. Because of job losses that began in 2008, population growth has slowed considerably from an average annual increase of 22,950, or 1.1 percent, recorded from July 2005 through July 2007. Approximately 40 percent of the population in the metropolitan area resides in Hamilton County, Ohio, which includes the city of Cincinnati. According to the Cincinnati USA Regional Chamber, five companies employ more than 10,000 people in the area: The Kroger Co., The University of Cincinnati, The Procter & Gamble Company, Cincinnati Children's Hospital Medical Center, and Health Alliance Greater Cincinnati.

Nonfarm payrolls in the metropolitan area began to decline in 2008, after nearly 5 years of growth. The decline continued during the 12 months ending November 2010, when total nonfarm payrolls decreased by 12,500 jobs, or 1.3 percent, to 985,700, after declining by 4.5 percent during the previous 12 months. Job losses were widespread during the 12 months ending November 2010, with nonfarm payrolls declining in most sectors. The largest rates of decline occurred in the financial services and the mining, logging, and construction sectors, which fell by 5.6 and 5 percent, or 3,600 and 2,000 jobs, respectively, because construction and financing of new homes in the area slowed. The largest overall decrease occurred in the trade sector, which fell by 5,800 jobs, or 3.6 percent. The only sector to add jobs during the 12 months ending November 2010 was the education and health services sector, which grew by 2,400 jobs, or 1.7 percent. Almost all of the growth in this sector occurred within the healthcare and social assistance subsector, which accounts for 4 of the 10 largest employers in the area. Reflecting overall job losses during the 12 months ending November 2010, the unemployment rate increased from 9.1 to 9.9 percent, which is well above the average unemployment rate of 5 percent recorded from 2000 through 2008.

Sales market conditions in the Cincinnati-Middletown metropolitan area are slightly soft. The sales vacancy rate is currently estimated to be 2 percent, down slightly from the 2.3-percent rate reported in the 2009 American Community Survey. Recent job losses and tight mortgage lending standards have combined to reduce demand for single-family homes. Based on data from Terradatum, a real estate analysis company, during the 12 months ending November 2010, approximately 1,275 new and existing homes were sold in the four largest counties in the metropolitan area: Butler, Clermont, Hamilton, and Warren Counties in Ohio. This figure represents an 11-percent decline from the 1,425 homes sold during the previous 12-month period. During the 12 months ending November 2010, the median sales price declined 3 percent to $120,000 in the same four counties, and the level of unsold housing inventory increased slightly from a 9-month supply to a 10.4-month supply. According to Lender Processing Services Mortgage Performance Data for November 2010, 7.8 percent of the total loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), unchanged from the rate recorded in November 2009.

Home construction activity, as measured by the number of single-family building permits issued, declined in the area as demand for new homes remained below levels recorded earlier in the decade. In 2010, according to preliminary data, permits were issued for 2,700 single-family homes, which is a decline of 13 percent compared with the number of permits issued in 2009, and it is approximately 70 percent below the average of 8,750 homes permitted annually from 2000 through 2007. After peaking at 10,950 homes permitted in 2004, single-family home construction activity has steadily declined for 6 consecutive years. Despite the decline in homebuilding activity, several smaller subdivisions of 25 to 50 homes are currently under construction or in development in the metropolitan area. New three-bedroom, two-bathroom single-family homes start at approximately $140,000 in Cincinnati and the surrounding townships, and new two- and three-bedroom condominiums start at $100,000.

Production of new multifamily units has declined significantly since 2009 as the economy weakened and population growth slowed. According to preliminary data, in 2010, approximately 350 multifamily units, mostly apartments, were permitted, down 15 percent from the 410 units permitted in 2009. From 2000 through 2008, approximately 2,050 multifamily units were permitted annually. Condominiums account for slightly less than 15 percent of all multifamily units in the metropolitan area, which is similar to the percentage of multifamily units permitted for condominiums since 2000. Since 2008, the percentage of multifamily units intended for owner occupation has declined because the sales market has softened. Among multifamily projects currently under construction is Current @ The Banks, a 300-unit apartment complex with rents starting at $800. The complex, located at The Banks, an 18-acre mixed-use development on the Ohio River in downtown Cincinnati, is expected to be completed in the spring of 2011, along with approximately 80,000 square feet of retail space, restaurants, and parking.

The rental market in the Cincinnati-Middletown metropolitan area is currently balanced. As builders in the metropolitan area have reduced production levels in the past 2 years, the excess supply of vacant available units has begun to be absorbed, and rental market conditions have improved. According to Reis, Inc., in the third quarter of 2010, the apartment vacancy rate in the Cincinnati market area, which includes 9 of the 15 counties in the metropolitan area, was 6.9 percent, down from 7.7 percent in the third quarter of 2009. By comparison, from 2003 through 2008, apartment vacancy rates in the area averaged 8.4 percent. According to Reis, Inc., in the third quarter of 2010, the average effective apartment rent increased from approximately $670 to $680, or 1 percent, when compared with the rents recorded during the third quarter of 2009. From 2003 through 2008, effective rents increased by an average of 2 percent annually.

Dallas-Plano-Irving, Texas

The Dallas-Plano-Irving metropolitan division encompasses eight counties in northeast Texas, including the core counties of Collin, Dallas, and Denton, and is adjacent to the Fort Worth metropolitan division. As of December 1, 2010, the population of the metropolitan division was estimated at 4.5 million, up 144,600 from July 1, 2009. Since the beginning of 2006, the population of the metropolitan division has increased at an average rate of about 110,500, or 2.6 percent, annually compared with about 85,600, or 2.4 percent, annually between 2000 and 2005.

Located on the boundary between the Dallas and Fort Worth metropolitan divisions is the Dallas/Fort Worth International Airport. According to a study by the Texas Department of Transportation, the airport is the third busiest in the world for number of flights and eighth busiest for number of passengers. The airport provides more than 305,000 direct and indirect jobs, with annual payrolls totaling in excess of $7.6 billion. Leading employers in the metropolitan division include Wal-Mart Stores, Inc., with 32,800 employees; Texas Health Resources Inc., with 18,000 employees; and AT&T, with 16,600 employees. In June 2008, AT&T moved its headquarters from San Antonio to downtown Dallas, bringing approximately 700 executive jobs to the area.

The economic downturn that began in the first quarter of 2008 appears to be turning around. During the 12 months ending November 2010, nonfarm payrolls averaged 2 million, a decrease of 1,675 jobs, or 0.1 percent, compared with the number of jobs recorded for the previous 12 months. Despite a decline in the 12-month average, nonfarm payrolls for the 3-month average ending November 2010 are up 1.3 percent compared with payrolls during the same 3-month period a year earlier, indicating the beginning of recovery. During the 12 months ending November 2010, gains of 14,300, 9,850, and 7,100 jobs, or 6.0, 3.0, and 2.7 percent, were recorded in the education and health services, professional and business services, and government sectors, respectively. Gains in the education and health services sector were led by an increase of 11,000 jobs in the healthcare and social assistance industry while gains in the professional and business services sector were led by an increase of 6,500 jobs in administrative and support services. Growth in the government sector is attributed to hiring in the local government, which added 5,300 jobs. Job losses occurred primarily in the mining, logging, and construction and the manufacturing sectors, which lost 10,400 and 6,150 jobs, or 9.3 and 5.1 percent, respectively. During the 12 months ending November 2010, the average unemployment rate in the metropolitan division was 8.3 percent, an increase from the 7.5-percent rate recorded a year earlier. New companies are moving to the area, including Solera, a leading global provider of software and services for automobile claims, which is expected to create up to 750 jobs within 5 years, and Tribune Company, a media company, which is expected to create 200 jobs in the first quarter of 2011 in Denton County.

Sales housing market conditions in the Dallas-Plano-Irving metropolitan division are soft, but one submarket is balanced. Although the sales vacancy rate in the metropolitan division is high, at 2 percent, the Denton County submarket, north of Dallas, is balanced, with a vacancy rate of 1.6 percent. According to data from the Real Estate Center at Texas A&M University, during the 12 months ending November 2010, total home sales decreased by about 8 percent to 58,750 compared with 63,700 homes sold during the previous 12 months. By comparison, home sales averaged 77,800 annually from 2003 through 2008. The average home sales price in the metropolitan division was $215,800, up nearly 5 percent compared with the average price during the previous 12 months but still below the peak of $221,400 reached in March 2008. During the 12 months ending November 2010, the average sales price for new and existing homes in Collin and Denton Counties was $246,100 and $196,700, up 3.2 and 2.7 percent, respectively, compared with prices recorded during the previous period. According to Lender Processing Services Mortgage Performance Data, in November 2010, 5.3 percent of total loans in the metropolitan division were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), down from 6.1 percent in November 2009.

