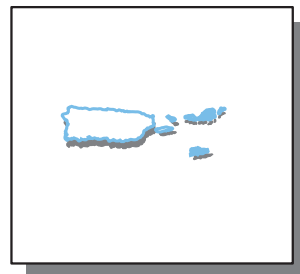
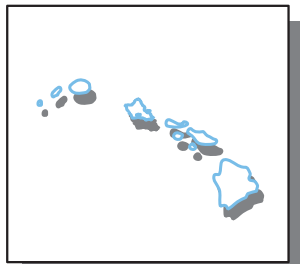
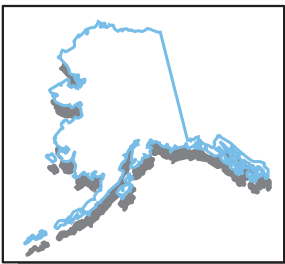


# Regional Activity

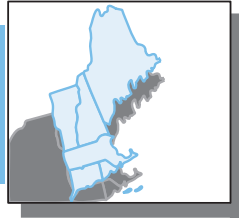


The following summaries of housing market conditions and activities have been prepared by economists in the U.S. Department of Housing and Urban Development's (HUD's) field offices. The reports provide overviews of economic and housing market trends within each region of HUD management. Also included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



## Regional Reports

### NEW ENGLAND



Nonfarm employment in New England had peaked at about 7.2 million jobs by mid-2008. Declining employment during the rest of the year resulted in the average level of nonfarm employment for 2008 remaining virtually unchanged, at about 7.0 million jobs, from the level recorded for 2007. During 2007, nonfarm employment in the region had grown by 0.8 percent, or 58,200 jobs. During 2008, job growth occurred in Massachusetts, New Hampshire, and Connecticut; small job losses occurred in Maine and Vermont; and a significant number of jobs were lost in Rhode Island. During the past year, Massachusetts and New Hampshire added 7,500 and 6,000 jobs, respectively; the gains were almost entirely offset by the 12,500 jobs, a decrease of 2.5 percent, lost in Rhode Island.

In 2008, the region posted a net increase of 21,800 service-providing jobs, a 0.4-percent gain; 73,800 jobs were added in the sector in 2007. Five of the six states in the region gained service-providing jobs, including Massachusetts with the addition of 16,500 jobs, or 0.6 percent; New Hampshire with an increase of 7,100 jobs, or 1.3 percent; and Connecticut, Vermont, and Maine with smaller gains. During the past year, Rhode Island lost 8,000 service-providing jobs, a 1.9-percent decline, primarily in the trade and the professional and business services sectors. In Massachusetts, employers added 13,300 jobs in the education and health services sector and 3,800 jobs in the government sector. In New Hampshire, which had the highest rate of growth in service-providing employment in the region, gains were led by the education and health services and the government sectors. Connecticut added 5,300 service-providing jobs, an increase of 0.4 percent, almost exclusively in the healthcare and social services industries. During 2008, employers in goods-producing sectors throughout the region posted a loss of more than 22,000 jobs, a decrease of 2.1 percent compared with the number of jobs recorded during 2007. Losses were most prominent in Massachusetts and Rhode Island and were evenly distributed between the construction and manufacturing sectors. The unemployment rate in New England increased from an average of 4.4 percent in 2007 to 5.4 percent in 2008. New Hampshire had the lowest average unemployment rate, at 4.0 percent, and Rhode Island had the highest average rate, at 7.8 percent.

During 2008, homebuilding activity, as measured by the number of building permits issued, continued to decline significantly in all states in New England in response to lower sales levels and decreasing home sales prices. In 2008, the number of permits issued in the region totaled 23,575, down more than 35 percent from the number of permits issued in 2007 and down 50 percent from the number issued in 2006. More than 80 percent of the decline that occurred in 2008 was attributed to a significantly lower level of single-family construction, which decreased by 10,500 permits; this figure reflects a 40-percent reduction compared with the number of single-family permits issued in 2007. The level of single-family building activity was down in all states in the region, ranging from a decrease of 34 percent in Vermont to a decrease of 42 percent in both Massachusetts and Connecticut.

Overall, the level of multifamily construction, as measured by the number of units permitted, declined in New England in 2008. During the past year, 8,175 multifamily units were permitted, down 24 percent from the number permitted during 2007 and down more than 41 percent from the 4-year average of 14,000 units permitted from 2004 through 2007. The changes in multifamily construction activity among the individual states ranged from a 60-percent decline in Rhode Island to a 30-percent increase in New Hampshire. There is a considerable inventory of unsold condominium units in Providence. Although increased multifamily construction in New Hampshire occurred primarily in the two New Hampshire counties within the Boston metropolitan area, multifamily construction activity in the Boston metropolitan area overall continued to decline, with only 4,475 multifamily units permitted in 2008, down 25 percent from the number permitted in 2007 and down more than 50 percent from the record-setting 9,125 multifamily units permitted in 2005. During 2008, the number of multifamily units permitted in the Portland and Providence metropolitan areas declined from 540 to 200 units and from 830 to 325 units, respectively.

Home sales and prices continued to decline in the New England region during 2008. According to the Massachusetts Association of REALTORS® (MAR), home sales in the state totaled 36,140 units, a 13-percent decline compared with the number of sales recorded in 2007. During the same time, the median sales price fell 10 percent to \$311,000 and the average monthly inventory of unsold homes decreased 6 percent to 32,065 homes, representing an 11-month supply. The Rhode Island Association of REALTORS® (RIAR) reported that home sales in the state were down 13 percent to 6,650 units during 2008 and the median price declined 15 percent to \$234,900 compared with the number of sales and median price recorded in 2007. The Maine Real Estate Information System, Inc., reported that, during 2008, home sales in the state were down 21 percent to 9,500, and the median price was down 7 percent to \$180,000, from \$194,000

in 2007. According to the New Hampshire Association of REALTORS®, nearly 10,200 homes were sold in the state in 2008, down 15 percent from the number sold in 2007 and down 37 percent from the peak year of 2005. During the past year, the median price of homes sold in New Hampshire fell 10 percent to \$235,000.

MAR reported that the number of homes sold in the greater Boston market area in 2008 totaled 8,500, down 16 percent from the number sold in 2007, and the median price decreased 6 percent to \$450,000. The Greater Hartford Association of REALTORS® reported that 8,400 homes were sold in the greater Hartford market area in 2008, down 19 percent compared with the number sold in 2007, and the median selling price decreased 6 percent to \$245,000.

According to the Federal Housing Finance Agency, during the third quarter of 2008, home prices in the region decreased 3.7 percent from the prices recorded during the same quarter a year ago. This decreased price appreciation rate is lower than the U.S. decline of 4.0 percent and caused New England's price appreciation rank to improve to sixth place among the nine census divisions. Although New England improved in relative ranking from seventh to sixth place, only one state, Maine, had positive appreciation, at 1.4 percent. In addition, the S&P/Case-Shiller® Home Price Index indicated that the Boston metropolitan area ranked fifth in the nation for the lowest 1-year price depreciation rate, down more than 7 percent as of November 2008. The composite index derived from 20 metropolitan areas was down by slightly more than 18 percent compared with the level recorded as of November 2007.

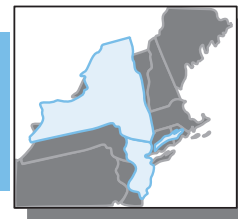
Sales and median prices of condominiums also declined in New England in 2008. MAR reported that condominium sales in Massachusetts totaled 15,625 units, a 21-percent decline compared with the number of sales in 2007, and the median price was down 4 percent to \$271,500. According to RIAR, during 2008, a little more than 1,200 condominium units were sold in Rhode Island, down 33 percent from the number sold during 2007, and the median selling price decreased 4 percent to \$212,700.

Although rental housing markets throughout New England in general were balanced in 2008, markets in the larger metropolitan areas softened somewhat due to weakening economies and increased inventories of available units. According to Reis, Inc., the Boston metropolitan area rental market added nearly 7,800 new units during 2007 and 2008. With employment levels moderating, the rental vacancy rate increased to 6.0 percent in the fourth quarter of 2008 from 5.7 percent in the fourth quarter of 2007. In Connecticut, rental vacancy rates increased during the fourth quarter of 2008 in both Fairfield County and Hartford, to 4.3 and 5.2 percent, respectively. In Providence, the rental vacancy rate increased from 6.8 to 7.6 percent, the

highest rate in the region, as a larger inventory of new units and a growing condominium shadow market increased unit availability. Other smaller metropolitan markets in New England tightened during the fourth quarter of 2008 because a limited number of rental units entered the market and tighter credit standards in the sales housing market caused some demand to shift to rental housing. In central and western Massachusetts, rental vacancy rates were down in Springfield, from 4.7 percent in the fourth quarter of 2007 to 3.4 percent in the fourth quarter of 2008, and fell in Worcester, from 5.8 to 4.1 percent. In Portland and Manchester, vacancy rates were also down in the last quarter of 2008, to 4.6 and 4.4 percent, respectively.

Despite the different dynamics of the larger and smaller rental housing markets, nearly all markets recorded increasing rent levels. According to Reis, Inc., Fairfield County, Connecticut, and Boston had the third and fourth highest average rent levels in the nation, at \$1,816 and \$1,739, respectively. Between the fourth quarter of 2007 and the fourth quarter of 2008, rents in the two areas increased by nearly 2 and 4 percent, respectively. Providence and Hartford have much lower rent levels but recorded rent increases of more than 1 percent to \$1,235 and nearly 2 percent to \$967, respectively. In contrast, several smaller tightening markets recorded higher rent increase rates, including Portland, where the average rent rose nearly 3 percent to \$1,002, and Manchester and Springfield, where the average rent was up nearly 4 percent in both markets to \$1,071 and \$875, respectively.

## NEW YORK/ NEW JERSEY



The economy of the New York/New Jersey region slowed in 2008. Nonfarm employment increased by only 9,800 jobs, or 0.1 percent, to nearly 12.9 million in 2008 compared with an increase of 122,000 jobs, or 1 percent, in 2007. During the past year, total nonfarm employment in New York State increased by 22,400 jobs, or 0.3 percent, to 8.8 million; this gain was offset by the loss of 12,600 jobs in New Jersey, a 0.3-percent decline to nearly 4.1 million.

Due primarily to job growth in New York State, employment in the service-providing sectors in the region increased by 43,800 jobs to 11.5 million in 2008, or less than 0.5 percent compared with the number of jobs recorded in 2007. Employment increased by a total of 51,200 jobs in the education and health services, information, and leisure and hospitality sectors, reflecting



1- to 2-percent gains in each sector. This job growth was offset by losses in the manufacturing and financial activities sectors of 27,800 and 16,000 jobs, respectively. Employment in the manufacturing sector declined by 3 percent in both states, with New York losing 17,500 jobs and New Jersey losing 10,300 jobs. Layoffs in the financial activities sector resulted in the loss of 7,800 jobs in New York and 8,200 jobs in New Jersey.

In 2008, employers in New York City added 20,100 new jobs, a 0.5-percent increase to 3.8 million. This rate of growth was significantly lower than that recorded in 2007, when employers in the city added 78,800 jobs, a 2.2-percent increase compared with the number of jobs in 2006. In 2008, job growth of 2 to 3 percent occurred in the information and leisure and hospitality sectors, which added a total of 10,900 jobs. During 2008, the financial activities sector lost 3,800 jobs, a 1-percent decline to 464,100 jobs. According to the Federal Reserve Board's Beige Book, declining tourism in the city caused occupancy and room rates at Manhattan hotels to decrease in both November and December of 2008 compared with rates recorded during those same months in 2007. In December 2008, attendance at Broadway theaters was reported to have decreased approximately 7 percent compared with December 2007 attendance figures.

Due to the weak economy, the unemployment rate in the New York/New Jersey region increased from 4.4 percent in 2007 to 5.5 percent in 2008. The unemployment rate increased in New York from 4.5 to 5.4 percent, in New Jersey from 4.2 to 5.5 percent, and in New York City from 5.0 to 5.5 percent.

Existing home sales declined throughout the New York/New Jersey region. In the 12-month period ending December 2008, the New York State Association of REALTORS® reported that 78,850 single-family homes were sold in the state (excluding parts of New York City), a 16-percent decline compared with the number sold during the same period ending December 2007. During 2008, the median sales price of an existing home in New York State was \$215,000, a decrease of approximately 9 percent compared with the median price recorded during the previous year. According to the Greater Capital Association of REALTORS®, home sales in the Albany-Schenectady-Troy metropolitan area declined 15 percent to 8,485 units in 2008 and the median price declined 1 percent to \$191,000 compared with sales and prices recorded in 2007. The Buffalo Niagara Association of REALTORS® indicated that 2008 home sales in the Buffalo metropolitan area totaled 10,240 units, an 8-percent decrease compared with 2007 sales, but the median price increased 3 percent to \$104,600. Although the number of active real estate listings in the Buffalo metropolitan area in 2008 increased by 5 percent to 5,580 units compared with the number recorded in 2007, market conditions remain balanced. In the Rochester metropolitan area, the Greater

Rochester Association of REALTORS® reported that annual home sales decreased approximately 14 percent to 19,770 homes, while the median price remained unchanged at \$117,000.

