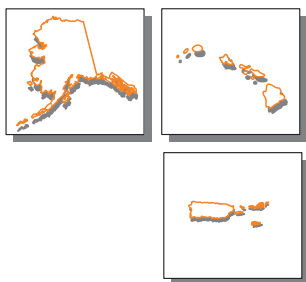
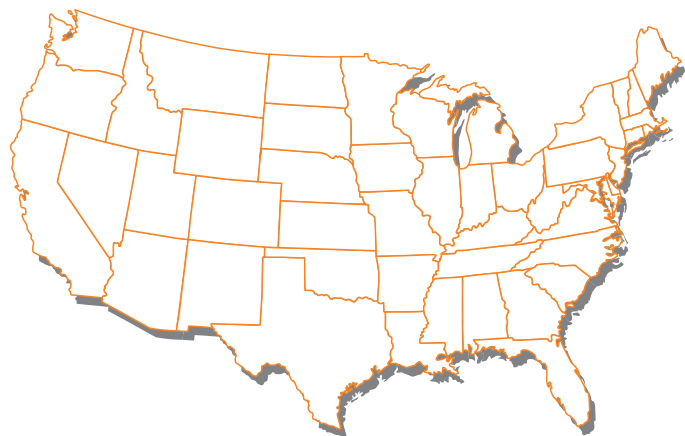


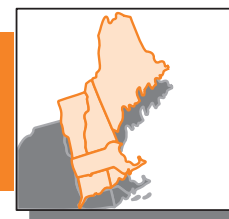


# Regional Activity



## Regional Reports

### NEW ENGLAND



Nonfarm employment in the New England region increased every month since January 2008. During the 12 months ending June 2008, total nonfarm employment in the six states averaged 7.1 million jobs, an increase of 42,500, or 0.6 percent, compared with the increase of 66,600 jobs, or 1.0 percent, during the 12 months ending June 2007. Massachusetts and Connecticut posted increases of 23,900 and 13,400 jobs, or 0.7 and 0.8 percent, respectively, representing nearly 90 percent of the net increase in the region. During the past 12 months, nonfarm employment grew in New Hampshire by 1.4 percent, or 9,300 jobs; increased slightly in Maine by 2,100 jobs; was flat in Vermont; and decreased in Rhode Island by 6,300 jobs.

Increased employment in the service-providing sectors has accounted for the recent job growth in the region. During the 12-month period ending June 2008, the region posted a net increase of 56,800 service-providing jobs, or 1.0 percent, compared with the increase recorded during the previous 12-month period but a decrease when compared with the 80,200 jobs, or 1.4-percent increase, posted in the 12 months ending June 2007. During the most recent 12-month period, Massachusetts accounted for 30,700 of the new jobs in the region, most of which were in the education and health services sector, centered in the colleges, universities, and hospitals in the Boston metropolitan area, and in the professional and business services sector, led by the state's high-technology industries, including biotechnology, software, and consulting. During the period, Connecticut gained 14,600 service-providing jobs, primarily in the education and health services and the government sectors. Yale University, in New Haven, is in the midst of an ongoing \$500 million expansion of its medical education and research facilities and, in southeastern Connecticut, about 2,000 jobs are being created in casinos. In New Hampshire, employment in the service-providing sectors increased by 1.8 percent, led by gains in the education and health services and the professional and business services sectors. Total regional gains in service-providing jobs were partially offset by a loss of



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.

14,300 goods-producing jobs, a 1.4-percent decline. One-half of the losses were in Massachusetts and 26 percent were in Rhode Island.

In New England, for the 12 months ending June 2008, the average unemployment rate was 4.7 percent, up from 4.5 percent for the previous 12 months. New Hampshire had the lowest rate in the region, at 3.6 percent, unchanged from the rate recorded for the previous year, and Rhode Island had the highest rate, at 5.9 percent, up from 4.9 percent a year ago. Massachusetts had the only improving unemployment rate, which decreased to 4.5 percent from 4.7 percent 12 months earlier.

Residential building activity, as measured by the number of building permits issued, has continued to decline in the New England region since peaking in 2005 at almost 59,000 units. During the 12 months ending June 2008, due to higher financing and construction costs, slowing sales, and decreased housing affordability, the total number of units permitted in the region declined by 25 percent to 31,000 units. Unlike declines of recent periods, however, this decline was more pronounced in the single-family market, where the number of homes permitted decreased to 20,900, or 28 percent, from 29,000 homes permitted during the previous 12 months. Although the decline was distributed relatively proportionally throughout the region, the largest declines occurred in the primarily nonmetropolitan states of Vermont and Maine, where the number of permits decreased by 35 and 31 percent, respectively. During the 12 months ending June 2008, the number of multifamily units permitted in the region totaled 10,000, down 17 percent from the 12,000 units permitted during the previous 12 months. Most New England states maintained production levels or posted small increases in multifamily construction activity; the exceptions were Massachusetts and Rhode Island, the most urban states in the region, where the number of multifamily units permitted decreased by 37 and 28 percent, respectively. In recent years, both states have recorded significant increases in their respective inventories of newer available multifamily units; absorption slowed somewhat during the first half of 2008. According to Reis, Inc., a little more than 30 percent of the multifamily units under construction or recently completed in Massachusetts and Rhode Island are condominiums.

New England sales housing markets continue to be characterized by declining sales and prices. According to the Massachusetts Association of REALTORS® (MAR), during the 12 months ending June 2008, sales of homes in the state decreased 13 percent to 37,450 compared with the number of sales recorded during the previous 12-month period. During the same time, the median price fell 4 percent to an estimated \$334,250.

The inventory of unsold homes actually decreased 7 percent to 50,700 units, representing a little more than 8 months of supply. The Rhode Island Association of REALTORS® (RIAR) reported that home sales in the state were down 16 percent to 6,775 units during the 12 months ending June 2008 and the median price was down 7 percent to an estimated \$260,400. During the period, the inventory of unsold homes decreased slightly, totaling about 6,700 units, yet the length of time homes stayed on the market increased by about 7 percent to 93 days. The Maine Real Estate Information System, Inc. reported that, during the 12 months ending June 2008, home sales in the state were down 14 percent to 10,750 units compared with the previous 12 months and the median price was down 2 percent to an estimated \$189,050. In Connecticut, the Greater Hartford Association of REALTORS®, Inc., reported that, for the 12 months ending June 2008, home sales were down almost 20 percent compared with home sales recorded for the previous 12 months and the median price remained stable, at \$255,800.

According to the Office of Federal Housing Enterprise Oversight (OFHEO), during the first quarter of 2008, home prices in the region were down less than 1 percent compared with prices recorded during the first quarter of 2007, ranking New England seventh of the nine Census regions and placing the region with the South Atlantic and Pacific regions and the United States as a whole as areas with negative appreciation rates. Two New England states, Vermont and Maine, had positive appreciation rates, both at about 2 percent.

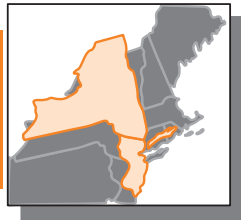
Condominium sales in New England continued to slow in the first half of 2008. For the 12 months ending June 2008, MAR reported 16,800 condominium units in Massachusetts were sold, down more than 19 percent from the number of units sold during the previous 12 months, but the median price was \$280,600, up a little more than 1 percent from a year earlier. According to RIAR, during the 12 months ending June 2008, condominium sales in Rhode Island fell 22 percent to 1,500 units but the median sales price was up more than 2 percent to \$222,000. According to The Warren Group, in the first half of 2008, condominium sales in the city of Boston were down 11 percent to just less than 1,000 units compared with the same period in 2007, but the median sales price was up about 2 percent to \$554,600.

Most metropolitan area rental housing markets in New England are balanced, although market dynamics are mixed throughout the region. Apartment vacancy rates are increasing in Boston, Providence, and Fairfield County but declining in Hartford, New Haven, and Portland. In Boston, moderating job growth and significant additions of new rental units to the inventory have resulted in a second quarter 2008 apartment rent-



al vacancy rate of 6.1 percent, up from 5.6 percent a year ago, according to Reis, Inc. About 3,000 apartment units are projected for completion in Boston in 2008, which will likely result in higher vacancy rates. Despite the softening conditions, the average asking rent in Boston was \$1,724, up nearly 4 percent from the rent recorded in the previous year. The Fairfield County rental market, historically very tight, has softened but remains balanced due to recent inventory additions and uncertainty in the New York City metropolitan financial markets. The rental vacancy rate increased from 3.2 to 5.2 percent in the past year and the average asking rent increased to \$1,814, up nearly 5 percent from the rent recorded a year ago. Predicated by job losses in Rhode Island during the past year, the second quarter 2008 rental vacancy rate for the Providence metropolitan area was 7.7 percent, up from 7.5 percent a year ago. The average asking rent remained relatively stable, at \$1,234. In the second quarter of 2008, the rental vacancy rate in Hartford declined to 4.2 percent from 4.9 percent a year ago and in New Haven decreased to 3.8 percent from 4.5 percent last year. In both areas, additions to the rental inventory have been limited. Increases in average asking rents have ranged from more than 2 percent in New Haven to more than 3 percent in Hartford. In Portland, as of the second quarter of 2008, the rental vacancy was 5.1 percent, down from 6.9 percent for the second quarter of 2007. Rent appreciation has been modest, at only 2 percent, during the past year.

## NEW YORK/ NEW JERSEY



Employment increased in the New York/New Jersey region through the second quarter of 2008 but at a slower rate than it did in the second quarter of 2007. During the 12-month period ending June 2008, total nonfarm employment in the region increased by 90,600 jobs to 12.8 million, or 0.7 percent, compared with a 1.0-percent increase recorded during the previous 12 months. During the most recent 12-month period, New York added 88,700 jobs, a 1.0-percent increase to 8.8 million, but employment in New Jersey remained relatively stable, at 4.1 million, with the addition of only 1,900 jobs. The small net employment increase in New Jersey is partially attributed to the loss of 7,000 jobs in the financial activities sector and 8,900 jobs in the manufacturing sector. Employment growth in both

states was concentrated in the education and health services, professional and business services, and leisure and hospitality sectors, which added 43,900, 20,300, and 14,800 jobs, respectively.

During the 12-month period ending June 2008, New York City had a net increase of 57,200 jobs, a 1.5 percent gain to 3.8 million jobs compared with employment increases during the same period in the previous year. The 6,300 jobs lost in the manufacturing sector were offset by job gains in service-providing sectors, including the financial activities, professional and business services, and leisure and hospitality sectors. The Federal Reserve Board's *Beige Book* reported that New York City's tourism industry remained stable and that Broadway theater attendance and revenues increased by 3 to 4 percent from a year ago.

For the 12-month period ending June 2008, the average annual unemployment rate in the New York/New Jersey region increased from 4.4 to 4.8 percent. The unemployment rate increased from 4.4 to 4.8 percent in New York and from 4.4 to 4.6 percent in New Jersey. During this same period, the unemployment rate in New York City increased from 4.9 to 5.1 percent.

In response to slower employment growth and tighter lending standards, home sales have declined throughout much of the New York/New Jersey region. The New York State Association of REALTORS® reported that during the 12-month period ending June 2008, existing single-family home sales in the state (excluding parts of New York City) decreased 14 percent to 83,980 homes compared with sales during the previous 12 months. In June 2008, the median price of a single-family home was \$219,000, down nearly 11 percent compared with the median price recorded in June 2007. Home sales also decreased in parts of New Jersey. According to the New Jersey Association of REALTORS®, single-family home sales decreased by 15 percent to 128,900 homes in the 12-month period ending March 2008. During the period, sales declined by 5,560 homes in Central New Jersey and by 10,460 homes in Northern New Jersey to total 33,740 and 59,640 homes, respectively. In the first quarter of 2008, the median price of an existing home in New Jersey decreased by 3 percent from last year to \$350,700. In Northern New Jersey, the most expensive part of the state, the median price of an existing home in the first quarter of 2008 was \$420,900, almost 5 percent less than the price recorded during the same quarter in 2007. During the first quarter of 2008, the median price of an existing single-family home in Central New Jersey and Southern New Jersey declined by less than 1 percent to \$348,900 and \$232,700, respectively.

Most sales markets for existing homes in Upstate New York continued to soften as indicated by a decrease in

sales activity. During the 12 months ending June 2008, the Greater Capital Association of REALTORS® reported that the number of sales in the five-county Albany-Schenectady-Troy metropolitan area declined 12 percent to 8,750 units compared with sales during the previous 12 months. In June 2008, the median price of an existing home in the metropolitan area remained stable, at \$195,000, compared with June 2007. During this same period, the Buffalo Niagara Association of REALTORS® reported that existing home sales remained stable, at 10,900 units, compared with a year ago, but the median price of an existing single-family home and condominium unit increased 6 percent to \$114,000. The Greater Rochester Association of REALTORS® indicated that home sales decreased approximately 6 percent to 10,900 units from sales a year ago, and the median home price decreased approximately 3 percent to \$118,000.

Sales of condominiums and cooperatives in Manhattan declined dramatically during the second quarter of 2008 compared with the exceptionally strong level of condominium/co-op sales in 2007. Prudential Douglas Elliman reported that in the second quarter of 2008, the number of condominium/co-op units sold in Manhattan totaled 3,080, a 35-percent decline from a year earlier. Despite the decline, the level of condominium sales remained 60 percent higher than the sales level recorded during the second quarter of 2006. In the second quarter of 2008, the inventory of available listings totaled 6,870 units, a 30-percent increase compared with the inventory a year earlier. During the most recent 12-month period, the median price of a condominium/co-op in Manhattan increased 15 percent to \$1,025,000. Tighter credit standards and an increasing inventory of available units will likely result in smaller price increases in the future.

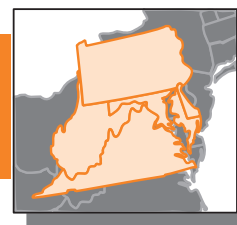
Although housing construction has increased overall in the New York/New Jersey region, the construction of single-family homes has decreased significantly in response to declining demand and an increased inventory of unsold homes. During the 12-month period ending June 2008, housing construction, as measured by the number of residential building permits issued, increased by 5,850 units, or approximately 7 percent, compared with the number issued in the region during the same period last year. This increase included 64,400 units permitted in New York, a 17-percent increase, which offset a decrease of 3,600 units, or 13 percent, in the number of units permitted in New Jersey. During the 12-month period ending June 2008, the number of single-family permits issued decreased by 22 percent to 14,550 units in New York and by 26 percent to 10,700 units in New Jersey compared with the number issued a year ago. Multifamily housing construction, including both apartments and condominiums, increased by 28 percent to 62,750 units. During the 12-month period ending June 2008, the number of multifamily units permitted

increased by 38 percent in New York, from 36,250 to 49,850 units, and increased by nearly 2 percent in New Jersey, from 12,700 to 12,900 units, compared with the number permitted a year ago. Approximately 30 percent of the multifamily housing currently under construction in the region consists of townhome or condominium units.

As sales housing markets have slowed, the demand for rental units has increased throughout much of the region. Second quarter 2008 data from Reis, Inc., indicated decreasing apartment vacancy rates in New York City and parts of New Jersey. According to Reis, Inc., during the second quarter of 2008, the vacancy rate in New York City declined to 2.3 percent from 2.4 percent recorded during the same quarter a year ago. The apartment vacancy rate in Central New Jersey also declined, from 3.5 to 3.1 percent, but the rate increased from 3.3 to 3.6 percent in Northern New Jersey because the level of absorption was significantly less than the level of units completed. During the second quarter of 2008, apartment vacancy rates decreased by 0.5 to 1 percent annually in metropolitan areas in Upstate New York and currently range from a low of 3.7 percent in Syracuse to a high of 4.5 percent in Buffalo.

Increased demand for rental housing has contributed to rent inflation throughout much of the region. In the second quarter of 2008, the average monthly asking rent in New York City increased to \$2,913, up nearly 8 percent from the average monthly rent reported in the second quarter of 2007. Average monthly apartment asking rents also increased to \$1,153 in Central New Jersey and to \$1,507 in Northern New Jersey, or by 4 and 5 percent, respectively. Average monthly apartment asking rents in the Buffalo, Rochester, and Syracuse metropolitan areas increased by 3 to 4 percent to \$723, \$745, and \$673 a month, respectively.

## MID-ATLANTIC



The Mid-Atlantic region has had moderate employment growth since 2004, but the pace of growth has recently slowed. During the 12 months ending June 2008, average nonfarm employment increased by 0.6 percent to 14.1 million jobs, a gain of 84,100 jobs, compared with an increase of 0.9 percent, or 125,200 jobs, during the 12 months ending June 2007. Employment in the education and health services sector rose by 50,100 jobs, or 2.4



percent, and the number of jobs in the professional and business services sector increased by 31,950, or 1.6 percent. Together, the two sectors led all sectors in absolute and percentage growth and offset the loss of 26,600 jobs in the manufacturing sector.

All states in the Mid-Atlantic region recorded job gains during the 12-month period ending June 2008. Pennsylvania, Maryland, and Virginia added 25,200, 25,100, and 23,100 jobs, respectively, accounting for 87 percent of new jobs in the region. Although Maryland added 14 percent more jobs compared with the previous year, job growth in Pennsylvania and Virginia declined to approximately half the rate that occurred in each state during the 12 months ending June 2007. Employment growth was less than 1 percent in Delaware and West Virginia, but the number of jobs increased by 1.2 percent in the District of Columbia because of gains in the education and health services and professional and business services sectors. Slower job growth in the region led to an increase in the unemployment rate. During the 12 months ending June 2008, the regional unemployment rate was 4.2 percent, up from the 3.9-percent rate reported a year ago.

Despite moderate employment growth, the pace of existing home sales slowed throughout the region, continuing the trend that started 3 years ago. According to the Virginia Association of REALTORS®, during the 12 months ending June 2008, 84,950 existing homes were sold, a decline of 20 percent from the number of homes sold during the 12 months ending June 2007. The average home sales price in Virginia was \$296,900, 5 percent higher than a year ago. During the 12 months ending June 2008, the Norfolk, Virginia metropolitan area and the Northern Virginia suburbs of the Washington, D.C. metropolitan area accounted for 43 percent of all existing homes sold in Virginia, with sales of approximately 20,450 and 16,050 homes, respectively. The average price in the Norfolk area remained nearly unchanged, at \$279,800. Homes in Northern Virginia have the highest average price in the state, \$511,100, which is down almost 3 percent from the price recorded a year ago. During the 12 months ending June 2008, 11,150 homes were sold in the Richmond metropolitan area, down 28 percent from the 15,550 homes sold during the 12 months ending June 2007. The average price of an existing home in the Richmond area increased slightly by 1 percent to \$276,900.

In Maryland, the inventory of unsold homes rose as the pace of sales slowed. The current average monthly inventory of 46,800 homes increased 17 percent from 39,850 reported during the 12 months ending June 2007. According to the Maryland Association of REALTORS®, during the 12 months ending June 2008, approximately 49,200 existing homes were sold in the state, a decrease

of 32 percent compared with the 72,400 homes sold during the comparable period in 2007, and the average price declined by 2 percent to \$354,200. In the Baltimore metropolitan area, 24,500 homes were sold, reflecting a 29-percent decrease, but the average price remained nearly unchanged, at \$314,500, since June 2007. During the 12 months ending June 2008, the number of homes sold in the Maryland suburbs of the Washington, D.C. metropolitan area declined by 48 percent to 7,250 homes, and the average price decreased 7 percent to \$324,200 compared with the previous 12 months.