After a 2-year decline in single-family home construction, builders increased activity during the past year. According to preliminary data, during the 12 months ending November 2010, building permits were issued for 9,700 new single-family homes, up 15 percent from the preceding 12 months. Collin County had 4,200 homes permitted, or 43 percent of the area total. Single-family home construction remains well below the 2000-to-2006 period, when an average of 27,900 homes were permitted annually. According to data from CB Richard Ellis, since 2007, almost 6,200 townhomes and condominiums have been constructed. In the metropolitan division, approximately 1,500 condominiums are under construction, including 640 in Dallas County, 480 in Collin County, and 380 in Denton County. Currently, 90 percent of the condominiums in the metropolitan division are in Dallas County.

Rental market conditions have improved in the Dallas-Plano-Irving metropolitan division, but remain soft because of the flat economy. According to data from ALN Systems, Inc., for the 12-month period ending November 2010, the apartment vacancy rate was 9.7 percent compared with 13.1 percent a year earlier. During the 12 months ending November 2010, the Collin County apartment vacancy rate was 9.3 percent, down from 12.2 percent during the previous 12 months. During the 12 months ending November 2010, average rents declined 2 percent to $890. The Denton County submarket also remained soft, with vacancy rates and average rents at 10 percent and $800, respectively, unchanged from the previous 12 months. The vacancy rate for apartments in Dallas County was 12 percent and the average rent was $790, relatively unchanged compared with the rate and rent during the previous 12-month period.

Because of soft rental housing market conditions in the metropolitan division, multifamily construction activity, as measured by the number of units permitted, has declined significantly. According to preliminary data, during the 12 months ending November 2010, approximately 3,900 multifamily units were permitted, a decline of 18 percent compared with the number of units permitted during the preceding 12 months. In comparison, about 11,900 multifamily units were permitted annually from 2006 through 2008. Apartment projects, which represent about 60 percent of all multifamily units currently under construction, include Brick Row apartments, a 500-unit mixed-use property, and Savoy at Vitruvian Park 2, a 350-unit property; both are expected to be completed in late 2011. The rents in these developments will start from $840 for a one-bedroom unit and $1,100 for a two-bedroom unit.

Grand Rapids, Michigan

The Grand Rapids metropolitan area, located in southwestern Michigan, consists of Barry, Ionia, Kent, and Newaygo Counties. As of January 1, 2011, the population of the metropolitan area was estimated at 780,900, an increase of approximately 2,000, or 0.3 percent, in 2010. Since 2006, population growth has averaged 2,275, or 0.3 percent, annually, with all gains resulting from net natural change (resident births minus resident deaths), because net out-migration averaged 4,450 people annually. The leading employer in the metropolitan area is Spectrum Health, a provider of hospital and medical care, which employs 16,100 people, followed by grocery and general merchandise chain Meijer Inc., which employs 7,425 people. Grand Rapids has historically been known for furniture manufacturing. Although manufacturing employment declined in 2010, two furniture-manufacturing companies continue as major employers in the area. Steelcase Inc. and Herman Miller, Inc., rank number three and number six among top employers in the metropolitan area and employ 4,800 and 3,800 people, respectively.

During 2010, nonfarm payrolls declined by approximately 3,400, or 0.9 percent, to 359,500 jobs, which is 7 percent below the 386,800 nonfarm payroll jobs reported, on average, between 2004 and 2008. From 2006 through 2009, an average of 6,825 jobs, or 0.4 percent, was lost annually. The largest declines during 2010 were in the manufacturing sector, which lost 1,900 jobs, or 3.3 percent, including 300 manufacturing jobs lost in three mass layoffs at Steelcase Inc., Butterball Farms, and CompX Durislide. On January 12, 2011, Steelcase Inc. announced the planned closing of a plant in Kentwood, which is expected to eliminate 400 additional manufacturing jobs in the metropolitan area. The mining, logging, and construction sector and the trade sector declined by 1,200 jobs each, or 8.5 and 2.1 percent, respectively. Increases were reported in some service-providing sectors, including gains of 1,100 jobs, or 1.8 percent, in the education and health services sector, and 600 jobs, or 1.1 percent, in the professional and business services sector. Investment in healthcare services has been a priority in the metropolitan area, as reflected by the January 2011 opening of the $286 million Helen DeVos Children's Hospital and the completion of the $90 million Secchia Center, a medical education facility affiliated with Michigan State University. Together, these new healthcare facilities support approximately 1,125 new jobs downtown. The average unemployment rate in the metropolitan area increased from 10.9 percent in 2009 to 11.3 percent in 2010.

The sales housing market in the Grand Rapids metropolitan area is soft, with an estimated vacancy rate of 2.7 percent as of January 1, 2011, due to the continued weak economy. According to the Grand Rapids Association of REALTORS®, in 2010, new and existing home sales declined 9 percent to 9,350 compared with the number sold in 2009; this number is well below the 13,450 sales reported annually, on average, from 2003 through 2005, the peak sales years in the decade. In 2010, the average sales price increased almost 7 percent, to $114,700, as prices started returning to previous levels, which averaged $153,400 between 2003 and 2005. In 2010, condominium sales increased 22 percent, to 890, compared with sales in the previous year, but the average sales price for condominiums declined 4 percent, to $120,500. According to Lender Processing Services Mortgage Performance Data, during 2010, an average of 8.1 percent of total loans were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), up from an average of 7.8 percent of homes during 2009.

Despite the soft sales market in the Grand Rapids metropolitan area, single-family homebuilding activity, as measured by the number of building permits issued, increased in 2010. According to preliminary data, in 2010, approximately 860 homes were permitted, indicating an increase of almost 9 percent from the 790 homes permitted in 2009. This level of single-family home construction is significantly lower than the 1,700 homes permitted, on average, from 2006 through 2008. Newly constructed homes start at approximately $100,000. Current developments in the metropolitan area include the Trent Ridge community in Cedar Springs, with 41 building lots and home prices starting at $100,000, and Trail Side in Rockford, Michigan, with 41 building lots and home prices starting at $165,700.

Reflecting the slow economy, rental development has been minimal, with no multifamily rental units permitted in 2010 and only 190 units permitted in 2009, for a continuing care retirement community. From 2006 through 2008, approximately 520 rental units were permitted annually. Completed in the fall of 2009, the 210-unit Stone Falls of Ada is a new general-occupancy rental property, with rents ranging from $930 for a one-bedroom unit to $1,725 for a three-bedroom unit.

Because of the lack of new supply in the market, rental market conditions are tightening but remain slightly soft. The rental vacancy rate in the Grand Rapids metropolitan area is estimated at 8.5 percent, down from 9 percent a year earlier. In the third quarter of 2010, according to Reis, Inc., the apartment market was tighter, with a vacancy rate of 5.5 percent and an average monthly rent of $660 compared with a vacancy rate of 6.1 percent and an average monthly rent of $655 during the third quarter of 2009. Current concessions in this market include reduced or waived security deposits and 50 to 100 percent off 1 month's rent with a 13-month lease. In downtown Grand Rapids, the rental market is tighter, with an estimated vacancy rate of approximately 5 percent. Several downtown apartment properties have opened in the past 5 years, advertising one-bedroom units from $1,000 to $1,300 and two-bedroom units from $1,300 to $1,750.

Honolulu, Hawaii

The Honolulu metropolitan area is defined as the island of Oahu, which consists of Honolulu County, the most populous county in the state of Hawaii. Downtown Honolulu is Hawaii's financial center, while nearby Waikiki, located on the southern shore of Oahu, draws millions of visitors each year. As of December 1, 2010, the population of the metropolitan area totaled 916,600, an increase of approximately 4,500, or 0.5 percent, compared with the December 1, 2009, population estimate. The rate of population growth has remained relatively unchanged during the past 4 years. Since 2007, net out-migration has averaged 2,000 a year compared with 2,725 annually from 2000 through 2005.