For the first time in several years, slower employment growth in New York City has resulted in a softening of the previously strong Manhattan condominium/co-op market. According to Prudential Douglas Elliman, existing condominium/co-op sales declined 9 percent to 2,280 units during the fourth quarter of 2008 compared with the number of units sold during the fourth quarter of 2007. The listing inventory increased 40 percent to 9,080 units, and the amount of time units remained on the market increased from 131 to 159 days. During the fourth quarter of 2008, the median price of an existing condominium/co-op in Manhattan was \$732,500, a 4-percent decrease compared with the median price recorded during the fourth quarter of 2007.

Sales of existing single-family homes in New Jersey also declined. According to the New Jersey Association of REALTORS®, single-family sales decreased nearly 20 percent to 116,300 units in the 12-month period ending September 2008 (the most recent data available) compared with the number of sales recorded during the same period in the previous year. This decline ranged from a 17-percent decrease to 30,480 homes in Central New Jersey to a 23-percent decrease to 30,990 homes in Southern New Jersey. During the third quarter of 2008, the median price of an existing home in New Jersey was \$364,500, a 4-percent decline compared with the median price recorded during the third quarter of 2007. In Northern New Jersey, the highest housing-cost region in the state, the median price of a home was \$450,700, a 5-percent decrease compared with the price recorded during the same quarter a year ago. During the fourth quarter of 2008, the median price of a home declined 3 percent to \$361,200 in Central New Jersey and declined 5 percent to \$232,100 in Southern New Jersey.

Due to fewer sales and increased unsold inventory, residential construction in the New York/New Jersey region declined significantly in 2008. In the region, building activity, as measured by the number of building permits issued, decreased 12 percent to 71,550 units compared with the number of permits issued in the previous year. The reduced level of construction activity included a 6-percent decline to 52,550 units permitted in New York and a 26-percent reduction to 19,000 units permitted in New Jersey. Both single-family and multi-family housing construction activity decreased in New Jersey. Regionwide, the level of single-family construction contracted by nearly 30 percent to 21,970 homes in 2008 compared with the level of construction recorded during the previous year. This contraction included a 26-percent decrease in single-family construction in New York to 12,970 homes and a 31-percent reduction in New Jersey to 9,000 homes. During this period, the level of multi-family construction, as measured by the number of

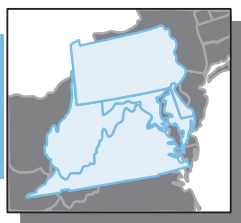


units permitted, declined by 22 percent to 10,000 units permitted in New Jersey. This decrease was offset by a 4-percent increase to 39,600 multifamily units permitted in New York, which resulted in a regionwide decline in multifamily activity of only 3 percent to 49,600 units.

Rental vacancy rates increased slightly in Downstate New York and New Jersey, although rental market conditions remained tight in those markets and tightened in some Upstate New York metropolitan areas. Apartment vacancy rates in Downstate New York and New Jersey increased slightly and rent increases in many areas have moderated or declined slightly due to rent concessions. According to fourth quarter 2008 data from Reis, Inc., slight increases in apartment vacancy rates occurred in both New York City and New Jersey. The apartment vacancy rate in New York City increased from 2.1 percent in the fourth quarter of 2007 to 2.3 percent in the fourth quarter of 2008. During this period, the apartment vacancy rate in Central New Jersey and Northern New Jersey increased from 3.4 to 3.6 percent and from 3.2 to 3.5 percent, respectively. In New York City, the average monthly apartment asking rent was \$2,883 in the fourth quarter of 2008, an increase of 1 percent compared with the average rent recorded during the same period a year ago. In the fourth quarter of 2008, average monthly apartment asking rents were \$1,158 in Central New Jersey and \$1,519 in Northern New Jersey; these rent figures represent increases of approximately 2 percent in each area compared with average rents recorded during the fourth quarter of 2007.

Unlike apartment vacancy rates in many downstate areas, vacancy rates in the Upstate New York metropolitan areas continued to decline; they currently range from a low of 3.6 percent in Syracuse to a high of 4.1 percent in Buffalo. During the fourth quarter of 2008, average monthly apartment asking rents in the smaller upstate metropolitan areas ranged from a low of \$681 in Syracuse to a high of \$748 in Rochester, with annual rent increases of 2 percent in both Buffalo and Rochester and 4 percent in Syracuse.

## MID-ATLANTIC



Economic conditions in the Mid-Atlantic region slowed significantly during 2008. Average nonfarm employment in the region increased by only 0.3 percent to 14.1 million jobs, a gain of 40,200 jobs compared with an increase of 103,400 jobs, or 0.7 percent, during 2007. During 2008, employment in the education and health services sector grew by 2.4 percent, or 50,700 jobs, fractionally

higher than the 48,900 jobs added during 2007 and a reflection of the strength of that sector in the region. The professional and business services sector, the fastest growing sector in the region between 2004 and 2006, continued to reflect decreasing rates of growth. During 2008, nearly 22,000 jobs were added in the sector, a gain of 1.1 percent, down from a growth rate of 1.9 percent, or 37,400 jobs added, during the previous year. Job losses in the manufacturing sector, construction sector, and retail trade subsector of 29,700, 15,500, and 15,050 jobs, respectively, mirrored changes in the national economy and reflected the sluggish conditions in the regional housing and credit markets.

Employment growth in Maryland, Virginia, West Virginia, and the District of Columbia remained positive during 2008, but both Pennsylvania and Delaware lost jobs. Maryland added 21,100 jobs, slightly more than the 20,550 added during 2007. In the District of Columbia, employment grew by almost 10,000 jobs during 2008 compared with a gain of 7,200 during the previous year. Maryland and the District together accounted for 70 percent of the region's growth in federal government employment during 2008, adding 1,400 and 1,250 jobs, respectively. In Virginia, job losses in the retail trade subsector and slower growth in the professional and business services sector resulted in an increase of only 12,300 jobs, approximately 60 percent fewer than the 31,200 jobs added in the state a year earlier. A net addition of 1,400 jobs in West Virginia resulted from 2,175 jobs created in the education and health services sector, up from 900 jobs added in the sector during 2007, and 1,125 jobs created in the leisure and hospitality sector, up from 500 jobs added in the sector during the previous year, offsetting job losses in the retail trade subsector and construction sector. In Pennsylvania, the loss of 18,525 manufacturing jobs, 9,250 retail jobs, and 5,150 construction jobs more than offset employment gains in other sectors, resulting in an overall decline of 3,950 jobs during 2008 compared with the addition of 39,675 jobs during 2007. In Delaware, a similar pattern of decline resulted in a loss of 700 jobs during 2008 compared with a gain of 850 jobs during the previous year. The regional unemployment rate rose from an average of 3.9 percent in 2007 to 4.8 percent during 2008 but remained lower than the national rate of 5.8 percent.

During 2008, slower economic growth and tight lending practices contributed to a decline in existing home sales throughout the Mid-Atlantic region. The Maryland Association of REALTORS® reported that, during the past year, the average monthly inventory of homes for sale in the state was 43,700, a decrease of 40 percent from the average recorded a year ago. Approximately 44,600 existing homes were sold in Maryland during 2008, a decrease of 27 percent compared with the 60,900 homes sold during 2007. The average home sales price declined by 6 percent to \$338,300 during the past year, compared with the average price of \$359,500 recorded during the previous year. The Metropolitan



Regional Information Systems, Inc. (MRIS®) reported that 21,500 homes were sold in the Baltimore metropolitan area in 2008 at an average price of \$306,500; these figures reflect declines of 28 percent in the number of sales and 3 percent in the sales price compared with sales volume and the average price recorded in 2007. During 2008, the number of homes sold in the Maryland suburbs that surround the city of Washington, D.C., declined by 26 percent to 12,750 and the average price decreased almost 7 percent to \$426,050 compared with the average price recorded during 2007.

According to the Virginia Association of REALTORS®, 81,900 existing homes were sold in the state during 2008, a 13-percent decline from the 94,300 homes sold during 2007. The average home price of \$310,150 was relatively unchanged from the price recorded a year earlier. MRIS® reported a total of 22,300 homes sold in the Virginia suburbs of Washington, D.C., during the year, a 2-percent decline from the 22,700 homes sold during 2007. Average home prices in this area remained the highest in the state, at \$445,250, but were down 16 percent from the average price of \$532,150 reported in 2007. During the past year, homes for sale remained on the market an average of 100 days, up from 90 days during the previous year.

The rate of existing home sales declined in Delaware, Pennsylvania, and West Virginia in the third quarter of 2008 (the most recent data available) relative to the third quarter of 2007. According to the NATIONAL ASSOCIATION OF REALTORS®, the annual rate of home sales decreased 33 percent in Delaware to 10,400 homes compared with the annual rate posted a year earlier. In Pennsylvania, an annual rate of 174,400 home sales was recorded, down 27 percent compared with the rate recorded 1 year ago. In West Virginia, an annual rate of 25,200 home sales was recorded, a 7-percent decline from the previous year.

During 2008, the lack of available credit adversely affected the availability of mortgages for buyers and development capital for builders. Homebuilding activity in the Mid-Atlantic region, as measured by the number of single-family building permits issued, declined by more than one-third during the past year. Permits were issued for 52,230 homes compared with 80,345 permits issued during 2007. In percentage terms, the decline was equally dispersed throughout the region. Pennsylvania and Virginia produced the largest volume of new homes, issuing permits for almost 19,900 and 18,500 new homes, respectively, down from 29,800 and 28,000 permits issued, respectively, during 2007. Maryland issued permits for 8,675 new homes, or 38 percent fewer than during the previous year. New home construction activity declined by 38 percent in both Delaware, down to 2,700 permits, and West Virginia, where permits were issued for 2,290 homes. The District of Columbia reported issuing permits for 250 new homes during 2008, less than one-half the 560 permits issued during

2007. Among the metropolitan areas in the Mid-Atlantic region, Washington, D.C., accounted for 9,075 new homes and Philadelphia accounted for 6,860 homes; these figures represent declines of 39 and 27 percent, respectively, in production compared with activity levels recorded in the two areas during 2007.

Multifamily construction, as measured by the number of units permitted, declined in the region by almost 3,500 units, or 16 percent, to 18,045 units during 2008. In Virginia, a total of 6,920 multifamily units were permitted, relatively unchanged from a year ago. Construction declined by 11 percent, to 5,300 units, in Maryland and by 27 percent, to 4,245 units, in Pennsylvania. Delaware and the District of Columbia permitted 650 and 290 units, respectively, in 2008, down from the 835 and 1,465 units permitted in each area, respectively, in 2007. During 2008, the Washington, D.C. metropolitan area permitted 4,850 multifamily units, 40 percent fewer than the number of units the District permitted during 2007. In the past year, multifamily production decreased by almost 11 percent to 3,670 units in the Philadelphia metropolitan area.

During 2008, conditions fluctuated in the three largest rental housing markets in the Mid-Atlantic region. According to data from Delta Associates, the Washington, D.C. metropolitan area garden apartment market softened to 8.1 percent in December 2008, compared with 7.5 percent in December 2007. Vacancy rates in high-rise units declined from 17 to 10 percent in Northern Virginia but increased in both the District of Columbia and the Maryland suburbs from 10 to 24 percent and from 21 to 31 percent, respectively. During the past year, concessions doubled to 6 percent of the market rent in the District of Columbia and rose by 1 percent in both the Maryland suburbs and Northern Virginia to 9 and 7 percent of the market rent, respectively. Rents for highrise apartments average \$2,450 in the District of Columbia, \$2,275 in suburban Maryland, and nearly \$2,100 in Northern Virginia.

In the Baltimore metropolitan area, vacancy rates declined slightly from 9 percent in December 2007 to 8 percent in December 2008. Vacancy rates decreased in the northern suburbs of Baltimore and Harford Counties, declining from 8 to 4 percent. The market remains soft in the city of Baltimore, where the vacancy rate of 14 percent has decreased from the 16-percent rate recorded a year ago. Between December 2007 and December 2008, vacancy rates declined slightly in the Pennsylvania suburbs of the Philadelphia metropolitan area, decreasing from 9 to 7 percent in Pennsylvania but remaining unchanged at 9 percent in the Southern New Jersey suburbs. During the same period, the rental housing market tightened in the city of Philadelphia, where the vacancy rate fell from 11 to 7 percent and just 250 units were leasing, which is one-half the number available during the same period a year ago.