Existing home sales activity decreased in Delaware, Pennsylvania, and West Virginia through the 12 months ending March 2008 (the most recent data available). The NATIONAL ASSOCIATION OF REALTORS® reported that 12,000 homes were sold in Delaware, a decline of almost 32 percent compared with the number sold a year earlier. In Pennsylvania, 176,800 homes were sold, 14 percent fewer than the number sold during the 12-month period ending March 2007. In West Virginia, 29,600 homes were sold during the 12 months ending March 2008, resulting in a 12-percent decline.

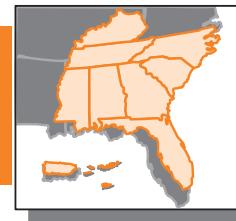
Homebuilding activity, as measured by the number of single-family building permits issued, declined throughout the Mid-Atlantic region during the 12 months ending June 2008. Builders have reduced production in response to slower employment growth and a decline in demand resulting from tighter lending standards. During the period, permits were issued for 64,900 homes, 27 percent fewer than the 88,350 homes permitted during the 12 months ending June 2007. The number of building permits issued for single-family homes declined in all states in the Mid-Atlantic region. The largest absolute decrease occurred in Virginia, where permits were issued for 23,800 homes, down 28 percent, or 9,150 homes, compared with the 12 months ending June 2007. The number of single-family homes permitted in Maryland declined 28 percent to 11,350 homes; in Pennsylvania, the number of permits fell by 23 percent to 23,350 homes. In the District of Columbia, homebuilding activity decreased by more than one-half to 250 homes. Throughout the remainder of the region, declines in the number of permits issued ranged from 24 percent in West Virginia to 33 percent in Delaware. Among the metropolitan areas in the Mid-Atlantic region, Washington, D.C., accounted for 10,850 new homes, the most in the region during the 12 months ending June 2008, with nearly 60 percent of the new activity occurring in the Northern Virginia suburbs.

During the 12 months ending June 2008, multifamily construction activity, as measured by the number of units permitted, declined in the region by approximately 3,725 units, or nearly 16 percent, to 19,950 units. Construction declined by 47 percent to 4,400 units in

Maryland, by 39 percent to 810 units in Delaware, and by 41 percent to 780 units in the District of Columbia. In Pennsylvania, activity decreased slightly by 3 percent to 5,300 units. Despite the overall decline in the region, Virginia and West Virginia reported increased multifamily building activity during the 12 months ending June 2008, partially because of increased apartment construction in response to growth at universities. In Virginia, the construction of multifamily units increased 11 percent to 7,700 units. In West Virginia, construction increased to 930 units from 210 units built during the previous 12 months; one-third of the construction is for student housing located in the Morgantown metropolitan area, home of West Virginia University. During the most recent 12-month period, multifamily building activity varied in the largest metropolitan areas in the region. The Washington, D.C. metropolitan area accounted for 6,675 new multifamily units, the largest total among the region's metropolitan areas during the 12 months ending June 2008 but still a decline of 21 percent from the number of multifamily units built during the previous year. In the Washington, D.C. metropolitan area, approximately 60 percent of the new multifamily development is apartments and the remainder is condominium units. The Philadelphia metropolitan area, the second leading area in the region for multifamily development, reported an increase of 14 percent in the number of multifamily units permitted, with condominium units accounting for nearly 65 percent of the new development.

Market conditions varied in rental housing markets in the Mid-Atlantic region. According to data from Reis, Inc., for the second quarter of 2008, the Richmond rental market tightened as the vacancy rate declined to 5.7 percent, compared with 7.2 percent in the second quarter of 2007. During 2007, nearly 700 new apartments were completed in the Richmond area, and absorption rates were strong. Between the second quarter of 2007 and the second quarter of 2008, vacancy rates decreased from 6.7 to 6.1 percent in Pittsburgh and from 5.8 to 5.3 percent in Baltimore. Minimal change occurred in the overall rental vacancy rates in the Philadelphia and Norfolk/Hampton Roads areas, both registering rates of 4.3 percent, as the markets remained balanced. In the District of Columbia, the vacancy rate increased slightly to 4.5 percent, and outside the city vacancy rates increased to 5.2 percent in suburban Maryland and to 6 percent in suburban Virginia. Despite the rise in vacancy rates, average rents increased by more than 5 percent in both areas, rising to \$1,249 in suburban Maryland and \$1,418 in suburban Virginia.

## SOUTHEAST/ CARIBBEAN



Nonfarm employment increased modestly in the Southeast/Caribbean region during the 12-month period ending June 2008 compared with the preceding 12 months, averaging approximately 27.2 million jobs. The addition of 137,200 jobs, a 0.5-percent gain, in the region during the past 12 months is considerably less than the addition of 440,200 jobs, a 1.7-percent gain, during the 12 months ending June 2007 and 629,000 jobs during the previous year. Employment decreases of approximately 90,000 jobs in the manufacturing sector and 70,000 jobs in the construction sector reflected weakness in the national economy and decreased homebuilding in the region. The addition of 91,900 new jobs in the education and health services sector reflected continued steady growth and produced a 2.9-percent employment gain, the largest gain in the region during the 12 months ending June 2008. During the period, employment in the government sector grew by 71,300 jobs, equaling the job growth recorded during the preceding 12 months and outpacing the average annual increase of 33,700 jobs recorded in this sector during the preceding 5 years.

During the past year, the pace of employment growth slowed in every state in the region except Kentucky. Employment in Kentucky increased by 19,700 jobs, or 1.1 percent, during the 12 months ending June 2008, which was slightly more than the gain of 19,100 jobs recorded during the previous 12 months and which continued the moderate growth recorded in the state since 2004. The largest decrease in employment occurred in Florida, which lost 37,000 jobs, a decline of 0.5 percent, during the past 12 months compared with the preceding 12 months. In contrast, during the 12-month period ending June 2007, employment in the state increased by 147,500 jobs, or 2 percent. A major contributor to the job decline in Florida is the weakening sales housing market, particularly in new home construction. During the 12 months ending June 2008, employment in the construction sector decreased by 74,800 jobs, or nearly 12 percent, compared with a 12,000-job increase, or 2 percent, posted during the same period a year ago. In Puerto Rico, employment decreased by 15,700 jobs, or 1.5 percent, during the past year following a loss of 14,100 jobs the year before. In North Carolina, 68,400 jobs were added during the past 12 months, approximately one-half the number of jobs added the year before.



During the 12 months ending June 2008, the unemployment rate for the region averaged 5.3 percent compared with 4.7 percent for the preceding 12 months.

Existing home sales decreased in most markets in the region during the past year. According to the Alabama Center for Real Estate, during the 12 months ending June 2008, approximately 50,500 homes were sold statewide, a 15-percent decline compared with the 59,500 homes sold during the same period a year ago. Home sales declined by 20 percent in the Birmingham-Hoover area to approximately 14,900 homes. Sales also declined by 20 percent in Montgomery and by 12 percent in Huntsville. With sales falling, the supply of homes on the market is up significantly statewide; for the 12 months ending June 2008, the inventory averaged about 43,600 homes, a 16-percent increase from the same period a year ago. Inventories of unsold homes rose in most areas of the state, including increases of 26 percent in Montgomery, 27 percent in Huntsville, and 34 percent in Mobile. Statewide, the average price of a home sold during the 12 months ending June 2008 remained relatively unchanged, at \$157,500.

According to the Florida Association of REALTORS®, during the 12 months ending June 2008, 117,000 existing single-family homes were sold statewide, a decrease of 23 percent compared with the number sold during the same period a year ago. The median sales price for an existing single-family home in Florida during the past year was \$213,200, a decrease of 12 percent from \$242,300 in the previous 12-month period. Sales of existing condominiums during the period declined 22 percent to a total of 37,100 units statewide. The median price of an existing condominium in the past 12 months was \$186,500, a 12-percent decline from the previous 12 months.

The South Carolina Association of REALTORS® reported that the number of homes sold statewide during the 12 months ending June 2008 totaled 54,250 units, an 18-percent decrease when compared with the number sold during the previous 12 months. The largest decline in the number of homes sold occurred in the coastal Myrtle Beach and Charleston areas, where seasonal homes constitute a significant part of the market. Sales declined by 3,275 and 2,650 homes, respectively, in the two areas. For the first 6 months of 2008, the median home price in South Carolina was \$154,000, down more than 3 percent from the price recorded for the same period in 2007.

Data from the North Carolina Association of REALTORS®, Inc., which reports housing sales for 20 areas, indicate that, during the 12-month period ending June 2008, 119,100 existing homes were sold, a decline of 17,250 homes, or 13 percent, from the number sold during the previous 12 months. The average price increased slightly

by 1 percent to \$221,100 during the most recent 12-month period. The decline in the number of homes sold in each of the three largest metropolitan areas in North Carolina accelerated compared with the decline reported the previous year. In Charlotte, the number of existing homes sold declined by 9,300, or 22 percent, to 33,150 homes, but the average price remained relatively stable, at \$228,200. In Raleigh, sales of new and existing homes declined by 7,975, or 22 percent, to 28,850 homes but the average price increased by \$9,200, or 4 percent, to \$242,500. In Greensboro, the number of existing homes sold declined by 2,325, or 14 percent, to 14,725 homes and the average price fell by \$3,675, or 2 percent, to \$175,300.

In Tennessee, sales of single-family homes and condominiums decreased in the Knoxville, Memphis, and Nashville metropolitan areas during the 12 months ending June 2008 compared with sales recorded during the preceding 12 months. In Knoxville, single-family home sales decreased by 16 percent to 12,075 homes; in Memphis, sales decreased by 19 percent to 13,300 homes; and, in Nashville, sales decreased by 22 percent to 23,750 homes. The number of condominiums sold in the three areas decreased by 9, 20, and 14 percent, respectively.

Single-family homebuilding, as measured by the number of building permits issued, peaked at 521,600 units in the region during the 12 months ending March 2006. Single-family home permits have since declined rapidly as developers have scaled back production in response to slower home sales and rising inventories of new and existing unsold homes in most markets. During the 12 months ending June 2008, permits were issued for 217,400 homes, a decrease of 140,900 units, or 39 percent, when compared with the number of permits issued during the 12-month period ending June 2007. The number of homes permitted during the past 12 months is less than one-half of the annual average 474,200 homes permitted between 2003 and 2005. During the 12 months ending June 2008, single-family home production fell in all states in the region. The largest decline occurred in Florida, where construction activity fell by 48 percent to 52,100 units.

Apartment market conditions varied considerably within the region. In North Carolina, apartment vacancy rates fell slightly in the three largest metropolitan areas during the past 12 months, according to Reis, Inc. The Charlotte apartment market tightened but remained balanced, as the vacancy rate declined from 6.6 percent during the second quarter of 2007 to 6.3 percent during the second quarter of 2008. The Greensboro and Raleigh apartment markets were somewhat soft, with vacancy rates of approximately 8 percent in both areas. All three metropolitan areas recorded rent increases of nearly 4 percent

during the past year. In Kentucky, vacancy rates in Lexington and Louisville declined from approximately 8 to 7 percent during the past year, reflecting balanced markets, but asking rents increased by nearly 3 percent and 4 percent, respectively.

In contrast, all five Florida markets surveyed by Reis, Inc., recorded higher apartment vacancy rates during the second quarter of 2008 compared with rates recorded during the second quarter of 2007. Vacancy rates ranged from 4.6 percent in Miami to 10.6 percent in Jacksonville, the highest rate posted for the 19 southeastern markets surveyed. The 2.8-percentage-point increase recorded in the Jacksonville market during the past year was the largest increase reported for the region.

Multifamily construction, as measured by the number of units permitted, declined in the region by 30,500 units, or 29 percent, to 76,075 units during the 12 months ending June 2008. In Florida, the number of multifamily units permitted decreased by 16,450 units, or 38 percent, as apartment and condominium builders reacted to softer rental housing markets and large inventories of unsold condominiums. In Kentucky, the 13-percent gain to 3,100 units was the only increase in multifamily activity recorded in the region during the past year.

## MIDWEST



Employment levels remained stable in the Midwest region during the second quarter of 2008. Nonfarm employment decreased by 6,000 jobs to an average of 24.3 million jobs in the 12 months ending June 2008; in the previous 12-month period, no change occurred in nonfarm employment levels. During the most recent 12-month period, increases in the education and health services and professional and business services sectors of 70,000 and 22,000 jobs, respectively, were offset by decreases in the manufacturing and construction sectors of 89,000 and 28,000 jobs, respectively. Almost all the manufacturing job losses occurred in durable goods production, where the decline was widespread throughout the region. The decrease in construction employment was attributed to the slowdown in residential construction throughout the region. All states in the region recorded job gains except Michigan and Ohio, where employment declined by 61,000 and 7,500 jobs, respectively. In the 12 months ending June 2008, the

average unemployment rate in the region increased to 5.9 percent, up from 5.6 percent in the previous 12-month period. Unemployment rates ranged from a low of 4.7 percent in both Indiana and Minnesota to a high of 7.5 percent in Michigan.

Slower economic growth, tighter lending standards, and increased numbers of home foreclosures in the region all contributed to continued weakness in the existing home sales market during the first half of 2008. Conditions have been weak for the past 2 years, beginning with the second quarter of 2006. According to the NATIONAL ASSOCIATION OF REALTORS®, in the first quarter of 2008, the annual rate of existing home sales declined by 11 percent to 977,000 homes from the first quarter of 2007. The volume of home sales was the lowest annual rate recorded in the past 6 years. Sales activity was down in all states in the region except Indiana, where the number of homes sold increased by 11 percent, primarily because existing home sales prices have increased at a slower pace in the state compared with other states in the region.

Sales of existing homes continued to slow in the second quarter of 2008 in most areas of the region. In Illinois, the slowing economy dampened sales of existing homes throughout the state. During the 12 months ending June 2008, sales activity decreased by 22 percent and the average price declined by 6 percent to \$253,000 compared with the previous 12-month period. The 26-percent decrease in sales activity in the Chicago metropolitan area accounted for 36 percent of the decline in existing home sales in Illinois. During the 12 months ending June 2008, the average monthly inventory of unsold homes in the area rose to 98,000 existing homes, 15 percent more than the average monthly inventory recorded during the same period in 2007. During the most recent 12-month period, Ohio recorded a 12-percent decline in sales of existing homes to 120,000 units and a 4-percent decrease in the average price to \$146,000.

In Wisconsin, existing home sales in the Madison and Milwaukee metropolitan areas fell by 17 and 28 percent, respectively, during the 12 months ending June 2008 compared with the 12 months ending June 2007. The average price in both areas decreased by approximately 5 percent to \$255,000 and \$272,000, respectively. In Minnesota, the Minneapolis-St. Paul metropolitan area recorded declines of 13 percent in sales activity and 6 percent in the average price to \$238,500. The Indianapolis Association of REALTORS® reported existing home sales declined by 7 percent and the median price decreased by 4 percent to \$115,000. In Michigan, the slow economy continued to affect sales housing markets. Sales of existing homes in the state fell by 8 percent in the 12 months ending June 2008.





In response to declining sales and the increased inventory of unsold new homes in the region, single-family construction, as measured by the number of building permits issued, fell by one-third during the 12 months ending June 2008 to 90,700 homes. The number of single-family permits was the lowest annual level recorded in the past 23 years. Single-family construction activity declined in all states in the region, with Illinois, Michigan, and Ohio accounting for approximately two-thirds of the decrease. In Minnesota, single-family construction activity declined by 38 percent in the past 12 months to 10,700 units, the lowest annual level recorded since 1970. The Builders Association of the Twin Cities reported that sales of new homes, which began to slow in the second quarter of 2006, continued to decline in the second quarter of 2008. During the 12 months ending June 2008, new home sales in the Minneapolis-St. Paul metropolitan area totaled 4,500 homes, a 23-percent decline compared with the same period in 2007. In both Indiana and Wisconsin, the number of building permits issued for single-family homes decreased by 26 percent.

In Chicago, slower sales of new homes led to reduced residential construction activity during the 12 months ending June 2008. Building permits were issued for approximately 13,200 single-family homes in the metropolitan area, a decrease of 10,400 units, or 45 percent, compared with the previous 12 months. Despite the slowdown in residential construction activity in the area, the city of Chicago continued its strong commitment to affordable housing. Since 2004, Chicago has contributed more than \$2 billion toward the construction and preservation of 35,000 units of affordable housing, including 19,000 rental units and 16,000 for-sale units. In 2008, the city of Chicago plans to allocate another \$400 million toward the construction and rehabilitation of an estimated 15,000 affordable homes and apartments.

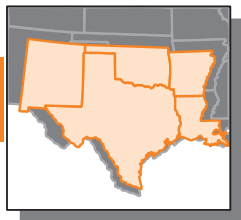
Multifamily construction, as measured by the number of units permitted, also continued to decline in the Midwest region in the second quarter of 2008. During the 12 months ending June 2008, the number of multifamily building permits was down 24 percent to 33,600 units and was 39 percent below the average of 55,000 units permitted annually since 2000. Multifamily construction activity, down in all states in the region, ranged from a 4-percent decline in Indiana to a 33-percent decline in Michigan. Illinois accounted for 57 percent of the regional decline, or 6,100 units, because condominium developers in the Chicago metropolitan area have begun reducing construction in response to the soft condominium market. During the 12 months ending

June 2008, sales of condominium units in the metropolitan area were down 27 percent from the same period in 2007. The overbuilt condominium market in the Minneapolis-St. Paul metropolitan area contributed to a 27-percent decline in multifamily activity in Minnesota. In Ohio and Wisconsin, multifamily construction activity declined by 13 and 19 percent, respectively.

Apartment market conditions in the region were mixed during the second quarter of 2008. Although Chicago's apartment market remained balanced, the apartment vacancy rate in the metropolitan area increased to 7 percent in the second quarter of 2008 compared with 5 percent in the second quarter of 2007. The higher vacancy rate is partly attributed to the soft condominium market in the metropolitan area. As owners encounter difficulty selling their condominiums, more units are being made available for rent. According to Appraisal Research Counselors, during the second quarter of 2008, more than 3,000 condominium units were available for rent in downtown Chicago compared with 1,100 units during the second quarter of 2007. In contrast, all three major apartment markets in Ohio tightened during the second quarter of 2008 because of the low level of apartment construction. In Columbus and Cincinnati, the apartment vacancy rate was 6.6 percent in both metropolitan areas, down from 7.2 and 8.1 percent, respectively, in the second quarter of 2007. In Indianapolis, CB Richard Ellis reported similar tightening in the apartment market because of the strengthening local economy and increased demand for rental housing units. In the second quarter of 2008, the vacancy rate in the metropolitan area was 7.5 percent, compared with 9.1 percent in the second quarter of 2007.

In the Minneapolis-St. Paul metropolitan area, continued growth in the number of renter households and the tightening apartment market are stimulating the construction of new apartment units. According to GVA Marquette Advisors, approximately 1,200 new market-rate apartment units are anticipated to enter the Twin Cities market this year compared with fewer than 600 in 2007. The 3.7-percent vacancy rate as of the second quarter of 2008 is down from the 3.9-percent rate in the second quarter of 2007. In contrast, fewer than 300 new apartment units are expected to enter the Detroit metropolitan area market in 2008 compared with the 1,000 units that have entered the market annually since 2000. With an 11-percent vacancy rate as of the second quarter of 2008, the apartment market in the metropolitan area is expected to remain soft for the next 12 months because of the slow economy.