Although economic conditions remain weak, the economy of the metropolitan area is stabilizing because of increased tourism and a strong military presence. Nonfarm payrolls decreased by 400 jobs, or 0.1 percent, to an average of 438,200 jobs during the 12 months ending November 2010 compared with the number of jobs recorded during the previous 12 months. By comparison, payroll declines averaged 3.3 percent during the 12 months ending November 2009. During the past 12 months, the leisure and hospitality sector was one of the few sectors to record job growth, with the addition of 1,700 jobs, a 2.8-percent increase. Growth in this sector is attributed to hiring at several hotels, including Hilton Hotels, the largest private-sector employer in the area, with 6,400 employees. According to the Hawaii Tourism Authority, Oahu accounted for 4.1 million visitors, who spent $5.1 billion in 2009, which represents declines of 4 and 11 percent, respectively, from 2008 levels. As of the first quarter of 2010, the Oahu Economic Development Board reported an increase in the number of visitors and amount of expenditures of nearly 5 percent compared with data from the first quarter of 2009. Equally vital to the local economy, the U.S. Department of Defense has annual expenditures of $6.8 billion statewide, according to the Hawaii Chamber of Commerce Military Affairs Council, 90 percent of which is estimated to be in Honolulu. Government-sector jobs decreased less than 1 percent for the 12 months ending November 2010 compared with the number of jobs for the previous period. Increases in federal and local government jobs partially made up for a decline in state government employment of 2,000 jobs due to budget deficits. As job losses began to stabilize, the unemployment rate remained flat at 5.6 percent during the 12 months ending November 2010.

Home sales market conditions in the Honolulu metropolitan area are slightly soft due to the recent economic downturn but appear to be improving. Home sales began to increase in Honolulu during the 12 months ending November 2010, following 4 years of decline, but remained well below the decade-high average of 4,575 homes sold annually from 2003 through 2005, based on the Honolulu Board of REALTORS® data. Approximately 2,975 existing single-family homes were sold during the 12 months ending November 2010, up nearly 15 percent from the 2,600 homes sold during the 12 months ending November 2009. During the same period, the median home sales price decreased nearly 1 percent to $585,000. Condominium sales, which represent approximately 56 percent of existing home sales, increased by 390 units to 3,875 units sold during the past year, while the median condominium sales price increased by more than 1 percent to $315,000. Despite the recent increase, condominium sales remained well below the average of 7,600 units sold annually from 2003 through 2005. According to Lender Processing Services Mortgage Performance Data, as of November 2010, the percentage of mortgage loans 90 days or more delinquent, in foreclosure, or in REO (Real Estate Owned) in the metropolitan area was 5.6 percent, unchanged from the rate recorded in November 2009.

Homebuilding activity, as measured by the number of single-family building permits issued, has increased slightly in the metropolitan area in response to recovering home sales. Based on preliminary data, for the 12 months ending November 2010, 880 homes were permitted, an increase of 4 percent compared with the number permitted during the previous 12 months. In comparison, during the peak years of 2003 through 2005, an average of 2,325 single-family homes a year were permitted in the metropolitan area. D.R. Horton is currently offering single-family homes on the southwest side of Oahu at Kahiwelo at Makakilo. New homes at Makakilo range in price from $560,000 for starter homes to nearly $700,000 for larger, luxury homes.

Rental market conditions in the Honolulu metropolitan area are currently balanced. According to Reis, Inc., as of the third quarter of 2010, the apartment vacancy rate was 3.3 percent, a slight decrease from the 3.5-percent rate recorded in the third quarter of 2009. The average monthly contract rent was $1,300 as of the third quarter of 2010, which is unchanged from the third quarter of 2009. Apartment rents in the area averaged $1,100 for a one-bedroom unit, $1,350 for a two-bedroom unit, and $1,675 for a three-bedroom unit.

The construction of multifamily units increased substantially to 990 units during the 12-month period ending November 2010 compared with 240 units constructed during the previous 12-month period, based on preliminary building permit data. For the 12 months ending November 2010, condominiums accounted for approximately 20 percent of the multifamily units permitted, down from an average of 45 percent of the multifamily units permitted annually from 2005 through 2009. Construction activity in 2008 and 2009 slowed dramatically to an average of 230 units permitted annually compared with the average of 1,425 units permitted annually from 2005 through 2007. As of November 2010, several apartment projects are either under way or in the leasing stages. Franciscan Vistas Ewa, a 149-unit senior's community, is currently under construction, with an anticipated completion date of May 2011. Rents at Franciscan Vistas Ewa are expected to be income restricted at $745 and $885 for one- and two-bedroom units, respectively. Seawind Apartments, a 50-unit affordable housing development in Waianae, is currently in lease up, with rents starting at $831.

Louisville-Jefferson, Kentucky-Indiana

The Louisville-Jefferson metropolitan area, which consists of 13 counties in Kentucky and Indiana that are separated by the Ohio River, has a population estimated at 1,267,000 as of January 1, 2011. Since July 2009, population growth has slowed to an annualized rate of 0.4 percent, reflecting declining job opportunities in the area, compared with an average annual rate of 1 percent a year from 2005 to 2008. Humana, Inc., is the largest private employer in the area, with about 8,700 employees, followed by the United Postal Service (UPS) Worldport II and UPS Supply Chain Solutions, with about 7,350 employees combined, and Ford Motor Company, with nearly 5,100 employees.

The largest public sector employer in the area is the University of Louisville, with about 6,100 employees, 22,000 students, and an annual budget of nearly $950 million.

During 2010, average nonfarm payrolls declined by 7,100, or 1.2 percent, to 588,600 jobs. The largest payroll declines occurred in the manufacturing sector, which lost 3,500 jobs, or 5.4 percent, and in the mining, logging, and construction sector, which lost 2,600 jobs, or 8.5 percent. In December 2010, Ford Motor Company announced it would retool the Louisville Assembly Plant, furloughing 700 workers during the renovation. Ford is expecting to add 1,800 jobs at the facility when it reopens in 2011, although some jobs will be filled by furloughed workers. In addition, several other companies are investing a total of nearly $300 million in manufacturing facilities that are expected to result in more than 1,300 new jobs by 2014.

The professional and business services and the education and health services sectors expanded by 2,300 jobs and 2,100 jobs, or 3.3 and 2.6 percent, respectively, during 2010. The education and health services sector represents about 14 percent of nonfarm payrolls in the area and is expected to continue to grow during the next several years because of recent and ongoing investments by the University of Louisville in research facilities and private-sector partnerships. Since October 2009, the university has invested $187 million in 338,000 square feet of research laboratory space. Recently, the University of Louisville Foundation announced plans to break ground in March 2011 on a $20 million, 160,000-square-foot first phase of the University of Louisville Foundation and Nucleus' Haymarket Research Park, which will provide laboratory space to develop technology and conduct scientific research. Completion of this first phase is expected in 2012; the entire project will take 30 years to complete and is expected to generate 8,700 skilled jobs in Louisville. The average unemployment rate during the 12 months ending November 2010 increased to 10.2 percent from 9.9 percent during the previous 12 months.

The sales housing market in the metropolitan area is somewhat soft because of job losses, with a current estimated vacancy rate of 2.2 percent, compared with 2.4 percent reported by the 2009 American Community Survey. According to Lender Processing Services Mortgage Performance Data, in December 2010, the number of loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) in the area decreased to 6.7 percent compared with 7.1 percent in 2009. The Greater Louisville Association of REALTORS® reported that, during 2010, about 10,200 new and existing single-family homes and 1,200 new and existing condominiums were sold, a decrease of 2 and 4 percent from 2009, respectively. During 2010, the median prices of new and existing single-family homes and condominiums sold increased by 4 percent to $140,000 and 5 percent to $124,500, respectively, compared with the prices recorded during 2009.

Homebuilding activity, as measured by the number of building permits issued, remained relatively unchanged in the metropolitan area during 2010 compared with activity in 2009 because of the softer sales market. Based on preliminary data, during the 12 months ending November 2010, about 2,100 permits were issued for single-family homes, 2 percent fewer than were issued during the previous 12-month period. Single-family homebuilding has declined by an average of 12 percent a year since the peak in 2004, when nearly 7,600 homes were permitted. From 2007 to 2009, about 3,050 single-family homes were permitted annually. New development includes Norton Commons, in northeast Jefferson County, which offers building lots for 2,100 single-family homes, with prices starting at $359,000, and 600 townhomes, with prices starting at $289,000.

