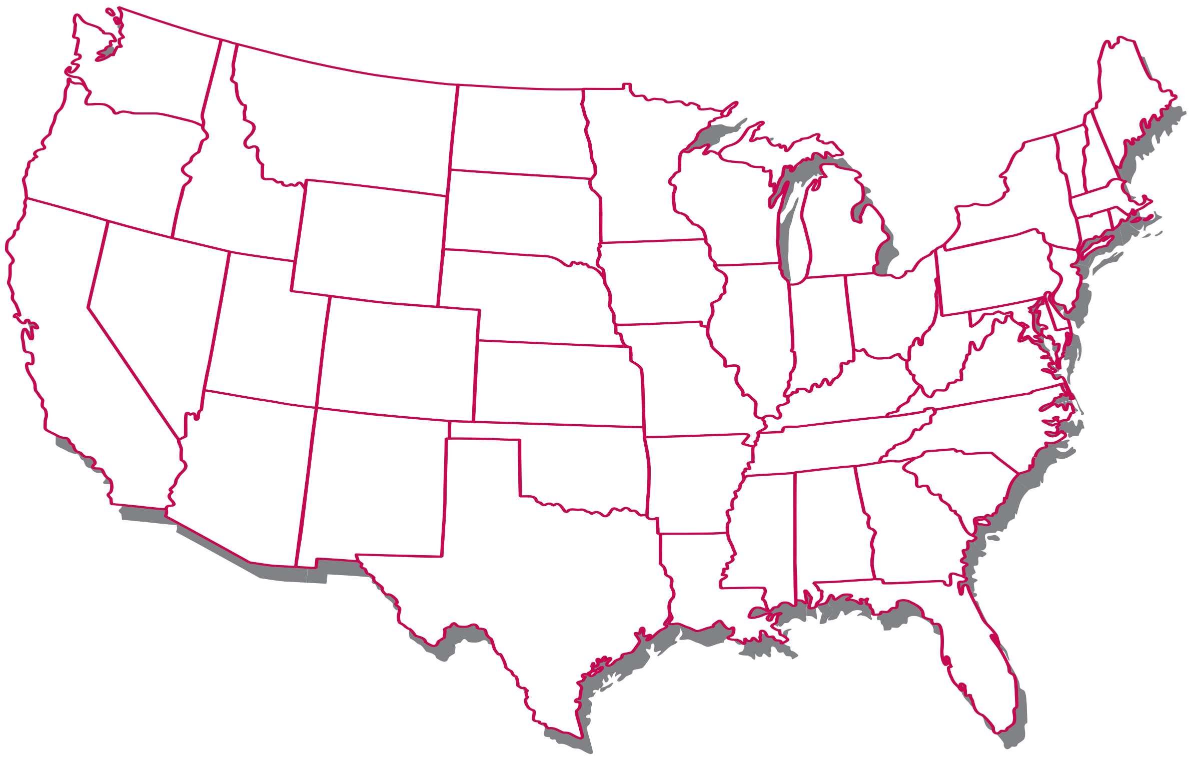
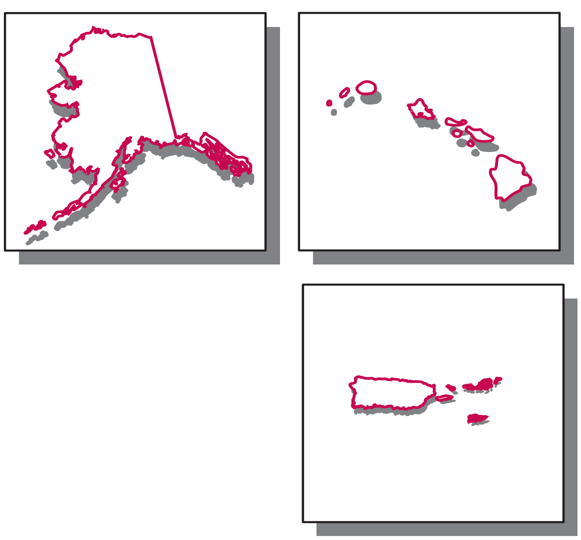
Regional Activity

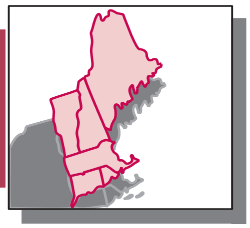




The following summaries of housing market conditions and activities have been prepared by economists in the U.S. Department of Housing and Urban Development's (HUD's) field offices. The reports provide overviews of economic and housing market trends within each region of HUD management. Also included are profiles of selected local housing market areas that provide a perspective of current economic conditions and their impact on the housing market. The reports and profiles are based on information obtained by HUD economists from state and local governments, from housing industry sources, and from their ongoing investigations of housing market conditions carried out in support of HUD's programs.

Regional Reports

New England



Nonfarm employment in the New England region averaged 6.94 million jobs, an increase of 45,600, or 0.7 percent, during the 12 months ending September 2006 compared with the 12 months ending September 2005. Massachusetts led the region with a gain of 23,200 jobs, matching the 0.7-percent growth rate for the region. New Hampshire, which gained 6,000 jobs, had the highest rate of growth at 1 percent. In Massachusetts, job growth was supported almost entirely by the service-providing sectors of business and professional services and education and health services, with 9,000 and 9,600 jobs, respectively. Employment growth in New Hampshire was led by a 2,200-job increase in the leisure and hospitality sector. Connecticut and Vermont reported service-providing job growth rates of 1 percent and 0.9 percent, respectively; these rates were supported primarily by the professional and business services and education and health services sectors. The only two states experiencing positive net job growth in goods-producing industries during the past year were Massachusetts, with a 1,400-job increase in manufacturing employment, and Vermont, where construction payrolls increased by 1,000 from the previous year.

The unemployment rate in the New England region remained relatively unchanged from a year ago. During the 12 months ending September 2006, the average unemployment rate was 4.6 percent, down from 4.7 percent during the previous 12 months. New Hampshire and Vermont had the lowest average unemployment rates at 3.4 percent and 3.5 percent, respectively. Connecticut had the greatest decrease in unemployment rates, from 4.9 percent a year ago to 4.5 percent for the 12 months ending September 2006.

Increasing costs for land, materials, and labor, combined with higher mortgage interest rates, have resulted in a decline in single-family home construction. During the 12 months ending September 2006, the number of single-family homes permitted in the region was down by more than 6,200 units to 35,750, a 15-percent decline compared with the previous 12-month period.

The number of single-family building permits issued declined in all states but most significantly in Connecticut and New Hampshire, where permitting levels fell by 20 and 18 percent, respectively. Vermont, with 2,425 single-family units permitted, was down only 9 percent. Although building permits were down only 15 to 20 percent in the region's major metropolitan areas of Boston, Hartford, and Providence, they were down 23 to 34 percent in the smaller metropolitan areas of New Haven, Bridgeport, and Manchester compared with the previous year.

Slowing sales, decreasing prices, and growing inventories generally characterize the New England sales markets. According to the Massachusetts Association of REALTORS® (MAR), lower levels of home sales during 10 of the past 12 months ending September 2006 resulted in a 14-percent decrease in total single-family home sales from 50,050 to 43,250 units compared with the previous 12 months. The median sales price for this period declined 2 percent to $352,050. As of September 2006, the number of single-family homes on the market increased 13 percent to 43,225 units, which is more than a 1-year supply. The Maine Real Estate Information System, Inc., reported that for the 12 months ending September 2006, total home sales were down 7 percent to 13,700 units sold from 14,675 sold during the 12 months ending September 2005. The median sales price for the state was $192,800, up 2 percent from the previous 12 months, and for Maine counties ranged from $255,000 in Cumberland County (Portland area) to $84,950 in Aroostook County on the Canadian border. The Connecticut Association of REALTORS® reported total home sales of 78,000 units during the 12 months ending June 2006, down 3 percent from the previous 12-month period. The median sales price during this period was $315,675, up 4 percent from the previous 12 months. Second quarter 2006 median sales prices for Connecticut counties ranged from $525,800 in Fairfield County (Bridgeport-Stamford area) to $210,700 in the nonmetropolitan Windham County in northeast Connecticut.

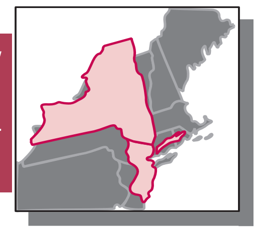
According to the Office of Federal Housing Enterprise Oversight (OFHEO), for the second quarter of 2006, price appreciation in the region was 6 percent compared with the second quarter of 2005, ranking the New England region seventh of nine Census regions and well below the national price appreciation rate of 10 percent for the same period. The OFHEO indicated that Vermont had the highest price appreciation rate in the region at 11 percent and Massachusetts had the lowest rate of appreciation at 3 percent. The lowest metropolitan area appreciation rate was less than 2 percent in the Cambridge-Newton-Framingham, Massachusetts area.

Condominium sales in the region are also slowing. During the 12 months ending September 2006, MAR reported 20,900 sales in Massachusetts, down 8 percent from the previous 12 months. The median condominium sales price for the same period was $274,800, virtually unchanged from the previous 12-month period. The number of condominium units for sale increased 17 percent from September 2005 to more than 20,700 units currently on the market. According to the Listings Information Network, condominium sales in downtown Boston were down 20 percent in the third quarter of 2006 compared with the third quarter of 2005. The median sales price was down 7 percent to $419,000 during the same period.

Multifamily building activity, as measured by the number of building permits authorized, was essentially flat in the region at 15,550 units during the 12 months ending September 2006 compared with the previous 12 months but was up 12 percent from the same period ending September 2004. As in the recent past, most of this activity was located in the more urban markets of the southern New England states of Massachusetts, Connecticut, and Rhode Island. The Boston metropolitan area continues to support additional units, accounting for more than 55 percent of the regional production of multifamily housing during the past 12 months. The number of multifamily units permitted in Hartford was up 9 percent from the previous year to 950 units in the 12 months ending September 2006. The urban Rhode Island markets are thriving with 1,450 multifamily units permitted in the Providence metropolitan area, up 28 percent compared with the previous year. Several multifamily projects are under way in Kent and Providence Counties, Rhode Island, and in Bristol County, Massachusetts.

Rental markets in New England have remained balanced during the third quarter of 2006 as the absorption of new units has resulted in a slight decline in occupancy rates and small rent increases. According to Reis, Inc., about 1,650 new rental units came on line in the major New England markets of Boston, Hartford, Providence, Fairfield County, and New Haven. The third quarter 2006 average rental vacancy rate for the region is 4.4 percent, virtually unchanged from the third quarter 2005 rate. Individual market vacancy rates range from 3.2 percent in Fairfield County to 5.3 percent in New Haven. Vacancy rates for all these areas have been on a downward trend for the past several years. Increases in rental rates averaged just over 1 percent from the previous quarter and just under 3 percent from a year ago. Moderate job growth has supported the absorption of the limited number of rental units delivered over the past couple of years; however, Reis, Inc., projects that more than 2,600 rental units will be completed during the fourth quarter of 2006 and that almost 5,500 rental units will be completed in 2007. It is anticipated that additional job growth in excess of 1 percent annually will be necessary for the successful absorption of this higher level of new units.

New York/ New Jersey



Employment in the New York/New Jersey region increased moderately through the third quarter of 2006 primarily due to gains in service-providing industries. For the 12-month period ending September 2006, employment in the region increased by 110,000 jobs, or 0.8 percent, to 12.7 million. Total nonfarm employment in New York increased by approximately 70,000 jobs, or 0.8 percent, to 8.6 million for the 12-month period ending September 2006 compared with 1 year ago. During this period, employment in New Jersey increased by almost 40,000 jobs, or 1 percent, to 4.1 million. Reduced home sales and increasing housing inventories have resulted in many market areas returning to a more balanced condition after record levels of sales during the past 4 years.

Employment in New York state continued to increase, largely due to job gains in New York City, which has been adding jobs during the past 2 1/2 years. During the 12-month period ending September 2006, nonfarm employment in the city increased by 55,000 jobs, or 1.5 percent, to 3.6 million compared with the previous 12 months. The high-wage securities industry and other Wall Street firms were major contributors to this growth as the financial activities sector added 9,800 jobs, up 2.2 percent from a year ago. Education and health services and leisure and hospitality were also notable growth sectors, adding a combined total of 26,000 jobs and increasing by 2.7 and 2.9 percent, respectively, during this period.

In most New York metropolitan areas, employment increased modestly during the 12-month period ending September 2006 compared with the previous 12 months. More than 3,800 jobs were created in the Syracuse area, a 1.2-percent increase, primarily due to gains in the professional and business services, leisure and hospitality, and education and health services sectors. In the Albany-Schenectady-Troy metropolitan area, 2,500 jobs were added, primarily in the professional and business services and leisure and hospitality sectors. Employment in the Buffalo-Niagara Falls area remained stable, as growth in service-providing sectors offset a loss of 2,400 manufacturing jobs, primarily in the automobile industry, including losses at Delphi Corporation and at certain General Motors plants. In the Rochester area, employment declined by 1.1 percent, down 5,500 jobs over the course of the year. Employment growth continued in New Jersey during the 12-month period ending September 2006, as the number of jobs increased between 1 and 2 percent compared with the previous 12 months in most metropolitan areas.

The unemployment rate in the New York/New Jersey region remained relatively unchanged during the year. In the 12 months ending September 2006, the average unemployment rate decreased nominally from 4.9 to 4.8 percent compared with a year ago. The number of unemployed workers in New York State decreased by 22,350, contributing to a 0.3-percent decline in the state's unemployment rate. During this same period, the average unemployment rate in New Jersey increased from 4.5 to 4.8 percent.

The New York City housing market remains strong. According to Prudential Douglas Elliman, a prominent real estate firm, the median price of an existing Manhattan co-op/condominium increased nearly 13 percent to $845,000 in the third quarter of 2006 compared with the same quarter in 2005. Although sales increased by almost 6 percent to 2,110 units, the listing inventory increased by more than 30 percent. Given the increase in unsold inventory, it is likely that the sales market will soften during the next year.

According to the New York State Association of REALTORS®, the median price of an existing single-family home in New York increased 6 percent to $261,000 in the 12-month period ending September 2006. During this period, the number of single-family home sales decreased approximately 5 percent to 100,900 units. The most recent information obtained from the New Jersey Association of REALTORS® for the 12-month period ending June 2006 indicated that the median price of an existing home in New Jersey increased to $365,400, up 10 percent from the previous 12 months. The median price of an existing single-family home in Northern New Jersey, the most expensive area in the state, increased more than 7 percent to $455,700. Sales of single-family homes in New Jersey declined 7 percent to 174,100 units during the past year.

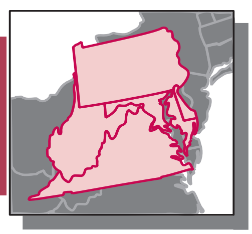
Sales of existing single-family homes in the Albany-Schenectady-Troy metropolitan area declined to approximately 9,800 units, or 7 percent, during the 12 months ending September 2006 compared with the previous 12 months, according to the Greater Capital Association of REALTORS®. Despite a decline in sales, the median price of an existing home increased 7 percent to $189,000. During this period, the inventory of unsold homes increased 9 percent to 13,900 units. Although sales in most counties of the metropolitan area decreased, all counties exhibited price increases ranging from 6 to 17 percent on a year-to-date basis. The median sales price of an existing home in Saratoga County, the most expensive county in the area, increased 6 percent to $255,000. In Rensselaer County, the median sales price of a single-family home was $170,000, a 14-percent increase compared with the past year.

According to the Buffalo-Niagara Association of Realtors®, the median price of an existing single-family home in the metropolitan area increased approximately 3 percent to $98,800 in the 12-month period ending September 2006. Total sales of existing homes declined to 10,400 units, or approximately 2 percent, although the listing inventory increased nearly 8 percent to 18,900 units. This increased supply is expected to create softer market conditions. Local job losses have affected the sales market in the Rochester metropolitan area. Year-to-date housing sales decreased 1.5 percent to approximately 7,700 units compared with a year earlier, although the area's listing inventory increased by more than 10 percent to 24,200 units. The median sales price of an existing single-family home increased nearly 5 percent to $115,000. Increased supply coupled with a weak economy is expected to soften the Rochester real estate market over the next year.

Rental housing markets are tightening throughout most of the region. An extremely tight rental market exists in New York City. Apartment vacancy rates in both Central and Northern New Jersey are also quite low. Reis, Inc., data for the third quarter 2006 indicated a 0.4-percent decline in the apartment vacancy rate in New York City to 2.5 percent, with continued rent escalation. Average monthly asking rents in New York City increased to $2,530, up more than 6 percent from a year ago. In Central New Jersey and Northern New Jersey, apartment vacancy rates decreased and remain below 4 percent, with annual rent appreciation averaging approximately 4 percent. During this period, apartment rents in Central New Jersey and Northern New Jersey increased to $1,090 and $1,400 a month, respectively. Apartment vacancy rates declined slightly to 4.9 percent in the Buffalo metropolitan area and to 4.2 percent in the Rochester area. In both the Buffalo and Rochester areas, average asking rents increased by 2 percent to $680 and $710 a month, respectively, in the third quarter of 2006 compared with the same quarter in 2005. In the Syracuse metropolitan area, Reis, Inc., data indicated that monthly asking rents increased by less than 1 percent and the apartment vacancy rate increased from 4.3 to 5.1 percent.