## SOUTHWEST



Nonfarm employment has continued to increase in the Southwest region since 2004. During the 12 months ending June 2008, average nonfarm employment increased by 348,000 jobs, or 2.2 percent, to 16 million jobs. The professional and business services sector led all employment sectors with a gain of 68,000 jobs, or 3.7 percent, spread throughout the region. During the period, the education and health services sector recorded an increase of 63,000 jobs, which amounted to gains of 3 percent or more each in Texas, Louisiana, and Oklahoma and gains of 2 percent each in Arkansas and New Mexico. Employment in the leisure and hospitality sector increased by 53,000 jobs, or 3.7 percent; the gain was concentrated in Texas, which added 40,000 jobs. Manufacturing was the only sector to record a loss, down 6,000 jobs, or 0.4 percent, for the region, with all losses occurring in Arkansas and New Mexico. Manufacturing employment in the other states in the Southwest region remained stable. Despite a significant decrease in single-family homebuilding during the past year, the construction sector added more than 36,000 jobs, up nearly 4 percent compared with the previous 12-month period. Most of the new jobs were concentrated in Texas, Louisiana, and Oklahoma, where increased levels of multifamily and commercial construction occurred.

Texas employers added 264,000 jobs for a gain of 2.6 percent during the 12 months ending June 2008. All nonfarm employment sectors in the state recorded increases, with minimal job gains occurring in information and manufacturing. During the period, Louisiana gained 47,000 jobs, or 2.5 percent, with total employment exceeding pre-Hurricane Katrina job levels for the first time since the hurricane made landfall in August 2005. Oklahoma added 24,000 jobs, up 1.6 percent, with job growth in the same employment sectors as those in the region as a whole. Although the number of jobs in New Mexico grew by 8,200, or 1 percent, the figures are well below the growth rates before 2006. Employment in Arkansas increased by 3,700 jobs, or less than 1 percent, as the economy absorbed a loss of 8,300 manufacturing jobs.

For the 12 months ending June 2008, the average unemployment rate in the Southwest region was 4.3 percent, essentially unchanged from the 4.4-percent rate posted for the previous 12-month period. Unemployment rates

in the states ranged from 3.5 percent in New Mexico to 5.4 percent in Arkansas. The rates were down nearly 0.5 percentage point each in Texas, Oklahoma, and New Mexico and were relatively unchanged in Arkansas and Louisiana.

The number of existing home sales declined in Texas during the 12 months ending June 2008, but sales housing markets throughout the state were generally balanced due to a significant reduction in new home construction. According to data from the Real Estate Center at Texas A&M University, during the 12 months ending June 2008, approximately 253,000 homes were sold in Texas, down 10 percent compared with the number sold during the previous 12 months but well above the annual average of 218,000 homes sold from 2000 to 2005. In the large metropolitan areas of Texas, home sales volumes were below that of the state average but were offset by moderate decreases in sales volume in the smaller metropolitan areas. During the 12-month period ending June 2008, the average home sales price in the state increased by 3 percent to \$193,600; during the previous 12-month period, the price increased by 4 percent. During the 12 months ending June 2008, average prices increased by about 4 percent in both El Paso and Austin to \$142,800 and \$246,900, respectively. In Houston and San Antonio, average prices increased by 3 percent to \$205,600 and \$181,800, respectively.

The number of existing homes sold declined by double-digit percentages in most markets elsewhere in the region. The Greater Albuquerque Association of REALTORS® reported that the number of sales was down 29 percent in Albuquerque to 7,900 during the 12 months ending June 2008. Albuquerque continues to have the second highest average price in the Southwest region, at \$241,100, relatively unchanged compared with the price recorded during the 12 months ending June 2007. Based on data from the Greater Baton Rouge Association of REALTORS®, during the 12 months ending June 2008, the number of homes sold in Baton Rouge decreased by 18 percent compared with the number sold during the previous 12 months, but the average price increased by 4 percent to \$201,100. According to the Arkansas REALTORS® Association, during the 12 months ending May 2008, the number of homes sold in the state decreased by 11 percent to 27,000 and the price was down by 2 percent to \$150,500. Home sales were down 10 percent in the Little Rock area and 16 percent in the Fayetteville area. The price was flat in Little Rock, at \$165,900, but was down by 6 percent in Fayetteville, to \$190,900.

According to data from the Oklahoma Association of REALTORS®, during the 12 months ending June 2008, the number of existing homes sold in the state decreased to 48,000, an 11-percent drop compared with the number sold during the previous 12 months,



and the average price was \$151,900. In the Tulsa and Oklahoma City areas, existing home sales were down by more than 10 percent to 13,700 and 17,600 units, respectively. Average prices increased by 4 percent to \$157,200 in Tulsa and by 3 percent to \$152,300 in Oklahoma City.

In the Southwest region, single-family construction activity, as measured by the number of building permits issued, decreased significantly during the past 12 months in response to the increased inventory of unsold homes and declining demand resulting from tighter lending standards. During the 12 months ending June 2008, the total number of single-family homes permitted in the region was 131,700, a decline of 55,000, or 30 percent, compared with the number permitted during the 12 months ending June 2007. Declines in the number of units permitted ranged from 18 percent in Oklahoma to 28 percent in Arkansas.

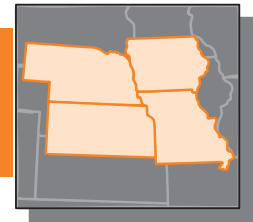
Multifamily construction activity, as measured by the number of units permitted, was at a near-record 66,800 units in the Southwest region during the 12 months ending June 2008 because of large increases in multifamily building permit levels in Texas and Arkansas. The number of units permitted in Texas increased by 3,900 units to 55,300. Permit levels increased by 3,000 and 2,000 units in the Dallas and Austin areas, respectively. In Arkansas, the increase of 800 units occurred almost entirely in Little Rock. In New Mexico, Louisiana, and Oklahoma, permitting activity was down 5, 10, and 11 percent, respectively, compared with that of the previous 12 months.

Rental housing market conditions continue to be somewhat soft, as they have been since 2003, in the largest metropolitan areas in Texas except for Austin. According to ALN Systems, Inc., for the 12 months ending June 2008, the average apartment vacancy rate in Austin was 7 percent and the average rent increased by 7 percent to \$837. In Dallas, the apartment rental market has shown slow but steady improvement during the past 12 months as the average vacancy rate declined from 9.7 percent a year ago to the current rate of 9.2; the average rent increased by 5 percent during the same period to \$799. In Houston, the apartment vacancy rate continued to increase and is currently at 11.2 percent, up 1 percentage point during the past 12 months. The average rent in Houston was \$748, up 4 percent from a year ago. In Fort Worth, the rental market was still very soft and the average apartment vacancy rate was unchanged, at 11 percent. In San Antonio, the apartment vacancy rate also remained unchanged, at 9.5 percent, but the average rent increased by 3 percent to \$708.

Rental housing market conditions are generally balanced

in other large metropolitan areas throughout the Southwest region. According to Reis, Inc., for the second quarter of 2008, the apartment vacancy rate in Albuquerque was 5.4 percent and the average rent increased by 5 percent to \$698. In New Orleans, the apartment rental market is still tight, but vacancy rates increased from 3.7 percent for the second quarter of 2007 to 4.2 percent for the second quarter of 2008. The average rent increased to \$858, up 3 percent compared with the rent recorded a year ago. In Little Rock, the apartment market became more balanced during the 12 months ending June 2008; the 6.9-percent vacancy rate is down from 8.2 percent a year ago, and the average rent increased by 5 percent to \$635. The apartment vacancy rate improved moderately in Oklahoma City, to 7.9 percent, and significantly in Tulsa, to 8.1 percent from 9.6 percent a year ago. Average rents were up by 4 percent to \$531 in Oklahoma City and by 5 percent to \$570 in Tulsa.

## GREAT PLAINS



The long-term impact of the June 2008 floods on local housing markets and economies in the Great Plains region is still unknown at this time, and it will take time for the affected communities to fully recover due to the extensive damage to infrastructure and property. Among the hardest hit areas are communities in Iowa and Missouri; areas in Kansas and Nebraska were also significantly affected.

Current employment data show that the economy of the Great Plains region continued its 4-year expansion in the second quarter of 2008, although the rate of job growth is slowing. During the 12 months ending June 2008, the region added approximately 55,000 nonfarm jobs, a 1-percent increase compared with the number of jobs added during the 12 months ending June 2007. The gain was less than the 1.4-percent increase recorded in the previous 12 months because of slower growth in most employment sectors. For the 12 months ending June 2008, Kansas and Nebraska led the region in job growth, adding 17,900 and 16,100 jobs, respectively. Employment grew steadily in Missouri and Iowa, adding 10,700 and 10,400 jobs, respectively. Regional gains were led by growth in the professional and business services sector and the education and health services sector, which added 16,000 and 14,900 jobs, respectively. The only sector in the region to lose jobs was manufacturing,

down nearly 7,700 jobs. The 10,100 manufacturing jobs lost in Missouri, primarily in motor vehicle and transportation equipment, were partially offset by a gain of 2,400 manufacturing jobs in the region's three other states.

Because of slower employment growth, the average unemployment rate for the Great Plains region, for the 12 months ending June 2008, was 4.5 percent, up from 4.2 percent during the previous 12 months. The rate increased by 0.7 percentage point to 5.5 percent in Missouri and remained relatively unchanged in Iowa, Kansas, and Nebraska, at 3.8, 4.1, and 3.1 percent, respectively.

Home sales markets throughout the region continued their second year of soft conditions as a result of the slowing rate of job growth and tighter lending standards. According to the NATIONAL ASSOCIATION OF REALTORS®, for the 12 months ending March 2008, the annual rate of existing home sales for the four states in the region declined 14 percent to approximately 281,600 homes compared with the rate of sales for the previous 12 months. All states in the region reported a decrease in the number of sales, ranging from 8 percent in Missouri to nearly 28 percent in Iowa. According to the Office of Federal Housing Enterprise Oversight (OFHEO) House Price Index, for the 12 months ending March 2008, home sales prices for the region appreciated by an average of more than 2 percent compared with prices for the previous 12 months. Home price increases ranged between 1 and 3 percent among the states. The appreciation rates are lower than those recorded a year ago but higher than the national rate of -3 percent as of March 2008.

According to local REALTOR® associations, new and existing home sales in the major metropolitan areas in the region declined during the 12 months ending June 2008 compared with sales during the previous 12 months. In St. Louis and Kansas City, total sales declined by nearly 14 percent in each city to 16,750 and 28,650 homes, respectively, and the average price declined by 6 percent to \$198,100 in St. Louis and by 4 percent to \$177,300 in Kansas City. In Des Moines, total sales declined by nearly 17 percent to 8,750 homes but the average price remained stable, at \$170,500. In Lincoln, total sales declined by nearly 11 percent to 3,650 homes and the average price declined by approximately 2 percent to \$155,100. In Wichita, total sales declined by 9 percent to 10,850 homes, but the average price increased by approximately 4 percent to \$135,000. Although sales declined in each of the metropolitan areas, the unsold inventory has remained relatively unchanged, ranging from less than a 5 months' supply in Wichita to approximately a 9 months' supply in Des Moines.

The weakening sales housing markets have contributed to a 2-year decline in single-family home construction,

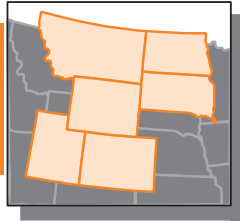
as measured by the number of units authorized by building permits. For the 12 months ending June 2008, permits were issued for 24,750 single-family homes, a 28-percent decline compared with the number issued for the same period a year ago. The decrease was greatest in Missouri and Kansas, which recorded declines of 36 and 29 percent, respectively, to approximately 9,000 and 5,125 permits, respectively. In Iowa and Nebraska, the number of single-family permits was down 21 and 13 percent, respectively, to 6,050 and 4,550, respectively.

Multifamily construction, as measured by the number of multifamily units permitted, also declined but to a lesser degree than single-family construction did. For the 12 months ending June 2008, the number of units permitted in the region declined by 14 percent to 11,550 units. The decline was not uniform across the region; the number of multifamily units permitted increased in Kansas and Nebraska but declined in Iowa and Missouri. The magnitude of the declines in Iowa and Missouri—nearly 690 units, or 27 percent, in Iowa and nearly 1,850 units, or 27 percent, in Missouri—contributed to the overall decline in multifamily permitting activity for the period. In Kansas and Nebraska, during the 12 months ending June 2008, the number of multifamily units permitted increased by 210 and 460 units, respectively, representing increases of 9 and 32 percent, respectively, compared with the number permitted during the 12 months ending June 2007. According to the McGraw-Hill Construction Pipeline database, apartments accounted for 70 percent of multifamily units permitted in the Great Plains region, up from approximately 50 percent recorded a year ago; the remainder of the units were condominiums.

Rental housing markets in the larger metropolitan areas of the Great Plains region have tightened since early 2007. Restrictive mortgage lending standards and higher mortgage interest rates have made it difficult for potential buyers to purchase a home and have contributed to tighter rental markets. According to Reis, Inc., first quarter 2008 data for each metropolitan area indicate lower vacancy rates and increasing rents compared with rents and rates for the first quarter of 2007. In St. Louis and Kansas City, average apartment vacancy rates declined from 8 to nearly 7 percent and from 7.4 to 7.2 percent, respectively. Average asking rents in both markets increased by 2 and 4 percent to \$721 and \$695, respectively. In Omaha, the apartment vacancy rate remained relatively stable, at approximately 6 percent, but in Wichita and Des Moines, vacancy rates decreased to approximately 8 percent from 10 percent and to 7 percent from 8 percent, respectively. Average asking rents increased in all three areas, rising by 5 percent to \$682, by 4 percent to \$500, and by 2 percent



## ROCKY MOUNTAIN



to \$680, respectively.

The economy of the Rocky Mountain region continued its 4-year expansion, albeit at a slower rate during the second quarter of 2008. For the 12 months ending June 2008, nonfarm employment in the region increased by 108,500 jobs, or 2.2 percent, to 5.1 million. The gain was lower than the 3-percent growth rate recorded for the previous 12 months because of slower growth in most employment sectors. The largest gains occurred in Colorado and Utah, which added 46,900 and 32,100 jobs, respectively. In Colorado, employment gains across all sectors except manufacturing and financial activities contributed to a 2.0-percent increase in non-farm employment during the past 12 months. In Utah, a record number of tourists visiting the state's ski areas during the 2007-08 season contributed to strong job increases in the leisure and hospitality sector and an overall 2.6-percent job growth rate. In Wyoming, employment growth of 3.2 percent was bolstered by high demand for the state's energy resources. Montana, North Dakota, and South Dakota each posted job growth rates of less than 2 percent.

The slower economy eased labor markets throughout the Rocky Mountain region. During the 12 months ending June 2008, the average unemployment rate in the region increased to 3.7 percent from 3.4 percent recorded during the same period a year ago. Average unemployment rates were up in all states in the region except South Dakota, where the rate remained relatively unchanged, but rates for all states were well below the average national rate of 4.9 percent. Rates in Colorado and Utah increased the most, gaining 0.4 percentage point in both states from a year ago. The 2.8-percent unemployment rate in South Dakota was the lowest in the region, followed by Utah and Wyoming, at 3.0 percent; Colorado had the highest rate, at 4.3 percent. North Dakota and Montana recorded unemployment rates of 3.2 and 3.5, respectively.

During the first quarter of 2008, single-family home sales activity in the Rocky Mountain region showed signs of improving after declining for the previous four quarters. According to the NATIONAL ASSOCIATION OF REALTORS®, the annualized average rate of existing home sales for the first quarter of 2008 was up 3 percent from the fourth quarter of 2007. Nevertheless, for the

12 months ending March 2008, existing home sales totaled 223,600, down 10 percent from a year ago. During the most recent 12-month period, home sales were down in all states in the region. The greatest rate of decline, more than 30 percent, occurred in Utah, following relatively high sales activity in the state in the previous 12 months. Home sales were down by 11 percent in both Montana and Utah and were off by 4 percent in North Dakota. Sales activity in Colorado and Wyoming was off by 2 and 10 percent, respectively.

The home sales markets in most of the region's metropolitan areas softened during the 12 months ending June 2008. The Salt Lake City and Provo-Orem single-family home sales markets have experienced lower demand because of tighter lending standards and rising home prices in recent years. As a result, during the past year, the inventories of unsold homes have increased and prices have remained relatively flat in these once very tight markets. According to NewReach, Inc., for the 12-month period ending June 2008, existing single-family home sales in the four-county Salt Lake City housing market area declined by 37 percent to 13,600 units and active listings were up 75 percent to 21,200 units. At the same time, the average home sales price was up by 3 percent to \$255,100 compared with 16-percent increases during the previous two 12-month periods. Similarly, new home sales in the Salt Lake City area were down 35 percent and the average price decreased by 4 percent to \$358,700. In the Provo-Orem area, sales of existing homes were off by 38 percent, and the average sales price was relatively unchanged, at \$282,000.

In Colorado metropolitan areas, sales market conditions for existing homes are soft, but inventories of unsold homes have declined significantly, indicating that markets are beginning to turn around. According to the Boulder Area REALTOR® Association, for the 12-month period ending June 2008, the average price of an existing single-family home in Boulder was relatively unchanged, at \$449,500, but sales declined by 7 percent. The Denver Board of REALTORS® indicates the average single-family home price in Denver declined by 4 percent to \$292,300 and sales were down by 4 percent. Active listings of existing homes in Boulder and Denver were down 11 and 22 percent, respectively. Inventories in both markets have subsided because of reductions in homebuilding, a modest decline in existing home sales, and an increased number of sellers keeping homes off the market until prices have stabilized. Homes priced under \$300,000 in certain submarkets in Denver and under \$500,000 in Boulder are in short supply.

In response to lower demand, homebuilding activity in the region continued a 2-year decline in the second quarter of 2008. During the 12 months ending June 2008, single-family construction activity, as measured

by the number of building permits issued, decreased by 20,300 units, or 35 percent, to 37,600. In Utah, 11,160 single-family homes were permitted, a decline of 9,440 homes compared with the number permitted during the previous 12 months; this decline accounted for 46 percent of the total reduction in the region. In Colorado, permits declined by 9,050 units to 16,200 single-family homes. Construction activity in Utah and Colorado is expected to continue to ease until the excess inventory of existing unsold homes is absorbed. In Montana and Wyoming, the number of permits issued in each state declined by approximately 20 percent to 2,660 and 2,190 units, respectively. In North Dakota and South Dakota, building permits for new homes were off by 7 percent to 1,900 units and by 11 percent to 3,480 units, respectively.