Rental housing market conditions in the metropolitan area are balanced because of continued population growth and because no new apartments have entered the market since 2009. According to Reis, Inc., for the third quarter of 2010, the Louisville-Jefferson metropolitan area apartment vacancy rate was 5.8 percent, down from the 7-percent rate recorded during the third quarter of 2009. For the third quarter of 2010, average rent increased by about 1 percent to $621 compared with the rent during the third quarter of 2009. The University of Louisville housing office reports that, during the fall of 2010, the resident halls' vacancy rate was at 2 percent compared with 5 percent during the fall of 2009. Students at the University of Louisville occupy a large portion of the local rental stock; more than 17,000 students live off campus. The university offers about 4,800 dormitory beds, both on campus and privately operated off campus, and plans to add about 2,250 units by 2020, including 350 that are currently under construction. During the third quarter of 2010, the West Central submarket, as defined by Reis, Inc., where the university is located, reported an 8.8-percent apartment vacancy rate, compared with a 9.2-percent rate recorded during the third quarter of 2009.

Based on preliminary data, during the 12 months ending November 2010, about 525 multifamily units were permitted, up from approximately 225 units permitted during the previous 12 months. In 2007, multifamily permits peaked at nearly 1,700 units, after averaging 1,150 units permitted a year between 2000 and 2006. In October 2010, construction began on a privately operated 350-bed student-housing complex located near and endorsed by the University of Louisville; completion is expected by the fall of 2011. In December 2010, the Society of St. Vincent de Paul began construction on 54 low-income housing tax credit units in Louisville, consisting of 30 apartments and 24 dormitory rooms.

Miami-Miami Beach-Kendall, Florida

Located on the southeast coast of Florida, the Miami-Miami Beach-Kendall metropolitan division comprises Miami-Dade County. Known for its tropical climate and diverse population, Miami attracts more than 11.9 million domestic and foreign visitors annually. In 2009, according to the Greater Miami Convention and Visitors Bureau, tourism accounted for an estimated $16.5 billion in expenditures, representing a 3-percent decline from 2008.

As of January 1, 2011, the population of Miami-Dade County, the most populous county in Florida, is estimated at 2.5 million. During the past year, the population increased by an estimated 24,100, or 1 percent, relatively unchanged from the annual rate of growth recorded since 2008. Net natural change (resident births minus resident deaths) has accounted for approximately 72 percent of the population growth since 2007, because net in-migration has slowed significantly from levels in the first half of the decade because of increased unemployment. Since 2000, net in-migration to the area has primarily been from foreign immigrants from the Caribbean and South America.

International trade is one of the most significant contributors to the Miami-Dade County economy. In 2009, the Miami International Airport (MIA) ranked first in the country for international freight and second for international passengers. MIA and the general aviation airports have an annual economic impact of $26.7 billion on the local economy, contributing more than 282,000 jobs directly and indirectly. The Port of Miami, which serves as a major cruise terminal and gateway for commercial trade, contributes more than $17 billion annually and provides more than 176,000 local jobs. During the 12 months ending November 2010, the trade and the transportation and utilities sectors, which account for approximately 26 percent of all nonfarm payrolls, lost a total of 2,200 jobs, or 0.9 percent, because of continued low volumes of international shipping.

Employment in Miami-Dade County began declining in 2008 and continued to decrease during the past year, although at a slower rate. During the 12 months ending November 2010, nonfarm payrolls declined by 13,000 jobs, or 1.3 percent, to 976,500, a decline from the previous 12-month period. The struggling housing market continued to affect the construction sector, which led the area in job losses, registering a decline of 4,150 jobs, or 11 percent, from the previous 12 months. Decreased demand for commercial and residential loans also affected the financial services industry. The financial activities sector lost 3,600 jobs, declining by 5.5 percent during the 12 months ending November 2010. As a result of the job losses, the average unemployment rate increased from 10.4 percent during the 12 months ending November 2009 to 12.4 percent during the past 12 months. During this same period, the only sector that gained jobs was the education and health services sector, which increased by 3,600 jobs, or 2.4 percent, from the number of jobs recorded during the previous 12-month period. Baptist Health South Florida, the second largest employer, with 10,850 employees, is opening a new hospital, West Kendall Baptist Hospital, in the spring of 2011. This $160 million facility will have 130 beds and more than 500 physicians. Other leading employers include Publix Super Markets, Inc., and Jackson Health System, with 11,000 and 10,500 employees, respectively.

The weak economy has contributed to current soft conditions in the Miami-Dade County home sales market; however, during the past year, home sales have increased as a result of the now-expired homebuyer tax credit and because distressed sales brought prices down. According to the Florida Association of REALTORS®, during the 12 months ending November 2010, 7,200 existing single-family homes were sold compared with 6,500 sold during the previous 12 months, indicating an 11-percent increase. From November 2009 to November 2010, the median home sales price decreased by 7 percent from $184,800 to $171,500 During the 12 months ending November 2010, sales of existing condominiums increased significantly, totaling 9,550 units, an increase of 46 percent. The median condominium sales price decreased by 29 percent to $105,600. During 2010, Miami-Dade County continued to lead the state in foreclosures. According to Lender Processing Services Mortgage Performance Data, during November 2010, the percentage of total home loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) was 27 percent, unchanged from November 2009.

Although improving, rental market conditions in Miami-Dade County are slightly soft. According to Reis, Inc., as of the third quarter of 2010, the apartment vacancy rate was 6 percent compared with 6.2 percent during the third quarter of 2009. During the third quarter of 2010, net absorption of apartment units increased to 500 units compared with a net move-out of approximately 400 units during the third quarter of 2009. The average asking rent was approximately $1,070, nearly unchanged from the third quarter of 2009. The South Beach submarket, which has the largest apartment inventory in Miami, with approximately 15,650 units, reported the lowest vacancy rate of all submarkets. Because no new apartment developments have been completed since 2005, the vacancy rate has declined significantly, decreasing from 5.6 percent in the third quarter of 2009 to 4 percent during the third quarter of 2010. During this same period, the average asking rent was $1,485, almost a 1-percent increase from the previous year.

Reacting to increased home sales activity and the tightening apartment market during the past year, home builders increased residential construction activity, as measured by the number of units permitted. According to preliminary data, during the 12 months ending November 2010, 940 single-family homes were permitted, an increase of 71 percent from the previous 12-month period. Single-family home permitting peaked in 2005, when 9,925 homes were permitted. From 2005 to 2009, permitting levels declined by 2,325 homes, or 23 percent, annually. According to preliminary data, during the 12 months ending November 2010, multifamily construction more than doubled, with 2,200 units permitted compared with 960 units permitted during the previous 12 month-period. Condominiums, which accounted for approximately 85 percent of multifamily units permitted from 2002 to 2006, currently represent less than 50 percent of all multifamily permits because of the current excess supply. The largest condominium project currently under construction is Capital at Brickell in South Beach. The $320 million mixed-use development will have 850 units ranging from $400,000 to $2,000,000. Completion is expected at the end of 2012.

Milwaukee-Waukesha-West Allis, Wisconsin

The Milwaukee-Waukesha-West Allis metropolitan area, which consists of Milwaukee, Ozaukee, Washington, and Waukesha Counties, is the largest metropolitan area in the state, accounting for approximately 28 percent of the total population in Wisconsin. The principal city of Milwaukee is located 80 miles east of Madison, the state capital, and 90 miles north of Chicago, Illinois. As of January 1, 2011, the metropolitan area had an estimated population of approximately 1.57 million, an increase of 8,900, or 0.4 percent, at an annualized rate from the July 1, 2009, U.S. Census Bureau estimate. Since 2000, the population has grown at a similar rate, with net natural change (resident births minus resident deaths) accounting for all of the population increase.