Reduced home sales and increasing inventories have affected both single-family and multifamily construction activity in the region. In the 12-month period ending September 2006, 7,700 fewer residential building permits were issued in the region, an 8-percent decline to 89,200 units compared with a year ago. Single-family construction in the region, as measured by the number of building permits issued, declined by 5,200 units, or 12 percent, during this period; multifamily development decreased by 5 percent to 49,200 units. Residential building activity decreased in both New York and New Jersey. On a percentage basis, the most significant decline occurred in New Jersey, where 3,900 fewer building permits were authorized, an 11-percent decline from a year ago. In New York State, approximately 3,800 fewer permits were issued during this period, representing a 6-percent decline.

MID-ATLANTIC



The economy of the Mid-Atlantic region continues to expand, but the rate of growth is slowing. During the 12 months ending September 2006, nonfarm employment increased by 188,300 jobs, or 1.4 percent, to 13,924,100 compared with the addition of 211,600 jobs and a growth rate of almost 1.6 percent recorded during the same period ending September 2005. The professional and business services and education and health services sectors are dominant in the economy; a combined total of 109,700 new jobs added in these sectors accounts for 58 percent of the total regional gain during the past 12 months.

All states in the region added jobs during the 12 months ending September 2006. Virginia, which had the fastest employment growth in the region during the past 3 years, reported an increase of slightly less than 2 percent, or 70,620 new jobs. The professional and business services sector added 21,375 jobs, accounting for 30 percent of new jobs in the state and 43 percent of new professional and business services sector jobs added in the region. Pennsylvania reported the addition of 55,350 jobs, an increase of 1 percent. The 30,950 jobs added in the state's education and health services sector account for 52 percent of the total regional increase in the sector. Nearly 75 percent of the growth in the state's education and health services sector was attributed to jobs added in the healthcare and social assistance sector, which were spread evenly among private medical offices, hospitals, and social service providers. Employment in Maryland grew by 36,875 jobs, or 1.4 percent; the professional and business services and education and health services sectors added almost 19,300 new jobs in the state. In the District of Columbia, the number of jobs increased by 9,675, or 1.4 percent, despite a loss of 1,300 federal government jobs. Employment growth rates in Delaware and West Virginia were stable, at 1.6 percent and 1.2 percent, respectively, and reflected strength in the construction sector in both states.

Unemployment rates throughout the Mid-Atlantic region decreased as the economy continued to expand. The annual average unemployment rate in the region declined from 4.5 to 4.1 percent in the 12 months ending September 2006 compared with the same period a year ago.

Despite continued economic expansion, housing markets throughout the region were generally characterized by declining sales volume, increased inventories, and moderate increases in home prices as buyers responded to upward pressure on interest rates. According to the Maryland Association of REALTORS®, approximately 83,900 existing homes were sold in the state during the 12 months ending September 2006, a decrease of almost 19 percent compared with the 103,100 homes sold during the comparable period ending September 2005. The average monthly inventory of homes for sale doubled from 15,100 to 32,400 units during the year. Prices continued to rise but at a slower rate than during the periods ending September 2005 and 2004, when increases averaged 20 and 17 percent, respectively. The average home price in Maryland rose by slightly more than 9 percent to $356,300 from $326,150 a year ago. In the Maryland suburbs of the Washington, D.C. metropolitan area, 27,365 homes were sold during the 12 months ending September 2006 at an average price of $430,100, reflecting an 18-percent decrease in sales but a 9-percent increase in price during the year. The number of homes sold in the Baltimore metropolitan area also declined 18 percent to approximately 37,800 homes sold at an average price of $309,250, an increase of 10 percent from the average price of homes sold during the 12 months ending September 2005.

Sales volume declined throughout Virginia, but the 29-percent drop in the number of homes sold in the Northern Virginia suburbs of the Washington, D.C. metropolitan area was the most dramatic change. According to the Virginia Association of REALTORS®, 118,400 existing homes were sold in the state during the 12 months ending September 2006, a decline of 16 percent from the number sold during the previous 12-month period. The average home price in the state was $277,200, 10 percent higher than a year ago. A total of 27,800 homes were sold in Northern Virginia through September 2006, a decline from the 39,300 sold during the comparable 12-month period in 2005. Average home prices in Northern Virginia remain the highest in the state at $538,750, up almost 5 percent, but the rate of increase was significantly less than the 23-percent increase reported between 2004 and 2005. The volume of sales in the Richmond metropolitan area, at 16,000 homes, was 3 percent less than the 16,500 homes reported sold during the 12-month period ending September 2005. The average price of an existing home in the Richmond area rose by 14 percent to $263,100.

The Pennsylvania Association of REALTORS® reported continued strength in the sales market in the state with 248,100 existing homes sold through the 12 months ending June 2006 (the most recent data available), up 6 percent from the number of homes sold during the same period a year ago. During the past 3 years, Pennsylvania accounted for almost 40 percent of all sales of existing homes in the Mid-Atlantic region and it was the only state to report increased sales during the 12 months ending in June. The average price of an existing home rose 14 percent to $229,650 during that period. According to the NATIONAL ASSOCIATION OF REALTORS®, the number of homes sold in Delaware, West Virginia, and the District of Columbia declined by 3, 13, and 16 percent, respectively, during the 12 months ending June 2006.

Homebuilding activity in the Mid-Atlantic region declined as builders responded to slowing sales and an increase in the cancellation of contracts by cautious buyers. Single-family building activity in the region, as measured by the number of permits issued, fell almost 11 percent to approximately 109,550 homes in the 12 months ending September 2006 compared with the previous 12 months. In Pennsylvania, the number of building permits issued declined by 600, or only 2 percent, to a total of 35,250 homes. During the past year, the production of homes in the smaller metropolitan and nonmetropolitan areas in the state has almost doubled because of lower construction costs. The number of homes permitted in Virginia during the past year was 42,025, or 16 percent fewer than the number permitted a year ago, but the state continued to account for the largest number of new homes in the region at 38 percent. Production fell in Maryland, where the decline in the number of building permits issued for new homes equaled 2,500, or 10 percent, for a total of 21,600 permits. During the 12 months ending September 2006, production declined in all the major metropolitan areas in the region and almost all the smaller areas. The number of single-family building permits issued in the Washington, D.C. metropolitan area declined 24 percent, or 6,100 homes, to 19,700 units and in the Philadelphia metropolitan area fell 16.5 percent to 12,700 units from the same period a year ago.

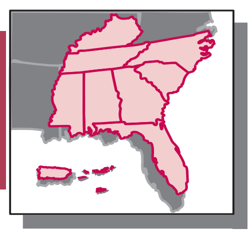
During the 12 months ending September 2006, 24,060 multifamily units were permitted in the Mid-Atlantic region. Activity declined by 3,300 units, or 12 percent, compared with the period ending September 2005. Delaware and Pennsylvania had a combined increase of 1,250 units permitted, but that increase was offset by a combined decline of 4,500 units in Maryland, Virginia, and the District of Columbia. Multifamily building activity declined in all the largest metropolitan areas in the region, led by Richmond, where 400 units were permitted, almost 1,000 fewer than the number permitted during the 12 months ending September 2005.

The largest rental markets in the Mid-Atlantic region have tightened during the past 12 months because of the decrease in both apartment construction and condominium conversions and because increased interest rates have reduced the numbers of renters moving to homeownership. In the Philadelphia metropolitan area, apartment vacancy rates have declined but remain above the balanced market rate as developers continue to actively market new units in projects. According to Delta Associates, apartment vacancy rates fell from 12 percent in September 2005 to slightly below 9 percent in September 2006 as approximately 1,200 units are being marketed in new projects. Half the units in lease-up were in Montgomery County, Pennsylvania, where the vacancy rate was 16 percent, down from 17 percent in September 2005, and concessions were at 6 percent of rents, up from 3 percent a year ago.

According to Delta Associates, the vacancy rate for apartments in the Baltimore metropolitan area decreased from 8 percent in September 2005 to 4 percent in September 2006. In Baltimore city, rental conditions were still soft with a vacancy rate of almost 9 percent but were improved from a year ago when the rate was almost 20 percent. Continued job growth in the metropolitan area, increased interest rates, and concessions in the city that were 2.5 times higher than those in the suburbs all contributed to lowering the vacancy rate.

In the Washington, D.C. metropolitan area, the garden apartment rental market remained tight. According to Delta Associates, the vacancy rate for Class A garden apartments was 3.7 percent in September 2006 compared with 3.5 percent a year ago. Apartment vacancy rates for Class A highrise units in the District of Columbia and Northern Virginia increased from 3.6 and 1.4 percent, respectively, in September 2005 to the current rates of 6.5 and 6.4 percent, respectively, as approximately 1,300 new units are being marketed. Vacancy rates in the Maryland suburbs declined to 0.8 percent from 1.6 during the same period. Rents in the Washington, D.C. metropolitan area average $1,400 for garden units and $2,000 for highrise apartments.

SOUTHEAST/ CARIBBEAN



The economy of the Southeast/Caribbean region continued to expand during the third quarter of 2006. Total nonfarm employment increased by 572,300 jobs, or 2.2 percent, to 26,660,200 jobs for the 12 months ending September 2006. The professional and business services, trade, and leisure and hospitality sectors accounted for 58 percent of the 503,700 new service-providing jobs added during the past 12 months. In the goods-producing sector, the addition of more than 91,000 construction jobs offset a decrease of 25,400 manufacturing jobs.

All eight states in the region recorded gains in nonfarm employment during the past 12 months. Florida accounted for nearly half the growth, adding 274,300 new jobs, a strong 3.6-percent increase compared with the preceding 12 months. The construction sector in Florida gained 49,100 jobs, a significant increase of 8.8 percent. Reflecting the strong tourism industry, the leisure and hospitality sector increased by 34,300 jobs. In Georgia, nonfarm employment grew by 86,100 jobs during the past 12 months; most of the growth occurred in the professional and business services sector. In Alabama, a 5-percent gain in the professional and business services sector contributed to a 2-percent growth rate in nonfarm employment for the state, an increase of 38,900 jobs. Mississippi continues to recover from Hurricane Katrina, but recent economic growth has been modest. A comparison of third quarter 2005 and third quarter 2006 nonfarm employment in Mississippi indicates an increase of 9,000 jobs to 1,134,000. In the third quarter of 2006, statewide leisure and hospitality employment, which includes Gulf Coast casinos and resort hotels, was 4.7 percent below year-ago levels. In the Gulfport-Biloxi metropolitan area, leisure and hospitality employment remained 35 percent below prior-year levels.

The expanding economy of the region led to a 0.5-percentage-point decrease in the unemployment rate, to 4.9 percent, during the 12-month period ending September 2006. The average unemployment rates in Alabama and Florida fell below 4 percent as both states recorded strong employment growth. Conversely, unemployment rates in Kentucky and Puerto Rico increased slightly to 6.0 percent and 11.0 percent, respectively. Other states in the region recorded slightly lower unemployment rates from a year ago.

Despite the region's expanding economy, overall homebuilding activity, as measured by building permits, slowed during the past 12 months after reaching a record high level in 2005. Permits were issued for 476,000 single-family homes during the 12 months ending September 2006, a decrease of 26,100 units, or 5 percent, from a year earlier. The decrease is attributable to a significant slowing in permit activity in Florida, where 30,900 fewer homes were permitted. This decrease is in contrast to the reported increase of 27,600 homes permitted during the previous 12-month period. Most large metropolitan areas in Florida reported a decline in single-family home permits during the past 12 months. The largest decrease, 40 percent, occurred in the West Palm Beach metropolitan area where rapidly rising prices during the past few years and higher interest rates have reduced demand. Developers have reacted to rising inventories by scaling back the production of single-family homes. The strongest gains in the region were reported in Mississippi, where rebuilding from Hurricane Katrina produced a 25-percent increase in single-family home permits, and in South Carolina, where the number of homes permitted increased by 6 percent. Homebuilding in the Myrtle Beach metropolitan area reflected a 22-percent increase in building permits; the area continued to account for the largest number of building permits issued in South Carolina.

Rising mortgage interest rates have affected home sales markets to varying degrees. Rapid sales and rising prices continued in some areas while other markets recorded fewer sales, larger inventories, and lower price increases. According to data from the Florida Association of REALTORS®, statewide sales of single-family homes decreased by 28,000, or 23 percent, during the 12-month period ending September 2006 compared with the previous year. Large inventories are reported throughout the state. The median sales price for homes sold in Florida during the first 9 months of 2006 increased by 8 percent to $249,900 from $231,800 during the same period in 2005. The Mid-Florida Regional Multiple Listing Service reports that sales of single-family homes in the Orlando metropolitan area declined by 5 percent to 37,500 homes sold during the 12 months ending September 2006. According to the Alabama Real Estate Research and Education Center, 59,950 existing homes were sold in Alabama during the 12 months ending September 2006, an increase from the 58,100 existing homes sold last year. Although the average time required to sell a home declined during the past year, the average inventory of unsold homes is up 25 percent to 31,100 units compared with a year ago. The average price of homes sold in Alabama during the past 12 months was $155,400, an increase of more than 7 percent compared with the previous 12 months.

The number of homes sold statewide increased by less than 1 percent to 70,800 during the 12-month period ending September 2006, according to data from the South Carolina Association of REALTORS®. Most inland real estate associations reported double-digit percentage gains for the period. In contrast, real estate associations serving the coastal areas reported significant sales declines as second-home purchases slowed considerably, particularly for investment condominiums. Sales in the Coastal Carolinas area that includes Myrtle Beach, North Myrtle Beach, Conway, and Georgetown, decreased by 1,600 homes to 11,700 units during the 12-month period ending September 2006. Large inventories of unsold units were reported for both single-family homes and condominiums. Although on a smaller basis than the Coastal Carolinas area, sales in the Hilton Head area decreased by 1,620 to 2,725. Prices continued to rise in both these areas, however. The median sales price for homes sold in the Coastal Carolinas area during the first 9 months of 2006 increased to $214,000 from $167,000 recorded during the same period in 2005. In the Hilton Head area, the median home sales price increased from $350,000 to $377,000.

The North Carolina Association of REALTORS® reports that during the 12 months ending September 2006, 136,200 existing homes were sold in market areas covered by the multiple listing service. This figure represents a 7.5-percent increase from the previous 12-month period. Overall, the average sales price for homes sold in the state increased by 3.8 percent to $213,500. The data indicated considerable slowing of sales in the coastal areas of North Carolina as the result of a weakened second-home market. Inland markets, however, continued to post sales increases. In Raleigh, sales of new and existing homes increased by 11 percent to 36,900 units. Sales of existing homes in Charlotte increased 5.1 percent to 38,750 units. The average sales price for homes sold in the Charlotte area increased by 17 percent to $244,100.

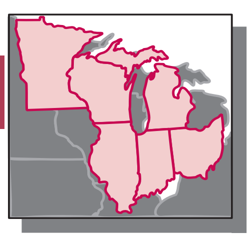
The three largest Tennessee metropolitan areas reported an increase in the number of single-family home sales during the past 12 months. Both Knoxville and Memphis reported 5-percent increases to 17,600 and 32,500 homes sold, respectively, while Nashville reported a 9-percent increase to 17,850 homes sold. Condominium sales remained active with double-digit percentage increases occurring in the three areas. Average sales prices for single-family homes and condominiums continued to increase in each of the markets. In response to strong sales activity, condominium developments have increased in downtown Memphis. According to the Center City Commission, as of September 2006, 485 condominiums are under construction in the downtown area, 1,765 units are planned, and 311 apartment units are being converted to condominiums.

Multifamily construction, as measured by the number of building permits issued, decreased during the past 12 months in the region, although activity in local markets varied considerably. The number of multifamily units permitted in the region declined by 15,000, or 11 percent, to 120,800 during the 12 months ending September 2006. In Florida, where multifamily building permits decreased by 14,300 units, or 19 percent, only one major metropolitan area—West Palm Beach—reported an increase. The number of multifamily building permits issued in West Palm Beach increased by 1,475, or 41 percent, as a result of an increase in condominium production. In response to modest improvement in North Carolina apartment markets, the number of multifamily units permitted in the state increased by 3,725, or 29 percent.

Most major metropolitan apartment markets in the region showed continued strengthening during the third quarter of 2006. According to surveys conducted by Reis, Inc., vacancy rates decreased, or remain unchanged, in 13 of the 17 market areas surveyed compared with the third quarter of 2005. Rapid economic and population growth continue to support the Florida apartment markets, although some easing has been observed in some markets. M/PF YieldStar reports that rental vacancies increased slightly in all three South Florida metropolitan areas during the second quarter of 2006 compared with a year earlier. The largest increase occurred in the Fort Lauderdale area, where the vacancy rate increased by 1 percentage point to 2.6 percent. Vacancy rates in the West Palm Beach and Miami areas remained relatively unchanged. The same report anticipates that a growing number of investor-owned condominiums will soften the market significantly over the next year. The effect will be much more severe if the large number of condominiums currently under construction are converted to rental developments.