## SOUTHEAST/ CARIBBEAN



The economy of the Southeast/Caribbean region contracted during 2008 for the first time since the 2001 recession. During the past year, total nonfarm employment decreased by 154,600 jobs, or 0.8 percent, to total 26.9 million jobs compared with an increase of 304,700 jobs, or 1.1 percent, in 2007. During 2008, employment increases of 81,700, 51,000, and 15,900 jobs, respectively, were recorded in the education and health services, government, and leisure and hospitality sectors, but these increases were not sufficient to offset large job declines in other sectors. Employment decreased by 103,400 jobs, or 7 percent, in the construction sector and by 109,100 jobs, or 4 percent, in the manufacturing sector, reflecting a continued decline in homebuilding activity and a growing weakness in the national economy. Employment also decreased by 41,200, 23,600, and 15,300 jobs, respectively, in the professional and business services, trade, and financial activities sectors. The unemployment rate for the region increased to an average of 6.4 percent in 2008 compared with an average of 4.8 percent in 2007.

During 2008, the pace of employment growth slowed in every state in the region. Five states—Florida, Georgia, Mississippi, South Carolina, and Tennessee—and Puerto Rico reported declines in the number of jobs compared with employment levels posted in 2007. The largest decline occurred in Florida, where 108,500 fewer nonfarm jobs were reported in 2008. The continued weakening in sales and rental housing markets in Florida led home builders and apartment developers to further reduce development activity, resulting in a decrease of 78,800 construction jobs, or 13 percent, during 2008. In Puerto Rico, nonfarm employment declined by 24,100 jobs, or 2.3 percent, including losses of 7,100 jobs in the trade sector and 4,700 jobs in both the manufacturing and the professional and business services sectors. Three states—North Carolina, Kentucky, and Alabama—each recorded employment gains of less than 0.5 percent during 2008.

The slowing regional economy contributed to a moderation in population growth for the region. According to the Census Bureau, as of July 1, 2008, the population of the region was approximately 63.7 million, an increase of 711,400, or 1.1 percent, since July 1, 2007, but the growth was less than the increase of 856,900, or 1.4 percent, recorded during the previous year. Population growth slowed in all states in the region during 2008 compared with growth during the previous year. North

Carolina recorded the region's largest gain in population, increasing by approximately 180,800, or 2 percent, followed by Georgia, with an increase of 162,400, or 1.7 percent. In Florida, the population increase of 128,800, or 0.7 percent, in 2008 was significantly less than the average annual increase of 309,400, or 1.8 percent, recorded during the previous 5 years.

Home sales in most areas of the region were down in 2008 compared with 2007 as the economy continued to slow and as lending standards tightened in response to increasing numbers of foreclosures. Despite cutbacks in production by home builders, soft market conditions remain in most local sales housing markets due to reduced demand for new and existing homes. The Florida Association of REALTORS® reported that during 2008, 124,200 existing single-family homes were sold in the state, a decrease of 4 percent from the number sold in 2007 but an improvement from the 30-percent decrease in existing home sales recorded in 2007 compared with the number sold in 2006. Sales decreases were reported for 13 of 20 reporting areas in Florida. In 2008, the median sales price for an existing single-family home in Florida was \$187,800, a decrease of 20 percent from \$234,300 in 2007. Sales of existing condominium units declined statewide from 41,900 in 2007 to 37,800 in 2008; the median price decreased by 20 percent to \$164,400.

In Alabama, approximately 43,700 homes were sold statewide in 2008 compared with 57,100 homes sold in 2007, a decrease of 24 percent, according to the Alabama Center for Real Estate. Double-digit percentage sales declines were reported in all metropolitan areas in the state, led by the Birmingham-Hoover area, where the number of homes sold decreased by 5,025, or 29 percent, to 12,450. During the same period, the average inventory of unsold homes in the state increased by 4 percent to 43,000 and the average number of days a home was on the market increased by 12 to 135. The median price of an existing single-family home sold in Alabama in 2008 was \$156,400, a decrease of 1 percent from \$158,100 in 2007.

According to data from the North Carolina Association of REALTORS®, in 2008, 92,200 homes were sold in 20 reporting areas in the state, a decline of 33,150 homes, or 26 percent, from the number sold in 2007. Sales declined in 19 of the 20 areas, including the three largest metropolitan areas of North Carolina; the exception was coastal Brunswick, where sales increased. In Charlotte and Greensboro, the number of existing homes sold fell by 30 and 21 percent to 26,900 and 12,750, respectively. In Raleigh, sales of new and existing homes decreased by 33 percent, to 22,850. Statewide, the average price of homes sold declined by 4 percent, or \$8,700 to \$214,900. The average price declined in 15 of the 20 reporting areas. Raleigh was the only one of the three largest metropolitan areas to record an increase in sales price, at 1 percent to an average of \$242,000. The average





price of a home sold in Charlotte declined by 5 percent to \$220,500; in Greensboro, the price declined by 4 percent to \$171,400.

South Carolina REALTORS® reported that 46,900 homes were sold in the state in 2008, a decline of 14,850, or 24 percent, from the number sold in 2007. The number of units sold was down in all 15 reporting areas in the state, led by Charleston with a 31-percent decline. The median price of a home sold in the state in 2008 was \$154,900, down 3 percent from the price in 2007. In Kentucky, in 2008, home sales also decreased. The volume of sales decreased in Louisville by 23 percent to 10,050 and in Lexington by 14 percent to 7,575 compared with the sales volume recorded in the two areas in 2007, according to the Greater Louisville Association of REALTORS® and the Lexington-Bluegrass Association of REALTORS®. Median prices also decreased in both areas, by 4 percent to \$136,000 in Louisville and by 2 percent to \$143,000 in Lexington. In Tennessee, the number of single-family and condominium homes sold during 2008 decreased in Knoxville, Memphis, and Nashville compared with the number sold during 2007. In Knoxville, single-family home sales decreased by 25 percent to 10,550 units; in Memphis, sales decreased by 18 percent to 12,200; and, in Nashville, sales decreased by 27 percent to 19,750. The number of condominium units sold in the three areas decreased by 34, 27, and 32 percent, respectively.

Reduced demand for new homes, resulting from moderating employment and population growth and rising inventories of unsold homes in the region in 2008, led to sharp cutbacks in single-family homebuilding, as measured by the number of building permits issued. During the past year, permits were issued for 163,100 homes in the region, a decrease of 128,000, or 44 percent, compared with the 291,100 permits issued during 2007. Declines in the number of single-family homes permitted in the region ranged from 36 percent in South Carolina to 53 percent in Georgia. The sharp decline in Georgia is primarily due to reduced activity in the Atlanta metropolitan area, where the number of single-family permits issued decreased by 59 percent to 12,750 in 2008. In contrast, an annual average of 56,950 single-family home permits were issued in the Atlanta metropolitan area during the high-growth period from 2003 through 2006.

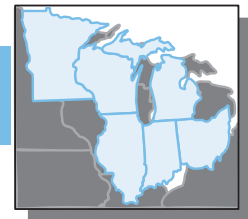
Weakening economic conditions and increasing competition from single-family homes and condominium units being placed on the rental housing market led to apartment vacancy rate increases throughout most of the region. Of 19 market areas surveyed in the region by Reis, Inc., all but 3 recorded higher vacancy rates during the fourth quarter of 2008 compared with the fourth quarter of 2007. Vacancy rates decreased slightly in Lexington and Louisville, from 7.1 to 6.5 percent and from 7.2 to 7 percent, respectively, reflecting balanced markets. Asking rent increases during the past year of more than 3 percent in the two areas were also

among the highest in the region. The apartment vacancy rate in Knoxville remained stable at 5.3 percent during the fourth quarter of 2008 compared with the same quarter of 2007; asking rents increased by almost 3 percent.

In South Carolina, Columbia and Charleston had some of the highest vacancy rates in the region and the largest vacancy rate increases of any state in the region during the past year. Columbia posted the highest vacancy rate, at 13.4 percent, among the 19 markets surveyed in the region. The 4.2-percentage-point vacancy rate increase between the fourth quarter of 2007 and the fourth quarter of 2008 was also the largest increase for the region. In Charleston, the vacancy rate increased by 3.3 percentage points, the second largest increase reported for the region, to 11 percent as of the fourth quarter of 2008. In both Columbia and Charleston, the soft rental housing markets resulted from large apartment inventory increases occurring at the same time the local economies were slowing. In Atlanta, the apartment vacancy rate increased to just above 10 percent during the fourth quarter of 2008, the highest rate recorded in that area since 2002. The 2-percentage-point increase for the area during the past year was a result of significant negative absorption of 3,175 units, most of which occurred during the fourth quarter of 2008.

Multifamily construction activity, as measured by the number of units permitted, declined significantly in the region during the past year. The decrease occurred primarily in reaction to rising vacancy rates and increasing rental inventories. During 2008, 66,550 multifamily units were permitted, a decrease of 26,150 units, or 28 percent, compared with the number of units permitted in 2007. Florida and Georgia accounted for 71 percent of the decline. More than three-fourths of the decrease in the number of multifamily units permitted in Georgia resulted from reduced levels of apartment and condominium construction in the Atlanta metropolitan area. The only state in the region that recorded an increase in multifamily construction activity during 2008 was Kentucky, where 3,625 units were permitted, an increase of 21 percent compared with the number of units permitted in 2007. The gain was due primarily to significantly increased activity in Lexington, which accounted for 1,425 of the units permitted in the state.

## MIDWEST



Employment levels declined in the Midwest region during 2008, a trend that began in the second quarter. During the past year, nonfarm employment decreased



by 155,600 jobs, or 0.6 percent, to an average of 24.2 million jobs, compared with a gain of 14,400 jobs, or 0.1 percent, in 2007. Employment declined in most sectors; the exceptions were the education and health services sector, which increased by 59,000 jobs, and the government sector, which increased by 3,900 jobs. Sectors that lost significant numbers of jobs in 2008 include manufacturing, construction, and trade, which declined by 103,900, 50,100, and 20,000 jobs, respectively. Employment in the durable goods manufacturing subsector was down by 82,000 jobs, accounting for 79 percent of the jobs lost in the manufacturing sector, and employment in the transportation equipment manufacturing industry in the region declined by 55,400 jobs, or 10 percent.

Although all six states in the region lost jobs in 2008, the magnitude of loss varied. Michigan recorded the steepest decline, with a net loss of 78,100 jobs, including the loss of 15,100 construction jobs and 38,500 manufacturing jobs. Ohio lost 22,400, Indiana lost 21,200, and Wisconsin lost 20,100 jobs; decreases in the manufacturing sector accounted for 77, 98, and 67 percent, respectively, of the total nonfarm job losses recorded for each state. In Illinois and Minnesota, job losses were moderate, at 7,800 and 5,900 jobs, respectively, representing declines of less than 1 percent in each state. As a result of job losses across the region, the unemployment rate increased in all six states. During 2008, the average unemployment rate in the region was 6.5 percent, up from 5.4 percent in 2007; average unemployment rates in the states ranged from 5 percent in Wisconsin to 8.4 percent in Michigan.

Sales markets for existing homes in the region have continued to soften, a trend that began in 2006. Continued economic slowing in the region and tighter lending standards have contributed to the softening markets. According to the NATIONAL ASSOCIATION OF REALTORS®, in the third quarter of 2008, the annual rate of existing home sales declined by 13 percent to 852,000 homes from the rate of sales recorded in the third quarter of 2007, resulting in the lowest annual rate recorded in the past 10 years. All six states in the region recorded declines in the rate of sales of existing homes. Exacerbating the slow existing home sales market in the region is the 3.4-percent home foreclosure rate as of the third quarter of 2008, compared with the national rate of nearly 3.0 percent, as reported by the Mortgage Bankers Association.

In Illinois, existing home sales declined in the fourth quarter of 2008 due to record low consumer confidence and mounting job losses. The Illinois Association of REALTORS® reported that 107,700 existing homes were sold in the state in 2008, down 23 percent from the 140,400 existing homes sold in 2007. The median sales price also declined, from \$200,000 in 2007 to \$184,500 in 2008. Approximately 64 percent of the existing homes sold in Illinois in 2008 were in the Chicago metropolitan area. An estimated 68,700 homes were sold in the

Chicago metropolitan area at a median price of \$240,000, reflecting a 26-percent decrease in the number of sales and a 6-percent decrease in the median price compared with the sales volume and median price recorded in the area in 2007.

In Michigan, existing home sales increased 1 percent in 2008, to 100,900, while the average price declined 16 percent, to \$117,900, according to the Michigan Association of REALTORS®. The Ohio Association of REALTORS® reported that the number of existing homes sold in the state totaled 113,800 in 2008, 13 percent below the 130,100 homes sold a year earlier, and the average price of an existing home decreased 9 percent to \$136,700. In the Cleveland, Columbus, and Cincinnati metropolitan areas, existing home sales were down 9, 13, and 16 percent, respectively, and the average price decreased between 5 and 15 percent, to \$139,400, \$164,400, and \$162,300, respectively. In Wisconsin, sales slowed in both Madison and Milwaukee. In the eight-county Madison housing market area covered by the South Central Wisconsin Multiple Listing Service, existing home sales declined 24 percent to 9,050 and the average price declined 2 percent to \$207,000. In Milwaukee, existing home sales declined 18 percent to 13,500. In Minnesota, the Minneapolis-St. Paul metropolitan area recorded a 3-percent decline in the number of existing homes sold in 2008 and a 22-percent decline in the median price to \$167,000. In the Indianapolis metropolitan market area, sales of existing homes were down 14 percent to 25,450 and the median price was down 4 percent to \$117,000.