Economic conditions in the Milwaukee-Waukesha-West Allis metropolitan area remained weak in 2010 since first declining in August 2008. During the 12 months ending November 2010, nonfarm payrolls averaged 795,000 jobs, a decrease of 19,100 jobs, or 2.3 percent, compared with a decrease of 40,000 jobs, or 4.7 percent, during the 12 months ending November 2009. The largest declines were in the trade, manufacturing, and professional and business services sectors, which lost 5,800, 5,600, and 4,300 jobs, or 5.1, 4.8, and 4.1 percent, respectively. Partially offsetting these losses were gains in three sectors: education and health services, leisure and hospitality, and government. The education and health services sector added 2,200 jobs, or 1.5 percent, because of the completion of two new hospitals in Waukesha County. Aurora Medical Center in Summit opened in March 2010 and Aurora Medical Center in Grafton opened in November 2010, adding 800 and 600 jobs, respectively. In addition, in October 2010, Columbia St. Mary's Hospital opened a new $417 million hospital in Milwaukee; job gains were nominal because it closed two hospitals. During the 12 months ending November 2010, the leisure and hospitality sector added 2,100 jobs, an increase of

3 percent. Government employment increased by 1,200 jobs, or 1.3 percent, due primarily to hiring in local government. The average unemployment rate increased to 8.6 percent during the 12 months ending November 2010 compared with 8.4 percent during the previous 12 months.

The sales housing market in the Milwaukee-Waukesha-West Allis metropolitan area is currently soft due to the weak economy. According to the Greater Milwaukee Association of REALTORS® (GMAR®), during 2010, the number of new and existing homes sold declined 13 percent to 11,500 compared with 13,250 new and existing homes sold in 2009. During 2010, the average number of days a home remained on the market was relatively unchanged at 106, but the average unsold inventory increased from a 9-month supply to an 11-month supply. The median sales price of new and existing homes in the metropolitan area increased about 1 percent, from $173,600 to $176,000. Local REALTORS® reported higher levels of home sales in the city of Milwaukee and the inner ring suburbs bordering the city of Milwaukee compared with the rest of the metropolitan area because of the relatively affordable home prices. According to the GMAR®, in 2010, in Milwaukee County, the median sales price of a home was $136,500, or 5 percent lower than median prices in 2009. According to data from Lender Processing Services Mortgage Performance Data, as of November 2010, the percentage of mortgage loans 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) in the Milwaukee-Waukesha-West Allis metropolitan area was 7 percent, down from 7.3 percent in November 2009.

In the past year, builders have increased the volume of single-family home construction, as measured by the number of building permits issued. For the 12 months ending November 2010, according to preliminary data, the number of single-family homes permitted increased 11 percent from 880 to 980 compared with the number permitted during the previous 12 months. The current level of single-family construction activity is down from an average of 2,350 units permitted annually between 2006 and 2007 and well below the 3,625 units permitted annually between 2000 and 2005.

Multifamily housing construction, as measured by the number of units permitted, has also increased. During the 12 months ending November 2010, the number of multifamily units permitted rose by 50 percent, from 525 to 1,025, with about one-half to be constructed in Milwaukee County and the remainder in Waukesha County. Multifamily construction activity is down from an average of 1,425 units permitted between 2006 and 2007 and well below the 2,250 units permitted annually between 2000 and 2005.

The Milwaukee-Waukesha-West Allis metropolitan area rental housing market is currently balanced. As of the third quarter of 2010, according to Reis, Inc., the apartment vacancy rate remained flat at 5 percent compared with rates in the third quarter of 2009; in addition, the average market rate rent increased by more than 1 percent to $795. Recently completed properties in Milwaukee include Corcoran Lofts, a 76-unit loft community, with rents averaging about $1,025 for a studio, $1,500 for a one-bedroom unit, and $1,925 for a two-bedroom unit. Currently under construction and scheduled for completion in 2013, the 203-unit Moderne Apartments development has rents ranging between $1,400 and $4,600 for one-, two-, and three-bedroom units. In November 2010, the City of Oconomowoc gave final approval for Meadows at Prairie Creek, a $25 million mixed-income, 352-unit development, which will set aside 20 percent of the units for households earning 60 percent of the Area Median Income.

Missoula, Montana

The Missoula metropolitan area consists of Missoula County in western Montana. As of January 1, 2011, the population of the metropolitan area was estimated to be 110,000, which reflected an annual increase of about 900, or 0.8 percent, for the past 2 years. From 2004 to 2008, population growth averaged about 1,700 a year, or 1.7 percent annually, but growth has slowed in the past 2 years because of slower in-migration. From 2004 to 2008, net in-migration to the metropolitan area averaged nearly 1,200 a year, but in the past 2 years the rate declined to about 400 a year due to slower job growth. The largest employer in the metropolitan area is the University of Montana (UMT), with approximately 2,400 full- and part-time employees. With a fall 2010 enrollment of nearly 16,000 students, the university's estimated statewide economic impact is more than $1 billion a year, based on a 2010 UMT study. Other leading employers include St. Patrick Hospital and Health Sciences Center and the Community Medical Center, with about 1,600 and 1,100 employees, respectively.

Economic conditions in the Missoula metropolitan region improved during the 12 months ending November 2010, ending a 2-year period of job losses. For the 12 months ending November 2010, nonfarm payrolls averaged about 56,300, an increase of about 600 jobs, or 1.1 percent, from the previous 12 months. In late 2007, nonfarm payrolls peaked at 57,500 jobs but fell an average of 1.1 percent a year in 2008 and 2009 because of the national recession and falling demand for furniture and manufactured wood products, which accounted for about one-third of manufacturing employment before the recession. The job losses in 2008 and 2009 were largest in the construction and manufacturing sectors, which declined by about 650 and 400 jobs, or 20 and 16 percent, respectively. Nonfarm payrolls began to expand again at a moderate pace in early 2010. Much of the growth in the 12 months ending November 2010 was in the education and health services and the professional and business services sectors, which increased by 200 and 100 jobs, or 2.2 and 1.6 percent, respectively, from a year earlier. For the 12 months ending November 2010, the unemployment rate averaged 6.9 percent, up from 5.7 percent a year earlier.

The home sales market in the Missoula metropolitan area is currently somewhat soft, partly because of tight lending standards, but prices are beginning to stabilize. According to Hanley Wood, LLC, in the 12 months ending November 2010, sales of single-family homes were down 15 percent from the previous 12 months, to about 1,200 homes sold. Single-family home sales peaked in 2005 and 2006, when an average of 2,100 homes a year were sold. For the 12 months ending November 2010, the average sales price for existing single-family homes was about $236,900, up 1 percent from $234,700 in the previous 12 months. Single-family home prices are down 12 percent from the peak of $277,000 in 2007. The fall in prices since 2007 is partly because of an increase in the number of home foreclosures. Based on data from Hanley Wood, LLC, sales of foreclosed and REO (Real Estate Owned) properties currently account for 19 percent of single-family home sales in the area, up from 2 percent in 2007.

As a result of the soft home sales market, construction of single-family homes, as measured by the number of building permits issued, has declined. According to preliminary data, during the 12 months ending November 2010, about 180 single-family homes were permitted, down 12 percent from the 210 permitted during the previous 12 months. By contrast, from 2003 through 2007, single-family home construction in the area averaged about 450 homes a year. According to Hanley Wood, LLC, during the 12 months ending November 2010, the average sales price for a new home was about $183,500, down approximately 1 percent from a year earlier.

The rental market in the Missoula metropolitan area is currently tight, with an estimated 3.3-percent vacancy rate. The market has tightened gradually during the past 6 years because of population growth and a lack of new construction. Monthly rents currently average from about $600 for one-bedroom units to $750 for two-bedroom units and $1,000 for three-bedroom units. Rents have increased by nearly 4 percent a year for the past 2 years. Contributing to the tight rental market are the large and growing presence of UMT students, who represent more than 30 percent of renter households, and a relatively large population of young professionals, who tend to rent. Apartment construction has also lagged behind demand in recent years, based on the number of building permits issued, exacerbating the tight market conditions. Multifamily construction peaked in 2002 and 2003, when an average of 600 units a year were permitted, many of which were off-campus student housing. From 2004 through 2008, multifamily construction slowed to an average of 150 units a year and then, in 2009, fell sharply to fewer than 20 multifamily units permitted. In the past 12 months, however, building activity has rebounded. Based on preliminary data, about 180 multifamily units were permitted in the 12 months ending November 2010. Silvertip Apartments, a 115-unit complex targeted to low- and moderate-income households, is expected to break ground in 2011. Rents for the one- and two-bedroom units are expected to range from $455 to $840 a month.