In the Rocky Mountain region, for the 12 months ending June 2008, multifamily construction, as measured by the number of units permitted, totaled 14,900 units, a decline of 2 percent from the same period a year ago. In Colorado, multifamily building activity increased by 10 percent, or 820 units, to 8,800 units. Gains in Colorado more than offset losses in Montana, North Dakota, and South Dakota; multifamily building activity in these states decreased by 49, 20, and 14 percent, respectively, to 620, 930, and 970 units, respectively. The large decrease in Montana was due to a slowdown in condominium development in the state's resort areas. In Utah and Wyoming, the number of multifamily units permitted was relatively unchanged, at 3,170 and 430 units, respectively. Condominium production still accounts for an estimated 60 percent of multifamily units permitted in the region, but, as the demand for apartments continues to grow, builders are expected to increase apartment production.

During the second quarter of 2008, rental housing markets continued their 4-year tightening trend throughout much of the Rocky Mountain region. The Salt Lake City area rental market has benefited from a 4-year period of strong population growth and limited delivery of new rental units in the market. According to Reis, Inc., in the Salt Lake City area, during the second quarter of 2008, the apartment vacancy rate of 5.3 percent was relatively unchanged from a year ago as conditions remained tight. The average overall asking rent increased by 6 percent to \$745. During the past 12 months, the apartment vacancy rate in Denver declined to 6.1 percent from 6.9 percent a year ago, according to the second quarter 2008 survey by *Apartment Insights*, published by Apartment Appraisers & Consultants. The average effective rent was up 5 percent to \$813, a further indication of a balanced-to-tight market. With few apartment units in the construction pipeline, the tightening trends in the Salt Lake City and Denver

areas are expected to continue for the next 12 months. The Colorado Springs rental market remains soft but is improving. The 12-month average apartment vacancy rate declined from 9.8 percent in June 2007 to 9 percent in June 2008. According to *Apartment Insights*, the average effective rent in the Colorado Springs area was relatively unchanged, at \$635.

## PACIFIC



The economy of the Pacific region slowed during the second quarter of 2008. During the 12 months ending June 2008, the level of nonfarm employment remained relatively unchanged, increasing by just 35,700 jobs, or 0.2 percent, the slowest pace since 2003. Hiring has declined sharply from the 1.6-percent increase in the previous 12 months, when 309,000 jobs were added. Employment in the service-providing sectors rose by 160,000 jobs, or 1 percent. The government sector and education and health services sector each added approximately 68,000 jobs, followed by a 24,000-job gain in the leisure and hospitality sector. Because of the continued weakness in the housing market, employment in the construction sector and financial industries fell by 100,000 and 42,000 jobs, respectively.

California employers increased payrolls by a modest 29,400 jobs, or 0.2 percent, in the 12 months ending June 2008, compared with more than 184,000 jobs added in the previous 12-month period. The 120,000-job gain in the service-providing sectors was substantially offset by a decline of nearly 91,000 jobs in the construction and manufacturing sectors. Buoyed by strong information processing and high-technology industries, employment in the San Francisco Bay Area rose by 28,000 jobs. In Southern California, employment declined by 33,500 jobs, largely due to the loss of residential construction jobs and layoffs in the financial activities sector. Employers in Hawaii added just 3,500 jobs, a 0.5-percent gain, in the 12 months ending June 2008, down from 12,500 new jobs added in the previous 12 months.

The normally fast-growing Arizona and Nevada economies have slowed dramatically in the past year. Nonfarm employment in Arizona was relatively unchanged in the 12 months ending June 2008, increasing by only 2,600 jobs, far below the average annual increase of nearly 113,000 jobs between 2003 and 2006. Jobs in the



service-providing sectors rose by 28,000 in the past 12 months, largely in the government sector and education and health services sector. Employment in the construction sector declined by more than 23,000 jobs due to the slow pace of homebuilding. In Nevada, the level of nonfarm employment was also essentially unchanged during the period, compared with an increase of 33,000 jobs, or 2.6 percent, during the previous 12-month period. As a result of the slower economy, the average unemployment rate in the Pacific region rose to 5.6 percent in the 12 months ending June 2008, from 4.7 percent in the previous 12-month period. Unemployment rates increased in every state in the region and ranged from a low of 3.1 percent in Hawaii to a high of 6 percent in California.

Home sales in the Pacific region were generally very weak in the second quarter of 2008 because of slow employment growth and tighter mortgage credit availability. Existing home sales in California declined 22 percent to 331,000 homes in the 12 months ending June 2008 compared with the rate of sales a year ago, according to the California Association of REALTORS®. The median sales price of existing homes decreased more than \$200,000, or 35 percent, to \$385,650 between the second quarter of 2007 and the second quarter of 2008, reflecting a shift in sales trends to more affordable homes and declining prices. The increase in foreclosure sales, from 5 to 40 percent of the existing sales in the second quarter of 2008, also contributed to the steep decline in sales prices. Sales of both new and existing homes declined by 29 percent in the San Francisco Bay Area and by 35 percent in Southern California. In Honolulu, sales of existing homes fell by 20 percent to 7,800 units in the 12 months ending June 2008. During the period, the median price of existing homes remained relatively stable, at approximately \$630,000 for single-family homes and \$325,000 for condominium units.

In Las Vegas, sales of new homes declined by 46 percent to approximately 15,000 homes and sales of existing homes declined by 33 percent to approximately 22,500 homes during the 12 months ending June 2008, according to the *Las Vegas Housing Market Letter*. Despite the declines, the rate of new home sales was relatively stable in the first half of 2008, but the rate of existing home sales increased for 6 consecutive months this year. In the second quarter of 2008, the median price of existing homes was \$224,000, a 20-percent decrease compared with the price recorded in the same quarter a year earlier. The lower prices reflect a persistently high inventory of unsold homes, currently at 29,000 listings, and a growing share of bank-owned homes, which reportedly accounted for 65 percent of total existing homes sold in June 2008. The *Phoenix Housing Market Letter* reported that sales of new and existing homes in Phoenix each fell by 34 percent to 30,000 and 49,000 homes,

respectively, in the 12 months ending in June 2008. The median sales price of existing homes declined by 19 percent to nearly \$205,000 in the second quarter of 2008, compared with the price recorded a year ago.

In response to weak home sales and high inventory levels in the region, single-family home construction activity, as measured by the number of building permits issued, declined sharply by nearly 70,000 homes to 81,350, or 46 percent, in the 12 months ending June 2008 compared with the number permitted a year ago. This volume is the lowest reported for the region since 1982. In California, the number of homes permitted also declined by 46 percent, to 43,700. In Arizona and Nevada, home construction activity fell by nearly 50 percent to 24,300 and 10,100 permits, respectively. In Hawaii, the number of building permits issued declined by 37 percent.

Rental housing market conditions in major Pacific region areas remained mixed in the second quarter of 2008. The San Francisco Bay Area has a tight rental market due to strong demand for rental housing stemming from employment and household growth, relatively high home prices, and limited rental construction activity. According to Reis, Inc., in the second quarter of 2008, the apartment rental vacancy rate in San Jose fell to less than 3.5 percent from 4 percent a year ago. In both the San Francisco and Oakland submarkets, vacancy rates were 4 percent, down from 4.5 and 5 percent, respectively. Increases in asking rents ranged from 5.5 percent in Oakland to 9.5 percent in San Francisco.

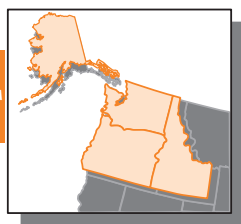
The rental market eased to more balanced conditions in most of Southern California in the second quarter of 2008, due to the weaker economy and an increased supply of rental units consisting of investor-owned homes and condominiums. Rental vacancies increased in Los Angeles, Orange, and Ventura Counties to 4.5 percent in the second quarter of 2008 compared with 4 percent a year ago. The vacancy rate in San Diego County remained unchanged, at 4.5 percent. Riverside County was especially affected by the increase in single-family home rentals; the rental vacancy rate in the county increased 0.5 percentage point in the past year to 8 percent currently. It is estimated that more than 4,000 single-family homes were added to the rental stock in Riverside County during the past year. In San Bernardino County, conditions remained unchanged from a year ago, with a 6.5-percent vacancy rate. According to the Consumer Price Index for Southern California, rents increased by 4.5 percent in the 12 months ending June 2008, significantly less than the 6-percent rent increase recorded between June 2006 and June 2007.

In Las Vegas, the rental market is currently balanced. According to Reis, Inc., the apartment vacancy rate rose from nearly 5 percent in the second quarter of

2007 to 7 percent in the second quarter of 2008. During the period, the average rent increased by 3 percent. The Phoenix rental housing market is currently slightly soft, with an apartment vacancy rate of nearly 9 percent in the second quarter of 2008, up 1.5 percent from a year ago. Rental vacancies are rising in both Las Vegas and Phoenix because of slower demand growth, increased apartment construction, and the addition of investor-owned homes and condominium units to the rental stock. In Hawaii, the estimated rental vacancy rate is 5.5 percent, up 1 percentage point in the past year.

Multifamily construction activity, as measured by the number of units permitted, was relatively stable overall in the Pacific region in the 12 months ending June 2008. During the period, the number of permits issued declined by just 2 percent to 60,600 units. Although the number of multifamily permits issued in Arizona was virtually unchanged, at approximately 9,500 units, multifamily construction activity in California and Hawaii declined by 16 and 33 percent, to 37,000 and 1,700 units, respectively. The declines recorded in these two states were nearly offset by the doubling of multifamily construction activity in Nevada to nearly 12,500 units in the past 12 months due to a dramatic increase in condominium construction in Las Vegas. According to Reis, Inc., nearly 9,100 condominium units were under construction in the area as of the second quarter of 2008.

## NORTHWEST



Employment growth continued to moderate in the Northwest region during the 12 months ending June 2008, a trend that began in late 2006 mainly due to contraction in industries affected by the slower sales housing market. During the 12 months ending June 2008, nonfarm employment grew by 86,000 jobs, or 1.5 percent, to an average of 5.7 million jobs, compared with a gain of 142,000 jobs, or 2.5 percent, during the previous 12 months. In Washington, nonfarm employment increased by nearly 60,000 jobs, or 2 percent, to an average of 2.6 million jobs. Idaho had the second fastest rate of growth in the region, adding 8,200 jobs for a gain of 1.3 percent. In Oregon, nonfarm employment grew by 16,600 jobs, or 1 percent, to 1.7 million jobs, and in Alaska, nonfarm employment was up by 2,000 jobs, or 0.6 percent, to 318,500 jobs.

Regional job gains during the 12 months ending June 2008 were led by the education and health services, leisure and hospitality, and government sectors, which added 20,200, 19,800, and 17,000 jobs, respectively. The financial activities sector recorded a net decline of 3,300 jobs in the region, primarily because of layoffs in the home mortgage lending industry. Likewise, because of reduced levels of single-family homebuilding, employment in the construction sector decreased by 700 jobs in the region compared with a gain of 26,100 jobs a year ago. Washington, the only state in the region to record a gain in construction sector employment, added 4,800 jobs because of increased multifamily residential development and several significant infrastructure projects. Manufacturing employment decreased regionally by 500 jobs, down in every state except Washington, where the sector gained 6,700 jobs, led by hiring at The Boeing Company. In Oregon, employment in the manufacturing sector declined by 4,900 jobs. The regional unemployment rate remained relatively stable at 4.8 percent compared with 4.7 percent during the 12 months ending June 2007. The average unemployment rate was 3 percent in Idaho, 4.7 percent in Washington, 5.4 percent in Oregon, and 6.5 percent in Alaska.

Sales housing market conditions continued to soften in the Northwest region during the 12 months ending June 2008, creating an 18-month trend of waning home sales and price appreciation. In Washington, according to Northwest Multiple Listing Service data, the Puget Sound metropolitan areas of Seattle, Tacoma, Bremerton, and Olympia recorded a total of 51,200 new and existing homes sold during the 12 months ending June 2008, a 29-percent decline compared with the number sold during the previous 12 months. The largest rate of decline in the number of homes sold during the 12-month period ending June 2008 occurred in the Tacoma area, where sales were down by 34 percent. Sales declined by 30 percent in the Seattle area and approximately 20 percent each in the Bremerton and Olympia areas. In the Olympia area, however, sales volume during the 12 months ending June 2008 remained 13 percent above the average annual volume sold during the 2000-through-2004 period.

The average price for new and existing single-family homes sold during the 12 months ending June 2008 in the metropolitan area of Puget Sound was \$447,200, a 1-percent increase compared with a 12-percent increase in the previous 12 months. During the past year, prices increased by 2 percent to \$517,400 in the Seattle area and by 2 percent to \$300,300 in the Olympia area but declined by 4 percent to \$355,300 in the Bremerton area and by 2 percent to \$323,800 in the Tacoma area. During the 12 months ending June 2008, the average price of condominiums sold in the Seattle area increased





by 5 percent to \$318,200 but the number sold declined by 24 percent to approximately 10,700 units.

The number of new and existing homes sold in 11 major markets in Oregon declined 33 percent to 46,600 during the 12 months ending June 2008 compared with the previous 12 months, according to data from the *Market Action Report* of RMLS™. The average price decreased by 1 percent to \$310,000 during the same period. In the Portland-Vancouver-Beaverton, Oregon-Washington metropolitan area, sales of new and existing homes were down 27 percent, totaling 28,100 units, but the price increased by 3 percent to \$336,300. Prices were typically down 3 percent or less in the rest of the major markets in Oregon, with the exception of the Medford area, where the price declined by 28 percent to \$234,250 due to a significant drop in out-of-state buyers whose previously strong demand in the area contributed to price gains of more than 30 percent annually between 2004 and 2006. During the 12 months ending June 2008, sales of new and existing homes in the Boise metropolitan area totaled 8,100 units, a 36-percent decrease compared with sales recorded during the previous 12 months, and the price decreased by 3 percent to \$232,000, according to Intermountain Multiple Listing Service data. Alaska Multiple Listing Service, Inc., data showed sales at 2,600 units, a 13-percent decline in new and existing home sales in Anchorage during the 12 months ending June 2008. Sales peaked in 2004 at nearly 3,500 units and the current 12-month period volume was 18 percent below the average annual number sold during the 2000-through-2003 period. The average price in Anchorage, at \$323,950, was essentially unchanged compared with the price during the previous 12 months.

Home construction activity, as measured by the number of building permits issued, declined by nearly 30 percent in the Northwest region during the 12 months ending June 2008 in response to the reduced volume of home sales. During the period, the number of single-family building permits issued in the region totaled 42,100, 21,600 fewer homes than the number permitted during the previous 12 months. In Washington, the number of single-family permits issued declined by 10,000 to 21,500 homes compared with the volume permitted in the previous 12 months. In Oregon, the number of single-family permits issued decreased by approximately 6,800 to 11,400 homes. In Idaho, the number of single-family permits issued declined by 4,300 to 8,300 homes. In Alaska, single-family construction activity totaled 850 homes, down 300 units from the volume permitted in the 12 months ending June 2007.

Multifamily construction activity, as measured by the number of units permitted, slowed in the Northwest region during the 12 months ending June 2008 following an increase in activity during the previous 12 months prompted by tight rental housing market conditions. The total number of units permitted during the current 12-month period totaled 16,900 units, down by 4,500 units, or 18 percent, compared with the previous 12-month period. In Washington, the number of multifamily units permitted during the 12 months ending June 2008 declined by 2,000 units to 14,600 units and, in Oregon, the number of units permitted totaled 4,600, a decline of 1,300 units. Multifamily construction activity in Idaho declined by 750 units to a total of 1,400 units and, in Alaska, activity totaled 500 units, down by 500 units compared with the previous 12 months.

Rental housing market conditions remained tight in the Northwest region during the 12 months ending June 2008 due to continued, albeit more moderate, job growth and less competition from the sales housing market. According to RealFacts data, as of the second quarter of 2008, the average apartment vacancy rate in the Seattle-Tacoma market area was 5 percent, unchanged from the same quarter a year ago, because local rental market conditions remain tight. The average rent in the Seattle-Tacoma area was \$1,115, up nearly 8 percent compared with the average rent during the second quarter of 2007. Rental housing market conditions were also tight in the Bremerton and Olympia metropolitan areas, where apartment vacancy rates were estimated at approximately 4 percent for both areas as of June 2008.

In the Portland-Vancouver-Beaverton area, rental housing market conditions also were tight. According to RealFacts data, for the second quarter of 2008, the apartment vacancy rate in the area was 5 percent, unchanged from the same period a year ago, and the average rents increased by 5 percent to \$860. In the Oregon metropolitan areas of Salem, Eugene-Springfield, and Medford, during the 12 months ending June 2008, the estimated apartment vacancy rate was below 5 percent, due to limited new apartment construction, and the average rent increased between 2 and 5 percent. According to RealFacts data, for the second quarter of 2008, rental housing market conditions were balanced in the Boise metropolitan area. The apartment vacancy rate was relatively unchanged, at 7 percent, and the average rent was \$744, a 3-percent increase compared with the average rent recorded for the second quarter of 2007. Rental housing market conditions in the Anchorage area were balanced, with an estimated rental vacancy rate of 6 percent as of June 2008.

## Housing Market Profiles

### Albuquerque, New Mexico

The Albuquerque metropolitan area, consisting of Bernalillo, Sandoval, Tarrant, and Valencia Counties, is located in central New Mexico. The area is home to Kirtland Air Force Base (AFB) and The University of New Mexico (UNM), the two leading employers, as well as numerous recreational areas such as Petroglyph National Monument and Sandia Peak. As of June 1, 2008, the Albuquerque metropolitan area population was estimated at 850,700, with approximately 60 percent of the population residing in the city of Albuquerque. According to data from the Census Bureau, Albuquerque was the sixth fastest growing city in the nation, with a population greater than 500,000 between July 2005 and July 2006. The metropolitan area as a whole grew by 31,500, or 4 percent, during this period.

Approximately 4,875 military and 35,700 civilians work at Kirtland AFB, which had an estimated total economic impact on the area of \$8.2 billion in 2006, according to the base. More than 80 percent of the civilian personnel are contractors working for private-sector companies such as Sandia National Laboratories, a research and development company employing more than 8,700 workers. The remaining civilian personnel are federal employees. Employment at the base is expected to remain relatively stable during the next 3 years. UNM employs 14,300 faculty and staff and had a fall 2007 enrollment of 26,300 students. According to an economic impact study by the UNM Bureau of Business and Economic Research, in 2003 the university had a direct economic impact of approximately \$641 million on the state of New Mexico. Most of this impact is attributed to the main campus and hospitals located in the Albuquerque metropolitan area.

During the past 24 months, nonfarm employment growth began to slow in the Albuquerque metropolitan area after 4 years of increasing rates of employment growth. Total nonfarm employment grew by 2,400 jobs, or 0.6 percent, during the 12 months ending May 2008. During the previous two 12-month periods ending May 2006 and May 2007, employment grew by 3.0 and 2.6 percent, respectively. During the current 12-month period, small gains in the service-providing sectors, led by an increase of 1,200 jobs in the education and health services sector, were par-

tially offset by job declines in the goods-producing sectors. The manufacturing sector declined by 1,000 jobs, due in part to the loss of approximately 2,000 jobs since mid-2006 at the Intel Corporation plant located north of Albuquerque in Rio Rancho. The construction sector lost 1,400 jobs as a result of the slowdown in new home construction as well as the completion of several large construction projects, including UNM Children's Hospital and two large high-technology facilities.