In the Atlanta area, strong absorption and limited apartment production have produced a tight apartment market. M/PF YieldStar reports that the vacancy rate fell 1.2 percentage points from the third quarter of 2005 to 4.6 percent for the third quarter of 2006. The apartment vacancy rate in the Atlanta area is at its lowest level in 5 years. During the past year, 10,800 units were absorbed and 6,350 new apartment units were delivered, according to M/PF YieldStar. The tightening market also enabled property owners to raise rents and scale back concessions. During the past year, the effective rent increased by 3.3 percent to $801 a month and, of the total number of apartment properties surveyed, those offering concessions fell from 54 percent to 39 percent. In North Carolina, recent apartment surveys by RealData, Inc., indicate vacancy rate decreases in the Charlotte, Raleigh-Durham, and Greensboro–Winston-Salem areas. The 6.8-percent vacancy rate in Charlotte recorded during August 2006 is a 1.4-percentage-point improvement over the same period in 2005 and is the lowest rate recorded in the market in 6 years. Similarly, the 2.8-percent increase in average rent for the area, to $695, is the largest percentage gain in 6 years.

MIDWEST



Modest employment growth occurred in the Midwest region during the third quarter of 2006, continuing the trend of the past year. During the 12 months ending September 2006, nonfarm employment increased by 148,000 jobs, or 0.6 percent, to 24.4 million. Hiring in the construction, education and health services, leisure and hospitality, and professional and business services sectors offset losses in the manufacturing and trade sectors. Five of the six states in the region recorded job gains; Michigan was the exception. According to an August 2006 forecast by the University of Michigan, the continued restructuring of the automobile industry contributed to the stagnant labor market in the state, a trend that is expected to continue until late 2008.

The economy in Illinois has been strengthening for the past 2 years, with nonfarm employment increasing by 68,000 jobs annually during the past 24 months ending September 2006. The strong economy in Illinois is expected to add another 60,000 jobs annually in the next 5 years. According to state estimates, the increase in employment is expected to occur primarily in the professional and business services, information, finance and insurance, and wholesale trade sectors. Private surveys of business conditions in the third quarter of 2006 showed that local economies continued to expand in the Chicago, Cleveland, Cincinnati, and Minneapolis-St. Paul metropolitan areas compared with the third quarter of 2005. Because of the strengthening economy in the Midwest, the average unemployment rate in the region decreased to 5.1 percent for the 12 months ending September 2006, down from 5.5 percent for the previous 12-month period.

Sales of existing homes in the Midwest region slowed during the second quarter of 2006, primarily because of higher interest rates. According to the NATIONAL ASSOCIATION OF REALTORS®, sales activity for existing homes in the region was down 7 percent to an annual rate of 1.13 million homes during the quarter compared with the second quarter of 2005. Sales activity was down in all states except Indiana, where the number of existing homes sold increased by 4 percent. Preliminary information for the third quarter of 2006 indicates that sales of existing homes continued to slow in most areas of the region. The Ohio Association of REALTORS® reported that the sales market eased in the third quarter of 2006. The 109,200 existing homes sold in the state during the first 9 months of the year indicate the sales pace was down only slightly compared with the record sales pace of the first 9 months of 2005. The Illinois Association of REALTORS® indicated that existing home sales for the first 9 months of 2006 were down 5 percent from the high levels recorded in 2005. Contributing to the decline in sales activity was a 9-percent decrease in the Chicago metropolitan area. In Michigan, sales of existing homes for the first 9 months of 2006 were down 13 percent because of the slow economy. Sales activity for existing homes was down 16 percent in the Minneapolis-St. Paul area. The strengthening economy in the area, however, is expected to boost home sales in 2007, according to Twin City industry sources.

Homebuilding activity in the region declined as builders responded to slowing sales in most markets. Single-family building permits issued during the 12 months ending September 2006 were down 17 percent to 183,900 units compared with the previous 12 months, well below the 227,600 units averaged during the previous 2 years. All states in the region showed declines in single-family activity, with Michigan accounting for one-third of the decrease.

Builders in Michigan, particularly those in Detroit and Grand Rapids, are pulling back from the 5-year high levels of homebuilding due to the weak economy. In the Detroit-Ann Arbor area, builders started construction on approximately 13,500 homes in the 12 months ending September 2006 compared with 22,000 units in the previous 12-month period.

In Minnesota, the Builders Association of the Twin Cities also reported a slowdown in home construction in 2006, but builder optimism remains high because of continued strengthening in the local economy. In the first 9 months of 2006, building permit activity was down 22 percent in the Minneapolis-St. Paul area to 13,100 units compared with 10,100 units for the first 9 months of 2005.

Residential construction activity in the Chicago area was mixed during the past 12 months. In the city of Chicago, building permit activity was up 57 percent to 14,800 units because condominium development in downtown Chicago remained strong. In the first 9 months of 2006, new condominium development in downtown Chicago was up 18 percent to 5,700 units compared with 4,800 new condominium units constructed in the first 9 months of 2005. If this pace holds steady through the fourth quarter of 2006, the construction of new condominium units in 2006 will set another record. Sales of new condominium units in the first 9 months of 2006 remained strong, with approximately 3,500 units sold compared with 3,700 units sold in the first 9 months of 2005. In contrast, building permits issued in suburban areas were down 14 percent to 31,000 units in the 12 months ending September 2006. Building permit activity for single-family homes accounted for 85 percent of the decline.

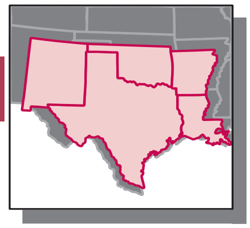
The market for seniors housing has been active in the Midwest region. The American Seniors Housing Association's *2005 Construction Report* ranked Illinois, Minnesota, and Michigan in the top 10 states for the construction of seniors housing. In Illinois, developer response has been strong to the state's supportive living facility program for frail seniors. More than 5,100 units were constructed in the state during the past 6 years, and applications for another 6,000 units were received for assisted-living-type services. In 2005, Chicago and Minneapolis-St.Paul were among the five most active metropolitan areas for seniors housing, with approximately 1,700 and 1,500 units, respectively, under construction. Although the market for seniors housing in the Minneapolis-St.Paul area remains strong, the industry has become more competitive because of increased production since 2000. Approximately 10,000 units were completed in the Twin Cities area during the past 6 years compared with 8,500 units built during the 1990s. Another 1,500 units for seniors are expected to come on the market by the end of 2006.

Multifamily construction in the Midwest region, as measured by the number of building permits issued, was down 5 percent to 55,200 units for the 12-month period ending September 2006 and 9 percent below the 62,200 units averaged annually since 2000. Activity continued to vary widely by state. In Indiana and Ohio, multifamily building permits were down 21 percent in both states to 5,100 and 8,100 units, respectively, which offset an increase of 24 percent in Illinois to 21,800 units. Multifamily activity in Michigan and Wisconsin declined by approximately 17 percent in each state to 5,800 and 7,500 units, respectively, and in Minnesota activity was down 8 percent.

Conditions tightened in most major apartment markets in the region as of the third quarter of 2006 compared with the third quarter of 2005. In the nine Midwest market areas surveyed by Reis, Inc., all but the Dayton and Detroit market areas recorded modest declines in apartment vacancy rates. Because of the slow economy, the Detroit-Ann Arbor rental market is expected to remain somewhat soft through the first half of 2007.

Downtown Chicago's apartment market continued to tighten in the third quarter of 2006 due to increased demand for apartments and limited production of new units. The apartment vacancy rate was more than 3 percent compared with more than 5 percent in the third quarter 2005. Similar tightening in the suburban apartment market is occurring because of strengthening in the local economy. In Ohio, the apartment vacancy rate in both Columbus and Cincinnati was 8.1 percent in the third quarter of 2006. The increased demand for apartment units in the Cleveland area has boosted rents by 2 to 3 percent during the past 12 months. Despite soft market conditions in the Indianapolis area, CB Richard Ellis reported that more than 2,000 apartment units are expected to come on the market in 2006, double the number of units that entered the market in 2005.

SOUTHWEST



Nonfarm employment in the Southwest region averaged 15.2 million jobs during the 12 months ending September 2006, an increase of 172,200 jobs, or 1.1 percent, compared with the previous 12 months. Job growth was strongest in Texas, where nonfarm employment rose by 2.7 percent, or 258,600 jobs. Oklahoma recorded an increase of 33,400 jobs, or 2.2 percent, led by a gain of 7,200 jobs in the government sector and 5,400 in the trade sector. In New Mexico, nonfarm employment increased by 2.8 percent, or 22,300 jobs, with 20 percent of those new jobs in the construction sector. Arkansas added 16,100 jobs, an increase of 1.4 percent. The effects of Hurricanes Katrina and Rita continued to impede job growth in Louisiana, but year-over-year monthly losses have declined in recent months. During the 12 months ending September 2006, the natural resources and mining sector in Louisiana increased by 2,000 jobs, or 4.7 percent, making it the first sector to increase since the hurricanes occurred. Unemployment continued to decrease in the region. During the 12 months ending September 2006, the unemployment rate dropped below 5 percent for the first time in more than 5 years to an average of 4.6 percent, down from 5.4 percent a year earlier.

Job growth was greatest in the metropolitan areas of the Southwest region. During the 12 months ending September 2006, employment in Austin-Round Rock grew by 3.4 percent, or 23,500 jobs; the Dallas-Plano-Irving area recorded an increase of 3.3 percent, or 64,800 jobs; and the Houston-Sugar Land-Baytown gained 3.1 percent, or 71,200 jobs. Large metropolitan areas that recorded job growth of between 2 and 3 percent during the past 12 months included San Antonio, Fort Worth, and Oklahoma City. Employment also increased in smaller metropolitan areas, led by Fayetteville at a 4.1-percent rate, Baton Rouge at 4.2 percent, and Shreveport at 3.5 percent. The recent economic recovery continued in Tulsa as the number of jobs increased by 2.9 percent to 419,500 during the 12 months ending September 2006. The job level in Tulsa is now above the previous record level reached 5 years ago.

Although overall employment gains were modest, residential construction activity in the Southwest region, as measured by the number of building permits issued, remained strong during the past quarter. The 283,000 units permitted during the 12 months ending September 2006 represent an increase of 16,500 units, or 6 percent, compared with the previous 12 months and an increase of 16 percent compared with the number of permits issued during the 12 months ending September 2004. A gain of 17,300 building permits in Texas more than offset declines of 2 to 4 percent in Arkansas, New Mexico, and Oklahoma. In Louisiana, a 2-percent increase in activity, or 500 units, was recorded. Mirroring the strong employment growth in metropolitan areas, the number of units permitted during the past 12 months was 35 percent higher in the Austin metropolitan area, 12 percent higher in the Houston area, and 9 percent higher in the Dallas-Plano-Irving area compared with the previous 12-month period.

During the 12 months ending September 2006, approximately 226,600 single-family homes were permitted in the region, 12,800 units more than were permitted during the 12 months ending September 2005. The number of single-family homes permitted in Texas increased by 12,900 units, or 8 percent, to a total of 168,300 homes. In Louisiana, building permits were issued for 20,400 homes, an increase of 600 units, or 3 percent, compared with the 12 months ending September 2005. Single-family building activity in Oklahoma was steady at 14,900 homes. A decrease of 550 homes permitted, or 4 percent, was reported for New Mexico, and a decrease of 1 percent occurred in Arkansas.

Strong employment growth and steady interest rates supported continued record home sales in Texas. According to the Real Estate Center at Texas A&M University, more than 282,500 homes were sold during the 12 months ending September 2006, an 8-percent increase compared with the previous 12-month period. The inventory of existing homes for sale during the past 12 months averaged 113,200 units, down 2 percent compared with the previous period. The Houston area recorded 79,400 home sales between October 2005 and September 2006, an increase of more than 11 percent compared with the 12 months ending September 2005. Home sales in the Dallas area totaled 60,700 units, an increase of 3 percent, and sales in San Antonio totaled 25,400 units, up 9 percent. The Austin area recorded 29,500 home sales, a 13-percent increase compared with the previous 12 months. The 11,200 home sales recorded in Fort Worth represented an increase of 10 percent. In Albuquerque, sales levels were flat, and in Arkansas, where employment growth has slowed, home sales were down 4 percent in the Little Rock area and down 7 percent in the Fayetteville area.

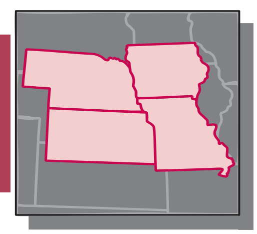
The average sales price in Texas was up 7 percent to $183,100 for the 12 months ending September 2006 compared with the previous 12 months. In comparison, between 2000 and 2005, the average annual sales price increased less than 4 percent. Prices increased in all the largest metropolitan areas in Texas. During the past 12 months, the average home sales price in El Paso rose 18 percent to $142,600, surpassing that of the Fort Worth area, which increased 4 percent to $136,500. The average home price increased by 10 percent in both the Austin and San Antonio areas to $226,700 and $167,400, respectively. The average home price rose 7 percent in Houston to $194,400 and rose 5 percent in Dallas to $209,700.

Increases in the number of multifamily units permitted in the three biggest housing markets during the past 12 months caused the Southwest region to gain 48,500 units, or 6 percent. Multifamily building permits increased by 11 percent in Texas and 3 percent in Louisiana. Elsewhere, declines of 5 to 10 percent were recorded in Arkansas, New Mexico, and Oklahoma. In the metropolitan areas, the number of multifamily units permitted increased by 95 percent in Austin to 7,650, by 17 percent in Dallas-Fort Worth to 12,100, and by 17 percent in Houston to 12,600. The units permitted in Austin include nearly 3,000 condominium units, almost 1,400 of which are being constructed in downtown Austin. In San Antonio, where occupancy has been flat, the number of units permitted dropped by 3,000 units to 4,800 units for the 12 months ending September 2006 compared with the previous 12-month period.

Rental market conditions continue to improve in a number of major metropolitan areas in the Southwest region. According to ALN Systems, Inc., apartment occupancy in Dallas was up 2.5 percentage points from a year ago to 90.4 percent and the average rent rose 1 percent to $733. In San Antonio, the average rent increased 2.8 percent to $665. In Austin, employment growth and new household formation helped increase occupancy by 2 percentage points to 93 percent and raise average rents by 5 percent to $747. In the Houston area, occupancy was 95 percent after the hurricanes occurred; this figure has since declined to 90 percent, but the increase in average rents has continued. During the past 12 months, Houston registered a 4-percent increase in average rent to $702. Occupancy in Fort Worth remains below 90 percent; however, the average rent has increased 2 percent to $651. Concessions of 1 month's rent or more on a 12-month lease are still common. Occupancy rates are likely to decline and rent increases are expected to slow in the largest metropolitan areas of Texas as a result of high levels of construction. An estimated 14,000 units are under construction in each of the Houston and Dallas-Fort Worth areas, at least 8,000 units are under way in Austin, and more than 5,000 units are being built in San Antonio.

In Albuquerque and Little Rock, where apartment markets are balanced, third quarter 2006 vacancy rates were 6.2 and 6.4 percent, respectively, relatively unchanged from the third quarter 2005, according to data from Reis, Inc. During the past 12 months, average rents increased 3.3 percent in Albuquerque to $644 and 2.5 percent in Little Rock to $598. In Oklahoma City and Tulsa, the apartment markets remain soft. The apartment vacancy rate in Oklahoma City was 8.7 percent in the third quarter of 2006, relatively unchanged from a year ago, and the average rent rose 2.7 percent to $496. In Tulsa, the vacancy rate decreased from 9.9 percent to 9.3 percent, but the average rent rose less than 1 percent to $528.

Great Plains



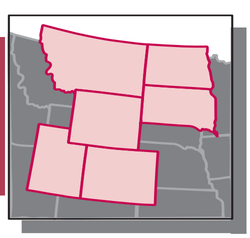
The economy of the Great Plains region continued a 2-year period of expansion during the third quarter of 2006, but the rate of growth is slowing. During the 12-month period ending September 2006, nonfarm employment increased by 76,000 jobs, or 1.2 percent, to 6,538,700 compared with the addition of 85,200 jobs, or a 1.3 percent increase, during the comparable period ending in 2005. The education and health services, professional and business services, and government sectors led employment gains during the past 12 months, accounting for 56 percent of the total regional gain. Jobs were added in all states in the region. Employment increased in Iowa and Nebraska by 1.8 percent, or 26,700 and 16,400 jobs, respectively; in Missouri by 1.0 percent; and in Kansas by 0.4 percent. The average unemployment rate in the Great Plains region declined from 5.0 percent during the 12 months ending September 2005 to 4.4 percent for the 12 months ending September 2006. This rate ranged from a low of 3.4 percent in Nebraska to a high of 4.9 percent in Missouri.