New York City, New York

New York City (NYC), the financial center of the United States, includes the five counties of Bronx, Kings (Brooklyn), New York (Manhattan), Queens, and Richmond (Staten Island). As of January 1, 2011, the population of the city, which is the largest in the nation, is estimated to be nearly 8.5 million. During 2010, the population increased by 55,000, or more than 0.6 percent, which is slightly higher than the 0.5-percent average annual increase during 2008 and 2009. The growth was due entirely to net natural increase (resident births minus resident deaths) of approximately 61,500 people in 2010, nearly unchanged during the past 3 years. Although international immigration to the city averaged 58,200 people a year during the past 3 years, the average net out-migration was 38,200 people a year, because more than 96,400 residents moved out of NYC.

Economic conditions in NYC show signs of improving. Although job losses continued during the past year, extending a trend that began in early 2009, the pace of decline has slowed. During the 12 months ending November 2010, nonfarm payrolls decreased by 26,600 jobs, or 0.7 percent, which is significantly less than the loss of 95,400 jobs, or 2.5 percent, that occurred during the 12 months ending November 2009. Fewer job losses encouraged more people to enter the labor force seeking jobs, which increased the unemployment rate from 9.2 to 9.7 percent during the 12 months ending November 2010.

Although total nonfarm payrolls continued to decline, growth occurred in education and health services, the largest employment sector, the leisure and hospitality sector, and the other services sector. The education and health services sector increased by 15,200 jobs, or 2.1 percent. That increase was more than offset by job losses in the government, financial activities, and professional and business services sectors of 18,300, 8,600, and 7,100 jobs, or 3.2, 2.0, and 1.2 percent, respectively. City workers were laid off because of budget cuts, which accounted for the decrease in the government sector, including a loss of 20,500 jobs, or 4.4 percent, in the local government subsector. During the 12 months ending November 2010, job losses in the financial activities and professional and business services sectors dropped to less than one-third of the declines that occurred during the 12 months ending November 2009. Despite weak economic conditions, according to the city, the number of leisure travelers to

NYC increased by nearly 7 percent to 48.7 million. Hotel occupancy rates remained at approximately 90 percent in December 2010, comparable to rates of a year earlier, according to the Federal Reserve Board's Beige Book. During the 12 months ending November 2010, the leisure and hospitality sector added 6,800 jobs, or 2.2 percent, and the other services sector increased by 3,275 jobs, or 2 percent.

The New York City home sales market remains slightly soft, although it strengthened during 2010. According to Prudential Douglas Elliman Real Estate, during 2010, existing condominium and cooperative (co-op) home sales in Manhattan, Brooklyn, and Queens totaled 29,900 homes, which is an increase of 20 percent compared with the number sold during the previous year but 9 percent below the number recorded during 2008. During 2010, the average number of days a home remained on the market declined by 33 days to 113 days. During the same period, the average home sales price in NYC rose by 9 percent, from $727,100 to $791,300. In Manhattan, the median sales price for a co-op unit increased by nearly 9 percent, to $685,000, but prices for condominium units rose by less than 1 percent, to $997,900, compared with prices in 2009. The upper tier of the market remained strong, with the median sales price for luxury homes in the top 10 percent of condominium and co-op sales prices increasing by 15 percent, to nearly $4.4 million. The New York State Association of REALTORS, Inc.®, reports that, in Staten Island, the median price of an existing single-family home increased 2 percent from $380,500 to $388,000 during the 12 months ending November 2010, the most recent data available. According to Lender Processing Services Mortgage Performance Data, as of December 2010, 8.2 percent of total loans in NYC were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), up from 8.1 percent a year earlier.

Although economic conditions in NYC continue to be weak, building permits for single-family homes, which represent less than 10 percent of construction, increased; however, the number of permits issued for multifamily units decreased. During the 12 months ending November 2010, the number of single-family homes permitted rose by 7 percent, to 330 units, compared with the number permitted during the previous 12-month period, based on preliminary data. During the 12 months ending November 2010, based on preliminary data, multifamily construction activity for the number of units permitted, declined by 4 percent, to 5,475 units, compared with the number permitted during the 12 months ending November 2009. Condominium and co-op units account for 7 percent of multifamily units currently under way, less than the average of 17 percent of multifamily units built between 2000 and 2009. Multifamily construction, which peaked during the 12 months ending June 2008, when 42,250 permits were issued, averaged 23,500 units annually from 2007 to 2009.

The NYC rental market is tight, although vacancy rates rose slightly during 2010 as demand eased because of job declines. According to Reis, Inc., from the third quarter of 2009 to the third quarter of 2010, the apartment vacancy rate for NYC increased from 2.9 to 3.6 percent. The highest vacancy rate of 7.1 percent was reported in the Midtown West area of Manhattan, an increase from the 2.7-percent rate recorded a year earlier, which occurred because of the completion of 1,750 apartments. In the Upper West Side of Manhattan and in Brooklyn, vacancy rates rose to 4.3 and 3.5 percent, as 450 and 580 units, respectively, were constructed. In the third quarter of 2010, average rents increased by nearly 5 percent, to $1,480, in Brooklyn and by less than 1 percent, to nearly $1,400, in Queens. In the Bronx, the average rent decreased by 1 percent to $1,140. Rents increased throughout Manhattan, reversing a decline that occurred during the third quarter of 2009. The largest rent gain—more than 5 percent—occurred in the Stuyvesant/Turtle Bay area, where rents increased to $3,620; in the Upper East Side, they increased nearly 3 percent, to approximately $3,640. The highest average rents in NYC were in the Upper West Side, at nearly $4,100, and downtown Manhattan, at $3,860, with both increasing by almost 2 percent during the past year.

Progress continues on the New Housing Marketplace Plan, which has a 10-year goal of creating 165,000 affordable housing units in the city by 2014. As of the fall of 2010, nearly 108,600 affordable housing units had been preserved or constructed. Recently completed affordable units include 323 units at Courtlandt Corners in the Bronx and 87 units at New Lots Plaza in Brooklyn. Developments currently under construction include the 168-unit Elliott Chelsea development, located in Manhattan, and 920 Westchester Avenue, which has 110 units and is located in the Bronx. The Bradford, a 105-unit mixed-use complex in Brooklyn, will be completed in the summer of 2011.

Pittsburgh, Pennsylvania

Located in southwestern Pennsylvania, the Pittsburgh metropolitan area comprises seven counties. Once the largest center for steel manufacturing in the nation, Pittsburgh has emerged as the healthcare and education center for western Pennsylvania and parts of the Ohio River Valley. With a total estimated population of 2.3 million as of January 1, 2011, Pittsburgh is the second-most populous metropolitan area in Pennsylvania. During 2010, population growth was relatively flat compared with 2009, which is an improvement from the average annual decline of 9,200 people, or 0.4 percent, from 2000 through 2008, when net out-migration averaged nearly 6,000 people a year. Net in-migration, which averaged 2,700 persons a year from 2009 through 2010, led to a slower rate of population decline. Net in-migration has increased partly as a result of an increased number of empty nesters and young professionals moving to recently redeveloped areas of the city. Remnants of the industrial riverfront and downtown area in the city of Pittsburgh have been transformed during the past 4 years into more than $600 million in residential and $1.5 billion in commercial developments, including the $622 million Children's Hospital of Pittsburgh that opened in May 2009.