In response to slower economic growth in the Midwest region and declining demand for new homes, single-family construction in the region, as measured by the number of building permits issued, continued to decrease during 2008. In 2008, a total of 67,900 single-family permits were issued in the region, 42 percent below the number of permits issued in 2007. All states in the Midwest posted declines in single-family construction activity, ranging from 37 percent in both Ohio and Wisconsin to 51 percent in Illinois. Declines in single-family construction activity in Illinois and Ohio accounted for 46 percent of the total regional decrease. In Wisconsin and Indiana, the number of single-family permits issued declined by 37 and 39 percent to 10,450 and 11,850, respectively. In Minnesota and Michigan, activity declined by 40 and 44 percent, to 8,275 and 8,925 permits issued, respectively.

The volume of multifamily building activity in the Midwest region, as measured by the number of units permitted, also was down in 2008 despite rental markets that, in general, were balanced throughout the region. During the year, approximately 28,400 multifamily units were permitted, 31 percent below the 40,950 units permitted in 2007. Activity was down in Illinois, Michigan, Minnesota, and Ohio, with declines ranging from 30 to 46 percent. Multifamily activity was unchanged in

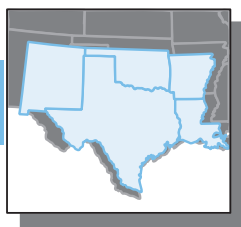


Indiana, at 4,700 units permitted, and up 8 percent in Wisconsin, to 5,100 units permitted. In Minneapolis-St. Paul, the soft condominium sales market put pressure on multifamily development, with 1,625 units permitted, down 32 percent from the number of units permitted in 2007. In Chicago, the number of multifamily units permitted in 2008 totaled 8,575, down 46 percent from the 15,850 multifamily units permitted in 2007 and 49 percent below the average number of units permitted during the 2005-through-2007 period. In 2008, an estimated 4,000 condominium and townhome units entered the downtown Chicago market; in 2009, an estimated 4,550 additional units are forecast to come on line.

Rental housing market conditions varied throughout the major metropolitan areas in the Midwest region in 2008. According to Reis, Inc., the apartment market in Minneapolis-St. Paul is tight, with an estimated vacancy rate of 4.2 percent for the fourth quarter of 2008, unchanged from the rate for the fourth quarter of 2007, although average contract rents increased approximately 3 percent to \$959. In Indianapolis, the apartment vacancy rate declined from 8.3 to 7.6 percent and rents increased approximately 2 percent. In Milwaukee, the apartment market is also tight, with an estimated 4-percent vacancy rate, and rents increased 2 percent to \$849.

In Michigan, the weak economy led to a slight increase in vacancy rates in the Detroit metropolitan area; Reis, Inc., reported that apartment vacancy rates increased from approximately 6.2 percent in the fourth quarter of 2007 to 6.5 percent in the fourth quarter of 2008; rents remained stable. The Chicago market experienced an increase in vacancies in the fourth quarter of 2008, likely the result of increased competition from condominium units entering the rental market, although the market remains balanced. As a result, the apartment vacancy rate increased to an estimated 5.3 percent in the fourth quarter of 2008. Concessions are becoming more common in the downtown Chicago submarket, generally consisting of 1 month's free rent. In Ohio, rental vacancies in Columbus increased from an average of 7.3 percent in the fourth quarter of 2007 to approximately 8 percent in the fourth quarter of 2008 and remained stable in Cleveland at approximately 5.5 percent. In Cincinnati, the vacancy rate decreased slightly, from 6.5 to 6 percent, and rents increased nearly 3 percent to \$711.

## SOUTHWEST



Economic expansion in the Southwest region, which began in 2004, continued in 2008 but at a slower pace

compared with 2007. During the past year, average non-farm employment increased by 283,000 jobs, or 1.8 percent, to 16.2 million jobs, following a growth of 2.6 percent in 2007. The professional and business services sector led job growth in the region with a gain of 64,000 jobs, or 3.4 percent. Of the states in the region, Texas led the growth in this sector with a gain of 5 percent. The education and health services sector gained 54,000 jobs, or 2.8 percent, regionwide; the growth in this sector was distributed throughout the states in the region. Employment in the leisure and hospitality sector increased by 46,000 jobs, or 3.1 percent, in the region, although the gain was concentrated in Texas, which added 38,000 jobs. The manufacturing sector recorded the largest loss among the employment sectors in the region, down 16,000 jobs, or 1.1 percent, with job losses in Arkansas, Louisiana, New Mexico, and Texas more than offsetting a small gain in Oklahoma. Despite a significant decrease in single-family homebuilding during the year, employment in the construction sector increased by 28,000 jobs in the region, up nearly 3 percent compared with the number of jobs recorded in 2007. The increase in construction jobs occurred in Texas, Louisiana, and Oklahoma, resulting from high levels of multifamily and commercial construction. With strong demand generated for area oil and gas products, the natural resources sector increased by 23,000 jobs, up nearly 7 percent from the number of jobs recorded in the sector a year ago.

Texas employers added 236,000 jobs, an increase of 2.3 percent, during 2008 and accounted for more than 80 percent of the total growth in nonfarm employment in the region. In 2008, Louisiana gained 24,000 jobs, or 1.3 percent, with total employment for the year exceeding pre-Hurricane Katrina job levels for the first time since the storm made landfall in August 2005. Led by strong growth in the natural resources and mining sector, employment in Oklahoma increased by 18,000 jobs, or 1.2 percent. Employment in New Mexico increased by 4,100 jobs, or less than 1 percent, with a gain of 4,000 jobs in the education and health services sector helping to offset losses in several other sectors. Employment in Arkansas remained stable in 2008 as job gains in the service-providing sectors offset losses in the goods-providing sectors.

The number of existing homes sold in Texas declined due to tighter lending standards, but sales housing markets throughout the state generally remained balanced due to a significant reduction in new home construction. During 2008, approximately 231,600 homes were sold in Texas, a decrease of 16 percent compared with the number sold during 2007 but well above the annual average of 218,000 homes sold from 2000 to 2005. Among the major markets in Texas, the number of homes sold declined by 15 to 23 percent. The average sales price of homes sold in Texas was unchanged during 2008, remaining at \$191,700, the first time in more than 15 years

that the average price did not increase. Slight increases in home prices in El Paso, Houston, and San Antonio offset declines elsewhere. According to data from the Real Estate Center at Texas A&M University, during 2008 the average price increased by about 3 percent in El Paso to \$160,500, by about 1 percent in Houston to \$205,700, and by about 1 percent in San Antonio to \$182,000. In Fort Worth, the average price was flat for the year, remaining at \$143,400. The largest declines in the state occurred in the Rio Grande Valley, where the average price fell in McAllen by more than 5 percent to \$125,000 and in Brownsville by nearly 15 percent to \$128,700. The average price dropped by more than 2 percent to \$211,400 in Dallas and fell by 1 percent to \$243,800 in Austin.

The number of existing homes sold also declined by double-digit percentages in markets elsewhere in the region. According to the Arkansas REALTORS® Association, during the 12 months ending November 2008, home sales were down 16 percent across the state to 24,600. Sales were down 19 percent in both Little Rock and Fayetteville to 8,100 and 5,200 homes, respectively. The average home price fell 5 percent to \$148,000 for the state and to \$163,000 for Little Rock. In Fayetteville, the average price decreased 3 percent to \$188,000. According to the Oklahoma City Metropolitan Association of REALTORS®, during 2008, the number of homes sold in Oklahoma City was down 20 percent to 16,400, but the average price increased nearly 2 percent to \$153,300. In Tulsa, home sales declined almost 12 percent to 12,000, according to the Greater Tulsa Association of REALTORS®, but the average price increased 1 percent to \$147,100. The Greater Albuquerque Association of REALTORS® reported that, during 2008, the number of sales in Albuquerque was down 29 percent to 6,900 homes and the average price was down 6 percent to \$230,000 compared with the average price recorded during 2007. Based on data from the Greater Baton Rouge Association of REALTORS®, during 2008, the number of homes sold in Baton Rouge decreased by 23 percent to 7,400 compared with the number sold during 2007, but the average price increased by 2 percent to \$201,500. During 2008, the number of homes sold in New Orleans dropped 25 percent to 8,500, but the average price was unchanged at \$207,000.

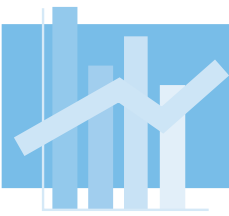
Single-family construction activity, as measured by the number of building permits issued, decreased significantly in the Southwest region during 2008 in response to declining demand and an increased inventory of unsold homes. During 2008, the total number of single-family homes permitted in the region was 107,900, a decline of 52,700 homes, or 33 percent, compared with the number of homes permitted during 2007. Declines in the number of permits issued ranged from 30 percent in Louisiana to 38 percent in New Mexico. Arkansas, Oklahoma, and Texas all recorded declines of about 33 percent.

Rental housing market conditions throughout most of the large metropolitan areas in Texas remained soft through 2008. According to ALN Systems, Inc., the apartment vacancy rate in Austin averaged 8.7 percent during 2008, up from 6.5 percent during 2007. During the same period, the average rent in Austin increased 6 percent to \$860. In Dallas, the apartment vacancy rate remained unchanged during 2008, at 9.5 percent, but the average rent increased 4 percent to \$813. The vacancy rate in Houston increased to 11.6 percent, up from 10.6 percent for 2007. The average rent in Houston during 2008 was \$765, a gain of 5 percent. The rental housing market in Fort Worth is still very soft at 11.2 percent, unchanged from 2007. In San Antonio, the apartment vacancy rate increased to 10.2 percent from 9.4 percent, while the average rent was up 4 percent to \$719. Corpus Christi reported the lowest vacancy rate in Texas, at 8 percent, with the average rent at \$713 for the most recent 9 months for which data were available.

Rental housing market conditions were mixed in other large metropolitan areas throughout the Southwest region. The rental market in Albuquerque has become somewhat soft. According to Reis, Inc., the apartment vacancy rate in Albuquerque increased to 6.8 percent in 2008 from 4.5 percent in 2007, and the average rent increased by 3 percent to \$771. Tight conditions in New Orleans have moderated significantly as the apartment rental vacancy rate increased to 7.2 percent during 2008 from 4.4 percent 2007, but the average rent remained relatively unchanged at \$863. In Little Rock, for the fourth quarter of 2008, the apartment vacancy rate was 6.5 percent, down from 7.1 percent a year ago, but the average rent increased by 3 percent to \$637. In Oklahoma City, for the fourth quarter of 2008, the apartment vacancy rate remained relatively unchanged at 8.6 percent, but average rents increased by 4 percent to \$543. In Tulsa, the vacancy rate declined to 7.5 percent from 8.7 percent, but average rents were up by 5 percent to \$583.

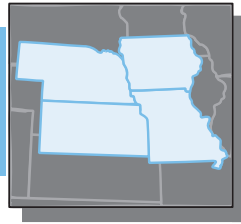
As a result of soft apartment markets in many large metropolitan areas, multifamily construction activity, as measured by the number of units permitted, decreased in the Southwest region during 2008 for the first year since 2004. The 57,400 units permitted in the Southwest region during 2008 reflected an 11-percent decrease compared with the number of units permitted during 2007. The number of units permitted was approximately the same as the number permitted annually in the Southwest from 2004 to 2006. Arkansas was the only state in the region to record an increase in the number of multifamily units permitted, up 26 percent, or 800 units, to 3,800 during 2008 compared with the unusually low levels of multifamily units permitted during 2006 and 2007, when 3,000 permits, on average, were issued each year. Texas recorded a decrease of 11 percent in the number of multifamily units permitted, down 6,100 units to 48,500. In the other states in the region,





declines in the number of units permitted ranged from 13 percent in New Mexico to 29 percent each in Louisiana and Oklahoma. The declining construction levels in Oklahoma reflect builders' response to the soft rental housing markets that existed in 2007 in Oklahoma City and Tulsa.