Single-family home construction activity, as measured by the number of building permits issued, declined dramatically during the 24 months ending May 2008 following a high-growth period earlier in the decade. From the middle of 2002 through the middle of 2006, annual construction activity reached levels nearly double those recorded throughout much of the 1990s. The large number of single-family homes permitted during this period was a response to increased demand resulting from low interest rates and attractive financing terms coupled with solid employment and population growth in the metropolitan area. After reaching a peak of 7,425 homes permitted in the 12 months ending May 2006, single-family home construction has steadily declined. During the 12 months ending May 2008, a total of 3,025 single-family homes were permitted. This figure represents a decline of approximately 30 percent compared with the number of homes permitted during the previous 12-month period and a decline of nearly 60 percent compared with the peak volume recorded during the 12 months ending May 2006. Slowing job growth and tighter lending standards have combined to reduce the demand for single-family homes, and builders have responded by reducing levels of new home construction.

Despite the slowdown in single-family homebuilding activity, several new subdivisions are currently under construction or in development. One of the largest is Mesa del Sol, a 13,000-acre, master-planned community in southeastern Albuquerque. The project, currently under development, will be built over the next 35 to 50 years and, when completed, is expected to include an estimated 38,000 homes plus schools, stores, and as much as 18 million square feet of office and industrial property. The first homes are expected to be available for occupancy in the fall of 2009. Mesa del Sol plans call for approximately 400 housing units during the first year of residential development and an additional 400 to 500 units in each subsequent year. Units will include a broad range of housing styles and prices, including condominiums, townhomes, and single-family homes, with sales prices starting at \$150,000 for a 900-



square-foot condominium and increasing to \$700,000 or more for a 4,000-square-foot, single-family home.

Sales housing market conditions in the Albuquerque metropolitan area are currently balanced after softening from tight conditions in mid-2006 as sales volume declined and the average number of days homes remained on the market increased. During the 12 months ending May 2008, the total number of homes sold was 8,200, a 27-percent decline from the 11,200 homes sold during the previous 12-month period and 35 percent below the volume sold during the 12 months ending May 2006. According to data from the Greater Albuquerque Association of REALTORS®, homes for sale remained on the market for an average of 63 days during the 8 months ending May 2008 compared with 43 days on the market during the 8 months ending May 2007. Despite the softening sales market, the average home price has continued to increase in the metropolitan area, although at a slower rate. During the 12 months ending May 2008, the average price of a home sold was \$242,100, up 2 percent from the price recorded during the previous 12-month period. During the previous two 12-month periods, the average price increased by 12 and 6 percent, respectively.

The rental housing market in the Albuquerque metropolitan area is currently balanced. Increased rental demand, partly due to tighter lending standards in the sales housing market, helped lower vacancy rates during the year. According to Reis, Inc., the apartment vacancy rate averaged 5.1 percent during the first quarter of 2008, down from an average of 5.5 percent during the first quarter of 2007. The rental market has continued to tighten since reaching a recent vacancy rate peak of 6.7 percent in early 2006. The average monthly rent increased consistently during this period, from \$630 during the first quarter of 2006 to \$690 during the first quarter of 2008; the higher rent represents increases of approximately 5 percent a year. Multifamily construction, as measured by the number of multifamily units permitted, declined to 640 units during the 12 months ending May 2008 compared with 910 units during the previous 12 months. Since 2000, permits have been issued for 5,675 multifamily units in the area, an average of approximately 670 units permitted annually. Approximately one-third of those units are intended for sale.

Both Kirtland AFB and UNM have a significant influence on the local rental market. Kirtland AFB provides 830 dormitory-style, single-occupancy rooms in addition to the approximately 1,075 privatized, on-base units owned and managed by Kirtland

AFB Family Housing, LLC. The remainder of the 4,875 military employees live in private, off-base housing. UNM currently houses 2,200 students in eight residence halls and another several hundred students in family and graduate-student housing. Many of the other approximately 26,000 students enrolled in the university choose to live off campus in nearby condominiums or apartment complexes. Rents for a one-bedroom unit near the campus start at approximately \$450 a month.

## Austin-Round Rock, Texas

The Austin-Round Rock metropolitan area comprises Bastrop, Caldwell, Hays, Travis, and Williamson Counties and is the economic and healthcare center of central Texas. The city of Austin is the state capital. Dell Inc., with approximately 17,000 employees, is the leading employer in the area. The University of Texas, with more than 14,000 faculty and staff and an enrollment of approximately 50,000 students, is the second leading employer.

The economy of the metropolitan area is still growing but has begun to lose some of its momentum. Job cutbacks in the manufacturing, information, and local government sectors have led to recent slowdowns in resident employment growth. For the 12-month period ending May 2008, the annual average resident employment growth rate was 2.3 percent, the lowest average rate recorded since mid-2004. The current growth rate is down from the 4-percent growth rate posted for the 12-month period ending May 2007. According to the Texas Workforce Commission, during the 12-month period ending May 2008, average resident employment was 823,900 workers. During the same period, the average unemployment rate was relatively unchanged, at 3.7 percent.

Employment growth is expected to increase during the next few years. According to a first quarter 2008 report from the Greater Austin Chamber of Commerce, approximately 30 companies plan to expand or build new facilities in the area, adding approximately 1,700 new jobs. The largest proposed expansion is the Image Microsystems headquarters, which will add approximately 400 jobs. Project Da Vinci, an advertising agency, plans to build its headquarters in Austin and is expected to create about 200 new jobs.

Despite the slowdown in employment growth, net in-migration to the area has increased. As of June 1, 2008, the population of the metropolitan area was estimated at 1,550,000, an increase of approximately

44,500, or 3 percent, annually since the U.S. Department of Housing and Urban Development's Economic and Market Analysis Division's (EMAD's) July 1, 2006, estimate. Corresponding with the increase in population, the number of households in the metropolitan area also increased significantly. As of June 1, 2008, an estimated 614,900 households resided in the metropolitan area, up approximately 15,150 households, or 5 percent, annually from EMAD's July 1, 2006, estimate.

Because of tightening mortgage lending standards, home builders and developers in the metropolitan area have cut back on single-family construction, as measured by the number of building permits issued. During the 12-month period ending May 2008, the number of single-family homes permitted in the metropolitan area decreased by 32 percent to approximately 10,300 homes. Approximately 5,740 homes were permitted in Travis County, 3,100 in Williamson County, and 1,400 in Hays County. The balance of 60 units was permitted in Bastrop and Caldwell Counties. Currently, approximately 3,400 single-family homes are under construction in the metropolitan area.

In Travis County, single-family housing development increased along the recently constructed Austin bypass, State Highway (SH) 130. Two of the largest mixed-use developments currently proposed along SH 130 are Whisper Valley and Indian Hills. Whisper Valley, a 2,400-acre development, will include a proposed 2,850 single-family homes and 5,000 townhomes. The development will also include 1.25 million square feet of retail and commercial space and 1.15 million square feet of office space. Indian Hills, a 240-acre development, is expected to include approximately 1,500 apartments plus light industrial facilities, research and development incubators, offices, and retail space. The construction of both developments is expected to begin by early 2009.

Tighter mortgage lending standards have also affected the existing home sales market, which is currently somewhat soft. During the 12-month period ending May 2008, existing sales slowed and the inventory of unsold homes rose. For the 12-month period ending May 2008, the Real Estate Center at Texas A&M University reported approximately 26,000 residential sales, down almost 15 percent compared with the number of homes sold during the previous 12-month period. During the 12 months ending May 2008, the inventory of unsold existing homes increased almost 25 percent to 12,400. As of May 2008, the median sales price of a single-family home was \$194,700, up 6 percent from a year ago.

Multifamily development has recently increased in the metropolitan area. During the 12-month period ending May 2008, nearly 8,800 units were permitted in the area, compared with about 7,000 units permitted during the previous 12 months. In Williamson County, the completion of the SH 183A tollway, which improved the commute into Austin, has led to an increased demand for rental housing units. During the 12-month period ending May 2008, the number of multifamily units permitted in Williamson County was up approximately 115 percent to 2,100 compared with a year ago. According to the McGraw-Hill Construction Pipeline database, approximately 16,600 multifamily units are under construction in the metropolitan area. The database indicates approximately 9,600 units are apartments; the remaining 7,000 units are condominiums.

Strong household growth and fewer renters moving to homeownership have contributed to a lower apartment vacancy rate and higher rents. According to Reis, Inc., apartment rental unit absorption has significantly increased. For the 12-month period ending March 2008, the average monthly absorption rate was 390 units, compared with 300 units absorbed each month during the previous 12 months. As a result of the increased absorption rate, the apartment vacancy rate declined from an average of 7.3 to 7 percent. During the 12 months ending March 2008, the average monthly rent increased 5 percent to nearly \$830. Even with the increase in apartment construction, the rental housing market is expected to remain relatively balanced.

## **Bremerton-Silverdale, Washington**

The Bremerton-Silverdale metropolitan area consists of Kitsap County and is located along the western shore of Puget Sound approximately 10 miles from Seattle. The U.S. Navy is the largest employer in the area, with 40,600 military and civilian personnel employed at Naval Base Kitsap (NBK) and an annual payroll of \$1.8 billion. Numerous state parks, 250 miles of shoreline, and relatively affordable homes (compared with those in the Seattle sales housing market) attract commuters and retirees. According to the Kitsap Economic Development Alliance, 15,000 retired military personnel are in the area.

During the past 12 months, the population of the metropolitan area increased by 2,000, or 1 percent, to 242,600 as of June 1, 2008. An influx of military personnel and family members associated with numerous naval ships arriving at NBK contributed to half the population gain. Arriving at NBK during



the past year were the aircraft carrier USS John C. Stennis, stationed since January 2005, with a crew of 3,500 returning from a 9-month deployment, and two newly stationed submarines with a combined crew totaling 280.

Nonfarm employment in the metropolitan area increased by 400 jobs, or 0.4 percent, to 86,700 during the 12 months ending May 2008. Growth was concentrated in the education and health services, construction, and leisure and hospitality sectors. Expansions at Harrison Medical Center, a leading private-sector employer with a staff of 2,100, resulted in 200 additional positions and contributed to a gain of 500 jobs, or 4.5 percent, in the education and health services sector. In the construction sector, employment increased by 300 jobs, or 4.9 percent, reflecting revitalization efforts in the Harborside District of downtown Bremerton. New Harborside District businesses catering to increasing tourism contributed to gains in the leisure and hospitality sector of 300 jobs, or 3.5 percent. The average unemployment rate was 4.7 percent for the 12 months ending May 2008, relatively unchanged from a year ago.

The single-family home sales market in the metropolitan area remained balanced during the 12 months ending May 2008 but showed signs of softening compared with the previous 3 years. Tighter lending standards, combined with average annual home sales price increases of 16 percent during the previous 3 years, caused new and existing single-family home sales to decline. According to Northwest Multiple Listing Service data, home sales decreased by 870, or 21 percent, to 3,550 homes during the 12-month period ending May 2008. The inventory of unsold homes increased by 14 percent to 2,500 units. The average sales price decreased by 2 percent to \$359,500, relatively affordable compared with the Seattle area average price of \$567,600.

In response to increased unsold inventory in the metropolitan area, single-family home construction, as measured by the number of building permits issued, decreased by 12 percent to 1,050 homes during the 12 months ending May 2008. Recent construction included 105 single-family homes, completed in the fall of 2007 at NBK, adding to the existing 2,300 military-family housing units. In Port Orchard and Poulsbo, two cities popular with retirees and commuters, several developments are under way, with approximately 350 homes planned or under construction. New home prices in Port Orchard and Poulsbo were \$342,700 and \$349,400, respectively, during the past 12 months.

During the 12-month period ending May 2008, new and existing condominium sales in the metropolitan area declined to 390 units, down from a record of 550 units sold during the same period in 2007. The average price increased by 16 percent to \$368,800, reflecting an increase in the sales of higher end new construction projects targeted toward retirees. In the Harborside District, two waterfront condominium developments, Harborside Condominiums and The 400, were completed, with units selling for an average of \$580,000 and \$408,200, respectively.

The metropolitan area rental housing market was balanced as of May 2008, having tightened during the past 12 months from relatively soft conditions a year ago. The tighter conditions were due to an increased demand for rental units, primarily resulting from the recent influx of military personnel and family members. According to the Dupre+Scott *Apartment Vacancy Report*, the April 2008 apartment vacancy rate was 4.2 percent, down from 7.8 percent in April 2007. The average rent increased 4 percent, from \$784 to \$815, while the average value of annual concessions decreased from \$362 to \$256. The percentage of complexes offering concessions also declined, from 38 to 24 percent.

Multifamily construction, as measured by the number of units permitted, totaled 175 units for the 12 months ending May 2008, essentially unchanged from the same period a year ago. Several publicly financed developments are currently under way. West Park, a redevelopment project by the Bremerton Housing Authority (BHA), includes the replacement of 580 existing multifamily public housing units with 360 multifamily and 370 single-family homes. BHA plans to retain 350 new multifamily units for affordable rental housing, and the remaining homes will be offered for sale at market-rate prices. The project is expected to be completed by 2011. At NBK, a \$71 million single-enlisted quarters development totaling 600 units is currently under construction and expected to be completed by November 2009.

## Chattanooga, Tennessee-Georgia

The Chattanooga metropolitan area, which is split by the Tennessee River, is defined as Hamilton, Marion, and Sequatchie Counties in southern Tennessee and Catoosa, Dade, and Walker Counties in northwest Georgia. Historically, manufacturing industries have influenced the local economy, and, although employment growth has occurred in a variety of sectors since 1990, manufacturing still accounts for 14 percent of employment in the area. The metro-

politan area has an estimated population of approximately 520,500 as of July 1, 2008. Since 2000, the population has increased by an average annual rate of 1 percent, or 4,325.

During the 12 months ending May 2008, nonfarm employment growth slowed to a 0.4-percent increase, the lowest rate of growth since the 12 months ending May 2004. Job growth slowed during the current period due to a combination of job losses in the goods-producing sectors and smaller net gains in the service-providing sectors compared with previous years. The largest number of job losses occurred in the manufacturing sector. Following increases from 2005 to 2007, manufacturing employment decreased by 800 jobs in the past 12 months, primarily in food and textile manufacturing. During the 12 months ending May 2008, the addition of 1,300 jobs in the education and health services sector offset the loss of 600 jobs in the professional and business services sector. Employment in the education and health services sector has grown steadily since 2000 and has increased by an average annual rate of 1,125 jobs; three of the five leading employers in the area are in the healthcare industry. The three leading employers in the area, not including local school districts, are BlueCross BlueShield of Tennessee, the Tennessee Valley Authority, and Erlanger Health System, with 4,500, 4,350, and 3,875 employees, respectively. During the 12 months ending May 2008, the unemployment rate increased slightly, from 4.2 to 4.4 percent.

Despite the current slowdown in economic growth, an expansion is expected to occur during the next several years due to the recent announcement of a new \$1 billion Volkswagen Group of America, Inc., assembly plant to be located at the Enterprise South Industrial Park in Hamilton County. The Volkswagen plant will create approximately 2,000 direct manufacturing sector jobs and an estimated 14,000 indirect jobs spread across many employment sectors. Wages at the Volkswagen plant are expected to be higher than those of most local manufacturing jobs. It is anticipated that demand for sales and rental housing will increase as the plant opening date of 2010 approaches.

Current sales housing market conditions are soft in the Chattanooga metropolitan area. The excess inventory of unsold homes in the local sales market can be attributed primarily to a decline in demand resulting from increased credit restrictions. According to the Chattanooga Association of REALTORS®, compared with existing home sales during the 12 months ending June 2007, the number of existing homes sold decreased by 18 percent, from approximately 8,125 to 6,625, during the 12 months ending

June 2008. During this period, the median sales price of existing homes remained nearly unchanged, at \$140,000. According to Global Insight, Inc., the median price of new homes also remained relatively stable, at \$144,900 in April 2008 compared with the median price recorded in April 2007.

After peaking in 2005, home construction has continued to decrease. Single-family homebuilding activity, as measured by the number of building permits issued, decreased from 2,400 to 1,400 homes during the 12 months ending May 2008 when compared with the previous 12 months. During the same period, multifamily construction, as measured by the number of units permitted, decreased from approximately 330 to 240 units.

Before 2000, nearly all multifamily units built in the Chattanooga metropolitan area were rental units; however, since 2000, an increasing number of units are being built as for-sale condominiums. Most of the condominiums that are built or converted from apartments are concentrated around downtown Chattanooga. According to Reis, Inc., 310 condominium units were under construction in Chattanooga as of June 2008 and approximately 550 additional units are expected to be completed in the next 5 years. The Chattanooga Area Chamber of Commerce reports that the median sales price for a condominium is \$145,000.

Apartment market conditions in the Chattanooga metropolitan area are currently balanced, with an average vacancy rate of 6.5 percent as of the second quarter of 2008, according to Reis, Inc. The apartment market has tightened from last year, when the average vacancy rate was 7.2 percent. Higher mortgage credit standards have made it more difficult for would-be homebuyers to qualify for mortgages, and thus they rent. The average apartment rent increased more than 2 percent to \$609 in the second quarter of 2008 compared with the second quarter of 2007.

## Dallas-Plano-Irving, Texas

The Dallas-Plano-Irving metropolitan area includes eight counties in northeast Texas. The area extends east to Delta County and west to Dallas, Denton, and Ellis Counties, which are adjacent to the Fort Worth metropolitan area; the remaining counties include Collin, Hunt, Kaufman, and Rockwall. Most of the employment and residential growth that has occurred in the Dallas-Plano-Irving area during this decade has been in Collin and Denton Counties, which are adjacent to the north side of Dallas



County. As of June 1, 2008, the population of the metropolitan area was estimated at 4.2 million, an increase of 101,000, or 2.5 percent, annually since July 1, 2006. Dallas, Collin, and Denton Counties are the most populous, accounting for 90 percent of the population of the metropolitan area.

Economic growth in the metropolitan area remains strong, although it has slowed recently. For the 12-month period ending May 2008, nonfarm employment averaged nearly 3 million jobs, up 2.6 percent, or 53,100 jobs, compared with the 3.1-percent rate of growth during the previous 12-month period. For the 12 months ending May 2008, employment growth occurred in every sector except manufacturing, which was down by 1 percent compared with the previous 12 months. The largest gains were recorded in the professional and business services, education and health services, and leisure and hospitality sectors. The professional and business services sector gained 11,300 jobs, led by increases in the professional, scientific, and technical services industry. In the education and health services sector, 12,200 jobs were added; about half were in the ambulatory healthcare industry. Almost all of the 8,000 jobs added in the leisure and hospitality sector were in the restaurant industry. Unemployment in the metropolitan area declined to 4.3 percent for the 12 months ending May 2008, down from 4.5 percent during the previous 12 months.

According to a study by the Texas Department of Transportation, Dallas/Fort Worth International Airport (DFW), which is the third busiest in the world in terms of the number of flights, and businesses associated with the airport, have annual payrolls totaling more than \$7 billion and provide more than 305,000 area jobs. Leading employers in the Dallas-Plano-Irving area include Baylor Health Care System, Brinker International® restaurants, and Texas Instruments, Inc. AT&T, another leading employer, recently announced that it is moving its headquarters from San Antonio to downtown Dallas by December 2008 and bringing about 700 additional employees to the area.