During the 12 months ending November 2010, average nonfarm payrolls totaled 1.1 million, down 4,800 jobs, or 0.4 percent, compared with payrolls during the previous 12-month period. The largest payroll declines occurred in the manufacturing and financial activities sectors and the wholesale trade subsector, which lost 4,300, 1,100, and 1,300 jobs, respectively, or 4.8, 1.6, and 2.7 percent. Despite overall job losses, the education and health services sector, accounting for 20 percent of all nonfarm payrolls in the area, increased by 2,800 jobs, or 1.2 percent, during the 12 months ending November 2010. In addition, the retail trade and the mining and logging subsectors increased by 700 and 300 jobs, respectively. Accounting for more than one-half of the increase in payrolls in the mining and logging subsector, Range Resources, a natural gas producer, added more than 150 jobs during the past year and is currently constructing a regional facility that will double its employment to 500 by November 2011. During 2010, 16 companies with intentions of extracting natural gas from the Marcellus Shale field, a natural gas deposit spanning southern New York State through Pennsylvania and West Virginia to the western portion of Virginia, announced plans to add more than 1,200 jobs in Pittsburgh during the next 4 years. Employment in the education and health services sector is also expected to continue to increase. The University of Pittsburgh Medical Center (UPMC), the leading employer in the metropolitan area, with 37,000 employees, is planning to add 500 jobs during 2011. Currently, UPMC is constructing a $258 million full-service hospital, UPMC East, to be completed in 2012, adding 400 jobs. Additional leading employers include West Penn Allegheny Health and the University of Pittsburgh, with 11,000 employees each. Despite job growth in several sectors, losses during the 12 months ending November 2010 resulted in the increase of the average unemployment rate to 8.3 percent from 7.2 percent during the previous 12 months.

The sales housing market in Pittsburgh is slightly soft, with an estimated vacancy rate of 1.9 percent as of January 1, 2011, resulting from employment declines and tighter mortgage lending standards. During the 12 months ending November 2010, the average home sales price for new and existing homes increased by 4 percent to $160,000 from $154,000 a year earlier, according to Hanley Wood, LLC. As prices increased, new and existing home sales declined by 19 percent to 1,900 homes sold compared with the 2,350 sold during the previous 12-month period. Condominium sales accounted for 4 percent of total home sales, with 80 condominiums sold during the 12 months ending November 2010, which is unchanged from a year earlier. The average condominium price declined to $164,200 or 3 percent, from the $169,200 price recorded the previous year. According to Lender Processing Services Mortgage Performance Data, from November 2009 to November 2010, the number of loans that were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned) decreased from 5.7 to 5.1 percent.

Despite weaker sales market conditions, home construction activity, as measured by the number of single-family homebuilding permits issued, increased during 2010 but remained below the number constructed during 2008. According to preliminary data, during the 12 months ending November 2010, single-family homebuilding activity totaled 2,950 homes permitted, up 22 percent compared with the number permitted during the 12 months ending November 2009, but down 830 homes, or 26 percent, for the same period in 2008. Single-family home construction was strong from 2000 through 2006, with an average of 5,100 homes permitted annually, before declining to an average of 3,500 homes permitted annually from 2007 through 2009. Nearly 40 percent of all single-family home construction is concentrated in Allegheny County, where construction increased by 20 percent to 1,175 homes permitted, according to preliminary data for the 12 months ending November 2010. Prices for new, two-bedroom homes in Allegheny County start at $190,000.

Although economic conditions remain weak, the overall rental housing market, as of January 1, 2011, is balanced, with an estimated vacancy rate of 5.7 percent, which is unchanged from the previous year. According to Reis, Inc., the apartment vacancy rate declined from 5.5 to 5.0 percent in the third quarter of 2010 compared with vacancy rates in the third quarter of 2009, while the average asking rent increased less than 1 percent to approximately $840. According to preliminary data, during the 12 months ending November 2010, multifamily construction activity, as measured by the number of units permitted, was virtually unchanged at 350 units permitted compared with the number permitted during the previous year. Multifamily construction was strong from 2000 through 2006, averaging 1,325 units permitted annually, before declining to an average of 430 units a year from 2007 through 2009. During the 12 months ending November 2010, approximately 95 percent of all multifamily construction consisted of apartments, which is equivalent to the period from 2000 through 2006, but represents an increase from 70 percent during 2007 through 2009, when condominium construction was higher. Approximately 50 percent of apartments currently under construction are concentrated in the city of Pittsburgh. During the past 4 years, apartment developments within the city, which include conversions from existing manufacturing and commercial structures, have totaled nearly $400 million in redevelopment and added 970 new rental units to the market. Since 2009, commercial-to-apartment conversions include Market Square Place, a 46-unit complex; The Century Building, a 60-unit complex; and River Vue Apartments, a 218-unit complex that is still under construction. Average asking rents for newly constructed efficiency, one-bedroom, and two-bedroom apartments in the metropolitan area are $830, $1,150, and $1,600, respectively.

West Palm Beach-Boca Raton-Boynton Beach, Florida

Located on the southeast coast of Florida, approximately 60 miles north of Miami, the West Palm Beach-Boca Raton-Boynton Beach metropolitan division consists of Palm Beach County. Tourism has a significant effect on the local economy. According to the Palm Beach County Convention and Visitors Bureau, in 2009, an estimated 4 million people visited Palm Beach County, generating an estimated economic impact of $2.8 billion. As of January 1, 2011, the estimated population of the county was 1.3 million, an increase of about 13,300, or 1.3 percent, in the past 12 months. Population growth has dramatically declined during the past 5 years because of the recent declines in employment. The population has increased at an average annual rate of about 5,800, or 0.5 percent, since the beginning of 2006 compared with nearly 25,500, or 2.2 percent, annually between 2000 and 2005. Leading employers in the area include Tenet Healthcare Corporation, Hospital Corporation of America, and Florida Power & Light Company, with 5,100, 4,150, and 3,650 employees, respectively.

Employment in the metropolitan division has continued a decline that began in September 2007, but at a slower pace. During the 12 months ending November 2010, nonfarm payrolls declined by 9,000 jobs, or 1.8 percent, to an average of 498,700 compared with the decline of 37,800 jobs, or 6.9 percent, during the previous 12 months. During the past 12 months, job losses occurred in every sector except the education and health services and the government sectors, which added 1,900 and 700 jobs, at gains of 2.4 and 1.0 percent, respectively. During the 12 months ending November 2010, primarily because of a decrease in building activity and tourism, the most significant losses occurred in the construction, financial activities, and leisure and hospitality sectors, which lost 5,400, 2,100, and 2,000 jobs, respectively, or 19.1, 5.8, and 2.9 percent. Residential construction, which comprises 65 percent of all construction, is down 30 percent compared with 11 percent for commercial construction. These job losses contributed to the increase in the 12-month average unemployment rate, which rose from 10.4 to 12.0 percent, the highest level in more than 20 years.

The Palm Beach County home sales market is currently soft. Based on data from Reinhold P. Wolff Economic Research, Inc. (Wolff), for the 12 months ending September 2010, sales of existing single-family homes in the area totaled approximately 20,700, an increase of 48 percent compared with the 13,900 homes sold during the same period a year earlier. The increase in sales was partly a result of declining home prices. In the third quarter of 2010, the median sales price of existing homes decreased by 20 percent to $156,400, down from $197,200 during the same quarter of the previous year, which was a decrease of 27 percent from the third quarter of 2008. For the 12 months ending September 2010, sales of new single-family homes totaled 790, a decrease of 11 percent from the number sold during the same period in the previous year. Sales of new single-family homes have been declining since 2003, when they peaked at more than 12,200 homes. In the past 12 months, nearly 40 percent of new home sales activity has been in the Boynton Beach submarket, which is located on the eastern coast, 15 miles south of West Palm Beach, where the median home price is slightly higher than the median price in the county. Wolff data indicate that the median sales price for new homes in the county during the third quarter of 2010 was $383,100, 7 percent higher than the price recorded a year earlier but down significantly from the third quarter of 2005, when the median sales price was $506,800. According to Lender Processing Services Mortgage Performance Data, as of November 2010, 19.5 percent of total loans were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), relatively unchanged from 19.2 percent a year earlier, but up substantially from 4.8 percent 2 years earlier and much higher than the November 2010 national rate of 8.3 percent, but similar to the state rate of 18.6 percent during the same period.

Builders have curtailed production as new home sales have declined and existing home sales have increased. Building permits, based on preliminary data, were issued for 1,250 single-family homes in Palm Beach County during the 12-month period ending November 2010. From 2007 through 2009, an average of 1,425 single-family homes was permitted annually, down significantly from 9,825 homes that were permitted annually from 2002 to 2006.