## GREAT PLAINS



The economy of the Great Plains region remained relatively stable in 2008. During the past year, nonfarm employment increased by only 0.1 percent, or 5,900 jobs, to nearly 6.7 million jobs, after increasing by 1.4 percent in both 2006 and 2007. Regional job gains were strongest in the government and the education and health services sectors, which increased by 9,900 and 6,600 jobs, respectively. Job losses were recorded in the manufacturing and information sectors, which lost 14,200 and 11,200 jobs, respectively. Between 2007 and 2008, employment expanded in three of the four states in the region. In Nebraska, nonfarm employment increased by 9,700 jobs, or 1 percent, led by growth in the professional and business services and education and health services sectors. In Iowa, employment rose by 6,100 jobs, or 0.4 percent; the education and health services and the government sectors accounted for 5,300 of the jobs added in the state. In Kansas, employers added 7,800 jobs, a gain of 0.6 percent; the professional and business services and government sectors accounted for 6,900 of the new jobs. The employment gains were partially offset by small declines in the information and financial activities sectors. In Missouri, nonfarm employment declined by 17,700 jobs, or 0.6 percent, with losses occurring primarily in the manufacturing sector, which lost 11,900 jobs, 6,100 of which were in the transportation equipment industries. In addition, the information sector lost 9,800 jobs in 2008, but the gain of 6,800 jobs in the education and health services sector and 3,200 jobs in the government sector helped offset some of the losses.

Reflecting the slower growth of the economy, the average unemployment rate for the Great Plains region increased from 4.3 percent in 2007 to 4.9 percent in 2008. From 2007 to 2008, the unemployment rate increased from 5.0 to 6.1 percent in Missouri, from 3.0 to 3.4 percent in Nebraska, from 3.0 to 4.0 percent in Iowa, and from 4.0 to 4.9 percent in Kansas. Despite the increases, the regional unemployment rate remains significantly lower than the national rate of 5.8 percent.

Despite the slowdown in the rate of growth in the regional economy, the population of the Great Plains region continued to increase at about the same level as it did in 2007 and 2006. According to the Census Bureau, as of July 1, 2008, the population of the region was estimated to be 13.5 million, up 91,100, or 0.7 percent, from the estimated population as of July 1, 2007. More than 80 percent of the population increase was attributed to net natural change (resident births minus resident deaths). Missouri continued to lead the region in population gain, growing by approximately 33,200, or 0.6 percent; 90 percent of that increase resulted from net natural change. As of the 12 months ending July 1, 2008, the populations of Kansas, Iowa, and Nebraska grew by 24,800, 19,200, and 14,000, respectively.

According to data from the NATIONAL ASSOCIATION OF REALTORS®, the decline in existing home sales in the Great Plains region that began in 2006 continued in 2008. During the third quarter of 2008 (the latest data available for states in the region), the annual rate of existing home sales totaled 259,600, down 12 percent from the annual rate reported during the same period a year ago. All four states in the region recorded a decline in the annual rate of existing home sales, ranging from 8 percent in Missouri to 20 percent in Nebraska.

All metropolitan areas in the region recorded declines in home sales in 2008. According to data from local REALTORS® associations, in Kansas City total sales fell by more than 10 percent to 26,950. In Des Moines, the number of home sales declined by 32 percent, from 3,650 to 2,450. In both Wichita and Lincoln, home sales volume was down 16 percent to 10,050 and 13 percent to 3,200, respectively. In Omaha, the number of home sales declined from 530 to 450. Despite the declines in sales volume, median sales prices increased by 6 percent to \$125,300 in Wichita, by 2 percent to \$140,100 in Lincoln, and by 1 percent to \$155,400 in Des Moines. Median prices declined by 6 percent to \$152,000 in Kansas City, by 5 percent to \$142,700 in St. Louis, and by 4 percent to \$137,500 in Omaha. Foreclosures are putting downward pressure on median prices. According to AOL real estate, more than 60 percent of the homes listed for sale in Kansas City at the end of 2008 were foreclosures compared with less than 50 percent at the end of 2007. The average number of days a home for sale remains on the market currently exceeds 99 in Kansas City, Lincoln, and Omaha. In 2005, the average number of days on the market was less than 60.

Responding to slower sales, home builders in the Great Plains region continued a 4-year trend of reduced construction activity, as measured by the number of building permits issued. During 2008, all four states in the region recorded declines in the number of single-family permits issued compared with the number of permits issued in 2007. The number of single-family permits issued declined by 48 percent to 7,100 in Missouri and

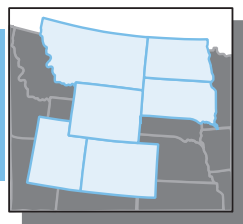


by 38 percent to 4,700 in Kansas. In Iowa and Nebraska, the number of single-family permits issued declined by 33 and 24 percent to 5,550 and 4,700 homes, respectively.

During 2008, multifamily housing construction in the region, as measured by the number of multifamily units permitted, totaled 11,300 units, a 5-percent decrease compared with the number of units permitted in 2007. During the past year, multifamily construction activity increased by 11 percent to 2,800 units in Kansas and by 10 percent to 1,700 units in Nebraska. Activity declined by 9 percent to 2,150 units in Iowa and by 14 percent to 4,700 units in Missouri. According to the McGraw-Hill Construction Pipeline database, most of the multifamily units permitted during 2008 were marketed as rental apartments, ranging from 65 percent in Nebraska to 90 percent in Missouri.

During 2008, rental housing market conditions in the larger metropolitan areas of the region were balanced; however, vacancy rates varied considerably. Conditions in Wichita improved from slightly soft at the end of 2007 to more balanced at the end of 2008. According to Reis, Inc., in Wichita, the rental vacancy rate declined from 8.4 percent in the fourth quarter of 2007 to 6.5 percent in the fourth quarter of 2008 and the average monthly rent increased by 4 percent to \$494. In Des Moines, the apartment vacancy rate declined from 7.4 in the fourth quarter of 2007 to 5.5 percent in the fourth quarter of 2008 and the average monthly rent increased by 3 percent to \$690. In Omaha, the apartment vacancy rate remained stable at 5.6 percent and the average monthly rent increased by 4 percent to \$700. Vacancy rates increased from 6.7 to 7.6 percent in St. Louis and from 6.7 to 7.5 percent in Kansas City; however, conditions in both markets remained relatively balanced. This was the first year-to-year increase in vacancy rates in Kansas City since 2004. The higher vacancy rates in St. Louis and Kansas City resulted in moderate rent increases of 2 percent to \$730 in St. Louis and 2 percent to \$700 in Kansas City.

## ROCKY MOUNTAIN



The economy of the Rocky Mountain region continued its year-long slowdown in the fourth quarter of 2008. During 2008, nonfarm employment grew by 57,200 jobs, a 1.1-increase compared with the level of nonfarm employment recorded in 2007. In contrast, during 2007, employment grew by 136,400 jobs, a gain of 2.8 percent. The most significant employment gain in 2008 occurred

in Colorado, where employment grew by 26,800 jobs, or 1.2 percent, primarily in the government and the education and health services sectors. Growth in education and health services employment was particularly strong in Denver and Fort Collins, where a total of 6,000 jobs were added in the sector. Employment in the state and local government subsectors was strong in Colorado Springs, Grand Junction, and Greeley, where the government sector increased by a total of 1,600 jobs.

Although employment in Utah increased by 8,300 jobs, or 0.4 percent, during the fourth quarter of 2008, it decelerated dramatically from the robust 4.4-percent growth rate recorded during the same period a year ago. In Utah, the large decline in residential construction and slow growth across all industries compared with the level of growth a year ago contributed to the relatively weak performance. Growth in Wyoming's energy-related industries during the fourth quarter of 2008 helped maintain the state as the fastest growing job market in the nation, with a 2.9-percent rate of growth, or a gain of 8,300 new jobs. During the same period, South Dakota, North Dakota, and Montana added 5,500, 4,600, and 3,800 jobs, respectively. The steady 1-percent-plus growth rate in these states was supported by relatively stable sales housing markets that have resulted in less volatility in the construction sector in the three states than in some other states in the region. Slower employment growth caused the average unemployment rate in the region to increase to 4.2 percent in 2008 from the 3.3-percent average rate posted in 2007. Unemployment rates ranged from 3.0 percent in South Dakota to 5.1 percent in Colorado, but all were well below the national average of 5.6 percent.

Despite the slower economy, the population of the Rocky Mountain region grew significantly in 2008. According to the Census Bureau, as of July 1, 2008, the population was estimated to be 10.6 million; this figure represents a 1.9-percent increase compared with the population estimate as of July 1, 2007. The annual rate of population growth in the region has remained approximately the same as that recorded during the previous 2 years. From July 1, 2007, through July 1, 2008, Utah ranked as the fastest growing state in the nation, with a 2.5-percent population growth rate. During the same period, Colorado and Wyoming ranked fifth and seventh, with 2- and 1.8-percent population growth rates, respectively. Montana and South Dakota recorded population gains of a little more than 1 percent, and North Dakota posted a population growth rate of 0.6 percent. Net in-migration accounted for 45 percent of the regional population increase of 196,500. Together, Colorado and Utah accounted for 84 percent of the total regional gain in net in-migration during the past year.

Slower economic growth and tighter lending standards in the region contributed to weakness in the single-family home sales market during the third quarter of



2008 (the most recent data available). According to the NATIONAL ASSOCIATION OF REALTORS®, for the third quarter of 2008, the annualized average rate of existing home sales was down 13 percent from the average rate recorded for the third quarter of 2007. During the 12-month period ending September 2008, home sales were down in all states in the region. The greatest rates of decline occurred in Utah and Wyoming, which recorded decreases of more than 40 and 25 percent, respectively, following relatively high levels of sales activity in the previous 12 months. Home sales were down by 15 percent in Montana and were off by 10 percent each in Colorado and North Dakota. In contrast, the number of homes sold in South Dakota declined by a modest 3 percent.

During the fourth quarter of 2008, soft home sales market conditions in major metropolitan areas of Utah continued a 2-year downward trend. According to NewReach, Inc., in 2008, the number of existing single-family homes sold in the Salt Lake City, Ogden-Clearfield, and Provo-Orem metropolitan areas was down by approximately 20 percent compared with the number sold in 2007. At the same time, average home sales prices for these areas were down by 3, 4, and 7 percent, respectively, to \$276,100, \$208,400, and \$266,700. In 2008, the average inventory of unsold single-family homes grew by approximately 24 percent to 9,200 units in the Ogden-Clearfield area and 13,700 units in the Salt Lake City area; in the Provo-Orem area, the inventory grew by 6 percent to 4,100 units.

Markets in Colorado also recorded declines in sales of existing single-family homes. In Boulder, the number of homes sold in 2008 declined by 15 percent from the number sold in 2007, and the average sales price was down 4 percent to \$426,100. Boulder ranks as the most expensive metropolitan area for housing in Colorado and in the region. In Denver, the average price of an existing single-family home declined by 13 percent to \$270,300, and sales were off by 2 percent. In Colorado Springs, the average price of an existing home declined by 7 percent from the price recorded a year ago to \$227,500, while the number of sales declined by 13 percent. Active listings of existing homes for sale in Colorado Springs, Boulder, and Denver were down 7, 8, and 20 percent, respectively, from a year ago. Inventories in these markets have subsided because of significant reductions in homebuilding and an increased number of sellers keeping homes off the market until prices have stabilized.

As tight lending standards and slower home sales persisted in 2008, single-family construction throughout the region continued to decline despite population growth. The level of single-family construction activity, as measured by the number of building permits issued, fell by 20,200 to a total of 22,900 homes in 2008; this figure represents a 47-percent decrease compared with the number of permits issued in 2007 and a 58-percent

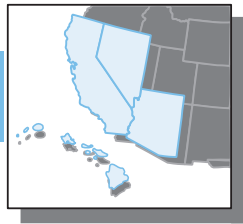
decrease from the number issued in 2006. During 2008, the number of single-family homes permitted declined in all states in the region and fell significantly in Colorado and Utah. Builders in both states curtailed production as sales of new homes continued to slow. The number of single-family building permits issued in Utah declined by 58 percent to 6,200 units and accounted for 43 percent of the regional decline in single-family construction. The decline in Utah followed a relatively high level of construction in 2007, which was accompanied by double-digit increases in home prices and eventually resulted in a slower pace of sales. In Colorado, the number of single-family permits declined by 46 percent to 9,800 units, representing 42 percent of the regional decline. Homebuilding was off by 38 percent in Montana and declined by 31 percent in Wyoming. North Dakota and South Dakota recorded the smallest decreases in the number of single-family permits issued, at 17 and 29 percent, respectively.

Rental housing markets are generally balanced but vacancy rates have trended upwards throughout much of the Rocky Mountain region in the fourth quarter of 2008. In the Salt Lake City area, where conditions are balanced to tight, the apartment vacancy rate in the fourth quarter of 2008 increased by 0.6 percentage point to 4.9 percent from the rate recorded in the fourth quarter of 2007, according to Reis, Inc., and the average rent increased by 4 percent to \$752. According to *Apartment Insights*, published by Apartment Appraisers & Consultants, the apartment vacancy rate in Fort Collins, Colorado, increased by nearly 0.5 percentage point to 4.3 percent in the fourth quarter of 2008. Despite the increase, conditions remained tight. The apartment vacancy rate in Colorado Springs was 10.2 percent, up from 9.4 percent a year ago. The rental housing market in Colorado Springs has remained soft for nearly 6 years due to ongoing troop deployments from Fort Carson Army Base and business closures that have slowed employment growth. The vacancy rate in the Denver metropolitan area, where conditions have softened but remain nearly balanced, increased to 7 percent, up 1.0 percentage point from the rate recorded a year ago. With approximately 4,000 units currently under construction and expected to come on line in 2009, the Denver rental housing market is likely to continue to soften. In contrast, an Appraisal Services, Inc., survey for the Fargo-Morehead, North Dakota metropolitan area indicated the rental vacancy rate was 5.5-percent for the fourth quarter of 2008, down from 6.6 percent for the same quarter a year ago.