Job growth in the metropolitan area is expected to slow to about 2 percent annually over the next 2 years due to weakness in the local sales housing market. Significant residential and commercial expansion is expected to continue in the communities of Allen, Frisco, and McKinney in Collin County. Each community has one or more mixed-use projects under construction, each with 500 or more residential units planned. Six additional major mixed-use projects with a total of 3,000 planned residential units are under way elsewhere throughout the metropolitan area.

According to data from the Real Estate Center at Texas A&M University, home sales declined during the past 12 months for the first time this decade, but the sales housing market remained balanced. For the 12 months ending May 2008, a total of 54,100 homes were sold in the Dallas-Plano-Irving area, down 12 percent compared with the near-record 61,600 homes sold during the previous 12-month period. Home sales averaged 56,500 annually from 2003 to 2006. The rate of sales decline during the past 12 months was comparable throughout the counties in the metropolitan area. The average home sales price in the metropolitan area was \$218,300, up 2 percent compared with the previous 12 months. Although it accounts for only 18 percent of the area population, Collin County recorded approximately 25 percent of the home sales for the past 4 years. During the 12 months ending May 2008, the sales price in Collin County was \$251,500, an increase of 3 percent compared with the previous 12 months.

Builders throughout the metropolitan area responded to slower home sales during the 12-month period ending May 2008 by reducing supply. During the period, new home construction, as measured by the number of single-family building permits issued, declined to 14,500 homes, down 62 percent compared with the same period a year earlier and a little more than half of the annual average of 27,900 permits issued from 2000 to 2006. Of all the counties in the metropolitan area, Collin County continued to have the highest level of single-family construction, with 5,600 units permitted. In Collin, Dallas, and Denton Counties, new homes are priced starting at about \$130,000 for a 1,200-square-foot, three-bedroom, two-bath brick home. Similar homes are priced starting at \$90,000 in Delta and Hunt Counties at the eastern end of the metropolitan area and at about \$100,000 in Ellis County, which is south of Dallas County.

Despite a soft rental housing market overall, multi-family construction in the metropolitan area, as measured by the number of units permitted, increased by 66 percent to 14,000 units for the 12 months ending May 2008. The current level is the highest in 10 years and is well above the average of 8,000 units permitted annually from 2000 through 2006. Approximately 8,500, or 60 percent, of the multifamily units permitted during the past 12 months are located in Dallas County, where the number of units permitted increased 27 percent compared with the number permitted during the 12 months ending May 2007. Almost all the estimated 500 condominium units permitted in the metropolitan area during the past 12 months are in Dallas County, where approximately 90 percent of the condominium units in the metropolitan area are located. The area has approximately 18,000 condo-

minium units, which constitute about 2 percent of all owner units.

According to data from ALN Systems, Inc., the apartment rental market in Denton County was balanced, with a 7-percent vacancy rate for the 12 months ending May 2008, down from 8 percent for the 12 months ending May 2007 due to a reduced level of apartment construction during the previous 18 months. During the past 12 months, the average rent increased 3 percent to \$800. The Collin County apartment market was somewhat soft, with an 8-percent average rental vacancy rate for the 12 months ending May 2008. The market has softened since January 2008 due to an oversupply of new units. The average rent in Collin County is the highest in the metropolitan area; during the past 12 months, the average rent increased 6 percent to \$890. The apartment market is soft in Dallas County, with a vacancy rate of about 10 percent. During the past 12 months, the average rent increased 4 percent to \$770. An estimated 11,000 units currently are under construction in Dallas County, so the market is not expected to improve significantly for at least the next 18 months.

## Lawrence, Kansas

The Lawrence metropolitan area consists of Douglas County. Located halfway between Kansas City and Topeka, the Kansas state capital, Lawrence is a bedroom community for both cities. The University of Kansas (KU) main campus, located on 1,100 acres in the center of Lawrence, is the leading employer in the area and has a significant impact on the local economy and housing market. Other leading employers in the area are Pearson Government Solutions, with 1,800 employees, Lawrence Memorial Hospital, with 1,200 employees, and Hallmark Cards, Inc., with 814 employees.

The economy of the Lawrence area has slowed since 2000. During the 12 months ending May 2008, resident employment declined to an average of 60,000 workers, or by slightly less than 1 percent compared with the previous 12 months. Since 2000, the area has lost more than 1,200 local jobs because of downsizing and plant closures, including a Sprint call center in downtown Lawrence that closed in 2002 and employed 500 people. Despite the decline in employment, the unemployment rate has remained low, at 3.7 percent.

KU has nearly 27,000 students, 1,500 faculty, and 8,200 staff and spends more than \$613 million annually on operating expenses, research, and salaries.

University employment accounts for one-sixth of the area's total employment. Although enrollment growth has been relatively flat in recent years, KU administrators expect to attract new students to the area by instituting a new plan for the 2008–09 school year that would fix the cost of tuition for incoming freshman for 4 years.

Weakening economic conditions have slowed population growth in the Lawrence area since 2003. Population growth has averaged 1.7 percent, or 1,600 people, annually since 2003. The population of the Lawrence metropolitan area is estimated to be 114,300 as of July 1, 2008. In the 12 months ending June 2008, net in-migration totaled fewer than 200 people and accounted for only 20 percent of total population growth. In comparison, from 2000 to 2003, net in-migration averaged 1,500 people a year and accounted for more than 50 percent of population growth.

The weak economy and slower population growth have contributed to soft sales housing market conditions in the Lawrence area. Increasing credit standards and higher home mortgage interest rates have also resulted in a slowdown in home sales. The slowdown began in 2007 and has created a buildup in the inventory of unsold new homes. According to the Douglas County Office of the Appraiser, 100 newly constructed homes were sold during the 12 months ending June 2008, down from 190 homes sold during the same period a year ago. The average sales price of a new home was \$306,100, considerably higher than the price of \$249,300 recorded during the same period a year ago. Just as the number of new home sales has fallen, so has the volume of existing home sales. In the 12 months ending June 2008, 1,225 existing homes were sold, down 15 percent from the 1,425 homes sold a year ago. The average price of an existing home was \$190,400, compared with \$185,500 a year earlier.

Single-family home construction, as measured by the number of building permits issued, has declined in the past 2 years in response to the slowdown in population growth. During the 12 months ending May 2008, the number of single-family homes permitted decreased by 50 percent to 185 compared with 365 permitted during the same period a year ago. Multifamily construction, on the other hand, increased during the 12 months ending May 2008, with 170 units permitted compared with 51 a year earlier. Nearly all the multifamily units currently under construction in Lawrence are for-sale condominiums; however, it is expected that investors will purchase approximately 50 percent of these units and convert them into rental units. Approximately





70 percent of the new construction is occurring on the west side of Lawrence, where the price of newly constructed townhomes starts at \$160,000 and single-family starter homes are priced from \$250,000.

Historically, Lawrence has had a relatively high concentration of rental properties because of student demand. Slightly more than 80 percent of enrolled students live in off-campus housing, occupying as much as 50 percent of the area's total rental housing stock. Conditions in the rental housing market are currently slightly soft to balanced, with a rental vacancy rate of 7 percent. The rate has remained virtually unchanged for the past 2 years, primarily as a result of the stable enrollment at KU. According to Reis, Inc., little growth has occurred in asking rents for apartment developments in recent years. The average rent for an apartment in Lawrence was \$646 in the first quarter of 2008, relatively unchanged from a year ago and up \$11 from the rent recorded in the first quarter of 2006. Currently, no apartment developments are under construction, but the city of Lawrence has approved plans for two large apartment developments, each with more than 300 units. Construction is expected to begin in 2009.

## Mobile, Alabama

The Mobile metropolitan area consists of Mobile County, located on the western side of Mobile Bay on the Gulf of Mexico. Mobile is a major port, manufacturing hub, and distribution center. Leading industries include shipbuilding, chemical manufacturing, and transportation and warehousing.

The population of the Mobile metropolitan area as of July 1, 2008, is estimated to be 407,000, an increase of 2,900, or 0.7 percent, a year since 2005. Most of the population growth has been due to net natural increase (resident births minus resident deaths), which has averaged about 2,200 people a year since 2000. The net natural increase has been partially offset by net out-migration, which averaged about 1,250 people a year. Much of the out-migration was the result of weak economic conditions from 2001 to 2004. Beginning in 2005, however, in-migration increased sharply due to stronger job growth in the area and because of an influx of hurricane evacuees from nearby areas.

Leading employers in the metropolitan area include the Mobile Infirmary Medical Center, with 5,800 employees; the University of South Alabama (USA) and USA Health System, with 5,000 employees combined; and Wal-Mart Stores, Inc., with 3,000 employees. The German firm ThyssenKrupp recently

announced plans to build a \$3.7 billion advanced steel manufacturing facility near Mobile, which will employ 2,700 workers when it opens in 2010. Northrop Grumman Corporation plans to spend \$600 million on a new plant in Mobile to build aerial refueling tankers for the U.S. Air Force. The new plant will result in about 2,500 additional direct and indirect jobs within the next 2 to 3 years. Austal USA, a builder of combat ships for the U.S. Navy, has started construction on a \$254 million manufacturing facility that, when completed within the next 2 to 3 years, will double the company's area workforce to more than 2,000 employees.

Since 2004, employment in the Mobile area has grown by an average of 2 percent a year. During the 12 months ending May 2008, nonfarm employment in the metropolitan area rose by about 2,200 jobs, or 1.2 percent, compared with the number of jobs added during the previous 12 months, to 183,200. Manufacturing employment rose by about 700 jobs, or 4.2 percent, compared with the number of jobs in the preceding 12 months, due in part to recent military contract awards and increased shipbuilding activity. In addition, during the past 3 years, the Port of Mobile has been undergoing a \$300 million expansion. During the 12 months ending May 2008, transportation and warehousing employment increased by about 700 jobs, or 8.3 percent, from a year earlier. The professional and business services sector added about 900 jobs, an increase of 4.1 percent, during the same period.

Employment has been declining in some other sectors, however. Leisure and hospitality employment fell by 600 jobs, or 3.6 percent, in the 12 months ending May 2008. Hotel occupancies in Mobile dramatically increased following Hurricanes Ivan and Katrina in 2004 and 2005, respectively, and leisure and hospitality employment rose by 6 percent. As storm-damaged areas have recovered, the level of accommodations employment in Mobile has been gradually returning to normal. Homebuilding activity has slowed during the past 12 months, causing construction employment to fall by 2.7 percent, a loss of about 400 jobs. The average unemployment rate for the 12 months ending May 2008 was 3.9 percent, a slight increase from the 3.5-percent rate for the same period a year ago.

The home sales market is currently somewhat soft. According to the Alabama Center for Real Estate, the number of homes sold in the Mobile area during the 12 months ending May 2008 was down nearly 9 percent compared with the number sold in the previous 12 months, from roughly 5,200 to 4,750. The average price for homes sold also fell during that period, from about \$159,500 to \$156,250, a decline of 2 percent.

Along with the slowdown in sales, the supply of unsold homes has increased. During the 12 months ending May 2008, the monthly inventory of existing homes for sale averaged slightly more than 3,000, compared with 2,250 for the same period a year ago, an increase of 36 percent. Homes are also taking longer to sell. Homes on the market during the 12 months ending May 2008 took an average of 74 days to sell, compared with an average of 58 days during the previous 12-month period.

Construction of single-family homes in the Mobile area, as measured by the number of building permits issued, peaked in 2006, when roughly 2,400 new units were authorized. With the sales market slowing during the past year, however, home builders have been cutting back on construction. During the 12 months ending May 2008, the number of single-family building permits issued was down 26 percent compared with the number issued during the same period a year ago, from about 2,100 to 1,550 permits.

The rental housing market in Mobile, which was soft in 2003 and 2004, began to tighten in 2005, due partly to stronger job growth in the area but also because of an influx of hurricane evacuees. In September 2004, Hurricane Ivan made landfall on Alabama's gulf coast, roughly 40 miles east of Mobile. In August 2005, Hurricane Katrina made landfall in Mississippi, approximately 100 miles west of Mobile. It is estimated that more than 5,000 people evacuated to the Mobile area in the aftermath of the storms. By 2006, the vacancy rate for all rental housing in the metropolitan area had fallen below 6 percent, down from an estimated 12 percent before the hurricanes occurred. From 2004 to 2007, average rents in Mobile increased by more than 5 percent a year.

Rental housing conditions have become more balanced in the past year. Currently, the vacancy rate for all rental housing in the metropolitan area is estimated to be 8 percent. The higher vacancy rate is partly attributed to a softer sales market. As owners encounter difficulty selling their homes, more units are being made available for rent. In addition, apartment construction has been strong in the past 4 years. From 2004 to 2007, approximately 1,600 new units were added to the rental inventory, nearly double the number of units built during the previous 4 years.

Although multifamily construction remains strong, it has been slowing recently. Comparing the 12 months ending May 2008 with the same period a year ago, the number of multifamily units authorized by building permits declined 18 percent, from about 700 to 575 units. The projects currently under way include 192 units of three- and four-bedroom apart-

ments intended for students at USA and approximately 100 units developed by Volunteers of America for people with special needs. Average rents in the Mobile area currently range from about \$600 a month for a one-bedroom unit to \$950 a month for a three-bedroom unit.

## Philadelphia, Pennsylvania

The Philadelphia Housing Market Area (HMA) comprises the city of Philadelphia and the suburban counties of Bucks, Chester, Delaware, and Montgomery. With an estimated population of 3.9 million as of July 1, 2008, according to the U.S. Department of Housing and Urban Development's Economic and Market Analysis Division, the HMA accounts for two-thirds of the population of the 11-county Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area. During the 12 months ending June 2008, the population of the HMA rose by approximately 0.3 percent, or nearly 11,200, compared with an increase of 10,000 during the 12 months ending June 2007. Increasing migration to Center City Philadelphia resulted in the higher growth rate.

The employment growth that began in 2005 continued in the HMA at approximately the same pace compared with a year ago. During the 12 months ending May 2008, nonfarm employment increased by 11,300 jobs, or 0.6 percent, to 1.9 million. The education and health services and professional and business services sectors led the growth. Education and health services, the largest employment sector in the HMA, with 402,400 jobs, expanded by 6,375 jobs, or 1.6 percent, during the 12 months ending May 2008. Several of the leading employers in the HMA are in the education and health services sector, including Jefferson Health System, Inc., with 27,200 employees, and the University of Pennsylvania, with 23,300 employees. During this same period, the professional and business services sector grew by 2 percent, or 5,825 jobs, to a total of 304,500.

The slowdown in the sales housing market has affected some sectors of the economy. As a result of a cutback in new home construction, the construction sector decreased by 400 jobs, or 0.5 percent, during the 12-month period ending May 2008, following a loss of 500 jobs during the previous year. In addition, declines in the manufacturing, financial activities, and government sectors have contributed to an increase in the unemployment rate to 4.7 percent, up from 4.3 percent during the 12 months ending May 2007.



Rising interest rates and stricter lending requirements have reduced the demand for new homes. As a result, developers have continued to reduce construction to allow existing inventories to be absorbed. The rate of homebuilding, as measured by the number of single-family building permits issued, declined by 10 percent to 5,025 homes during the 12-month period ending May 2008 compared with a year earlier. This decrease is less pronounced than the 33-percent decline in building permit activity that occurred during the 12-month period ending May 2007.

During the past year, more than 80 percent of construction has occurred in the counties of Montgomery, Bucks, and Chester, at nearly the same level of construction activity as in the previous year. During the 12 months ending May 2008, Montgomery County registered a 1-percent decrease in the number of single-family permits issued to a total of 1,425 homes, an improvement over the 34-percent decline that occurred during the 12 months ending May 2007. During the 12-month period ending May 2008, single-family construction declined by 10 percent to 990 homes in Bucks County and by 14 percent to 1,625 homes in Chester County. In Delaware County, single-family construction declined from 670 to 360 homes. During the same period, single-family construction in the city of Philadelphia increased from 480 to 620 homes, an improvement over the 3-percent decline that occurred during the 12-month period ending May 2007. A 310-unit townhome development is currently under construction in South Philadelphia; the first of the new homes, which are to be priced in the mid-\$400,000s, are expected to be available in the fall of 2008. As of May 2008, an estimated 1,525 single-family homes were under construction in the HMA.

The new and existing home sales market is currently slightly soft. According to TREND MLS, during the 12 months ending March 2008, home sales in the HMA totaled 43,525, a 10-percent decline, or 4,650 fewer sales compared with the number recorded a year earlier. The most notable decrease occurred in Chester County, where sales declined by 16 percent, followed by the city of Philadelphia, where sales were down by 11 percent. Despite the decline in sales, home sales prices continued to rise slightly, by 1 percent, to an average of \$267,500. During the 12-month period ending March 2008, Delaware County registered an average price of \$247,600, an increase of 6 percent. During the same period, however, the city of Philadelphia recorded the largest price decline, at 6 percent, to an average price of \$188,000. The average price was \$346,100 in Bucks County, \$359,400 in Chester County, and \$311,900 in Montgomery County.

Multifamily construction, as measured by the number of units permitted, has declined as economic growth has slowed. During the 12 months ending May 2008, building permits were issued for 2,500 multifamily units, down 20 percent from a year ago, with nearly two-thirds of the units in condominium developments. The decline in the number of multifamily units permitted occurred in all areas of the HMA except in Bucks County, where construction increased by 30 percent to 360 units. According to the McGraw-Hill Construction Pipeline database, nearly all of the 740 units under construction in Bucks County are condominiums; approximately one-half are located in active-adult communities. According to the same database, an estimated 2,250 condominium units and 1,275 rental apartments were under construction in the HMA. Nearly one-half of the condominium units are located in the city of Philadelphia and one-half of the apartment units are located in Chester County.

Sales of condominium units in the HMA have slowed during the past year. According to Delta Associates, during the 9 months ending June 2008, a total of 760 new condominium units were sold in the HMA. This figure is down 47 percent from the 1,440 new condominiums sold during the 9-month period ending June 2007 (the latest data available). In recent years, approximately 75 percent of condominium sales have occurred in the city of Philadelphia. Condominium prices at new Center City developments typically range from \$325,000 to \$650,000, with some units selling for more than \$1 million. The pipeline of units currently being marketed or under construction in the HMA totaled 4,450 as of June 2008, 17 percent fewer compared with the number being marketed as of June 2007.

The rental housing market is balanced throughout the HMA. According to Delta Associates, the number of apartments available for rent in the HMA increased by more than 60 percent to 790 units as of June 2008 compared with the previous year. More than 90 percent of the available units are located in the suburban counties; as a result, the suburban vacancy rate doubled to 10 percent in June 2008, compared with the rate in June 2007. During the same period, absorption rates declined in the suburbs, particularly in Montgomery County, where the average number of units absorbed decreased from 19 to 11 units a month. Currently, 510 units are being marketed in the suburbs, which is nearly 70 percent higher than the number marketed last year. In Center City Philadelphia, the absorption of new units remained steady and the overall Class A apartment rental vacancy rate, which includes projects in leasing, decreased from 13 to 8

percent. During the next year, the demand for apartments in Center City Philadelphia is expected to remain strong. During the past year, Class A apartment gross rent levels increased by \$70 to an average of \$1,980 in Center City and by \$50 to \$1,400 in the suburban counties.