Despite relatively stable economic conditions and affordable home sales prices, new single-family home construction activity, as measured by the number of building permits issued, continued to slow during the third quarter of 2006 due to higher interest rates and rising inventories of new homes available for sale. During the 12-month period ending September 2006, building permits were issued for approximately 50,000 single-family homes, down nearly 7,200 units, or 7 percent, compared with the previous 12 months. Single-family housing construction was down across the region. Missouri, where building permits were down by 4,190 units, or 6 percent, accounted for nearly 60 percent of the regional decline. Iowa recorded the largest percentage decrease at 19 percent, or approximately 1,800 units. In both Nebraska and Kansas, the number of homes permitted declined 7 percent.

Sales of existing homes slowed notably throughout the Great Plains region as of the third quarter of 2006. According to the Heartland Board of REALTORS®, sales of existing homes in Kansas City declined 3 percent to 35,500 units for the 12-month period ending September 2006 compared with the same period in 2005, and the average sales price was $181,000, down 1 percent. The Omaha Board of REALTORS® reported that sales of existing homes decreased by 2 percent to 10,400 units sold in the metropolitan area but that the average home sales price increased 2 percent to approximately $174,200.

Multifamily construction, as measured by the number of building permits issued, continued to increase in the region in response to improving rental market conditions. Construction was up 17 percent with nearly 12,000 units permitted during the 12-month period ending September 2006. Rental vacancy rates in the major metropolitan areas registered very little change from the previous quarter. The rental markets in Kansas City, St. Louis, and Omaha remained in the 7-percent vacancy range during the third quarter of 2006. The average rent per unit in the metropolitan area increased to $710, approximately 2 percent over the average rent of the past year. Rents throughout the region remained relatively flat.

Rocky Mountain



The economy of the Rocky Mountain region continued to grow stronger during the third quarter of 2006. For the 12 months ending September 2006, average nonfarm employment increased by 135,900 jobs, or 2.9 percent, to 4,896,200 jobs. In Utah, one of the fastest growing states in the nation, employment gains totaled 52,300 jobs, or 4.6 percent. The 48,300 jobs gained in Colorado represent the second-highest growth rate in the region. The strong expansion of jobs in both Utah and Colorado occurred primarily in the construction, government, and professional and business services sectors. Benefiting from rising energy prices and increased employment in the natural resources and mining sector, employment grew by 10,100 jobs in Montana and by 9,600 jobs in Wyoming. Steady gains occurred in North Dakota and South Dakota, where employment increased by 6,600 and 8,600 jobs, respectively. The annual average unemployment rate in the region declined from 4.6 to 4.0 percent for the 12 months ending September 2006 compared with the same period a year ago. The unemployment rates in all states in the region were below last year. Utah registered the greatest decline, decreasing from 4.4 percent a year ago to 3.5 percent.

Strong job growth in the region has contributed to tighter markets for office space, particularly in the Denver and Salt Lake City areas. According to CoStar Realty Information, the overall office vacancy rate for the Denver metropolitan area decreased from 15.4 percent in the third quarter of 2005 to 13.7 percent in the third quarter of 2006. The average monthly lease rate of approximately $18 a square foot was up 5 percent during the same period. Almost 1 million square feet of office space has been added to the market since the beginning of 2006, nearly twice the average amount of office space added during the previous 3 years. After two decades of minimal activity, eight office building projects totaling nearly 3 million square feet of space are planned for lower downtown Denver and will arrive on the market between 2009 and 2011. In Salt Lake City, Commerce CRG reported that in the third quarter of 2006 the office vacancy rate was 10.8 percent, down from 11.3 percent in the third quarter of 2005. Older buildings in downtown Salt Lake City are being renovated into premium office space and new speculative office buildings are planned. The developments are signs of investor confidence in the economy of both the Denver and Salt Lake City areas.

Despite a stronger economy, higher mortgage interest rates and increasing home prices have slowed home construction in the region. During the 12 months ending September 2006, the number of single-family homes permitted in the region declined by approximately 7,000 units to 63,000, a 10-percent decrease compared with the previous 12-month period. In most states, the number of single-family homes permitted fell during the 12 months ending September 2006 from the record levels recorded in 2005. The decrease in Colorado of more than 5,800 homes accounted for 80 percent of the decline in single-family permits for the region.

Sales of existing homes and home price appreciation in the Rocky Mountain region eased some during the second quarter of 2006. According to the NATIONAL ASSOCIATION OF REALTORS®, the annual rate of sales of existing homes in the region was reported at 255,200 units, a decrease of 1.4 percent compared with the rate a year earlier. Except for Montana and South Dakota, all states reported decreases in the volume of sales of existing homes. According to the Office of Federal Housing Enterprise Oversight (OFHEO) Housing Price Index, home price appreciation in the region has slowed. All states recorded annual appreciation rates below the rates recorded in the second quarter of 2005. Home price appreciation rates in Utah, Wyoming, and Montana were 15, 14, and 13 percent, respectively, exceeding the national rate of 10 percent. Indexes in North Dakota and South Dakota were slightly below the national rate, while the 4-percent rate in Colorado was the lowest in the region.

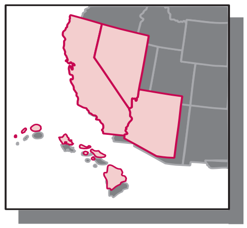
Sales markets in Utah continue to be bolstered by strong employment growth. The Salt Lake Board of REALTORS® reported that, for the 12 months ending September 2006, sales of existing single-family homes were 2 percent above the level recorded for the same period a year ago. The average home sales price increased by 20 percent during the period to $258,700 and the inventory of homes for sale increased by 20 percent. The increase in inventory is expected to result in a moderation of home sales price increases over the next year. Similarly, sales in the Provo-Orem area were up 12 percent for the 12 months ending September 2006, according to the Utah County Association of REALTORS®. In the higher priced resort areas of Park City and St. George, home sales declined by approximately 10 percent as buyers reacted to rapid price increases of the past few years. The average sales price of a single-family home in Park City and St. George increased by more than 35 percent to $1,030,000 and $350,300, respectively, during the past 12 months. Park City is the most expensive housing market in Utah because of limited developable land and the area's proximity to Park City Mountain Resort.

In Colorado, sales of existing homes in major market areas also have slowed. According to the Denver Board of REALTORS®, during the 12-month period ending September 2006, sales of single-family homes fell by 4 percent compared with the same period in 2005. The average sales price of an existing single-family home in the metropolitan area increased by 4 percent to $318,500, and the inventory of unsold single-family homes increased by 24 percent to 23,200 units. The Boulder Area REALTOR® Association reported that sales of single-family homes declined by 8 percent and the average sales price increased by 8 percent to $432,800. The inventory of single-family homes for sale increased by 14 percent to 3,030 units. Homes priced in both the lower and higher end ranges are taking longer to sell, while homes in the middle market segment are selling more quickly.

In the third quarter of 2006, rental markets continued to tighten throughout much of the Rocky Mountain region. During the past 12 months, the rental vacancy rate in the Denver metropolitan area declined from 5.9 to 4.2 percent, according to M/PF YieldStar. Average monthly apartment rents increased 1.4 percent to $783, with an average of $669 for one-bedroom units, $863 for two-bedroom units, and $1,096 for three-bedroom units. In the Salt Lake City area, strong job growth and limited new apartment construction contributed to tight market conditions. According to Reis, Inc., the rental vacancy rate in Salt Lake City declined from 6.0 to 5.2 percent and the average rent increased by 3.6 percent to $638, the fastest rate of increase in 3 years. The Sioux Falls Multi-Housing Association reported a rental vacancy rate of 5.2 percent, an improvement from the 7.7-percent rate recorded a year earlier. Rental markets throughout the region are expected to continue to tighten because of stronger employment growth, the relatively low number of rental units entering the market, and the higher cost of owning a home.

The number of multifamily building permits issued in the region during the 12 months ending September 2006 totaled 14,400 units, up 9 percent compared with the same period in 2005. Even though the number of building permits increased, the level is well below the 20,000 to 25,000 units that were permitted annually in the early 2000s. Multifamily building permits were issued for 6,900 units in Colorado, an increase of 20 percent compared with the previous 12-month period. This increase reflects increased demand for both rentals and condominiums, especially transit-oriented development located near light-rail stations in Denver. In Utah, multifamily building permit activity increased slightly to 3,530 units, or 3 percent, compared with the previous 12 months. Of the 10,430 units permitted in Colorado and Utah, approximately 2,100 units in Colorado and 1,800 units in Utah were permitted for apartments, offering little new supply to reverse the trend of tightening rental markets throughout the region. Condominium production was up by 20 and 30 percent in Utah and Colorado, respectively, compared with the previous 12 months.

Pacific



Economic conditions remained strong in the Pacific region through the third quarter of 2006, although the rates of job growth moderated in most areas. Nonfarm employment in the region rose 454,700, or 2.4 percent, to an average of 19,450,700 jobs in the 12 months ending September 2006. The service-providing industries accounted for more than 370,000 new jobs, led by employment growth of approximately 3 percent in both the professional and business services and the leisure and hospitality sectors, while the retail trade sector rose slightly more than 2 percent. The goods-producing sectors added about 81,000 positions due to a 6-percent increase in construction employment, which was partly offset by a slight decline in manufacturing jobs.

California accounted for 243,600 new nonfarm jobs in the 12 months ending September 2006, a gain of 1.7 percent. All sectors, except information and manufacturing, added jobs. Growth was concentrated in the professional and business services and the leisure and hospitality sectors, which together accounted for nearly 101,000 new positions. Construction employment rose 4 percent in the past 12 months, compared with a 6-percent gain in the 12 months ending September 2005. Retail trade jobs rose just 1 percent due in part to consolidations and store closings within the industry. In Arizona, nonfarm employment rose by 126,000 jobs, or 5 percent, exceeding the record pace set in 2005. Employment in the retail trade, professional and business services, and construction sectors increased approximately 6, 8, and 12 percent, respectively, in the past 12-month period. Employment in Nevada increased by 67,700 jobs, a 5.6-percent gain, in the past 12 months. Nearly 75 percent of the growth occurred in Las Vegas, led by strong growth in the construction and gambling industries. In Hawaii, nonfarm employment rose by 17,400 jobs, or nearly 3 percent, in the 12 months ending September 2006 compared with the previous 12 months.

Labor markets continued to tighten in the region due to the growing economy. The unemployment rate averaged 4.8 percent in the 12 months ending September 2006, down from 5.3 percent in the comparable 12-month period a year ago. Unemployment rates ranged from a low of 2.7 percent in Hawaii to 5 percent in California. In all states, the recent rates had declined from the 12-month period ending September 2005. Hawaii, Arizona, and Nevada all have unemployment rates below the national average.

Home sales continue to slow across the Pacific region from the record levels of recent years, primarily as a result of rising interest rates. According to the California Association of REALTORS® (CAR), sales of existing single-family homes declined 20 percent to 510,000 units in the 12 months ending September 2006 compared with a near-record sales volume in the previous 12-month period. Total sales of both new and existing homes fell 14 percent in Southern California and 20 percent in the San Francisco Bay Area in the past 12 months. CAR reported a median existing home sales price of $556,000 in the current 12-month period, a 10-percent gain well below the 18-percent increase in the previous 12 months. In the third quarter of 2006, the average time required to sell an existing home increased to 52 days from 29 days a year earlier, reflecting the continued increase in the number of listings.

In Phoenix, sales of existing and new homes fell 25 and 2 percent, respectively, in the 12 months ending September 2006 from the record year-earlier pace, according to the Phoenix Housing Market Letter. The current sales volumes are still among the top four highest levels for the area. The Arizona Real Estate Center reported a median home resale price of $260,000 in the third quarter of this year, essentially unchanged from the same quarter a year ago, and a median new home sales price of $310,000, up 20 percent from a year ago. The number of existing home listings in Phoenix has more than doubled from last year and the average time required to sell an existing home has risen from 26 days to nearly 70 days between the third quarters of 2005 and 2006, weakening the new home move-up market. Sales of existing and new homes in Las Vegas declined 21 and 26 percent, respectively, according to the Las Vegas Housing Market Letter. The median home resale price rose just 2 percent in the third quarter of 2006 from a year ago with unsold listings up 33 percent in the past year. Sales of existing homes in Honolulu declined 15 percent in the past 12 months, primarily reflecting a slowing in condominium sales. The median sales prices of existing condominiums and detached homes rose 14 and 4 percent, respectively, in the third quarter compared with a year ago.

The decline in homebuilding activity in the region continued through the third quarter of 2006 in response to slower sales demand and generally increased inventories of unsold new homes. New home building in the four-state area totaled 215,700 units permitted in the 12 months ending September 2006, down 21 percent from the previous 12 months. The largest decline occurred in California, where building permits for 115,100 new homes were issued in the past 12 months, a 24-percent decline. Home construction as measured by the number of building permits issued declined 19 percent in Arizona to 63,200 units, which is still a high level of activity. The number of homes permitted declined 12 and 13 percent, respectively, in Honolulu and Las Vegas. Phoenix, Riverside-San Bernardino, and Las Vegas are among the top 10 largest single-family homebuilding markets in the nation and account for nearly half of the homes permitted in the region.

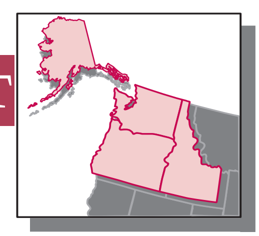
Rental markets in the region continued to be balanced to tight. Rental demand has been supported by growth in employment and in-migration and the rapid home sales price increases of recent years. In addition, apartment production has been moderate during the past year. In the San Francisco Bay Area, the apartment vacancy rate declined nearly 1 percent to 3.7 percent in the third quarter of 2006 from the same quarter a year ago, according to the RealFacts apartment survey. The average rent for larger, higher amenity rentals rose 7.5 percent in the East and West Bay submarkets and more than 10 percent in the San Jose-Silicon Valley area, the largest increases recorded since the economic boom of the late 1990s. Sacramento rental conditions remained balanced at a 6-percent apartment vacancy rate, relatively unchanged from the previous year, although the average rent rose about 3 percent in the past year.

High home prices in Southern California have helped the area remain one of the strongest rental markets in the country. During the third quarter of 2006, rental market conditions remained tight in five of the seven major counties. The vacancy rate in San Diego declined to 4 percent as newly completed units were absorbed during the quarter. Los Angeles, Orange, and Ventura Counties and southern Santa Barbara County continued to have rental vacancy rates of 4 percent or lower. The rental vacancy rates in Riverside and San Bernardino Counties remained at 7 and 6 percent, respectively, as these two counties continued to absorb the more than 6,400 units completed during the 12-month period ending August 2006. According to the Consumer Price Index covering most of Southern California, rents rose more than 5 percent during the past year.

According to the Arizona Real Estate Center, the Phoenix rental market vacancy rate for apartment buildings of 100 or more units remained low at 5 percent in the third quarter of 2006, well below the 8-percent rate measured as recently as early 2005. Average rents rose nearly 7 percent in the past 12 months, the highest increase recorded since the late 1990s. In Las Vegas, an apartment survey by CB Richard Ellis reported a 5-percent vacancy in large apartment properties. The average rent in the area increased 6 percent in the past year, and concessions fell to just more than 33 percent of the surveyed complexes compared to more than 60 percent a year ago. Strong rental market conditions in Phoenix and Las Vegas reflect rapid household growth, moderate apartment production and increased condominium conversions, and huge increases in single-family home sales prices. The Honolulu rental market remained tight with a 4-percent overall rental vacancy rate.

Multifamily building permit activity in the region declined 7 percent in the past 12 months through September 2006 to 74,200 units, fewer than 1,000 below the highest volume of units permitted since 1990. California accounted for 50,600 of the units authorized, a decline of almost 13 percent, and Arizona followed with 11,200 units permitted, relatively unchanged from the previous 12 months. The 2,075 multifamily units authorized in Hawaii were down 18 percent from the high levels of building permits issued during the previous 12-month period. In Nevada, multifamily activity rose 22 percent to 10,300 units, reflecting, in part, new condominium production in Las Vegas.

NORTHWEST



Economic conditions in the Northwest region remained strong through the third quarter of 2006. Annual nonfarm employment growth measured 3.3 percent for the third consecutive 12-month period, increasing regional employment to an average of 5.5 million jobs for the 12 months ending September 2006. Approximately 177,000 new jobs were added in the region, half in Washington, where hiring in the construction, retail trade, and leisure and hospitality sectors led gains. In Idaho, the demand for commercial space contributed to 7,000 new jobs in the construction sector. Gains in the retail trade sector also supported the 29,300 new jobs in Idaho and the fastest pace of job formation in the region, at 4.9 percent. Employment growth in

Oregon amounted to 3.4 percent, or 56,500 jobs, due to hiring in the construction, retail trade, and professional and business services sectors. Economic conditions moderated in Alaska with nonfarm employment growth of 1.5 percent, compared with 2 percent in the previous 12-month period, because of slower hiring in the construction sector and the loss of seafood processing jobs. Nonfarm employment gains in Alaska were led by the mining sector because of hiring in the oil and gas industries. New jobs in the retail trade and education and health services sectors also added to employment increases in Alaska. Steady job growth caused the average regional unemployment rate to decline to 5.1 percent compared with 5.8 percent for the 12 months ending September 2005. Unemployment rates ranged from 3.4 percent in Idaho to 6.8 percent in Alaska.