The level of multifamily construction activity, as measured by the number of units permitted, totaled 13,200 units in the Rocky Mountain region in 2008, down 16 percent, or 2,400 units, compared with the number of units permitted in 2007. The decline was primarily attributed to declining activity in Colorado and Montana, where the number of multifamily units permitted decreased by 1,350 and 570 units, respectively.

The decrease in multifamily building activity in these states was mostly attributed to a decline in condominium construction caused by the soft sales housing market. Approximately 50 percent of the multifamily units permitted in the region in 2008 were apartments compared with 40 percent in 2007.

## PACIFIC



The economy of the Pacific region slowed during 2008. Nonfarm employment declined slightly by 115,300 jobs, or 0.6 percent, to an average of 19.6 million jobs in 2008, ending a 6-year expansion. In comparison, nonfarm employment increased by 153,200 jobs, or 0.8 percent, in 2007. Employment in the service-providing sectors rose by 43,800 jobs, or 0.3 percent, during 2008. The government and the education and health services sectors added 53,400 and 67,500 jobs, respectively. Because of continued weakness in the housing market, employment in the construction and financial activities sectors decreased by 128,000 and 43,900 jobs, respectively.

California employers decreased payrolls by 64,900 jobs, or 0.4 percent, during 2008 compared with the addition of 102,900 jobs in 2007. The gain of 45,100 jobs in the service-providing sectors was offset by the loss of 110,800 jobs in the construction and manufacturing sectors. Employment in the San Francisco Bay Area was nearly unchanged, with 4,600 job losses, a 0.1-percent decrease, recorded during 2008. In Southern California, employment declined by 82,000 jobs, a loss of nearly 1 percent. The Arizona and Nevada economies have slowed dramatically in the past year. During 2008, nonfarm employment in Arizona declined by 41,900 jobs, or 1.6 percent, reversing the gain of 31,500 jobs in 2007. In the past year, employment grew in the education and health services and government sectors, each of which increased by nearly 11,000 jobs. The weakness in the construction sector, which lost 32,700 jobs, due to the soft sales market, has spread to almost all other sectors. In Nevada, nonfarm employment decreased by 8,900 jobs, or 0.7 percent, in 2008 compared with the 12,300 jobs added in the previous year. In Hawaii, employers added 300 jobs during 2008, down from the 6,500 jobs added in 2007. As a result of the slower economy, the average unemployment rate in the Pacific region rose from 5.1 percent in 2007 to 6.8 percent in 2008. Unemployment rates increased in every state in the region, ranging from a low of 4 percent in Hawaii to a high of 7.2 percent in California.

The Census Bureau estimated the population of the Pacific region at 47.1 million as of July 1, 2008, a gain of 583,000, or 1.3 percent, compared with the estimate of July 1, 2007. Approximately 72 percent of the regional population increase resulted from net natural change (resident births minus resident deaths). Growth in Arizona, where the population rose 2.3 percent, ranked the state second in growth rate in the nation, and growth in Nevada, where the population increased 1.8 percent, ranked the state eighth. As a result of employment losses, net migration into both states slowed compared with the rate posted during the July 2006-to-2007 period. During 2008, the populations of California and Hawaii increased by 1.0 and 0.8 percent, respectively. California accounted for 65 percent of the regional population gain this past year compared with an average of 52 percent during the previous 5 years.

Home prices declined substantially in most of the Pacific region in 2008, although sales volumes increased in some major markets because of much more affordable price levels. According to the California Association of REALTORS®, in 2008, the number of existing homes sold in the state rose 27 percent to 439,600. Buyers were attracted by more affordable homes prices; the median price declined to \$292,600 during the fourth quarter of 2008 compared with nearly \$500,000 during the same quarter a year earlier. During the fourth quarter of 2008, foreclosed homes accounted for approximately 55 percent of existing home sales, up from 20 percent a year earlier, while the median number of days required to sell an existing home fell from 62 to 45. In Honolulu, the number of existing home sales totaled 6,700 in 2008, reaching the lowest level recorded since 1999 and declining 27 percent from the number of sales posted in 2007. In the fourth quarter of 2008, median prices for existing single-family and condominium homes were \$615,300 and \$315,400, respectively, which is relatively stable compared with median prices recorded during the same quarter a year earlier.

In Las Vegas, sales of new homes declined 47 percent to 10,500 homes in 2008 compared with the sales volume posted in 2007; the current level of sales was the lowest since 1988, according to the *Las Vegas Housing Market Letter*. In contrast, the number of existing homes sold rose from 24,900 in 2007 to 30,500 in the past year, a 23-percent gain. In the fourth quarter of 2008, the median price of an existing home was \$172,300, down 32 percent from the median price recorded in the fourth quarter of 2007. The inventory of unsold existing homes has remained high, at more than 28,000 homes throughout most of the year. Approximately three-fourths of the existing homes sold during the fourth quarter of 2008 were foreclosures. In Phoenix, sales of new homes also declined to 20,550 homes sold in 2008 from 38,300 sold in the previous year, according to the *Phoenix Housing Market Letter*. The 58,600 existing homes sold in Phoenix in 2008 represented a slight increase from the number sold in 2007. During the fourth quarter of





2008, the median price of an existing home in Phoenix fell to \$155,700, a decline of 33 percent from the median price recorded during the same quarter a year earlier. The decline partly reflects the high proportion of bank-owned homes, which accounted for more than 50 percent of the existing homes sold in the fourth quarter of 2008, and a very high inventory of more than 55,000 unsold homes.

Homebuilding activity in the Pacific region, as measured by the number of building permits issued, fell by 65,000 homes in 2008 to 59,000, a 52-percent decline compared with the number of permits issued in the previous year. Builders in all the metropolitan areas in the region cut production in response to slow new home sales, high inventories of unsold existing homes, and falling prices. In both California and Arizona, home construction activity declined by 52 percent, to 31,900 and 17,700 homes, respectively. In Nevada, the number of permits issued was down by 57 percent, to 7,100 homes in 2008. In Hawaii, home construction fell 47 percent to 2,400 homes during 2008. The Phoenix, Riverside-San Bernardino, and Las Vegas metropolitan areas accounted for more than one-half of the regional decline in homebuilding during the year.

Rental housing market conditions in most major markets in the Pacific region in general remained balanced to tight in the fourth quarter of 2008. The San Francisco Bay Area rental market remained tight due to demand for rental housing resulting from employment and household growth, relatively high home prices, and limited rental construction activity. According to Reis, Inc., in the fourth quarter of 2008, the San Francisco submarket tightened as the apartment rental vacancy declined to 3.6 percent currently from 3.9 percent a year ago. The vacancy rate in the Oakland submarket increased to 4.7 percent in 2008 from 4.3 percent in 2007. Tight conditions in the San Jose submarket became more balanced as the rental vacancy rate increased to 4.3 percent from 3.5 percent a year ago. Increases in asking rents ranged from 3 percent in San Jose to nearly 4 percent in San Francisco. In the fourth quarter of 2008, average asking rents in the Oakland, San Jose, and San Francisco submarkets were \$1,387, \$1,590, and \$1,934, respectively. In Sacramento, the apartment market remained balanced, with a vacancy rate of 5.7 percent in the fourth quarter of 2008, up from 5.3 percent in the fourth quarter of 2007. The average rent increased by more than 2 percent to \$940 during the same period.

Rental market conditions in Southern California in general remained balanced during 2008, although rental vacancy rates rose in most major markets, primarily due to the increased conversion of single-family detached homes and condominiums into rental housing units. In Los Angeles County alone, an estimated 12,000 single-family detached homes and condominiums were converted into rental units during 2008. In Los Angeles, Orange, and Ventura Counties, rental vacancy rates increased

in each county to 5 percent in the fourth quarter of 2008 from 4.5 percent in the fourth quarter of 2007. Riverside and San Bernardino Counties recorded 0.5-percentage-point increases to 8.5 and 7 percent, respectively. The rental vacancy rate in San Diego County remained unchanged at 5 percent. According to the Consumer Price Index for Southern California, the average rent increased by nearly 4 percent during 2008, significantly less than the 6-percent rent increase recorded during 2007.

In both Las Vegas and Phoenix, rental housing market conditions softened throughout 2008 as a result of reduced demand and the increased number of single-family and condominium homes available for rent. In Las Vegas, where rental conditions are balanced, the apartment vacancy rate increased 1.6 percentage points in the past year to 7.7 percent in the fourth quarter of 2008, according to Reis, Inc. During 2008, the average asking rent rose more than 1 percent to \$864 in the fourth quarter. The rental market in Phoenix is currently soft. The apartment vacancy rate increased from an average of 8 percent in the fourth quarter of 2007 to nearly 11 percent in the fourth quarter of 2008, according to a Reis, Inc., survey. The average asking rent rose less than 1 percent to \$777 in the current quarter compared with the average rent recorded in the same quarter a year ago; this figure is well below the 3-percent increase registered between the fourth quarters of 2006 and 2007. The overall rental vacancy rate in Honolulu averaged approximately 5 percent in both 2007 and 2008, reflecting relatively balanced conditions.

Multifamily building activity in the region, as measured by the number of units permitted, declined 30 percent to 44,950 units in 2008, the lowest level recorded since 1996. California accounted for most of the decline, down 28 percent to 28,800 units. In Arizona and Nevada, multifamily construction fell by 33 and 36 percent, respectively, to approximately 7,100 units permitted in each state. In Hawaii, the number of multifamily units permitted declined by just 14 percent to 1,950 units. More than two-thirds of the drop in regional multifamily construction activity levels occurred in the Los Angeles, Phoenix, and Las Vegas metropolitan areas, primarily due to reduced production of condominium homes in response to slower sales.

## NORTHWEST



Employment growth continued to slow in the Northwest region during 2008, continuing a trend that began in 2006. During the past year, nonfarm employment grew



by 17,200 jobs, or 0.3 percent, to an average of 5.7 million jobs compared with the average number of jobs recorded during 2007. The increase in regional jobs amounted to less than one-third of the 61,200 jobs added in 2007. In 2008, Washington and Alaska recorded employment growth of 0.8 and 0.7 percent, or 24,600 and 2,300 new jobs, respectively. In Oregon and Idaho, nonfarm employment declined by 3,800 and 6,000 jobs, respectively. In 2008, nonfarm employment in Oregon and Idaho averaged 1.7 million and 650,000, down 0.2 and 0.9 percent, respectively, from the number of jobs in 2007.

Regional job gains posted during 2008 were led by growth in the government, education and health services, and leisure and hospitality sectors, which added 21,300, 19,500, and 9,400 jobs, respectively. Declines occurred in the construction, manufacturing, and financial activities sectors, which lost 20,800, 12,600, and 5,900 jobs, respectively. Job losses in the construction and financial activities sectors were caused primarily by the soft conditions in the home sales market. The decline in employment in the manufacturing sector was due largely to the loss of 9,200 jobs in Oregon related to the wood products and electronics industries. In addition, Idaho lost 4,400 manufacturing jobs, mainly in the semiconductor industry. In Washington, employment in the manufacturing sector increased by 1,100 jobs, led by hiring at The Boeing Company. The aerospace manufacturer, however, announced that it will eliminate 10,000 jobs in 2009, with most job losses occurring in Washington, because of the worldwide contraction in the airline industry. The regional unemployment rate increased from an average of 4.6 percent in 2007 to 5.7 percent during 2008. The average unemployment rate, which increased in every state in the region, was 4.2 percent in Idaho, 5.5 percent in Washington, 6.3 percent in Oregon, and 6.8 percent in Alaska.

The slower pace of job growth and tighter lending standards have resulted in the second year of soft home sales market conditions with widespread sales price declines throughout the Northwest region. In Washington, according to Northwest Multiple Listing Service data, the Puget Sound metropolitan areas of Seattle, Tacoma, Bremerton, and Olympia recorded, for new and existing single-family homes, an average sales price decline of 8 percent to \$422,000 and a drop of 32 percent in sales to 42,600 units in 2008 compared with home sales in 2007. The largest rate of decline in average price occurred in the Bremerton area, where the price was down 11 percent to \$329,800 and where sales were off by 22 percent. In the Seattle metropolitan area, the number of homes sold was down 34 percent, to 26,900 units, and the average price declined by 6 percent to \$491,200. In the Olympia and Tacoma metropolitan areas, average prices declined by 3 and 8 percent, respectively, to \$291,800 and \$301,000. Sales activity declined by 24 percent in the Olympia area and by 30 percent in the Tacoma area.