## Phoenix, Arizona

The Phoenix metropolitan area, which consists of Maricopa and Pinal Counties, is the predominant economic and population center of Arizona. Phoenix is the fifth largest city in the nation, with a population of nearly 1.6 million as of July 1, 2007, according to Census Bureau estimates. The Phoenix area economy has notable employment concentrations in electronics and aerospace manufacturing, financial services, health care, and tourism. Leading private-sector employers include Banner Health, Wells Fargo, and Honeywell Aerospace, with 17,000, 14,000, and 10,700 employees, respectively. Arizona State University (ASU) enrolls 60,000 students, employs more than 12,000 faculty and staff, and has an annual economic impact on the area of nearly \$4 billion.

During the 12 months ending June 2008, nonfarm employment in the Phoenix area averaged slightly more than 1.9 million jobs, relatively unchanged compared with the previous 12-month period. This figure represents a significant slowdown from the increase of 60,000 jobs, or 3.2 percent, during the 12 months ending June 2007. During the 12 months ending June 2008, employment in the service-providing sectors increased by 23,300 jobs, or 1.5 percent. The government sector accounted for 12,500 of those new jobs, primarily in state and local education. The education and health services sector added 8,800 jobs, led by the expansion of several hospital chains. The leisure and hospitality sector added 4,900 jobs, a 2.6-percent gain. Employment in the leisure and hospitality sector will increase with the completion in the fall of 2008 of the 1,000-room, 800-employee Sheraton Phoenix Downtown Hotel. In addition, the Phoenix Convention Center Phase Two expansion, also opening in late 2008, will triple its available meeting space and add 100 employees. Employment growth in most of the service-providing sectors was nearly offset by the loss of 18,000 and 3,600 jobs in the construction and financial activities sectors, respectively, as a result of a steep decline in homebuilding and mortgage lending.

Despite the decline in construction employment, a number of major projects are currently in progress. These projects include the Valley Metro light rail

system, opening in the fall of 2008; The Boulevard regional shopping center, Phase Two of the eventual 5.5-million-square-foot CityNorth mixed-use project in the Northeast Valley of Phoenix, slated to open by 2010; and a \$220 million retirement community in Scottsdale. As a result of the slowing economy, the unemployment rate in the Phoenix area averaged 3.6 percent for the 12 months ending June 2008, up from 3.3 percent for the previous 12 months. The rate remains well below the national level of 4.9 percent recorded during the 12-month period ending June 2008.

The population growth of the Phoenix area has been among the fastest of any metropolitan area in the country, although the rate of increase has slowed recently in response to the slower growth in employment. The metropolitan area population was estimated to be more than 4.3 million as of July 1, 2008, an average gain of 129,700, or 4.0 percent, a year since April 2000. The population of Maricopa County has grown by more than 800,000 since 2000 to reach nearly 4 million; the gain was the largest of any county in the nation, according to the Census Bureau. Pinal County, with a population of nearly 345,000, has grown by about 20,000, or 11 percent, annually since 2000. The county accounted for more than 25 percent of the growth of the metropolitan area in the past 3 years due primarily to its relatively affordable housing compared with the rest of the metropolitan area.

The sales housing market in the Phoenix area is soft. Homes sales in Phoenix declined through the second quarter of 2008 as employment and population growth slowed and mortgage credit standards remained tight. Sales of existing homes fell 34 percent to approximately 49,000 homes in the 12 months ending June 2008 compared with sales in the previous 12 months, far below the record level of nearly 135,000 homes sold in 2005, according to the *Phoenix Housing Market Letter*. The inventory of unsold homes has remained at a near-record level of more than 50,000 listings for the past 15 months, compared with an average of about 13,000 listings in 2005. The time required to sell a single-family home averaged 101 days in the 12 months ending June 2008, up from 85 days in the previous 12-month period and just 30 days in the same period in 2005. In the second quarter of 2008, bank-owned homes accounted for approximately 30 percent of Phoenix area resales due to the increase in the number of foreclosures. The median price of existing homes declined 19 percent to \$204,600 in the second quarter of 2008 compared with the price a year earlier and declined from the record price of \$260,000 set in mid-2006. Sales of new homes fell 34 percent to 30,000 units during the 12 months ending June 2008 compared with the number sold



during the previous 12 months, but sales have shown signs of stabilizing in the past 6 months as prices have fallen. The median sales price of a new home declined by \$74,000 to \$219,000 in the second quarter of 2008 compared with the same quarter 2 years earlier.

In response to the slowdown in new home sales, single-family home construction, as measured by the number of building permits issued, decreased to 17,100 homes in the 12 months ending May 2008, a 47-percent reduction compared with the level of permit activity recorded in the previous 12-month period. This volume is well below the annual average of 46,650 homes permitted in the past 5 years. In the past 3 years, approximately 30 percent of Phoenix area homes have been built in Pinal County, up from about 10 percent in the early part of the decade, as subdivision developers and builders have sought more affordable land in outlying areas.

The Phoenix rental housing market is currently slightly soft. According to Reis, Inc., the apartment vacancy rate averaged 8.5 percent in the 12 months ending June 2008, compared with 6.7 percent in the previous 12 months and 6 percent in the 12 months ending June 2006. The increase in vacancy rates resulted from a reduced demand for rental housing, increased apartment completions, and the conversion of nearly 4,000 condominiums to rental units in 2007. Average rents in the Phoenix area rose 6 percent in 2006 and more than 3 percent in 2007. Most recently, the average rent was \$776 in the 12 months ending June 2008, a 3-percent increase compared with the average rent in the previous 12-month period. Average rents were estimated at \$710 for a one-bedroom unit, \$830 for a two-bedroom unit, and \$1,125 for a three-bedroom unit.

Multifamily construction activity, as measured by the number of units authorized by building permits, rose nearly 20 percent to 9,200 units in the 12 months ending May 2008, which is above the average of 8,000 units permitted annually between 2002 and 2006. According to Reis, Inc., the gain is attributed to an increase in the construction of both condominiums, which currently account for about 55 percent of the total number of new units, and apartments. According to the Arizona Real Estate Center at ASU, in recent years condominiums have accounted for an increasing share of multifamily activity in the Phoenix metropolitan area, from about 20 percent in the early 2000s to a peak of 60 percent in 2005 and 2006.

## Sacramento--Arden-Arcade--Roseville, California

Located in northern California, the Sacramento--Arden-Arcade--Roseville metropolitan area includes El Dorado, Placer, Sacramento, and Yolo Counties. The metropolitan area encompasses the region from the California Central Valley to the Nevada border at Lake Tahoe. According to the U.S. Department of Housing and Urban Development's Economic and Market Analysis Division, as of July 1, 2008, the population of the area is estimated at 2.1 million. That figure represents a gain of 1.5 percent since the previous year, which is slower than the average annual growth rate of 2.3 percent recorded from 2000 through 2007. Sacramento County, the most populous of the four counties, contains two-thirds of the total number of residents. The city of Sacramento is the state capital and the largest city in the metropolitan area, with an approximate population of 476,000.

Employment in the Sacramento--Arden-Arcade--Roseville area has grown steadily for the past 15 years. During the 12 months ending May 2008, economic conditions weakened due to the soft sales housing market and a reduction in residential construction. During the period, nonfarm employment increased by 2,425 to 904,400 jobs, or a 0.3-percent growth rate. The rate is below the average annual growth of 1.8 percent that occurred from 2000 through 2007. Job gains in the government, education and health services, and leisure and hospitality sectors added 5,725, 4,300, and 1,250 jobs, respectively. Most other sectors posted losses; the largest decline occurred in the construction sector, which lost 4,450 jobs. As overall job growth slowed, the average unemployment rate for the 12 months ending May 2008 increased to 6.4 percent from the 4.8-percent rate for the previous 12 months.

Because of the presence of the state capital and several public colleges, the area has a significant amount of government sector employment. The state and local governments together provide about 224,700 jobs, or 25 percent of total nonfarm employment. In addition to the state government, the leading public-sector employer is the University of California, Davis (UC Davis), in Yolo County, which employs approximately 30,000 faculty and staff. According to UC Davis, the institution has an annual economic impact of nearly \$3 billion on the area and enrolled approximately 30,700 students in the 2007-08 academic year. The university is expected to continue to grow after receiving a \$100 million grant for the opening of the Betty Irene Moore School of Nursing in the fall of 2009.

Other significant employment sectors in the Sacramento--Arden-Arcade--Roseville area include trade, professional and business services, and education and health services. Trade provides about 14 percent of total nonfarm jobs. Wild Zone, a tobacco retailer, is a leading private-sector employer with more than 5,000 employees. Led by Club Cruise, Inc., which also has more than 5,000 employees, the professional and business services sector is the third leading in the area and accounts for about 12 percent of total employment. The education and health services sector has grown the fastest, with an average of 3,750 jobs added a year from 2000 through 2007. Sutter Health is scheduled to complete a \$600 million expansion of its Sutter Medical Center, Sacramento campus by mid-2011.

The sales housing market in the Sacramento--Arden-Arcade--Roseville area is currently soft due to an excess production of new homes from 2001 through 2004 and declining demand resulting from tighter lending standards. During the 12 months ending May 2008, DataQuick recorded a sales volume of 23,700 homes, a 15-percent decrease from the sales volume during the same period the previous year and nearly 60 percent less than the record volume in 2004. In 2005, the median price for new and existing homes peaked at \$421,600. As the Sacramento market became less affordable, total sales volume declined. Beginning in 2006, increased numbers of foreclosures and greater inventories of unsold homes have resulted in a decline in the median price. According to DataQuick, for the 12 months ending May 2008, the median sales price of new and existing homes was \$319,200, an 18-percent decrease compared with the median price for the same period in 2007.

In response to declining demand and high levels of unsold inventory, builders have reduced new home construction activity, as measured by the number of building permits issued, to give the market time to absorb the excess inventory. During the 12 months ending May 2008, single-family permits were issued for 4,950 homes, a decline of 40 percent from the number issued during the same period the previous year. According to The Gregory Group, the sales volume of new homes peaked during the 12-month period ending June 2004, when 16,900 homes were sold. Although annual sales volume began to decline in late 2004, new home construction activity continued to remain high compared with sales volume, and inventories grew. During the 12-month period ending March 2008, the most recent period for which data are available, The Gregory Group reported sales of 5,425 new homes, a 40-percent decrease from sales during the 12-month period ending March 2007.

The average price of a new home was \$443,300, down 10 percent from the price recorded during the previous 12 months. Although the current level of unsold inventory is beginning to decrease, it is much higher than the level in 2005; during the first quarter of 2008, the unsold inventory included 14,700 new homes, 4 percent fewer than the number in the inventory during the same quarter in 2007.

Multifamily construction, as measured by the number of units permitted, has steadily declined in the metropolitan area since 2003. During the 12 months ending May 2008, 1,100 multifamily units were permitted, a 62-percent decrease from the number permitted during the same period the previous year. The level of construction is well below the annual average of 4,100 units permitted from 2002 through 2005. Approximately one-half of the units permitted during the 12 months ending May 2008 were for condominium and townhome developments in Sacramento County. Builders in multifamily construction have also reduced new construction activity because of the overall slower sales in the new home market. For the 12-month period ending March 2008, The Gregory Group reported the average price of a new attached home was \$315,900, 10 percent lower than the price reported for the same period last year.

The apartment rental market is balanced. The overall apartment rental vacancy rate for the metropolitan area was 6 percent in the first quarter of 2008, lower than the 6.5-percent rate recorded in the same period in 2007. Benefiting from the presence of UC Davis, the city of Davis submarket tends to have the lowest apartment vacancy rate in the metropolitan area; currently, the rate is approximately 3 percent. A market survey conducted by Reis, Inc., indicates the average rent in the metropolitan area was \$889 in the first quarter of 2008, nearly 4 percent higher than the rent recorded in the same quarter the previous year. Properties with lower monthly rents are generally outperforming higher cost properties in terms of rental rate increases. The higher cost rental properties are facing increased competition from single-family homes and condominiums that have been converted into rental units.

## San Antonio, Texas

The San Antonio metropolitan area encompasses eight counties in south-central Texas. The principal city of San Antonio, the second largest in the state, is located in Bexar County and attracts more tourists than any other destination in Texas. According to a report released by the Greater San Antonio Chamber



of Commerce, more than 26 million visitors a year come to see sites such as the San Antonio River Walk and the historic Alamo, resulting in an annual economic impact of \$10.5 billion on the metropolitan area. As of July 1, 2008, the population of the metropolitan area is estimated at slightly more than 2 million, an increase of nearly 3 percent compared with the July 1, 2007 estimate. Net in-migration accounted for 65 percent of the population growth during the past 12 months compared with about 50 percent of the population growth from 2000 to 2005. Steady job growth and relatively affordable housing costs compared with similarly sized cities have attracted new residents.

The economy of the metropolitan area is strong. During the 12 months ending May 2008, total nonfarm employment increased by 19,700 jobs to 840,500, a 2.4-percent gain. The two leading private-sector employers in the metropolitan area are H-E-B food stores and United Services Automobile Association, with 14,600 and 13,500 employees, respectively. The trade sector and the professional and business services sector together account for nearly 30 percent of all nonfarm jobs in the area. During the 12 months ending May 2008, hiring was strong in the leisure and hospitality sector, which added 3,400 jobs, an increase of 4 percent. New jobs created in the sector resulted from hiring in the core tourism industries such as restaurants, attractions, and hotels/motels. During the same 12-month period, the manufacturing sector decreased by 400 jobs; it was the only sector that did not grow during the period. Toyota Motor Sales, U.S.A., Inc., which opened an \$850 million facility in November 2006, will lay off all of its 200 temporary workers this summer and has announced that it will shut down its Tundra truck line for 3 months beginning in August 2008.

The government sector accounts for nearly 20 percent of all nonfarm jobs in the metropolitan area. San Antonio is home to Lackland Air Force Base (AFB), the largest training wing in the U.S. Air Force and the leading employer in the area, with 40,550 military and civilian employees. Lackland AFB graduates more than 86,000 Air Force trainees each year and has an annual economic impact on the metropolitan area of more than \$13 billion, according to the City of San Antonio Economic Development Department. Fort Sam Houston, with 25,000 military and civilian employees, is home to the U.S. Army Medical Command. During the next 3 years, San Antonio is expected to gain 11,500 military personnel due in part to the 2005 Base Realignment and Closure actions. During the 12 months ending May 2008, military contracts contributed to the creation of 2,800 construction sector jobs, a 6-percent gain. A

new \$33.4 million healthcare clinic will be constructed at Fort Sam Houston; the expected completion date is January 2010. Construction currently under way on a \$12.8 million communications building at Lackland AFB is scheduled for completion by January 2009. During the next 3 years, hiring in the trade, construction, professional and business services, and government sectors is expected to contribute nearly one-half of the 2.5-percent annual forecast growth in nonfarm employment.

The market for existing single-family homes in the metropolitan area is balanced as a result of steady population growth, strong job gains, and a cutback in the production of new homes. According to the Real Estate Center at Texas A&M University, during the 12 months ending May 2008, sales of existing homes totaled 22,100 units, a decrease of 15 percent compared with the number sold during the previous 12 months and 12 percent below the number sold during the 12 months ending May 2006. Despite a decrease in the number of units sold, the average sales price increased to \$181,800 for the 12 months ending May 2008, up 4 percent compared with the price recorded for the previous 12-month period. Currently, San Antonio has more than 7 months' worth of available inventory, the highest level in more than a decade.

For the 12-month period ending May 2008, single-family construction activity, as measured by the number of building permits issued, totaled 7,450 homes, a decrease of 38 percent compared with the previous 12 months. During the past 24 months, activity has been well below the record average of nearly 13,700 single-family homes permitted annually from 2004 through 2006 as builders have reduced construction in response to declining sales and the increased inventory of unsold homes. Multiple new subdivisions are currently under construction and expected to come on line during the next 24 months. Lost Creek Ranch, which is being developed in northwest San Antonio, will consist of 650 new homes priced from \$147,000 to \$188,000. Butterfield Ranch Estates in southern Bexar County will consist of 264 new homes on 0.5- to 2-acre sites. Prices at Butterfield Ranch are expected to range from \$190,000 to \$325,000.

Condominiums have become increasingly popular in the metropolitan area due to their relatively affordable prices compared with those of new single-family homes. La Normandie, a 100-unit complex, has recently completed construction. The complex has one-, two-, and three-bedroom units with prices starting at \$119,500. Villa San Miguel is currently under construction; the first of the 22 units are slated

for completion by November 2008. Prices will range from \$315,000 for a two-bedroom unit to \$360,000 and up for a three-bedroom unit.

The metropolitan area apartment market is currently soft and has been for several years. According to ALN Systems, Inc., during the 12 months ending May 2008, the apartment vacancy rate was relatively unchanged, at 10 percent, and the average rent increased by more than 3 percent to \$710. Apartment rents in the area average \$610 for a one-bedroom unit, \$800 for a two-bedroom unit, and \$990 for a three-bedroom unit.

Apartment construction, as measured by the number of multifamily units permitted, remained relatively stable during the 12 months ending May 2008. During the period, the number of multifamily units permitted totaled 4,725, a 1-percent decrease compared with the number permitted during the 12-month period ending May 2007. During the past 2 years, multifamily construction dropped below the record-setting levels recorded between 2004 and 2006, when permits totaled more than 6,000 annually. Soft rental housing market conditions are expected to continue through 2009 due to the 6,200 units currently under construction and slated for completion during the next 2 years.

## Spartanburg, South Carolina

The Spartanburg metropolitan area is located along the northern border of South Carolina and comprises Spartanburg County. The city of Spartanburg is the county seat and is located approximately 30 miles east of Greenville and 100 miles northwest of Columbia. Spartanburg is home to several major manufacturing companies, including the BMW Manufacturing Company, the Michelin Group, and the adidas Group. As of July 1, 2008, the population of the metropolitan area is estimated at 280,400, an average increase of 3,225, or 1.2 percent, annually since 2000. Net immigration has accounted for 72 percent of the total population gain.

Employment levels in Spartanburg have remained relatively stable during the past year after fluctuating during the previous 3 years. During the 12 months ending June 2008, nonfarm employment increased by 600 jobs, or 0.5 percent, to total 125,900 jobs. In 2005, virtually no job growth occurred in the area because the loss of 1,700 jobs in the manufacturing sector, which was partly due to continuing declines in the textile industry, more than offset the record employment gain of 600 jobs, or 16 percent, in the financial services sector. In contrast, in 2006, employment increased by 2,700 jobs, or 2.2 percent, led by

increases in the professional and business services and construction sectors. In 2007, total employment declined by 400 jobs, or 0.3 percent, with continued losses in the manufacturing sector. During the 12 months ending June 2008, the trade, transportation, and utilities sector had the largest gain, increasing by 800 jobs, or 2.9 percent. The government sector added 600 jobs, an increase of 3.1 percent from the number of jobs added in that sector during the previous 12 months. Virtually all of this growth occurred in the local government subsector. The manufacturing sector continued to decline, decreasing by 400 jobs, or 1.5 percent. Approximately 530 jobs were lost in March 2008 due to the closure of the Mrs. Smith's manufacturing facility, a division of Schwan Food Company™.

Spartanburg Regional Medical Center, the leading employer in the area, employs approximately 4,600 people. BMW, which employs 4,425 people, is the second leading employer. BMW plans to invest \$750 million to expand its plant to increase production from 160,000 to 240,000 vehicles a year. This expansion is expected to add 500 new jobs by 2012. Springs Industries, Inc., a home furnishings fabrication company, is the third leading employer in the metropolitan area and employs approximately 1,850 people. The adidas Group, a sporting goods company, is currently building a \$150 million distribution center in Spartanburg that will add approximately 1,500 jobs to the area by the fall of 2009.