The housing sales markets throughout much of the Northwest region began to move toward more balanced conditions during the third quarter of 2006, following 3 years of rapid sales and price increases. In Washington, sales of existing homes in the Puget Sound area markets, declined 5 percent to 67,800 units for the 12 months ending September 2006 compared with the record level of sales set during the previous 12 months, according to Northwest Multiple Listing Service data. Sales of existing homes were down 7 percent in the Seattle area, 1 percent in the Tacoma area, and 11 percent in the Bremerton area. Most of the sales decline in these markets occurred during the June-through-September 2006 period based on monthly year-over-year data. Olympia was the only Puget Sound market where home sales increased during the past 12 months, up 7 percent.

Home prices in the Puget Sound area continued to increase during the past 12 months but slowed during the end of the period. The average sales price for existing homes rose by 13 percent or more to $459,000 in the Seattle area, $333,000 in the Bremerton area, and $300,000 in the Tacoma area for the 12 months ending September 2006 compared with the previous 12 months. In the Olympia area, the average sales price for an existing home was $281,000, a 19-percent gain. Average sales prices for existing homes were either flat or declined between June 2006 and September 2006, a trend that is expected to continue in the Puget Sound area during the next 12 months. New home average sales prices increased as much as 21 percent during the past 12 months ending September 2006 but were also down or flat during the past few months. The number of new homes sold through the Northwest Multiple Listing Service during the past 12 months was down 4 percent in the Seattle area and 16 percent in the Kitsap area, but the number increased 32 percent in the Olympia area and 9 percent in the Tacoma area. The strength of the Olympia and Tacoma markets was partly due to the efforts of several builders who targeted military buyers with new homes priced below $300,000.

Oregon sales market conditions were similar to those in Washington, with closings on new and existing homes in major markets down 5 percent to 73,200 units for the 12 months ending September 2006 compared with the previous 12-month period, based on data from the Residential Oregon Multiple Listing Service. The Oregon average home sales price increased 15 percent to $291,000, with the highest average in the Portland area, at $316,000, where sales declined 9 percent. In Clark County, Washington, sales fell 11 percent, but the average home price increased to $288,300, a 16-percent gain. The largest sales decline occurred in the Medford, Oregon area, down by 40 percent, or 2,250 homes. The average price in the Medford area for the 12 months ending September 2006 was $274,800, up 19 percent. In Coos County, Oregon, the average home sales price increased 18 percent to $181,000, but sales declined by 141 homes, or 22 percent. Sales in nearby Douglas County declined by 15 percent, or 310 homes, while the average sales price increased 15 percent to $184,600.

Idaho sales market conditions were strong overall during the past 12 months, but slower sales and rising inventories began to appear near the end of the period. Sales of new and existing homes in the Boise metropolitan area totaled 17,500 units for the 12-month period ending September 2006, up 4 percent compared with the previous 12-month period. Home sales began to slow in mid-2006 and by August were down 28 percent compared with the total sold in August 2005. The inventory of new and existing homes for sale increased by 20 percent in the Boise metropolitan area during the May-through-August 2006 period compared with the same period in 2005. Despite the slower sales and increased inventory, the average home sales price rose 20 percent to $227,000 during the 12 months ending September 2006 compared with the previous 12 months. Local REALTORS® expect a continuation of the slower sales trend and moderate price increases during the next year in the Boise area. The Coeur d'Alene and Twin Falls areas also experienced slower conditions, while sales market conditions remained strong in the Idaho Falls, Lewiston, and Moscow areas.

In Anchorage, home sales declined 7 percent to 3,100 units for the 12 months ending September 2006 compared with the previous 12 months, according to data from the Anchorage Multiple Listing Service. The average home sales price was $310,600, a 9-percent increase. The rate of price appreciation has slowed moderately in the Anchorage area, down from a 12-percent increase in September 2005.

The trend toward more balanced sales market conditions that has developed in much of the Northwest since June 2006 caused a decrease from the previous 12 months' record building permit levels in every state except Alaska, where permit activity increased 3 percent. Single-family housing construction activity, as measured by the number of units permitted, decreased 8 percent regionwide to 76,900 units in the 12-month period ending September 2006 compared with the previous 12 months. Single-family building permits totaled 1,700 in Alaska, 17,000 in Idaho, 21,800 in Oregon, and 36,400 in Washington.

Rental market conditions in the Northwest region generally tightened through the third quarter of 2006, continuing a trend that started in early 2005 because of steady job growth, reduced sales market competition, and low levels of new rental construction. In the Puget Sound area, the rental vacancy rate declined from 5.3 percent in September 2005 to 4.7 percent as of September 2006, according to Dupre+Scott Apartment Advisors, Inc. The average rent increased nearly 6 percent to $856, and concessions declined from being offered in 40 percent of properties to 15 percent of properties. The Seattle area rental vacancy rate was 4.1 percent, down from 5.5 percent a year ago, and the average rent increased 7 percent. The rental vacancy rate declined to 3 percent in Bremerton because of additional U.S. Navy personnel in the area. In the Tacoma area, the rental vacancy rate increased 2.5 percentage points to 7.4 percent because military personnel left for overseas assignments during the third quarter of 2006. Rental market conditions were still balanced in the Olympia area, with an estimated vacancy rate of 4.6 percent.

Oregon rental market conditions tightened during the past 12 months as vacancies declined and rents began to rise. In the Portland metropolitan area, the rental vacancy rate declined from 7.5 percent to 6.5 percent as of the third quarter of 2006. Rental market conditions were extremely tight in the Bend, Eugene, and Medford-Ashland market areas, with estimated vacancy rates of 1 percent, 3 percent, and 2 percent, respectively. Concessions are typically no longer offered in these market areas and rents are projected to increase by 3 percent or more during the next 12 months.

Idaho rental market conditions were generally balanced because of strong employment growth and moderate levels of new construction. The Boise area rental vacancy rate was 6.6 percent, down from 7.5 percent in the third quarter of 2005. The average rent increased 2.8 percent to $650 between the second quarter of 2005 and the same period of 2006. Market conditions were balanced in the Lewiston, Idaho Falls, and Twin Falls areas. Coeur d'Alene had the tightest market conditions in the state, with an estimated rental vacancy rate below 3 percent due to condominium conversions reducing rental supply.

Multifamily building permits totaled 26,000 units in the Northwest region for the 12 months ending September 2006, up 14 percent compared with the same period in 2005. In Alaska, multifamily building permit activity increased by 12 percent to 1,450 units, while Oregon and Washington multifamily building activity rose by 7 and 27 percent, respectively. The total number of units permitted equaled 7,050 in Oregon and 15,700 in Washington. The number of multifamily units permitted in Washington increased by 3,300, with nearly all in the Seattle area. The Seattle area multifamily permits were primarily for condominiums, even though sales of new condominiums were down 24 percent over the same period. Idaho was the only state where multifamily building permit activity was below the previous 12-month total, down 26 percent because multifamily development in the Bonneville, Madison, Twin Falls, and Latah Counties returned to more typical levels compared with the previous 12 months.

Housing Market Profiles

Boston-Cambridge-Quincy, Massachusetts-New Hampshire

The Boston-Cambridge-Quincy Metropolitan New England City and Town Area consists of Suffolk County in Massachusetts, parts of Bristol, Essex, Middlesex, Norfolk, Plymouth, and Worcester Counties in Massachusetts, and parts of Hillsborough and Rockingham Counties in New Hampshire. Nine geographic divisions are within the total metropolitan area, which had an estimated population of 4.4 million in 2005. As of August 2006, the Boston economy had completed a second 12-month period of job growth after losing 135,000 jobs during the recession in the early 2000s. For the 12 months ending August 2006, the average nonfarm employment was 2.43 million jobs, an increase of 22,700 jobs, or 0.9 percent, compared with the previous 12-month period, when 14,800 jobs were created.

The primary growth industries in the Boston economy are in the service-providing sectors, particularly financial activities, professional and business services, and education and health services. In the 12-month period ending August 2006, service-providing jobs increased by 21,000, or 1 percent, compared with the previous 12-month period. Professional and business services and education and health services increased by 8,100 jobs, or 2.1 percent, and by 7,000 jobs, or 1.6 percent, respectively. Software services and biotech research and development continue to dominate the Boston metropolitan area economy. The financial services sector, which weakened during the 2001–04 period due to major mergers and acquisitions, recently added 4,500 jobs, a 2.4-percent increase, in the 12-month period ending August 2006.

Growth in goods-producing industries was minimal during the 12 months ending August 2006 with an increase of 2,700 jobs, or 2.7 percent, in construction, which was partially offset by small losses in manufacturing employment. The unemployment rate in the Boston area was relatively stable during the past 12 months, decreasing to 4.5 percent from 4.6 percent a year earlier. For the 12-month period ending August 2004, the unemployment rate was 5.3 percent. Many Boston-area recruiting firms report that the labor force is experiencing a significant shortage of available skilled workers.

For the 12 months ending August 2006, residential building activity, as measured by units permitted, declined 8 percent to 15,600 units compared with the total number of units permitted during the previous 12-month period. This decline follows the 2002–05 period when the total units permitted increased by an average of 13 percent annually, peaking in 2005 at 17,440 units. Higher interest rates, rising inventories of units for sale, and a considerable rental pipeline are the primary reasons for the recent decline in residential building activity. A total of 8,300 single-family units were permitted during the 12 months ending August 2006, down 8 percent compared with the previous 12 months. Multifamily units permitted were down 7 percent. Despite the recent decline, the level of multifamily development in the Boston metropolitan area remains high. Multifamily units permitted increased an average of 34 percent annually between 2002 and 2005 to 9,200 units with a significant amount of proposed development in the future. An estimated 50 percent of the multifamily units permitted during the 2002–05 period were condominiums units. A recent Greater Boston Housing Report Card publication identifies more than 50,000 market-rate, assisted, age-restricted, and 40B State Comprehensive Permit Program units in various stages of the approval process. Many of these projects are near public transit stations and ferry ports and may benefit from state efforts to encourage transit-oriented development. Most proposed building projects also include retail space, office space, and other commercial uses.

The sales market in the Boston metropolitan area has softened since 2005. For the 12 months ending June 2006, the number of single-family home sales declined 7 percent to 26,300 sales compared with the previous 12-month period. During the same period, the median sales price of a single-family home increased 2.4 percent to $424,325. Annual price increases have been decreasing from double-digit levels 2 years ago and are currently approaching no yearly change. Urban areas closer to the city of Boston reported a higher number of sales, a lower level of declining sales, and a higher level of median sales price retention. The North Shore and South Shore sales markets reported fewer home sales, higher levels of declining sales, and declines in the median sales prices.

Sales of condominium units in the Boston market also slowed. The number of condominium units sold for the 12 months ending June 2006 increased only 2 percent to 17,700 units compared with the 30-percent annual gain in the 12 months ending

June 2005. In June 2006, the median sales price for condominium units was $305,350, up 2 percent from the median sales price during the previous 12 months.

Condominium sales in the city of Boston accounted for 68 percent of residential sales during the 12 months ending June 2006. Condominium sales totaled 7,050, down about 6 percent from the previous 12 months with virtually no change in the median price of $352,675. Sales of single-family homes were down about 10 percent to 1,490 units with the median sales price of $382,000, up less than 1 percent from the previous year.

The rental market in the Boston area strengthened during the last year as occupancy rates increased and rents stabilized. According to preliminary data released by Reis, Inc., the rental vacancy rate was 4.8 percent in the third quarter of 2006, down from 5.2 percent in the previous quarter and 5 percent in the third quarter of 2005. Absorption and occupancy increased during 2006 because new completions were moderate and employment gains continued, bolstering rental demand. Demand also increased as a result of the slowing sales market. Most sources forecast that significant building completions in the remainder of 2006 and in 2007 are estimated to be in the range of 7,500 to 8,000 rental units, which will likely cause a decline in occupancy rates. The Boston market has not had this level of new units added to the inventory since the mid-1980s. The condominium market may also have an impact on the rental market. Although the conversion of rental units has subsided recently, an estimated 1,500 rental units were converted to condominiums during 2004 and 2005, and an estimated 4,000 condominium units were under construction as of June 2006. A continued slowing of condominium unit sales may result in a portion of these units entering the rental market.

According to Reis, Inc., the current average asking rent of $1,624 in the Boston rental market, the third highest in the nation, is up 3.1 percent from the third quarter of 2005. This is a reversal of the trend in 2002–04 in which rents actually declined. Increased demand and limited completions have resulted in diminished rental concessions and upward pressure on rents. According to the Boston Department of Neighborhood Development, the average contract rent in Boston was $1,504 for the 12-month period ending June 2006, up 4 percent from the same period ending June 2005 but actually below the $1,600 rent in 2000. Average rents in Boston range from $1,150 to $1,200 in Roxbury, Dorchester, Hyde Park, and Mattapan and from $2,300 to $2,500 in the South End, Central Boston, and Back Bay/Beacon Hill.

Colorado Springs, Colorado

The Colorado Springs Housing Market Area (HMA) encompasses El Paso County and is located approximately 70 miles south of Denver. The population of the HMA was estimated at 582,100 as of August 2006, an increase of 10,300 annually since the 2000 Census. Economic conditions in the HMA have improved during the past 2 years after a downturn in the early part of the decade. Resident employment for the 12 months ending August 2006 was 277,800 workers, up 2.7 percent compared with the previous 12 months. Led by rising defense expenditures, employment increased at the fastest rate in 6 years, resulting in 5,000 new jobs during the past 12 months, with most jobs in the professional and business services sector. The leading private sector employers are Penrose-St. Francis Hospital Services, Lockheed Martin Corporation, and Hewlett Packard.

The presence of large military installations and of defense research and spending has a significant impact on the local economy. In a Colorado Springs Chamber of Commerce Department report for 2005, the annual economic impact, including expenditures for payroll, construction, services, materials, and secondary employment, is estimated at $3.2 billion, or approximately 35 percent of the total economic activity in the HMA. An estimated 46,000 active-duty military and civilian personnel are currently stationed at Fort Carson Army Base (AB), Peterson Air Force Base (AFB), Shriever AFB, and the United States Air Force Academy. By 2009, the number of active-duty personnel at Fort Carson AB is expected to increase by 6,000 soldiers.

Because of military buildup and increased defense expenditures, the prospects for employment growth are good, particularly in the aerospace manufacturing industry. Boeing Company, ITT Industries, Lockheed Martin Corporation, and Northrop Grumman Corporation, with more than $3 billion in contract work, will continue to hire workers in addition to the 5,800 already employed at these companies. The contracts are predominantly for the upgrade of military satellite networks, radar systems, and missile defense systems, primarily at Peterson AFB and Schriever AFB. To accommodate the additional Army troops, more than $1 billion in construction contracts have been approved to upgrade Fort Carson AB, potentially creating 2,000 new construction jobs over a 5-year period. During the next 3 years, employment in the HMA is expected to increase more than 2 percent annually.

Even with a growing economy, home builders have reduced production because of rising interest rates and a buildup of inventory. During the 12 months ending August 2006, the number of single-family building permits issued declined by 1,900 units, or 28 percent, to 4,980 compared with the same period a year ago. Approximately 50 percent of the single-family development is taking place in the Briargate, Norwood, Stetson Hills, and Ridgeview subdivisions in northeast Colorado Springs. The remaining single-family development is taking place in the eastern unincorporated areas of the county, especially the Falcon area.

The decline in homebuilding activity in 2006 reflects slower new home sales. According to a second quarter 2006 survey from The Genesis Group, sales of new detached homes decreased by 24 percent during the past 12 months, although the average home sales price increased by 9 percent to $278,800. New detached homes priced from $200,000 to $250,000 showed the largest decrease in sales volume. Because the cost of owning a new detached home increased, builders shifted some production to more affordable attached homes. Sales of attached homes increased by 23 percent during the period and the average sales price decreased by $7,800 to $195,400. Homes in the $150,000-to-$175,000 price range showed the largest absolute sales increase. The market is considerably weaker in the far eastern part of the HMA because of the large volume of new construction, especially of detached homes in the $200,000-to-$250,000 price range.

The existing home sales market remains relatively balanced despite a recent inventory buildup. The increase in inventory is partially due to rising interest rates and a record level of new homebuilding in 2005. As of August 2006, the inventory of unsold existing homes had increased by 35 percent during the previous 12-month period to approximately 5,800 homes. With the economy improving and home builders cutting back production, the market is expected to absorb the excess inventory within the next 12 months. Despite the increase in inventory, sales of existing single-family homes rose by 5 percent during the past 12 months and the average home sales price increased by $13,700 to $252,500. An increase in the number of homes priced at more than $400,000 contributed to the increased average home sales price. During the past year, sales of existing attached homes were down slightly, but the average sales price of these homes increased by $15,700 to $153,200.

The rental market in Colorado Springs has been soft since 2001 because of earlier overbuilding and deployments at Fort Carson AB. Although the market is improving, the apartment vacancy rate remains high and rent increases have been small. According to Doug Carter, LLC, the vacancy rate declined from 12.5 to 9.4 percent between the second quarter of 2005 and the second quarter of 2006. The average contract rent in the HMA increased by 4 percent to $609. The highest submarket vacancy rates were in areas heavily affected by deployments at Fort Carson AB; the airport area recorded a 19-percent vacancy rate and the southwest area recorded a 16-percent rate.