Markets in other states in the region also experienced declines in sales of new and existing single-family homes. During 2008, according to data from the local multiple listing services, the number of new and existing single-family homes sold in the 11 largest markets in Oregon totaled 39,800, a 30-percent decline compared with the number sold during 2007 and the average price decreased by 5 percent to \$295,200. In the Portland-Vancouver-Beaverton, Oregon-Washington metropolitan area, sales of new and existing homes totaled 23,600, down 32 percent, and the average price decreased 5 percent to \$295,200. Average prices were typically down by approximately 10 percent or less in the rest of the major markets in Oregon. Douglas County, Oregon, recorded the largest decline in average price in 2008, down 11 percent to \$189,000 compared with the average price of \$212,900 recorded during 2007. In Idaho, sales of new and existing homes in 19 counties declined to 9,000 units during 2008 from 12,700 homes sold during 2007, and the average price decreased 9 percent to \$200,300. In the Boise metropolitan area, according to Intermountain Multiple Listing Service data, sales of new and existing homes totaled 7,000 units, a 29-percent decline compared with total sales recorded in 2007, and the average price decreased by 10 percent to \$211,100. In Anchorage, according to Alaska Multiple Listing Service, Inc., data, the number of new and existing homes sold during 2008 totaled 2,500 units, a 10-percent decline compared with the number sold during 2007. During the past year, the average home price in Anchorage, at \$323,800, was down 7 percent compared with the average price recorded in 2007.

Home construction activity, as measured by the number of single-family building permits issued, declined by 44 percent in the Northwest region in 2008 compared with 2007 activity. The decline occurred in response to the reduced volume of home sales. During the past year, the number of single-family building permits issued in the region totaled 31,600, representing 24,400 fewer homes than the number of permits issued during 2007. In Washington, the number of single-family permits issued declined by 11,800 to 11,000 homes, a 41-percent decrease compared with the number of permits issued in 2007. In Oregon and Idaho, the number of single-family permits issued decreased by approximately 8,000 to 7,900 and by 4,300 to 6,300, respectively. In Alaska, single-family permits issued totaled 650, down 400 from the number issued in 2007.

Multifamily construction activity, as measured by the number of units permitted, slowed in the Northwest region during 2008 due to the slower economic conditions and reduced financing options for multifamily developers. During the past year, the number of units permitted in the region totaled 16,300 units, down 9,500 units, or 37 percent, compared with the number permitted during 2007. In Washington, the number of multifamily units permitted declined by 6,000 to 8,900



units, and in Oregon, the number of units permitted totaled 4,000, a decline of 1,400 units. Multifamily construction activity in Idaho declined by 1,600 units to a total of 670 units. In Alaska, activity totaled 250 units, down 540 units from the number permitted in 2007.

Tight rental housing market conditions that existed in much of the Northwest a year ago became mostly balanced as of December 2008. Slower employment growth and the increasing conversion of sales units to rentals contributed to the easing of the previously tight conditions in most market areas. According to a survey by the O'Connor Consulting Group, LLC, the apartment rental vacancy rate in the Seattle metropolitan area was 5 percent as of December 2008, up 1.5 percentage points from the 3.5-percent rate recorded a year ago. The Tacoma metropolitan area apartment rental vacancy rate increased 2.5 percentage points to 5.7 percent. According to Reis, Inc., average apartment rents in the Seattle and Tacoma metropolitan areas increased 5 and 6 percent to \$1,062 and \$767, respectively.

In the Portland-Vancouver-Beaverton metropolitan area, rental housing market conditions were balanced as of December 2008, with an apartment vacancy rate of 5 percent, up from 4.2 percent in December 2007. The average rent increased 3 percent to \$825. In the Oregon metropolitan areas of Salem and Eugene-Springfield, the markets remained tight, each with apartment vacancy rates of approximately 3.5 percent, and the average rent increased by 4 percent in each area. Despite a slower economy, the markets in the Salem and Eugene-Springfield metropolitan areas remained tight because of limited new apartment construction. During the fourth quarter of 2008, rental housing market conditions were soft in the Boise metropolitan area. According to RealFacts data, job losses and new units entering the market caused the apartment vacancy rate to reach 9 percent, up from 6 percent during the same quarter a year ago. The average rent in the Boise area was \$740, essentially unchanged compared with the average rent recorded for the fourth quarter of 2007.

## Housing Market Profiles

### Beaumont-Port Arthur, Texas

The Beaumont-Port Arthur metropolitan area, located along the Gulf of Mexico in southeastern Texas, approximately 90 miles east of Houston, consists of Jefferson, Hardin, and Orange Counties. As of December 1, 2008, the population of the metropolitan area is estimated at 379,000, an increase of 0.5 percent compared with the December 2007 estimate. Out-migration of an estimated 7,000 residents because of Hurricanes Rita in 2005 and Ike in 2008 has resulted in minimal population growth in recent years.

Economic growth in the metropolitan area has slowed compared with the level of growth in recent years. During the 12 months ending November 2008, total nonfarm employment increased by 700 jobs to 165,000, a 0.4-percent gain compared with a 2.6-percent gain for the 12 months ending November 2007. Hiring during the recent 12 months was led by gains in the education and health services sector, which added 500 jobs, an increase of 2.3 percent. New jobs created in the sector resulted partially from hiring at Memorial Hermann Baptist Hospital, which is currently expanding. On completion in the spring of 2009, the \$51 million expansion is expected to create 100 total jobs. The natural resources and mining sector, which includes Entergy Texas, Inc., the leading employer in the area, with 13,475 employees, increased by 200 jobs, a gain of 1.1 percent. Current gains in the sector reflect the ongoing expansion in the oil and gas industries. Total Petrochemicals USA, Inc., is currently in the process of upgrading its facility in Port Arthur, an investment of \$2.2 billion with an expected completion date of 2011. Valero Energy Corporation is also expected to upgrade facilities in the area with a \$2.4 billion investment slated for completion in the fall of 2010. Hurricane Ike caused a spike in unemployment during October 2008, resulting in an unemployment rate of 6.4 percent for the 12 months ending November 2008, an increase of 1.1 percentage points compared with the unemployment rate for the previous 12-month period.

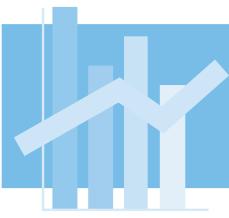
The sales housing market for existing single-family homes in the metropolitan area is soft as a result of tightening credit standards and the current economic slowdown. According to the Real Estate Center at Texas A&M University, during the 12 months ending November 2008, sales of existing homes in Beaumont totaled 2,100 units, a decrease of 16 percent compared with the number sold during the comparable period ending November 2007. In Port Arthur,

sales totaled 920 units, a decrease of 12 percent compared with the number sold the previous year. Although the number of sales declined, the average sales price in Beaumont increased to \$148,800 for the 12 months ending November 2008, up nearly 2 percent compared with the average price for the previous period. In Port Arthur the average price was up almost 5 percent to \$130,100.

For the 12-month period ending November 2008, single-family construction activity, as measured by the number of building permits issued, totaled 430 homes, a decrease of nearly 28 percent compared with the number of permits issued for the previous 12 months. Construction activity during the past 24 months has been well below the record level average of 530 permits issued annually from 2003 through 2006. Home builders have reduced construction in response to declining sales and the increased inventory of unsold homes. Despite the decline in single-family construction, employment in the construction sector has remained stable because of repairs following Hurricane Ike, which impacted the area in September 2008. According to the Federal Emergency Management Agency (FEMA), as of November 1, 2008, an estimated 1,250 owner-occupied units, or 1 percent of owner-occupied units, were severely damaged.

The metropolitan area rental market is currently soft, with an estimated overall vacancy rate of 10 percent. According to AXIOMETRICS INC., as of the fourth quarter of 2008, effective apartment rents in the metropolitan area averaged \$784, an increase of 7 percent compared with the average rent for the fourth quarter of 2007. Both Beaumont and Port Arthur have substantial numbers of low-income housing tax credit (LIHTC) projects. The Texas Department of Housing and Community Affairs reported 2,500 LIHTC units have been awarded in the metropolitan area since 2000, which represents approximately 65 percent of all multifamily units permitted.

Apartment construction, as measured by the number of multifamily units permitted, decreased by 7 percent to 960 units during the 12 months ending November 2008 compared with the number permitted during the previous 12 months. Apartment construction activity has increased as a result of rebuilding following Hurricane Rita in September 2005 and has been well above the average of 280 units permitted annually from 2000 to 2006. According to FEMA, approximately 250 rental units, less than 1 percent of the rental stock, were severely damaged by Hurricane Ike in September 2008, with more than 25 percent of all renter-occupied units receiving at least minor damage. Rental market conditions are expected to tighten through 2009 as expansions continue in the oil and gas industries. At least one rental development is nearing completion in Beaumont. The 160-unit Beaumont Trace apartments will offer one-, two-,



and three-bedroom units, with rents ranging from \$850 to \$1,550, when completed around April 1, 2009.

## Houston-Sugar Land-Baytown, Texas

The Houston-Sugar Land-Baytown metropolitan area, which encompasses 10 counties in the Gulf Coast region of southeastern Texas, is the sixth largest metropolitan area in the United States. Among areas with at least 1 million residents, it is the eighth fastest growing metropolitan area in the nation. As of December 1, 2008, the population of the metropolitan area is estimated at 5.8 million, which represents an average annual increase of 125,000, or 2.4 percent, since the 2000 Census. Harris County, with the primary city of Houston, is home to approximately 70 percent of the population of the metropolitan area. On the economic front, the Gulf Coast resort area of Galveston generated approximately \$700 million a year from tourists before Hurricane Ike devastated the city in the fall of 2008.

On September 13, Hurricane Ike made initial landfall in Texas at Galveston before making final landfall near Baytown. The most significant damage occurred along the coast in Galveston, Harris, and Chambers Counties. According to the National Climatic Data Center, the hurricane left nearly \$14 billion in damage to the Greater Houston area. According to Federal Emergency Management Agency estimates, approximately 3,300 owner-occupied and 1,425 renter-occupied dwellings were severely damaged by the storm. These figures represent an estimated 0.2 percent of the current owner- and renter-occupied housing stock in the metropolitan area.

Nonfarm employment gains began to slow in the metropolitan area during the 12 months ending November 2008, after 4 years of increasing rates of employment growth. Total nonfarm employment increased by 67,300 jobs, or 2.6 percent, during the 12 months ending November 2008, following a gain of 4.3 percent during the previous 12 months. Although employment growth has slowed in recent months, it has remained widespread with no sectors losing jobs during the recent 12 months. The professional and business services sector led job gains during this period, with an increase of 12,800 jobs, or 3.4 percent. Administaff, Inc., the second leading employer in the area behind Wal-Mart Stores, Inc. (with 29,400 employees), employs 22,475 people and grew by 8 percent during 2007. Houston-Sugar Land-Baytown ranks third among metropolitan statistical areas in the number of Fortune 500 company headquarters, behind only New York City and Chicago. Several major energy sector companies are headquartered or have significant operations in

the area, including CITGO Petroleum Corporation, ConocoPhillips Company, Halliburton Energy Services, and Shell Oil Company. The fastest growing sector during the 12 months ending November 2008 was natural resources and mining, which gained 5,400 jobs, or 6.4 percent, and accounts for more than one-fourth of the area's \$416.6 billion gross area product.

Home sales market conditions in the Houston-Sugar Land-Baytown metropolitan area are currently balanced but softening. Smaller job gains and tighter lending standards have combined to reduce the demand for single-family homes. According to the Real Estate Center at Texas A&M University, during the 12 months ending November 2008, 72,800 homes were sold, representing a 10-percent decline from the 80,700 homes sold during the previous 12-month period. Unsold inventory levels increased from 6 to 6.5 months during this same period. Despite the softening sales market, the average home sales price has continued to increase in the metropolitan area. The average price of a home sold increased 2 percent to \$205,500 during the 12 months ending November 2008, slightly less than the 4-percent increase during the previous 12-month period.

Single-family home construction activity, as measured by the number of single-family building permits issued, declined dramatically during the past 2 years, following strong growth throughout most of the decade as builders have responded to declining sales. After reaching a peak of 55,700 homes permitted in the 12 months ending September 2006, single-family home construction activity has steadily declined. During the 12 months ending November 2008, 28,900 permits for single-family homes were issued, a decline of approximately 30 percent compared with the number of permits issued during the previous 12 months.

Despite the slowdown in single-family homebuilding activity, several new subdivisions are currently under construction or in development. One of the fastest growing areas continues to be Cinco Ranch, a master-planned community of 7,600 acres in the Greater Katy area, approximately 40 miles west of Houston. Cinco Ranch ranked as the top-selling master-planned community in the Houston area for both closings and starts during the 12 months ending March 2008. The community features a wide variety of retail, single-family, and multifamily developments and a 76-acre recreation center. Sales prices begin at \$160,000 for a three-bedroom, 1,500-square-foot home. The average sales price in the community was \$312,500 during the 12 months ending March 2008.