Single-family construction, as measured by the number of homes permitted, reached record-high levels in 2005, when approximately 2,225 single-family building permits were issued. Beginning in 2005, increasing inventories of unsold homes due to declining home sales and rising foreclosures have led area home builders to scale back construction. The number of single-family homes permitted declined by nearly 8 percent in 2006 and by 12 percent in 2007. During the 12 months ending June 2008, 1,250 homes were permitted, compared with 1,925 during the previous 12-month period, a decline of 35 percent. Stricter underwriting restrictions in the mortgage industry have reduced the demand for sales housing and contributed to the slowdown in single-family homebuilding.

The decline in the construction of single-family homes has helped keep conditions in the Spartanburg sales housing market balanced during a period of decreasing home sales. According to the South Carolina REALTORS®, the number of home sales has declined each year since 2006, when home sales totaled 3,625. During the 12 months ending April 2008, sales of single-family homes, condominiums,





and villas declined by nearly 8 percent to 3,350 units sold, compared with 3,650 sold during the previous 12-month period. Despite the decline in home sales, in the first quarter of 2008 Spartanburg recorded the third largest median home sales price increase of all metropolitan areas in the United States, according to the NATIONAL ASSOCIATION OF REALTORS®. During the first quarter of 2008, the median sales price increased by 10 percent to \$130,300, compared with \$118,400 in the first quarter of 2007.

As single-family homebuilding increased in 2005, the level of multifamily construction declined below the trends recorded since 2001. Multifamily construction, as measured by the number of units permitted, increased during the next 2 years and reached a peak in 2007, when approximately 610 units were permitted. During the 12 months ending June 2008, approximately 390 multifamily units were permitted, virtually unchanged from the previous 12-month period. Campus Suites, a 156-unit apartment complex, opened in August 2008, and the 216-unit Meridian at River Run apartments are under construction and expected to be complete in mid-September. The Reserve at Park West, with 408 units, is also under construction; nearly one-half the units are complete.

The rental housing market is currently soft, with a rental vacancy rate of 10.5 percent. The increase in apartment building from 2005 to 2007 caused apartment vacancies to rise significantly. According to RealData, Inc., the Spartanburg-West submarket had the largest vacancy rate increase, rising from 6.2 percent in May 2007 to 18.1 percent in May 2008. This large increase is due to 300 new units coming on the market in 2007. The vacancy rate in the Spartanburg-East submarket also increased, from 6.1 to 8.3 percent. The vacancy rate in the Greer submarket, located in the western part of the county, increased from 6.6 percent in May 2007 to 9.4 percent in May 2008. The Spartanburg rental housing market is expected to continue to soften because 780 rental units are expected to come on the market in the next year. Average rents in Spartanburg are \$551 for a one-bedroom unit, \$629 for a two-bedroom unit, and \$728 for a three-bedroom unit. Rents increased by an average of 1 percent during the past 12 months.

## St. George, Utah

The St. George metropolitan area consists of Washington County, located in the southwestern corner of Utah. The area is a tourist destination due to its proximity to Grand Canyon, Zion, and Bryce Canyon National Parks. According to a study by the

Utah Office of Tourism, visitors spent \$470 million while visiting the area in 2006. The area has also developed into a desirable retirement location with attractions such as the new Dixie Regional Medical Center, several new golf course communities, and year-round outdoor recreational activities.

The economy of the St. George area has slowed from the high growth rates of the past few years. During the 12-month period ending June 2008, nonfarm employment grew by 1,500 jobs, or 2.3 percent, to a total of 54,500 jobs. This figure is significantly lower than that of the peak growth year of 2005, when the number of jobs increased by 4,350, or 11 percent; this growth was led by the construction sector, which added 1,525 jobs in response to an increasing number of residential and commercial projects. Construction employment declined by 110 jobs for the 12-month period ending June 2008 because of a slowdown in residential construction due to a decline in the demand for sales housing. Job gains over the past year were led by 5.7-percent growth, or 400 new jobs, in the education and health services sector. New jobs at Dixie Regional Medical Center and other local healthcare service providers accounted for most of the growth in the sector. Leading employers in the area include Intermountain Healthcare, Wal-Mart Stores, Inc., and Dixie State College of Utah.

Since 2000, the population of the St. George area has increased by an average annual rate of 5.5 percent, or 6,025, a year to an estimated 140,000 as of July 1, 2008. According to the Census Bureau, from 2000 to 2006, the metropolitan area had the fastest rate of growth in the United States. Although net in-migration has accounted for 76 percent of the population growth since 2000, with a net average of 4,550 people in-migrating annually, the rate has slowed since 2005 due to slower job growth. Retirees and seasonal residents have continued to move to golf course communities in the area, albeit at a significantly slower rate since 2005. Net natural increase (resident births minus resident deaths) has accounted for 1,480 people, or 24 percent of the total average annual growth in population since 2000.

Sales housing market conditions in the St. George area are currently soft. Slowing in-migration and tighter lending standards have increased the inventory of unsold homes in the area. According to the Washington County Board of REALTORS®, the area had approximately 6,300 properties listed for sale as of July 1, 2008, up significantly from about 5,700 properties as of July 1, 2007. During the 12-month period ending July 2008, existing single-family home sales volume decreased by 22 percent to 1,725 homes

sold. The current rate of existing home sales is down significantly from the record 3,150 annual home sales recorded in 2005 and from the annual average of 2,050 home sales recorded since 2000. During the 12-month period ending March 2008, the average sales price of an existing single-family home declined to \$316,900, 6 percent lower than the price recorded during the previous 12-month period but 6 percent higher than the price recorded during the 12-month period ending March 2006. Since 2000, condominium sales have consistently accounted for approximately 25 percent of the total sales volume in the area. The average condominium sales price declined to \$175,400 for the 12-month period ending March 2008, down from the high of \$202,200 reached for the same period in 2006.

Builders responded to decreased home sales by reducing single-family home construction activity throughout the metropolitan area. Single-family home construction, as measured by the number of building permits issued, totaled 1,200 homes for the 12-month period ending May 2008. The current level of construction activity is 36 percent lower than the 1,875 homes built during the previous 12-month period and about 30 percent of the record 3,550 homes built during the same period in 2005. Weaker sales housing markets since 2006 in neighboring cities in Nevada, Arizona, and parts of California have slowed

the number of in-migrants, seasonal residents, and retirees coming to the St. George area. New single-family homes are being constructed in several communities north and west of the city of St. George, with prices starting in the low \$200,000s. At several golf course developments, custom homes with prices starting in the mid-\$300,000s are being built.

Rental housing market conditions in the metropolitan area are balanced but are beginning to soften. The current rental vacancy rate is estimated at 7 percent, compared with 6 percent a year ago. Average rents for market-rate apartments are \$650 for a one-bedroom unit, \$710 for a two-bedroom unit, and \$840 for a three-bedroom unit. Rents have remained stable compared with those recorded a year ago, and no significant concessions are being offered. The market is currently softening as a result of increasing numbers of single-family and multifamily owner units being converted into rental units. During the past several years, the construction of multifamily units has consisted primarily of owner-occupied condominiums and townhomes for seasonal use. Multifamily construction, as measured by the number of units permitted, totaled 65 units for the 12-month period ending May 2008, compared with 190 units constructed during the previous 12-month period and an average of 260 units permitted annually since 2000.



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

HUD Region and State	2008 Through June			2007 Through June			Ratio: 2008/2007 Through June		
	Total	Single Family	Multi-family*	Total	Single Family	Multi-family*	Total	Single Family	Multi-family*
Connecticut	2,912	1,664	1,248	3,857	2,545	1,312	0.755	0.654	0.951
Maine	1,991	1,536	455	2,926	2,573	353	0.680	0.597	1.289
Massachusetts	6,071	2,564	3,507	7,838	4,260	3,578	0.775	0.602	0.980
New Hampshire	1,776	1,329	447	2,248	1,991	257	0.790	0.668	1.739
Rhode Island	629	431	198	1,042	752	290	0.604	0.573	0.683
Vermont	725	561	164	1,000	874	126	0.725	0.642	1.302
<b>New England</b>	<b>14,104</b>	<b>8,085</b>	<b>6,019</b>	<b>18,911</b>	<b>12,995</b>	<b>5,916</b>	<b>0.746</b>	<b>0.622</b>	<b>1.017</b>
New Jersey	12,241	4,782	7,459	11,995	6,655	5,340	1.021	0.719	1.397
New York	37,313	6,538	30,775	27,661	8,878	18,783	1.349	0.736	1.638
<b>New York/New Jersey</b>	<b>49,554</b>	<b>11,320</b>	<b>38,234</b>	<b>39,656</b>	<b>15,533</b>	<b>24,123</b>	<b>1.250</b>	<b>0.729</b>	<b>1.585</b>
Delaware	1,836	1,437	399	3,016	2,507	509	0.609	0.573	0.784
District of Columbia	342	194	148	1,335	504	831	0.256	0.385	0.178
Maryland	8,143	4,924	3,219	11,804	7,841	3,963	0.690	0.628	0.812
Pennsylvania	12,884	10,089	2,795	18,417	15,179	3,238	0.700	0.665	0.863
Virginia	15,675	11,518	4,157	20,401	17,424	2,977	0.768	0.661	1.396
West Virginia	1,626	1,304	322	2,026	1,916	110	0.803	0.681	2.927
<b>Mid-Atlantic</b>	<b>40,506</b>	<b>29,466</b>	<b>11,040</b>	<b>56,999</b>	<b>45,371</b>	<b>11,628</b>	<b>0.711</b>	<b>0.649</b>	<b>0.949</b>
Alabama	8,971	6,949	2,022	12,715	10,759	1,956	0.706	0.646	1.034
Florida	36,362	22,974	13,388	62,985	43,880	19,105	0.577	0.524	0.701
Georgia	20,994	15,579	5,415	43,383	32,576	10,807	0.484	0.478	0.501
Kentucky	5,537	3,767	1,770	8,125	6,638	1,487	0.681	0.567	1.190
Mississippi	6,126	4,280	1,846	10,324	6,447	3,877	0.593	0.664	0.476
North Carolina	31,316	24,164	7,152	46,140	38,876	7,264	0.679	0.622	0.985
South Carolina	15,195	12,378	2,817	22,881	18,374	4,507	0.664	0.674	0.625
Tennessee	11,623	9,423	2,200	19,736	16,701	3,035	0.589	0.564	0.725
<b>Southeast/Caribbean</b>	<b>136,124</b>	<b>99,514</b>	<b>36,610</b>	<b>226,289</b>	<b>174,251</b>	<b>52,038</b>	<b>0.602</b>	<b>0.571</b>	<b>0.704</b>
Illinois	12,772	7,014	5,758	24,129	13,925	10,204	0.529	0.504	0.564
Indiana	8,656	6,455	2,201	13,119	10,647	2,472	0.660	0.606	0.890
Michigan	5,661	4,795	866	9,196	8,266	930	0.616	0.580	0.931
Minnesota	5,170	4,264	906	8,781	7,450	1,331	0.589	0.572	0.681
Ohio	11,098	8,874	2,224	17,147	14,005	3,142	0.647	0.634	0.708
Wisconsin	7,832	5,480	2,352	10,792	8,516	2,276	0.726	0.643	1.033
<b>Midwest</b>	<b>51,189</b>	<b>36,882</b>	<b>14,307</b>	<b>83,164</b>	<b>62,809</b>	<b>20,355</b>	<b>0.616</b>	<b>0.587</b>	<b>0.703</b>
Arkansas	4,859	2,916	1,943	5,731	4,256	1,475	0.848	0.685	1.317
Louisiana	9,624	6,947	2,677	11,882	8,742	3,140	0.810	0.795	0.853
New Mexico	3,629	3,044	585	5,510	5,008	502	0.659	0.608	1.165
Oklahoma	5,422	4,576	846	7,946	6,323	1,623	0.682	0.724	0.521
Texas	74,398	46,757	27,641	94,718	67,685	27,033	0.785	0.691	1.022
<b>Southwest</b>	<b>97,932</b>	<b>64,240</b>	<b>33,692</b>	<b>125,787</b>	<b>92,014</b>	<b>33,773</b>	<b>0.779</b>	<b>0.698</b>	<b>0.998</b>
Iowa	3,775	2,910	865	5,477	4,276	1,201	0.689	0.681	0.720
Kansas	3,814	2,466	1,348	5,395	4,091	1,304	0.707	0.603	1.034
Missouri	6,594	4,297	2,297	10,985	7,982	3,003	0.600	0.538	0.765
Nebraska	3,397	2,459	938	3,709	3,253	456	0.916	0.756	2.057
<b>Great Plains</b>	<b>17,580</b>	<b>12,132</b>	<b>5,448</b>	<b>25,566</b>	<b>19,602</b>	<b>5,964</b>	<b>0.688</b>	<b>0.619</b>	<b>0.913</b>
Colorado	11,394	6,766	4,628	16,982	11,962	5,020	0.671	0.566	0.922
Montana	1,394	1,134	260	2,577	1,842	735	0.541	0.616	0.354
North Dakota	1,204	808	396	1,464	1,034	430	0.822	0.781	0.921
South Dakota	2,126	1,684	442	2,769	1,928	841	0.768	0.873	0.526
Utah	6,065	4,396	1,669	11,447	10,085	1,362	0.530	0.436	1.225
Wyoming	1,363	1,070	293	1,561	1,411	150	0.873	0.758	1.953
<b>Rocky Mountain</b>	<b>23,546</b>	<b>15,858</b>	<b>7,688</b>	<b>36,800</b>	<b>28,262</b>	<b>8,538</b>	<b>0.640</b>	<b>0.561</b>	<b>0.900</b>
Arizona	15,765	11,182	4,583	30,823	24,783	6,040	0.511	0.451	0.759
California	36,702	18,750	17,952	61,542	41,265	20,277	0.596	0.454	0.885
Hawaii	2,410	1,477	933	4,161	2,587	1,574	0.579	0.571	0.593
Nevada	7,811	4,250	3,561	12,282	10,476	1,806	0.636	0.406	1.972
<b>Pacific</b>	<b>62,688</b>	<b>35,659</b>	<b>27,029</b>	<b>108,808</b>	<b>79,111</b>	<b>29,697</b>	<b>0.576</b>	<b>0.451</b>	<b>0.910</b>
Alaska	493	372	121	982	543	439	0.502	0.685	0.276
Idaho	4,256	3,931	325	7,350	6,062	1,288	0.579	0.648	0.252
Oregon	7,026	4,762	2,264	12,765	9,347	3,418	0.550	0.509	0.662
Washington	16,366	10,075	6,291	24,162	17,062	7,100	0.677	0.590	0.886
<b>Northwest</b>	<b>28,141</b>	<b>19,140</b>	<b>9,001</b>	<b>45,259</b>	<b>33,014</b>	<b>12,245</b>	<b>0.622</b>	<b>0.580</b>	<b>0.735</b>
<b>United States</b>	<b>521,364</b>	<b>332,296</b>	<b>189,068</b>	<b>767,239</b>	<b>562,962</b>	<b>204,277</b>	<b>0.680</b>	<b>0.590</b>	<b>0.926</b>

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

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

CBSA	CBSA Name	2008 Through June		
		Total	Single Family	Multi-family*
35620	New York-Northern New Jersey-Long Island, NY-NJ-PA	40,242	4,700	35,542
26420	Houston-Sugar Land-Baytown, TX	24,862	17,288	7,574
19100	Dallas-Fort Worth-Arlington, TX	20,968	10,491	10,477
12060	Atlanta-Sandy Springs-Marietta, GA	12,594	8,467	4,127
38060	Phoenix-Mesa-Scottsdale, AZ	11,185	7,294	3,891
16980	Chicago-Naperville-Joliet, IL-IN-WI	9,943	4,516	5,427
42660	Seattle-Tacoma-Bellevue, WA	9,512	3,954	5,558
31100	Los Angeles-Long Beach-Santa Ana, CA	9,377	2,784	6,593
12420	Austin-Round Rock, TX	8,241	4,885	3,356
47900	Washington-Arlington-Alexandria, DC-VA-MD-WV	7,993	5,015	2,978
16740	Charlotte-Gastonia-Concord, NC-SC	7,413	4,589	2,824
36740	Orlando-Kissimmee, FL	7,027	3,289	3,738
29820	Las Vegas-Paradise, NV	6,913	3,458	3,455
37980	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	6,373	3,757	2,616
41700	San Antonio, TX	5,922	3,250	2,672
39580	Raleigh-Cary, NC	5,824	4,185	1,639
19740	Denver-Aurora, CO	5,762	2,382	3,380
40140	Riverside-San Bernardino-Ontario, CA	5,737	3,585	2,152
14460	Boston-Cambridge-Quincy, MA-NH	5,132	1,701	3,431
33100	Miami-Fort Lauderdale-Miami Beach, FL	4,885	2,185	2,700
38900	Portland-Vancouver-Beaverton, OR-WA	4,495	2,588	1,907
45300	Tampa-St. Petersburg-Clearwater, FL	4,442	2,380	2,062
27260	Jacksonville, FL	4,036	2,909	1,127
41860	San Francisco-Oakland-Fremont, CA	4,030	1,230	2,800
34980	Nashville-Davidson--Murfreesboro, TN	3,925	3,373	552
26900	Indianapolis, IN	3,652	2,447	1,205
41740	San Diego-Carlsbad-San Marcos, CA	3,491	1,256	2,235
41180	St. Louis, MO-IL	3,290	2,731	559
47260	Virginia Beach-Norfolk-Newport News, VA-NC	3,148	1,928	1,220
28140	Kansas City, MO-KS	3,127	1,585	1,542
40900	Sacramento--Arden-Arcade--Roseville, CA	3,044	2,084	960
12580	Baltimore-Towson, MD	2,952	1,796	1,156
40060	Richmond, VA	2,822	2,342	480
16700	Charleston-North Charleston, SC	2,748	2,281	467
35380	New Orleans-Metairie-Kenner, LA	2,677	1,651	1,026
33460	Minneapolis-St. Paul-Bloomington, MN-WI	2,568	2,079	489
17140	Cincinnati-Middletown, OH-KY-IN	2,534	1,929	605
48900	Wilmington, NC	2,474	1,973	501
17900	Columbia, SC	2,339	2,084	255
32580	McAllen-Edinburg-Mission, TX	2,339	1,843	496
29460	Lakeland, FL	2,305	1,341	964
24860	Greenville, SC	2,284	1,494	790
36420	Oklahoma City, OK	2,277	2,096	181
13820	Birmingham-Hoover, AL	2,240	1,527	713
46060	Tucson, AZ	2,240	1,700	540
12940	Baton Rouge, LA	2,239	1,403	836
36540	Omaha-Council Bluffs, NE-IA	2,204	1,538	666
18140	Columbus, OH	2,169	1,492	677
46140	Tulsa, OK	2,125	1,675	450
25060	Gulfport-Biloxi, MS	2,059	1,082	977

\*Multifamily is two or more units in structure.

\*\*As per new OMB metropolitan area definitions.

Source: Census Bureau, Department of Commerce