Because of soft rental market conditions, multifamily construction in the Colorado Springs area has been significantly reduced since 2002. The number of multifamily units permitted during the 12 months ending August 2006 declined to 400 units, or 40 percent, compared with the same period last year; this figure is well below the 1,700 units averaged during the 2000–02 period. According to the Pikes Peak Regional Building Department, apartments accounted for 70 percent of the total multifamily units permitted in the early part of the decade. In contrast, apartments accounted for only 30 percent of the multifamily units permitted during the past 12 months. With the reduced level of apartment construction and expected increase in renter households, the rental market should continue to improve and come into balance by early 2008.

Columbus, Ohio

The eight-county Columbus metropolitan area is home to the Ohio state government and is the regional healthcare and financial center for central Ohio. As of October 1, 2006, the estimated Columbus area population was 1,737,100, with an average annual increase of 19,200, or 1.2 percent, since 2000. The Columbus area was the only major Ohio metropolitan area where the central city, Columbus, grew between 2000 and 2005. More than 42 percent of the metropolitan area population resides in the city, which has added 25,000 new residents since 2000. Franklin County, where the city of Columbus is located, is the largest county in the region and the primary employment center. Delaware County, in the northwestern section of the metropolitan area, is the fastest growing county in Ohio, averaging 5.1-percent growth during the past 6.5 years.

Columbus is the capital of Ohio and the state government is the leading area employer. The financial services sector accounts for 8 percent of nonfarm employment and includes JPMorgan Chase and Company, the third largest employer in the area with 13,700 jobs and Nationwide Incorporated, the fourth largest employer with more than 11,000 employees. The goods-producing sectors added 400 jobs in the past 12 months. Growth in the goods-producing sectors was due to the gain of 800 construction jobs that more than offset the loss of 400 manufacturing jobs. The unemployment rate averaged 4.9 percent in the 12 months ending August 2006, compared with 5.4 percent in the previous 12-month period.

Ohio State University (OSU), with more than 51,800 students and nearly 19,000 faculty and staff, is the nation's third largest university and the second leading employer in Columbus. With a $3.5 billion annual impact on the state of Ohio, OSU is a stabilizing force for the Columbus economy. Local research organizations that recruit OSU graduates include Battelle Memorial Institute, the world's largest private contract think tank; Chemical Abstract Services, a well-known chemical research repository; and Online Computer Library Center, a nonprofit computer library.

Average nonfarm employment increased by 7,100 jobs, or 0.8 percent, to 927,000 during the 12-month period ending August 2006 compared with the previous 12 months. Nearly all the growth was in the service-providing sectors, which increased by 6,700 jobs. The professional and business services sector led all sectors in the past year with a gain of 2,600 jobs, mainly in the administrative, support, and employment services industries. The education and health services sector, which currently accounts for 11 percent of nonfarm employment, added 2,300 jobs in the healthcare and social assistance industry. The healthcare systems in the Columbus area contribute $4 billion to the local economy annually and employ approximately 31,000 workers. The combined federal, state, and local government jobs represent 17 percent of total employment and add stability to the area economy.

The single-family home sales market has remained stable during the past 6 years due to population and employment growth. Through the first 8 months of 2006, residential home sales as reported by the Columbus Board of REALTORS® totaled 18,400 sales, nearly 2 percent lower than the same period in 2005, a year in which a record number of homes sold. Since 2000, annual sales have increased an average of almost 7 percent. Of the 27,500 units sold in 2005, 87 percent were single-family homes and 13 percent were condominium units. The 2006 year-to-date average sales price decreased by 1 percent, or $2,000, to $175,200 compared with the same period in the previous year. Between 2000 and 2005, sales price increases averaged 4 percent annually. Record inventory levels in 2006, with 2,750 more listings through August compared with the first 8 months of 2005, were the primary cause of the current sales price decrease.

Single-family developers responded to the increasing inventory of unsold homes by slowing production in the past 12 months. Single-family homebuilding, as measured by the number of permits issued between September 2005 and August 2006, totaled 7,100 units, a 23-percent decrease compared with the more than 9,200 units permitted in the previous 12-month period. Single-family construction averaged approximately 8,200 units annually in the late 1990s and more than 11,000 units a year between 2000 and 2004, including a record 12,120 units permitted in 2003.

Although the Columbus area rental market is currently soft, the outlook for the rental market is positive considering the limited new supply, steady population growth, and rising mortgage interest rates. According to Hendricks and Partners, the current vacancy rate in the Columbus area is 8.6 percent after peaking at 9.5 percent in 2004. An average of approximately 1,800 multifamily units were permitted each year in 2004 and 2005, only 39 percent of the annual average of 4,600 multifamily units permitted in the 5 prior years. Multifamily developers continued moderating supply with only 1,800 units permitted in the past 12 months. The rental vacancy rate is expected to fall below 8 percent during the next 6 to 9 months if the projected supply does not increase and mortgage interest rates remain at or above the current level. Overall rents in the Columbus metropolitan area increased about 1 percent in the past 12 months. Although the average rent for a unit in Columbus is $640, average submarket rents range from $570 to $710. Concessions, such as 1 month's free rent and reduced security deposits, are commonly used to market rental units throughout the metropolitan area.

Revitalization efforts for downtown Columbus emphasize multifamily housing development; the city's strategic plan includes 8,000 new units by 2012. As of mid-2006, 1,150 units had been built, 1,150 units were under construction, and 1,500 units were in the pipeline. Primary target groups for the new downtown housing are young professionals and empty nesters. Incentives to draw residents to downtown include a 10-year, 75- to 100-percent real estate tax abatement. The latest condominium development, Burnham Square, has sold 90 percent of its 98 total units priced between $229,000 and $650,000.

Greenville, South Carolina

The Greenville metropolitan area is located at the foothills of the Appalachian Mountains and includes Greenville, Laurens, and Pickens Counties. The population of the area as of October 1, 2006, is estimated at 610,900, an increase of 7,850 a year since the 2000 Census. Population growth slowed during the early 2000s because of declining employment. During the past 2 years, employment growth has returned, leading to higher net in-migration. The former textile-reliant economy has evolved into a growing and diversified economy led by gains in the education and health services and professional and business services sectors. Leading employers are the Greenville Hospital System, Clemson University, and General Electric.

According to the Pickens County Chamber of Commerce, Clemson University employs 7,525 people. The university participates in several partnerships with businesses such as the International Center for Automotive Research (ICAR). ICAR, an education and research facility developed by Clemson University, receives financial support from BMW, Michelin, IBM, and Microsoft. These companies benefit from the intellectual property developed at ICAR. The BMW plant located 1 mile outside the metropolitan area has a significant impact on the state and local economies. Since the plant's groundbreaking in 1993, BMW has invested more than $1.9 billion in South Carolina and currently employs 4,300 workers. The BMW plant purchases inputs from 33 South Carolina suppliers, including several located in the metropolitan area.

Economic conditions in the Greenville area have strengthened since a downturn in the early 2000s. From 2001 to 2003, nonfarm employment declined by 14,700 jobs and net in-migration slowed to an annual average of 2,850 people compared with 3,650 during the 1990s. As the economy began to recover in 2004, nonfarm employment increased and, in the past 12 months ending August 2006, reached an average of 308,400 jobs, the highest total since 2000. During the past 12 months, employment in the service-providing sectors increased by 6,000 jobs and employment in the goods-producing sectors grew by 800 jobs. Employment in the professional and business services sector increased by 10 percent, accounting for 70 percent of the new jobs in the service-providing sectors. Other service-providing sectors that continue to grow at a healthy pace in the area are education and health services and leisure and hospitality, which added 900 and 1,000 jobs, respectively. In the goods-producing sectors, manufacturing, which was historically based in textiles, has declined since 2000. In 2001, textile-related manufacturing accounted for 12,800 jobs, or 23 percent of total manufacturing, and decreased to 6,200 jobs, or 14 percent of total manufacturing by 2005. Total manufacturing employment remained nearly unchanged in the past 12 months compared with the previous 12 months.

During the 12-month period ending August 2006, single-family construction, as measured by building permits, continued to increase as it had during the past few years, although multifamily construction was scaled back in response to excess inventory. The number of building permits issued for single-family homes increased 10 percent from 4,700 units to 5,175 during the past 12 months compared with the previous 12 months. During the same time, the number of permits issued for multifamily units decreased from 450 units to 325. Construction began on Verdae, a 1,100-acre, mixed-use development. Strategically located across Interstate 85 from Clemson's ICAR, Verdae is a 20- to 30-year project that will be triple the size of downtown Greenville. The development will include residences, offices, retail space, restaurants, a retirement center, a golf course, and hotels. The residential component of Verdae will include single-family homes, townhomes, condominiums, and apartments with a wide range of prices and rents. Phase I, which is to be completed by August 2008, will include approximately 125 single-family homes and a 316-unit, continuing-care community for seniors.

The sales market in the metropolitan area has tightened over the past few years. According to the Greater Greenville Association of REALTORS®, the average sales price for existing homes increased 11 percent to $187,300 during the 12-month period ending August 2006 compared with the previous 12 months. At the same time, home sales increased by 19 percent to 8,450 units and the average number of days a home was on the market decreased substantially from 112 to 90.

Although the overall rental market is soft, and has remained soft for the past few years, the vacancy rate in the apartment market has recently decreased. According to Real Data, the apartment vacancy rate in the Greenville-Spartanburg market area, which covers Greenville, Spartanburg, and Anderson Counties, decreased from 12.6 percent in May 2005 to 8.8 percent in May 2006. The improvement is primarily due to a slowing of apartment construction. Real Data reports that the average rent increased from $569 in May 2005 to $591 in May 2006. The apartment market is expected to become more balanced during the next few years because of reduced construction and pipeline activity and increased demand resulting from higher levels of in-migration. Apartments currently under construction downtown include McBee Station, a mixed-use project with 192 luxury units and a projected completion date of March 2007. Currently in lease-up is Candleton Village, a 314-unit luxury apartment development, which completed its final building in August 2006. The Lofts of Greenville, a 192-unit apartment development, is also in lease-up. According to Real Data, the average monthly rent for units in lease-up is $595 for a one-bedroom unit, $692 for a two-bedroom unit, and $865 for a three-bedroom unit.

Harrisburg-Lebanon, Pennsylvania

The Harrisburg-Lebanon Housing Market Area (HMA) comprises the Harrisburg-Carlisle and Lebanon Metropolitan Statistical Areas. The HMA includes the state capital of Harrisburg and the town of Hershey, home to the famous chocolate company and theme park of the same name. Since 2000, the population increased by an average of 5,100 a year to an estimated 662,725 as of October 1, 2006. Net migration to the area averaged 3,850 people annually since 2000.

The economy in the Harrisburg-Lebanon area is strong. Nonfarm employment averaged 376,600 jobs during the 12 months ending August 2006, an increase of 5,675 jobs, or 1.5 percent, compared with the previous 12 months. The average unemployment rate decreased from 4.1 percent in July 2005 to 3.7 percent as of July 2006. The service-providing sectors grew more rapidly in the past year than earlier in the decade, increasing by a total of 5,700 jobs through the 12 months ending August 2006 compared with an average gain of 3,300 jobs annually since 2000. More than half the jobs created were in the professional and business services sector and the education and health services sector. The largest employment growth occurred in the professional and business services sector, which increased by 2,100 jobs, or 5.7 percent. Government contractors account for nearly 65 percent of these new jobs. The education and health services sector expanded by 1,725 positions, or 3.4 percent. Hospital employment is expected to increase because the Penn State Milton S. Hershey Medical Center, which has more than 5,000 employees and 600 students, plans to hire 1,000 additional employees during the next 2 to 4 years, with the construction of new clinical and research facilities. Although the manufacturing sector lost 370 jobs during the 12 months ending August 2006, food manufacturing increased by 120 jobs during the same period. With 7,000 employees, Hershey Foods Corporation is the leading private-sector employer in the HMA. The state government provides a stable foundation for the economy; it accounts for approximately 9 percent of the total nonfarm employment and increased by an average of 280 jobs annually from 2000 through 2005.

As measured by building permits, construction of single-family homes, apartments, and condominiums continued at a steady pace in the Harrisburg-Lebanon area from 2002 through 2005 despite a recent decline in single-family permit activity. Approximately 3,000 single-family homes were produced annually from 2002 to 2005, accounting for 90 percent of the total units permitted. Single-family building permits issued from January through August 2006 were approximately 13 percent below the same period last year. During 2005, the number of multifamily units permitted increased to a high of 515, a level unmatched since the late 1990s. Data reported from January through August 2006 indicate multifamily permits are on pace and may rise above levels attained a year ago. Approximately 90 percent of the multifamily units permitted in the area are rental units.

The sales market is balanced throughout the Harrisburg-Lebanon area. During the past year, home prices continued to rise by approximately the same percentage as the average annual increase from 2002 through 2005. According to the Greater Harrisburg Association of REALTORS®, the average home sales price in Cumberland, Dauphin, and Perry Counties increased 6 percent to $174,000 during the four quarters ending June 2006. Data from the Lebanon County Association of REALTORS® indicate the average price of single-family homes in Lebanon County increased nearly 11 percent to $164,800 during the 12 months ending August 2006. Home sales also increased during the most recent 12-month period. Sales volume rose almost 5 percent to 9,000 sales in Cumberland, Dauphin, and Perry Counties and 7 percent to 1,660 sales in Lebanon County. The sales vacancy rate is currently estimated at 1.7 percent, nearly unchanged from a level of 1.8 percent as of the 2000 Census.

The demand for homes throughout the Harrisburg-Lebanon area has revitalized the city of Harrisburg. Recent improvements to the downtown area, including Restaurant Row and the Whitaker Center for Science and the Arts, have enhanced the quality of life for residents and increased the demand for housing from young state government workers and middle-income families. New townhomes and single-family units are being developed in historic neighborhoods close to downtown. The recent construction of the 38-unit MarketPlace Townhomes development in a previously blighted section of the Midtown area provided affordable units for sale and lease-to-purchase. Because the initial 38 units sold quickly, construction has begun on a final phase of 75 townhomes, to be completed in 3 to 5 years, with prices starting at $130,000. With current prices starting at $150,000 and averaging $195,000, the 180-unit Capitol Heights development, located in the Uptown neighborhood of Harrisburg, is currently under construction, with 140 of the single-family and townhome units already sold.

The rental market in the Harrisburg-Lebanon area is balanced. Because an increasing number of renters purchased homes, the overall rental vacancy rate of 7.7 percent as of the 2000 Census increased slightly to an estimated 8 percent as of October 2006. Despite the rise in vacancy, rental rates for newly constructed properties are increasing with few rent concessions in the market. Construction is under way on 265 apartments at two developments in Mechanicsburg and at a 175-unit complex in Hershey. Approximately half the 440 units are completed. The apartments, which are being built in phases, are filling rapidly due to preleasing. A 90-unit low-income housing tax credit development for seniors, located in Lebanon, opened in December 2005 and reached full occupancy in June 2006. The average gross rent for a two-bedroom, two-bath unit in a newly constructed Class A development in the Harrisburg-Lebanon area is $1,200.

Jacksonville, Florida

The Jacksonville metropolitan area in the northeastern part of Florida on the Atlantic Ocean comprises Baker, Clay, Duval, Nassau, and St. Johns Counties. The metropolitan area is a major port and transportation hub, finance center, and regional medical center. The U.S. Navy has a significant presence in Jacksonville with two large bases in the area—Naval Air Station Jacksonville with more than 25,000 total personnel (military and civilian) and Naval Station Mayport with more than 16,000 personnel. According to the Jacksonville Regional Chamber of Commerce, local military installations have more than an $8 billion impact a year on the local economy. The area's beaches and pleasant climate provide numerous recreational opportunities.

Solid employment growth has boosted in-migration in the Jacksonville metropolitan area during the past 6 years, particularly in the suburban counties surrounding Duval County. The population of the metropolitan area as of October 1, 2006, was estimated at 1,287,000, an increase of 164,000, or about 3 percent a year, since 2000. Duval County's population increased from 779,000 to 838,000 between 2000 and 2006, a 1.2-percent annual increase. Population in the surrounding counties of the metropolitan area increased from 344,000 to 449,000, or 4.7 percent annually.

Strong job growth continued in the Jacksonville area during the past 12 months. When comparing the 12 months ending August 2006 with the same period a year earlier, total nonfarm employment increased 3.6 percent, from 598,000 to 619,000 jobs. As a result of the increase, the unemployment rate declined to 3.2 percent in the recent 12 months from 4.2 percent a year earlier. Construction led all employment sectors with an increase of 10.8 percent, resulting from high levels of residential, commercial, office, and retail construction.

High concentrations of employment are reported for the financial services and transportation and utilities sectors. Together, these sectors account for nearly 15 percent of all nonfarm employment in the Jacksonville area compared with 10 percent statewide. BlueCross BlueShield is the leading private-sector employer in the area, with more than 8,000 workers. CSX Corporation, Inc., the largest railroad in the eastern United States, is headquartered in Jacksonville. Jacksonville is also a major port for the southeastern United States. The Jacksonville Port Authority reported that more than 8 million tons of cargo passed through the port during the 12-month period ending September 2006, including more than 600,000 vehicles, making Jacksonville one of the largest vehicle handling ports in the country. Nearly 45,000 area jobs are related to port activity.