Since 2006, in Palm Beach County, sales of existing condominiums have increased significantly but sales of new condominiums have declined sharply, according to Wolff data. During the 12 months ending September 2010, about 12,250 existing condominiums were sold, an increase of about 60 percent compared with the number sold during the same period a year earlier, because the median sales price decreased by nearly 20 percent to $73,100. During the 12 months ending September 2010, the number of new condominiums sold decreased 58 percent to 430 units as the median sales price increased 15 percent to $225,000. Since the third quarter of 2005, the median sales price of new condominiums has increased less than 1 percent but the median sales price of existing condominiums has declined 61 percent from $186,800. The large price differential between new and existing condominiums, which has occurred since 2005, has reduced demand for new condominiums and led to lower construction levels. Based on the 2009 American Community Survey, although nearly one-half of multifamily units in the county are owner occupied, only 10 percent of the 220 multifamily units permitted during the 12 months ending November 2010 are estimated to be owner-occupied units. The number of multifamily units permitted is down from an average of 750 units permitted annually from 2007 through 2009 and, more significantly, from 3,900 units permitted annually between 2000 and 2007. These decreases parallel the decline in new condominium sales, which averaged 3,350 a year between 2000 and 2007.

The rental market is currently improving but remains somewhat soft because of increased job losses. According to ALN Systems, Inc., the apartment vacancy rate, as of December 2010, was 7.6 percent, down from 8.7 percent a year earlier. In December 2010, the average effective rent was $1,025, up nearly 2 percent from the previous year. During the 12 months ending November 2010, 820 apartment units were completed, down from approximately 3,000 units completed during the previous 12 months. Between 2003 and 2006, nearly 15,000 apartments were converted to condominiums. Many of these units are now available as investor-owned rental units. Such reversions are anticipated to continue to occur and keep the rental supply high.

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

HUD Region and State	2010 Through December			2009 Through December			Ratio: 2010/2009 Through December		
	Total	Single Family	Multi-family*	Total	Single Family	Multi-family*	Total	Single Family	Multi-family*
Connecticut	3,765	2,546	1,219	3,343	2,043	1,300	1.126	1.246	0.938
Maine	2,962	2,743	219	2,766	2,524	242	1.071	1.087	0.905
Massachusetts	8,648	5,482	3,166	7,097	4,751	2,346	1.219	1.154	1.350
New Hampshire	2,737	1,992	745	2,224	1,663	561	1.231	1.198	1.328
Rhode Island	949	744	205	958	701	257	0.991	1.061	0.798
Vermont	1,530	1,199	331	1,209	859	350	1.266	1.396	0.946
New England	**20,591**	**14,706**	**5,885**	**17,597**	**12,541**	**5,056**	**1.170**	**1.173**	**1.164**
New Jersey	13,318	7,393	5,925	12,235	7,133	5,102	1.089	1.036	1.161
New York	20,205	10,355	9,850	17,356	9,441	7,915	1.164	1.097	1.244
New York/New Jersey	**33,523**	**17,748**	**15,775**	**29,591**	**16,574**	**13,017**	**1.133**	**1.071**	**1.212**
Delaware	3,076	2,672	404	3,140	2,655	485	0.980	1.006	0.833
District of Columbia	671	119	552	1,148	164	984	0.584	0.726	0.561
Maryland	12,183	8,403	3,780	11,085	7,975	3,110	1.099	1.054	1.215
Pennsylvania	21,339	17,402	3,937	18,712	14,898	3,814	1.140	1.168	1.032
Virginia	21,215	16,270	4,945	21,078	16,142	4,936	1.006	1.008	1.002
West Virginia	1,673	1,465	208	1,966	1,714	252	0.851	0.855	0.825
Mid-Atlantic	**60,157**	**46,331**	**13,826**	**57,129**	**43,548**	**13,581**	**1.053**	**1.064**	**1.018**
Alabama	10,233	8,126	2,107	12,171	8,660	3,511	0.841	0.938	0.600
Florida	39,524	30,862	8,662	35,858	27,463	8,395	1.102	1.124	1.032
Georgia	17,731	15,194	2,537	17,202	13,994	3,208	1.031	1.086	0.791
Kentucky	6,844	5,411	1,433	6,878	5,470	1,408	0.995	0.989	1.018
Mississippi	4,794	3,986	808	6,665	4,948	1,717	0.719	0.806	0.471
North Carolina	33,728	26,002	7,726	33,785	25,042	8,743	0.998	1.038	0.884
South Carolina	14,452	13,128	1,324	15,829	13,784	2,045	0.913	0.952	0.647
Tennessee	16,325	11,655	4,670	14,574	11,766	2,808	1.120	0.991	1.663
Southeast/Caribbean	**143,631**	**114,364**	**29,267**	**142,962**	**111,127**	**31,835**	**1.005**	**1.029**	**0.919**
Illinois	11,596	7,862	3,734	10,912	8,236	2,676	1.063	0.955	1.395
Indiana	12,988	9,937	3,051	12,433	9,939	2,494	1.045	1.000	1.223
Michigan	9,256	7,930	1,326	6,984	6,392	592	1.325	1.241	2.240
Minnesota	9,656	6,794	2,862	9,255	6,827	2,428	1.043	0.995	1.179
Ohio	13,509	10,606	2,903	13,135	10,554	2,581	1.028	1.005	1.125
Wisconsin	11,834	7,906	3,928	10,818	8,035	2,783	1.094	0.984	1.411
Midwest	**68,839**	**51,035**	**17,804**	**63,537**	**49,983**	**13,554**	**1.083**	**1.021**	**1.314**
Arkansas	6,905	4,340	2,565	6,637	4,235	2,402	1.040	1.025	1.068
Louisiana	11,515	10,493	1,022	12,562	10,985	1,577	0.917	0.955	0.648
New Mexico	4,511	3,984	527	4,649	4,147	502	0.970	0.961	1.050
Oklahoma	8,267	6,981	1,286	8,845	7,445	1,400	0.935	0.938	0.919
Texas	84,753	65,330	19,423	82,938	66,289	16,649	1.022	0.986	1.167
Southwest	**115,951**	**91,128**	**24,823**	**115,631**	**93,101**	**22,530**	**1.003**	**0.979**	**1.102**
Iowa	7,312	5,863	1,449	7,130	5,407	1,723	1.026	1.084	0.841
Kansas	4,523	3,725	798	6,837	3,652	3,185	0.662	1.020	0.251
Missouri	8,260	5,992	2,268	8,346	5,754	2,592	0.990	1.041	0.875
Nebraska	5,013	4,098	915	5,180	4,611	569	0.968	0.889	1.608
Great Plains	**25,108**	**19,678**	**5,430**	**27,493**	**19,424**	**8,069**	**0.913**	**1.013**	**0.673**
Colorado	11,779	9,129	2,650	9,393	7,449	1,944	1.254	1.226	1.363
Montana	2,196	1,516	680	1,745	1,441	304	1.258	1.052	2.237
North Dakota	3,558	2,146	1,412	3,065	1,866	1,199	1.161	1.150	1.178
South Dakota	2,913	2,298	615	3,529	2,434	1,095	0.825	0.944	0.562
Utah	9,441	7,192	2,249	10,627	6,777	3,850	0.888	1.061	0.584
Wyoming	2,126	1,395	731	1,975	1,293	682	1.076	1.079	1.072
Rocky Mountain	**32,013**	**23,676**	**8,337**	**30,334**	**21,260**	**9,074**	**1.055**	**1.114**	**0.919**
Arizona	12,235	10,641	1,594	14,134	12,745	1,389	0.866	0.835	1.148
California	43,128	24,724	18,404	33,811	24,568	9,243	1.276	1.006	1.991
Hawaii	3,430	1,896	1,534	2,617	2,002	615	1.311	0.947	2.494
Nevada	6,402	5,370	1,032	6,752	4,560	2,192	0.948	1.178	0.471
Pacific	**65,195**	**42,631**	**22,564**	**57,314**	**43,875**	**13,439**	**1.138**	**0.972**	**1.679**
Alaska	904	753	151	912	613	299	0.991	1.228	0.505
Idaho	4,584	4,010	574	5,292	4,598	694	0.866	0.872	0.827
Oregon	7,302	5,737	1,565	7,686	5,606	2,080	0.950	1.023	0.752
Washington	20,235	14,843	5,392	16,754	12,845	3,909	1.208	1.156	1.379
Northwest	**33,025**	**25,343**	**7,682**	**30,644**	**23,662**	**6,982**	**1.078**	**1.071**	**1.100**
United States	**598,033**	**446,640**	**151,393**	**572,232**	**435,095**	**137,137**	**1.045**	**1.027**	**1.104**

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

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

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

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