Income growth has been strong in Jacksonville since 2000. According to the 2005 American Community Survey, the median household income in the Jacksonville area was nearly 12 percent higher than the median income reported for the area on the 2000 Census. The increase statewide was slightly greater than 9 percent. From 2004 to 2005, according to the American Community Survey, the median household income in Jacksonville rose more than 4 percent compared with less than 3 percent for the state. The area also has fewer households with incomes below the poverty line, slightly more than 8 percent, compared with nearly 10 percent for the state.

Strong population, employment, and income growth have sustained a high level of housing demand, which has caused a rapid increase in area home prices. Prices for single-family homes in the metropolitan area, according to the Office of Federal Housing Enterprise Oversight (OFHEO), rose 18 percent in the second quarter of 2006 from the previous year. This rate of increase was down slightly from the record-setting 22-percent increase in the first quarter of 2006.

According to the Florida Association of REALTORS® (FAR), single-family home sales in Jacksonville for the 12 months ending August 2006 were up nearly 4 percent compared with the same period a year earlier, from 16,570 units to 17,140. In contrast, statewide sales were down 19 percent from 244,600 units to 198,700 in the same period. Median prices reported by FAR for the 12 months ending August 2006 were up more than 13 percent compared with the same period a year earlier, from $175,100 to $198,200. Statewide, single-family home sales prices during the same period increased almost 16 percent, from $215,200 to $249,200.

Sales of condominiums in Jacksonville, according to FAR, were down from 1,500 units to 1,390, almost 8 percent year to date through August 2006 compared with the same period a year earlier. Condominium sales statewide were down more than 31 percent during the same period. Average year-to-date condominium prices through August 2006 for Jacksonville were down from $167,640 to $166,860, less than 1 percent compared with the same period a year ago. Statewide, condominium prices were up 3 percent during the same period.

Housing production in the Jacksonville area has fallen in recent months. Single-family housing units authorized by building permits during the 12 months ending August 2006 were down 14 percent compared with the same period a year earlier. In Duval County, the decline was slightly less, at 9 percent, but, in the surrounding counties of the metropolitan area, the number of single-family units authorized was down 31 percent as the number of developable lots declined pending the opening of several major new developments. One new development, Nocatee in St. Johns County, is a planned, 13,000-acre community that is expected to eventually include 15,000 new homes.

The decrease in multifamily building production was not as large as in single-family housing. Multifamily units authorized by building permits in the Jacksonville area were down 3 percent during the 12 months ending August 2006 compared with the same period a year earlier. In Duval County, multifamily housing production was down 16 percent but, in the surrounding counties, multifamily units authorized by permits increased by 44 percent.

The rental market in the metropolitan area tightened during the past year, primarily due to condominium conversions. According to Real Data, as of June 2006, the vacancy rate for rental apartments was 5.8 percent, down from 6.2 percent in June 2005. Rents increased by 4.3 percent; however, this increase is modest compared with increases in other metropolitan areas in the state, which reached as high as 7 percent in Orlando. Real Data reported that during the 12 months ending June 2006 more than 3,350 rental units in the Jacksonville area were converted to condominiums, but the current pace appears to be slowing because only 1,000 conversions were announced in the second quarter of 2006. More than 1,700 units were converted in the second quarter of 2005. Many converted condominium units are owned by investors who quickly put their units back on the rental market.

McAllen-Edinburg-Mission, Texas

The McAllen-Edinburg-Mission metropolitan area consists of Hidalgo County and is located approximately 5 miles north of Reynosa, Mexico. The metropolitan area, more commonly known as the Rio Grande Valley, is the retail and healthcare center of southern Texas. Continued increases in employment since 1990 have resulted in significant population growth during the past 16 years. Future employment growth, particularly in the trade sector and the education and health services sector, will continue attracting people to the area.

The metropolitan area was the fourth fastest growing metropolitan statistical area (MSA) in the United States for population change from 1990 to 2000, according to the Census Bureau, with an average increase of 4 percent a year. From 2000 to 2005, the MSA ranked 11th in population change. As of July 1, 2006, the population of the metropolitan area was estimated to be 703,800, an average annual increase of 21,500, or 3.4 percent, since 2000. During the past 5 years, net natural increase accounted for nearly 65 percent of the population growth, approximately 10 percent higher compared with the previous 5 years. Net in-migration accounted for 35 percent of the total population growth, or approximately 7,600 people a year since 2000.

Employment growth during the 12 months ending June 2006 remained strong with the addition of 9,400 jobs, an increase of 4.7 percent compared with the previous 12 months. Increases were reported in every sector with the exception of manufacturing, which remained relatively unchanged. The education and health services sector recorded the largest gain during the past 12 months, adding more than 4,000 jobs, a 9.2 percent increase. Most of the increase was a result of hiring at the eight local hospitals as well as the continued formation of small clinics and outpatient surgical centers. Edinburgh Regional Medical Center, with 3,000 employees, and McAllen Medical Center, with 2,800 employees, are the top two private-sector employers in the MSA. Approximately 1,800 new positions were added in the wholesale and retail trade sectors and 1,600 jobs were added in local government. When combined, the trade sector and the education and health services sector account for approximately 75,600 jobs, or 44 percent of the service-providing jobs in the MSA.

Two major economic development projects are under way in the metropolitan area. The city of McAllen is expected to open a new $62.5 million convention center in March 2007. Local officials plan to capitalize on this development by attracting trade shows and large conferences. McAllen, working with the city of Mission, is also nearing the completion of a third international bridge. The Anzalduas International Bridge, with an estimated cost of $103 million, should be operational by 2008 and increase an already growing trade sector.

The metropolitan area is unique because it is well connected to the global marketplace through the foreign trade zone in McAllen. Foreign-Trade Zone (FTZ) #12 was created more than 30 years ago and was the first inland nonseaport trade zone in the United States. Currently, the McAllen FTZ encompasses more than 775 acres and provides services to clients representing more than 40 countries. Representatives from the FTZ estimate that commodities worth $1.6 billion passed through the trade zone in 2005. Construction on the Regional Multi-Modal Center, which will connect rail lines from the McAllen FTZ to Canada, is scheduled to begin by the end of 2006 with an estimated cost in excess of $4.3 million for Phase I. The estimated cost of the entire project is $11 million.

Since 2000, building permits have been issued for 42,380 single-family homes, or an average of nearly 6,800 homes annually. For the 12 months ending June 2006, new home construction was strong because single-family permits were up 6 percent to 7,175 permits compared with the previous 12-month period ending June 2005. Building activity is expected to continue increasing as new lower priced subdivisions are developed in the outlying portions of the metropolitan area, including Pharr and San Juan.

The market for single-family homes in McAllen is tight because of significant increases in population and employment. Sales of existing homes for the 12 months ending June 2006 totaled 2,425 units, an increase of 14 percent compared with the previous 12 months. For the 12 months ending June 2006, the average home sales price increased to $125,800, up 5 percent compared with the previous 12-month period.

The metropolitan area rental market has been soft for several years. The vacancy rate increased from 10.8 percent in April 2000 to 14 percent as of July 2006. Nearly 60 percent of the rental supply consists of single-family and mobile homes. The increase in the vacancy rate is attributed to a variety of factors, including a strong single-family sales market, increases in the number of mobile homes being made available for rent, and the overproduction of rental units in the market in recent years. Since 2000, an average of more than 1,600 multifamily units annually have been permitted compared with an average of 650 units permitted annually during the 1990s.

According to a survey by the Rio Grande Valley Apartment Association, the metropolitan area had a 15-percent apartment vacancy rate as of June 2006. Concessions, which typically include 1 month's free rent, are prevalent in the market. Apartment rents in the area average $500 for a one-bedroom unit, $600 for a two-bedroom unit, and $850 for a three-bedroom unit. Despite these reasonable rents, many single-family homes and mobile homes in the rental market are priced even lower. Apartment construction, as measured by multifamily building permits, slowed considerably during the 12 months ending June 2006. The number of multifamily units permitted declined by 870 to 1,500 units compared with the previous 12-month period.

Milwaukee-Waukesha, Wisconsin

The Milwaukee-Waukesha metropolitan area is defined as Milwaukee, Waukesha, Ozaukee, and Washington Counties, Wisconsin. The metropolitan area is located 90 miles north of Chicago on the western shore of Lake Michigan. As of July 1, 2006, HUD estimated the population at 1,516,000, an average annual gain of 2,440, or less than 1 percent, since the 2000 Census. Although the metropolitan area continues to grow at a moderate pace, Milwaukee, the largest city in the state, has lost an estimated 3,000 people annually since 2000. The area is the regional center for health care, financial activities, and manufacturing for southern Wisconsin.

Nonfarm employment in the metropolitan area decreased by approximately 1,000 jobs, or less than 1 percent, in the 12-month period ending August 2006 compared with the previous 12-month period. Employment losses in the trade, transportation, and utilities sector offset job gains in construction, education and health services, and leisure and hospitality. The Wisconsin Department of Workforce Development forecast strengthening in the local economy between 2007 and 2012, which is attributed to continued growth in the service-providing sector, a modest recovery anticipated in manufacturing, and increased construction of residential and nonresidential projects throughout the metropolitan area. The education and health services, information, and professional and business services sectors are expected to add a total of more than 4,000 jobs annually during the 5-year period. The top two employers in the metropolitan area are Aurora Health Care and Wheaton Franciscan Healthcare, with 15,000 and 9,000 employees, respectively. New healthcare providers and specialty clinics have recently expanded throughout the metropolitan area. The expansion of medical facilities is especially evident in fast-growing suburban areas of Washington and Waukesha Counties. The Northwestern Mutual Life Insurance Company is expanding in suburban Milwaukee and is expected to increase employment by 1,500 jobs during the next 2 years. The average unemployment rate in the metropolitan area was 5.1 percent as of August 2006 compared with 5.0 percent in August 2005.

The housing market has slowed since the fourth quarter of 2005 amid higher interest rates and a decline in employment. During the 12-month period ending September 2006, sales of existing homes totaled 20,230 units, down 5 percent from the previous 12 months but still up from the 19,400 home sales averaged during the 2002–04 period. In the 12 months ending August 2006, single-family construction, as measured by building permits, declined significantly. During this period, approximately 2,900 new single-family homes were permitted, down 19 percent from the 12-month period ending August 2005. More than 40 percent of these building permits were issued for homes in Waukesha County. Because of moderate job growth in Waukesha and Washington Counties, demand for new homes remains strong, particularly for homes priced below the median sales price. According to the Milwaukee Multiple Listing Service, sales of existing homes in the area declined by 6 percent during the 12 months ending September 2006, although the median sales price increased by 5 percent to $227,700 compared with $216,800 in September 2005.

Condominium units are increasing in popularity in both the city of Milwaukee and suburban areas. Sales increased from less than 10 percent of total sales in 2000 to 17 percent for the 12 months ending September 2006. Suburban Milwaukee accounted for approximately 52 percent of condominium sales and the city of Milwaukee for the remaining 48 percent. The primary buyers of condominiums are investors, empty nesters, and young professionals. Significant development of condominium units is occurring in the city of Milwaukee. Much of this activity is concentrated in downtown Milwaukee, the Third and Fifth Ward neighborhoods located south of downtown, and Brewer's Hill located north of downtown. Brewer's Hill and downtown neighborhoods east of the Milwaukee River are the most active for condominium development in Milwaukee, accounting for 1,600 of the 2,100 units entering the market since 2000. The Third and Fifth Wards, where vacant commercial buildings are being converted to residential use, have 400 condominium units; the remaining 100 condominium units are in the Westown area. The average sales price of new and existing condominium units in the city of Milwaukee was $190,000 as of September 2006. One of the largest redevelopment projects in downtown Milwaukee is Park East. This $250 million planned mixed-use project will start construction in September 2006. Approximately 1,500 new residential units are planned for Park East during the next 3 years.

During the 12 months ending August 2006, multifamily construction in the Milwaukee-Waukesha area, as measured by building permits, declined by 28 percent to 1,515 units compared with the previous 12-month period. Much of the decline in permit activity has been in apartments and is attributable to a weaker economy. Local builders reported that apartments accounted for 75 percent of multifamily building permits issued during the 12 months ending August 2006, unchanged from the previous 12-month period. The remaining 25 percent of multifamily permits issued in the metropolitan area were for condominium units, up from 16 percent of total multifamily permits in 2000.

The rental market in the Milwaukee-Waukesha area is currently balanced. The September 2006 rental vacancy rate is 7 percent, down from approximately 8 percent a year ago. During the past year, the rental market improved because of a cutback in construction and the conversion of more than 700 rental units to condominiums. Because occupancy rates increased in existing properties, concessions are less prevalent than they were a year ago. Property managers in west suburban Milwaukee and Waukesha County reported that rental vacancy rates declined significantly in Class A properties to the 8- to 9-percent range in 2006, down from a 10- to 12-percent range in 2005. Reflecting improved market conditions, the average rent in the metropolitan area increased by approximately $10 in September 2006 compared with September 2005. The average rents for one-bedroom, two-bedroom, and three-bedroom units in newly completed Class A developments are approximately $1,000, $1,200, and $1,350, respectively. The rental market is expected to continue improving during the next 12 months.

Orange County, California

Orange County, located in southern California, had a population of approximately 3,040,200 as of October 1, 2006. The county is the fifth most populous in the nation and the second most populous in California after Los Angeles County. Net natural increase accounted for the entire population increase of 24,800, or 0.8 percent, during the past 12 months. Net migration has been negative for more than 3 years because households move to adjoining counties to find lower priced housing.

The diverse economy continues to create jobs. Except for 2002, nonfarm employment has increased in the county every year since 1995. For the 12 months ending August 2006, nonfarm employment averaged approximately 1,508,550 jobs, an increase of 22,150 jobs, or 1.5 percent, from the previous 12 months. The Walt Disney Company is the leading private-sector employer, with about 21,000 full-time and part-time employees. The University of California at Irvine (UCI) and the UCI Medical Center together employ approximately 16,000 people. Boeing, the aerospace/ defense firm, employs approximately 11,000 workers. The professional and business services sector gained 9,500 jobs, or 3.6 percent, during the current 12-month period. The construction sector gained 5,500 jobs, or 5.7 percent, because employment increased among specialty trade contractors. Employment continued to increase in all other major service sectors. Manufacturing declined by 1,600 jobs, or 1 percent, because textile and apparel manufacturing jobs were moved overseas. Unemployment dropped to 3.5 percent during the current period compared with 3.9 percent during the period ending August 2005.

Population growth and historically low mortgage interest rates maintained the demand for new and existing homes during the first half of the 2000s. Since November 2005, sales activity has dropped significantly. Rising home prices combined with increasing mortgage interest rates have resulted in fewer potential homebuyers qualifying for mortgages. In addition, fewer investors are purchasing homes because the rate of appreciation declined into the single digits and the time required to sell a home has increased. According to DataQuick, the 38,750 new and existing home sales recorded during the 12 months ending September 2006 were 21 percent, or 10,450 homes, less than the number recorded during the comparable period ending September 2005 and 22 percent less than the average annual sales from 2000 to 2005. Although total sales declined, the current median sales price for new and existing homes is $621,600, a 9-percent increase compared to a year ago.

In response to slowing sales, single-family building permits issued from October 2005 to September 2006 totaled 4,200 homes, 38 percent below the 6,800 homes permitted in 2000. Most large, vacant land parcels in the northern portion of the county were developed before 2000, so most current single-family housing production is built on infill properties, redevelopment parcels, former oil fields, and former military land. The northern part of the county developed faster than the southern part because of closer proximity to job centers in Los Angeles County. In addition, most Orange County job centers were originally in the north. The southern portion of the county still has large vacant parcels available for single-family home construction. Most development in the south did not start until the last half of the 1970s.

Even with the decline in the number of homes sold and the lengthening time required to sell a home, overall sales market conditions remain tight. The current owner vacancy rate is approximately 1 percent. Most homes priced below $700,000 sell in less than 60 days. Homes priced at more than $700,000 require between 60 and 100 days to sell. During the previous 3 years, homes in all price ranges usually sold in less than 30 days and had multiple offers exceeding asking prices.

Between October 2005 and September 2006, more than 27 percent of total home sales in Orange County were condominiums. These units are typically priced 33 percent lower than existing single-family detached homes. More than 36 percent of the 4,200 multifamily units currently under construction are condominiums.

New homes, especially condominiums, are no longer selling out before construction is completed. Most unsold new homes are located in the southern portion of Orange County. The slowdown in the resale market throughout southern California has resulted in delayed purchases or cancellations in southern Orange County. Since 2000, fewer homes were permitted in the north than in the south because of a lack of available land for large-scale developments in the north. The lower level of construction resulted in fewer unsold homes in the north. New homes in the county are priced from $550,000 for condominiums and $1 million for single-family detached homes. The current median new home price, including both single-family detached homes and condominiums, is approximately $800,000.

During the 12 months ending September 2006, multifamily units permitted for new construction totaled approximately 3,800, down 500 units, or 11 percent, from the period ending September 2005. More than 60 percent of the multifamily units permitted in the past year are in the southern portion of the county.

Rental market conditions are tight throughout the county. The current countywide rental vacancy rate is 4 percent, down from 4.5 percent a year ago. Complexes built before 1980 have the lowest vacancy rates because the median market-rate rents are $450 lower than rents in the newer complexes built after 2000. The vacancy rates are slightly higher in the south where most rental units built since 2000 are located. According to the California Association of REALTORS®, less than 21 percent of first-time homebuyers in Orange County can afford to purchase a home compared with approximately 59 percent nationwide. The low level of affordability will keep the rental market tight.

Rents have increased 6 percent since September 2005. The median rent for a two-bedroom apartment is currently $1,600. Units renting for less than $1,450 had the largest rent increases and units renting for more than $2,000 had the lowest rent increases.

Portland-Vancouver-Beaverton, Oregon-Washington

The Portland-Vancouver-Beaverton metropolitan area is located at the confluence of the Willamette and Columbia Rivers and consists of two counties in southern Washington state and five counties in northern Oregon. Population growth in the metropolitan area averaged 37,500 a year, resulting in an increase of 225,150 between April 2000 and April 2006 when the population reached 2,153,050. Despite weak labor market conditions during 2002 and 2003, net in-migration to the area has been steady throughout the decade, averaging 24,150 people yearly or about the same rate as during the high job growth years of the 1990s. Attractive lifestyle qualities, such as a vibrant nightlife, abundant recreational opportunities close to the metropolitan area, a mild climate, affordable housing compared with other west coast urban areas, and a recovering labor market, contributed to steady net in-migration.

Employment opportunities continued to expand during the 12-month period ending August 2006 due to a growing national economy, a strong population growth, and the robust economic performance of international trading partners. The unemployment rate as of the 12-month period ending August 2006 was 5.3 percent compared with 6.4 percent a year ago. Nonfarm employment increased by 3.5 percent to 995,425 jobs compared with an average employment of 962,100 for the 12-month period ending August 2005. Since early 2003, when economic recovery began, the pace of annual job growth has continued to increase, up 0.8 percent for the 12-month period ending August 2004 and up 2.5 percent for the 12-month period ending August 2005. Job gains during the past year were spread over a diverse group of sectors and included hiring by some of the largest employers in the area, including Intel Corporation, Oregon Health Sciences University, and Providence Health Systems. Led by increased global demand for computer products, manufacturing employment rose by nearly 3,000 jobs. Increased truck production, influenced by strong national economic growth, boosted transportation equipment employment by 600 jobs. The construction of new office and retail space and strong residential building activity resulted in the addition of 4,800 workers to construction payrolls. The high volume of housing sales led to an increase in financial activities employment, which increased by 1,400 jobs. Population growth-sensitive industry groups, such as accommodation and food services, healthcare services, and retail trade, added 2,200, 2,800, and 2,900 jobs, respectively.

A strong local economy, low mortgage interest rates, and steady population growth have kept builders of single-family homes nearly as busy in 2006 as they were in 2005. During the 12 months ending August 2006, building permits were issued for 11,670 homes, compared with 11,800 during the same period a year earlier. Single-family building permits were down by 1 percent from a year ago.

On pace to top annual sales of 40,000 homes for the third year in a row, sales housing market activity continues to be strong in the Portland-Vancouver-Beaverton metropolitan area in 2006. Current market conditions remain brisk with houses selling in a few weeks on average but have slowed compared to last year when many sales occurred in just a few hours. Low interest rates, a robust economy, and steady population growth are the leading factors contributing to strong home sales.

Sales of new and existing homes during the 12-month period ending September 2006 equaled 42,650 units, down 9 percent from the same period a year ago and down 1 percent from the 12-month period ending September 2004. The average price for new and existing homes sold during the current 12-month period was $310,150, up 16 percent from $268,225 a year ago and 30 percent higher than the average price for the 12-month period ending September 2004. Rising home prices and the rapid rate of sales turnover that home sellers experienced in 2005 has led to a sharp increase in new sales listings in the metropolitan area. As of September 2006, the inventory of homes for sale equaled 11,299 units, up 78 percent from the 6,321 homes available for sale a year ago. First-time buyer interest in the under-$225,000 market has remained strong despite the recent rise in mortgage interest rates.

Condominium development in the downtown Portland area is the most visibly notable aspect of sales market strength. Redevelopment of warehouse districts, railroad yards, and abandoned industrial sites into the Pearl District, River District, and South Waterfront mixed-use neighborhoods is transforming the downtown area. Most new condominium housing is for owner occupancy, consisting of highrise buildings of 10- to 20-plus stories that include retail or office space on the first floor. According to a report by the Portland Development Commission, 1,300 condominium units were built between 2002 and 2005 and another 2,200 were under construction as of 2005. Most condominium highrises under construction are at least 80 percent presold with prices averaging $250 to $300 a square foot.

Condominium buyers consist of predominantly small households of empty nesters, retirees, and young professionals who are attracted to the new neighbor-hoods and want to be close to work, the vibrant downtown nightlife, cultural centers, and shopping. A significant number of buyers are from outside the state because condominium prices are affordable compared to prices in Seattle, San Francisco, and southern California.

Rental market conditions strengthened during the 12 months ending August 2006 due to both reduced competition from the sales market resulting from rising home prices and minimal apartment construction activity. The vacancy rate fell from 7.5 percent at the beginning of the period to the current rate of 6.5 percent. According to a third quarter 2006 apartment survey by Norris, Beggs, and Simpson, the average rent for the metropolitan area is $745, virtually the same as a year ago. The average rent was $638 for a one-bedroom apartment; $708 for a two-bedroom, one-bathroom apartment; $824 for a two-bedroom, two-bathroom apartment; and $953 for a three-bedroom, two-bathroom apartment.

The sharp increase in condominium development has been a major factor contributing to a balanced rental market in the Portland metropolitan area. The conversion of rental units to condominiums between 2000 and 2005 removed 2,000 apartments from the rental market. Multifamily building activity in the Portland metropolitan area during the 12-month period ending August 2006 equaled 5,280 units, up 25 percent from the same period a year ago. Most multifamily units under construction were built for owner occupancy. During 2006, an estimated 1,900 condominiums and 700 rental units are slated for completion. Steady population growth, a strong labor market, and rising home sale prices indicate that tighter rental market conditions will emerge in the months ahead.

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

HUD Region and State	2006 Through September			2005 Through September			Ratio: 2006/2005 Through September		
	Total	Single Family	Multi-family*	Total	Single Family	Multi-family*	Total	Single Family	Multi-family*
Connecticut	7,197	5,486	1,711	8,697	6,811	1,886	0.828	0.805	0.907
Maine	5,861	5,255	606	7,052	6,410	642	0.831	0.820	0.944
Massachusetts	15,590	8,786	6,804	17,781	10,738	7,043	0.877	0.818	0.966
New Hampshire	4,566	3,847	719	5,983	5,060	923	0.763	0.760	0.779
Rhode Island	1,635	1,158	477	1,760	1,354	406	0.929	0.855	1.175
Vermont	2,299	1,986	313	2,528	2,190	338	0.909	0.907	0.926
New England	**37,148**	**26,518**	**10,630**	**43,801**	**32,563**	**11,238**	**0.848**	**0.814**	**0.946**
New Jersey	25,296	13,761	11,535	29,091	16,453	12,638	0.870	0.836	0.913
New York	42,485	16,093	26,392	45,575	18,766	26,809	0.932	0.858	0.984
New York/New Jersey	**67,781**	**29,854**	**37,927**	**74,666**	**35,219**	**39,447**	**0.908**	**0.848**	**0.961**
Delaware	5,300	4,133	1,167	6,142	5,288	854	0.863	0.782	1.367
District of Columbia	1,771	65	1,706	1,658	111	1,547	1.068	0.589	1.103
Maryland	21,186	15,700	5,486	25,348	19,166	6,182	0.836	0.819	0.887
Pennsylvania	31,686	26,903	4,783	33,315	28,362	4,953	0.951	0.949	0.966
Virginia	37,268	31,446	5,822	47,477	39,434	8,043	0.785	0.797	0.724
West Virginia	3,891	3,728	163	4,353	4,134	219	0.894	0.902	0.744
Mid-Atlantic	**99,331**	**81,910**	**17,421**	**118,293**	**96,495**	**21,798**	**0.840**	**0.849**	**0.799**
Alabama	24,812	19,121	5,691	22,827	18,435	4,392	1.087	1.037	1.296
Florida	172,590	126,030	46,560	220,462	162,845	57,617	0.783	0.774	0.808
Georgia	78,538	65,833	12,705	80,981	69,133	11,848	0.970	0.952	1.072
Kentucky	12,113	10,272	1,841	16,232	14,144	2,088	0.746	0.726	0.882
Mississippi	12,476	10,877	1,599	10,061	8,562	1,499	1.240	1.270	1.067
North Carolina	79,302	65,180	14,122	77,139	66,580	10,559	1.028	0.979	1.337
South Carolina	40,874	33,498	7,376	41,128	33,202	7,926	0.994	1.009	0.931
Tennessee	36,009	30,000	6,009	35,818	30,566	5,252	1.005	0.981	1.144
Southeast/Caribbean	**456,714**	**360,811**	**95,903**	**504,648**	**403,467**	**101,181**	**0.905**	**0.894**	**0.948**
Illinois	48,037	32,199	15,838	50,647	37,704	12,943	0.948	0.854	1.224
Indiana	22,672	19,359	3,313	28,816	24,258	4,558	0.787	0.798	0.727
Michigan	25,039	21,000	4,039	36,985	32,113	4,872	0.677	0.654	0.829
Minnesota	21,700	17,274	4,426	26,959	22,772	4,187	0.805	0.759	1.057
Ohio	33,576	27,969	5,607	42,501	35,121	7,380	0.790	0.796	0.760
Wisconsin	21,674	16,652	5,022	27,459	21,053	6,406	0.789	0.791	0.784
Midwest	**172,698**	**134,453**	**38,245**	**213,367**	**173,021**	**40,346**	**0.809**	**0.777**	**0.948**
Arkansas	10,810	8,146	2,664	12,082	8,805	3,277	0.895	0.925	0.813
Louisiana	18,565	15,892	2,673	16,963	15,490	1,473	1.094	1.026	1.815
New Mexico	10,945	10,276	669	10,900	10,549	351	1.004	0.974	1.906
Oklahoma	12,745	11,327	1,418	13,784	11,868	1,916	0.925	0.954	0.740
Texas	171,529	131,855	39,674	159,702	125,777	33,925	1.074	1.048	1.169
Southwest	**224,594**	**177,496**	**47,098**	**213,431**	**172,489**	**40,942**	**1.052**	**1.029**	**1.150**
Iowa	9,970	7,978	1,992	13,066	9,827	3,239	0.763	0.812	0.615
Kansas	10,015	7,629	2,386	10,282	8,579	1,703	0.974	0.889	1.401
Missouri	22,659	14,981	7,678	24,390	19,405	4,985	0.929	0.772	1.540
Nebraska	6,691	5,706	985	8,111	7,177	934	0.825	0.795	1.055
Great Plains	**49,335**	**36,294**	**13,041**	**55,849**	**44,988**	**10,861**	**0.883**	**0.807**	**1.201**
Colorado	32,413	25,951	6,462	36,212	31,538	4,674	0.895	0.823	1.383
Montana	3,869	2,977	892	3,927	2,935	992	0.985	1.014	0.899
North Dakota	2,535	1,620	915	2,890	1,756	1,134	0.877	0.923	0.807
South Dakota	4,962	3,542	1,420	4,415	3,748	667	1.124	0.945	2.129
Utah	20,561	17,939	2,622	21,351	18,896	2,455	0.963	0.949	1.068
Wyoming	2,394	2,046	348	2,691	2,132	559	0.890	0.960	0.623
Rocky Mountain	**66,734**	**54,075**	**12,659**	**71,486**	**61,005**	**10,481**	**0.934**	**0.886**	**1.208**
Arizona	55,080	46,906	8,174	71,766	63,536	8,230	0.767	0.738	0.993
California	127,373	87,044	40,329	160,237	119,994	40,243	0.795	0.725	1.002
Hawaii	5,635	4,307	1,328	7,650	5,162	2,488	0.737	0.834	0.534
Nevada	33,930	23,270	10,660	36,260	28,962	7,298	0.936	0.803	1.461
Pacific	**222,018**	**161,527**	**60,491**	**275,913**	**217,654**	**58,259**	**0.805**	**0.742**	**1.038**
Alaska	2,493	1,425	1,068	2,325	1,349	976	1.072	1.056	1.094
Idaho	14,550	12,956	1,594	17,099	15,171	1,928	0.851	0.854	0.827
Oregon	21,718	16,705	5,013	24,910	19,808	5,102	0.872	0.843	0.983
Washington	40,012	28,260	11,752	39,732	31,026	8,706	1.007	0.911	1.350
Northwest	**78,773**	**59,346**	**19,427**	**84,066**	**67,354**	**16,712**	**0.937**	**0.881**	**1.162**
United States	**1,475,126**	**1,122,284**	**352,842**	**1,655,520**	**1,304,255**	**351,265**	**0.891**	**0.860**	**1.004**

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

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

CBSA	CBSA Name	2006 Through September		
		Total	Single Family	Multi-family*
26420	Houston-Sugar Land-Baytown, TX	55,541	44,698	10,843
12060	Atlanta-Sandy Springs-Marietta, GA	55,135	44,089	11,046
35620	New York-Northern New Jersey-Long Island, NY-NJ-PA	46,744	13,134	33,610
19100	Dallas-Fort Worth-Arlington, TX	46,153	36,112	10,041
16980	Chicago-Naperville-Joliet, IL-IN-WI	37,831	23,147	14,684
38060	Phoenix-Mesa-Scottsdale, AZ	36,574	29,797	6,777
40140	Riverside-San Bernardino-Ontario, CA	33,221	29,151	4,070
29820	Las Vegas-Paradise, NV	28,767	18,767	10,000
33100	Miami-Fort Lauderdale-Miami Beach, FL	27,982	11,922	16,060
31100	Los Angeles-Long Beach-Santa Ana, CA	25,636	11,187	14,449
36740	Orlando-Kissimmee, FL	25,097	19,428	5,669
47900	Washington-Arlington-Alexandria, DC-VA-MD-WV	23,219	15,160	8,059
42660	Seattle-Tacoma-Bellevue, WA	21,178	12,191	8,987
12420	Austin-Round Rock, TX	20,788	14,422	6,366
16740	Charlotte-Gastonia-Concord, NC-SC	19,182	15,928	3,254
45300	Tampa-St. Petersburg-Clearwater, FL	19,027	15,897	3,130
15980	Cape Coral-Fort Myers, FL	16,602	12,794	3,808
41700	San Antonio, TX	15,332	10,760	4,572
19740	Denver-Aurora, CO	14,567	10,645	3,922
27260	Jacksonville, FL	14,162	9,940	4,222
39580	Raleigh-Cary, NC	13,843	10,560	3,283
33460	Minneapolis-St. Paul-Bloomington, MN-WI	12,609	9,722	2,887
38900	Portland-Vancouver-Beaverton, OR-WA	12,470	8,381	4,089
34980	Nashville-Davidson--Murfreesboro, TN	12,279	10,873	1,406
37980	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	12,067	9,111	2,956
14460	Boston-Cambridge-Quincy, MA-NH	11,239	4,929	6,310
41860	San Francisco-Oakland-Fremont, CA	10,979	4,645	6,334
28140	Kansas City, MO-KS	10,611	7,025	3,586
41180	St. Louis, MO-IL	9,687	8,227	1,460
40900	Sacramento--Arden-Arcade--Roseville, CA	9,680	7,195	2,485
26900	Indianapolis, IN	9,238	7,687	1,551
34820	Myrtle Beach-Conway-North Myrtle Beach, SC	8,745	5,398	3,347
29460	Lakeland, FL	8,217	6,638	1,579
32820	Memphis, TN-MS-AR	8,145	6,650	1,495
17140	Cincinnati-Middletown, OH-KY-IN	7,772	6,212	1,560
19820	Detroit-Warren-Livonia, MI	7,472	6,042	1,430
41740	San Diego-Carlsbad-San Marcos, CA	7,454	3,924	3,530
16700	Charleston-North Charleston, SC	7,398	5,900	1,498
14260	Boise City-Nampa, ID	7,158	6,369	789
42260	Sarasota-Bradenton-Venice, FL	7,063	5,434	1,629
46060	Tucson, AZ	6,929	6,427	502
40060	Richmond, VA	6,577	6,231	346
32580	McAllen-Edinburg-Mission TX	6,482	5,645	837
18140	Columbus, OH	6,414	4,806	1,608
12580	Baltimore-Towson, MD	6,237	5,218	1,019
36420	Oklahoma City, OK	6,115	5,748	367
17900	Columbia, SC	6,070	4,849	1,221
36100	Ocala, FL	6,045	5,752	293
13820	Birmingham-Hoover, AL	5,978	5,283	695
48900	Wilmington, NC	5,825	4,955	870

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