The rental housing market in the metropolitan area is currently soft. Production of new units peaked at 21,500 in late 2007 as economic growth began to slow. In-migration to the area also slowed compared with the very high levels of in-migration recorded in 2005 and 2006 as evacuees from Hurricane Katrina



relocated to the area, which has reduced the demand for new rental units. According to Reis, Inc., the apartment vacancy rate was 9.5 percent during the third quarter of 2008, up from 8.3 percent during the third quarter of 2007, because the number of units completed outpaced net absorption at a rate of nearly 3 to 1. The rental market has continued to soften since the vacancy rate reached a low of 6 percent in late 2005, when approximately 130,000 evacuees from Hurricane Katrina entered the rental market. Average monthly rents increased 4 percent from \$730 during the third quarter of 2007 to \$760 during the third quarter of 2008. Multifamily construction, based on the number of units permitted, declined to 15,350 units during the 12 months ending November 2008 compared with a near-record level of 21,450 units during the previous 12 months.

## Jackson, Mississippi

The Jackson metropolitan area is located in southwest Mississippi and consists of Copiah, Hinds, Madison, Rankin, and Simpson Counties. The city of Jackson is the capital of Mississippi and the most populous city in the state. As of December 1, 2008, the population of the metropolitan area was estimated to be 543,000. The population has increased by an average of 5,325, or 1 percent, annually since 2000. Nearly all population growth recorded since 2000 has occurred in Madison and Rankin Counties.

Employment growth in the metropolitan area has been slow during the past 2 years compared with the growth that occurred from 2004 to 2006. During the 12 months ending November 2008, nonfarm employment increased by 500 jobs, or 0.2 percent, compared with an increase of 600 jobs, or 0.3 percent, during the previous 12-month period. The education and health services sector recorded the largest growth, increasing by 800 jobs, or 2.3 percent. Job growth in this sector was due in part to an \$80 million expansion at the Baptist Medical Center in November 2008. With 3,000 employees, Mississippi Baptist Health Systems, Inc., is the third leading employer in the metropolitan area. During the 12-month period ending November 2008, employment in the professional and business services sector increased by 700 jobs, or 2.2 percent. Automatic Data Processing, Inc., opened a new center in January 2008, which led to the growth in the sector. The company is expected to employ a total of 1,000 people over the next 5 years. During the 12 months ending November 2008, the government sector recorded the third largest employment increase, adding 500 jobs, or 0.9 percent. The leading employer in the metropolitan area, The University of Mississippi Medical Center, is part of this sector. The manufacturing sector did not fare as well. During this period, the sector experienced significant losses

in employment, which decreased by 1,400 jobs, or 6.7 percent, as a result of layoffs and closures of several manufacturing plants, primarily in Hinds and Madison Counties. Nissan North America, Inc., the second leading employer in the metropolitan area, with 5,275 employees, also cut back production during the past 12 months.

Downtown revitalization in the city of Jackson has improved the local economy through commercial and residential growth. According to Downtown Jackson Partners, Inc., more than \$2 billion in development projects are planned or under way. The \$65 million Capital City Convention Center opened in January 2009. It is estimated that the convention center will create 1,300 jobs and generate \$70 million annually for the city. The former King Edward Hotel is currently being renovated into an \$89 million mixed-use project. When the renovations are completed in the summer of 2009, the building will reopen as the Hilton Garden Inn and will include 190 hotel rooms, retail space, and approximately 65 apartment units. One- and two-bedroom upper-level units are expected to rent from \$950 to \$1,250 a month. The revitalization of the Old Capitol Green neighborhood is currently in the planning phase. This \$1.1 billion project consists of a 14-block, mixed-use development that will include approximately 4,300 apartments built over the next 10 years. Infrastructure upgrades are scheduled for 2009, although an exact start date has not been set.

The level of residential construction in the metropolitan area has declined along with the slowdown in employment and declining home sales. During the 12 months ending November 2008, single-family homebuilding, as measured by the number of single-family building permits issued, declined by 790 homes to 1,975, a 29-percent decrease compared with the number of permits issued during the previous 12-month period. Single-family construction activity increased from 2001 until peaking in 2006 at approximately 3,525 homes. Since 2006, the number of permits issued has declined each year due to weak employment growth and slowing home sales.

Conditions in the Jackson metropolitan area sales housing market are soft. During the past year, as the number of foreclosures on the market increased, the median sales price decreased. The median price declined by 7 percent from \$145,400 in the third quarter of 2007 to \$135,000 in the third quarter of 2008 (the most recent data available), according to the NATIONAL ASSOCIATION of REALTORS®.

Multifamily homebuilding, as measured by the number of units permitted, has also declined significantly during the past 12 months. During the 12 months ending November 2008, the number of multifamily units permitted declined by 120 to



50 units, a 70-percent decrease compared with the number of units permitted during the previous 12-month period. After the Nissan assembly plant opened in Madison County in 2003, the level of multifamily construction peaked in 2004, with 1,100 units permitted. Since 2004, the number of multifamily units permitted has averaged 110 units annually. A year-long moratorium passed in April 2007 that banned the construction of new apartment buildings in Pearl, the largest city in Rankin County, has contributed to the recent decline in multifamily construction.

The rental housing market in the metropolitan area is currently soft, with an overall vacancy rate of 9 percent. In 2000, the vacancy rate was 9.8 percent. The local apartment market has softened in the past year. According to Reis, Inc., as of the third quarter of 2008 (the most recent data available), the apartment vacancy rate was 8.8 percent compared with 8.3 percent as of the third quarter of 2007. During the same period, average rents in the metropolitan area increased from \$642 in 2007 to \$669 in 2008.

## Lafayette, Louisiana

The Lafayette metropolitan area, which consists of Lafayette and St. Martin Parishes, is located in south-central Louisiana, approximately 60 miles west of Baton Rouge. As of November 1, 2008, the estimated population of the metropolitan area was 265,900, with 80 percent of the people residing in Lafayette Parish. Since July 2001, the population has increased by an estimated average of 2,000 annually. In addition, approximately 5,000 people relocated to the area following Hurricanes Katrina and Rita in 2005. The metropolitan area is home to the University of Louisiana at Lafayette (UL Lafayette), which has approximately 16,300 students and employs about 1,900 people in the metropolitan area. According to university estimates, UL Lafayette has an annual economic impact of \$700 million on the Lafayette metropolitan area.

Nonfarm employment in the metropolitan area averaged 151,900 jobs during the 12 months ending November 2008, which represents an increase of 3,000, or 2 percent compared with the number of jobs during the previous 12 months. From 2004 to 2007, the annual average number of jobs added was about 5,350, a 3.9-percent annual increase. Recent job growth was led by hiring in the natural resources, mining, and construction sector, which added approximately 975 jobs during the recent 12 months, a 4.3-percent increase compared with the number of jobs in the sector during the previous 12 months. Two of the top five employers in the metropolitan area—Island Operating Company, Inc.,

and Halliburton Energy Services—are in this sector. Both companies are in the oil and gas industry and, together, employ about 2,875 employees. The education and health services sector added 560 jobs during the past 12 months, a 2.7-percent increase compared with the number of jobs in that sector during the previous 12-month period. Lafayette General Medical Center, which employs 1,750 workers, is the leading private-sector employer in the metropolitan area. The professional and business services sector added 525 jobs during the recent 12 months, a 3.0-percent increase compared with the number of jobs during the previous 12 months. The average unemployment rate increased to 3.1 percent during the 12 months ending November 2008, compared with the 2.8-percent rate recorded during the previous 12 months.

Sales market conditions in the Lafayette metropolitan area were balanced during the 12 months ending November 2008 despite declining home sales. According to Van Eaton & Romero REALTORS®, the number of homes sold from December 2007 to November 2008 totaled 2,281, down 16 percent compared with the number sold during the same period a year earlier due to tighter lender standards and slower employment growth. The average sales price decreased by nearly 4 percent to \$198,550 during the 12-month period ending November 2008. Currently, prices for new homes with 1,200 square feet and two-car garages start at \$125,000.

Sales market conditions had tightened immediately following Hurricanes Katrina and Rita, but with the high level of home construction activity that began in 2004, balanced market conditions returned in 2007. From 2004 to 2006, an annual average of 1,850 single-family homes were permitted. In response to the recent reduced volume of home sales, single-family construction activity, as measured by the number of building permits issued, decreased 20 percent to 845 homes during the 12-month period ending November 2008 compared with the number of permits issued during the previous 12-month period. An estimated 300 homes are currently under construction in the metropolitan area. New single-family developments are located in the southern and southeastern areas of Lafayette Parish in the municipalities of Broussard and Youngsville.

Rental housing market conditions in the Lafayette metropolitan area were balanced as of November 2008, with no reported concessions. The rental vacancy rate is currently estimated at 7 percent, relatively unchanged compared with the rate for the same period a year ago. The rental market has remained balanced since 2007 as people relocate to the area in response to the job growth that has continued since the hurricanes. Enrollment at UL Lafayette has remained fairly constant over the past 5 years. Approximately 15,000 students live off campus and rep-

resent 15 to 20 percent of the total renter households in the metropolitan area. As of November 2008, average rents were \$640 for a one-bedroom unit and \$760 for a two-bedroom, up 4 and 1 percent, respectively, from the rents recorded 12 months earlier.

Multifamily building activity, as measured by the number of units permitted, decreased by 61 percent to approximately 345 units during the 12 months ending November 2008 compared with 950 units during the previous 12 months. An average of 170 units were permitted annually from 2000 to 2004. Following Hurricanes Katrina and Rita, multifamily production increased in response to the number of people that relocated to the area. The number of multifamily units permitted during 2005 and 2006 averaged 570 annually. Since 2005, 31 apartment complexes have been constructed totalling 2,330 units, including about 290 low-income housing tax credit units. Recent market-rate developments include the Reserve at Acadiana, a 276-unit complex; Plantation Crossing, a 216-unit complex; and Ansley Walk, a recently opened 242-unit community. The rents for the latter development are \$740 for a one-bedroom unit, \$1,040 for a two-bedroom unit, and \$1,125 for a three-bedroom unit.

## Madison, Wisconsin

The Madison metropolitan area, which comprises Columbia, Dane, and Iowa Counties, is located in south-central Wisconsin. The city of Madison is home to the state capital and the main campus of the University of Wisconsin (UW). As of December 1, 2008, the estimated population of the Madison metropolitan area was nearly 565,500; this figure represents an increase of 1.4 percent, or 7,400, since December 1, 2007. Population growth is evenly divided between net in-migration and net natural change (resident births minus resident deaths). Dane County accounted for 5,550 of the additional residents in the metropolitan area, including approximately 2,000 people in the city of Madison.

The University of Wisconsin, with more than 18,000 employees and 42,000 students, is the area's leading employer. According to a June 2003 report by North-Star Economics, Inc., the university has an annual economic impact of \$4.7 billion on the metropolitan area. The insurance industry employs more than 15,000 people in the metropolitan area, including the 3,800 people who work for American Family Insurance, the second leading private-sector employer in the area. University of Wisconsin Hospital and Clinics and University of Wisconsin Medical Foundation together employ 10,000 people and account for approximately 43 percent of the healthcare workers in the area. UW is currently in the midst of a \$500 million

development program to increase the number of student housing units and activity centers, expand academic and research facilities, and build new hospitals and clinics; all construction is anticipated to be completed by 2013.

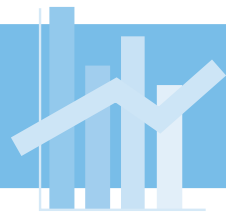
During the 12 months ending November 2008, nonfarm employment in the Madison metropolitan area averaged 348,600 jobs, an increase of 1,000, or 0.3 percent, from the number of jobs posted during the previous 12-month period and relatively unchanged from the rate of nonfarm employment growth recorded during the 12 months ending November 2006. During the past 12 months, the professional and business services sector increased by 1,100 jobs, primarily due to biotechnology and software design research conducted at UW. Hiring in the education and health services sector increased by 600 jobs, because hospitals and specialty clinics expanded in Madison. The average unemployment rate in the metropolitan area remains one of the lowest in the state, averaging 3.6 percent for the 12-month period ending November 2008, unchanged from a year ago.

The sales housing market in the metropolitan area is currently soft, as evidenced by fewer sales and an increased inventory of unsold homes. For the 12-month period ending November 2008, the South Central Wisconsin Multiple Listing Service (SCWMLS) reported sales of 4,600 new and existing single-family homes, a 30-percent decline from the 6,000 homes sold during the previous 12-month period. The decline was largely due to tighter credit standards. During the same period, the inventory of unsold homes rose by 8 percent to 6,600 units. In response to the slowdown in sales, home sales prices were flat for the 12 months ending November 2008; the median price for a single-family home was \$215,000, unchanged from the price recorded for the same period a year ago.

In response to decreased demand, rising inventories, and declining sales, residential construction in the metropolitan area, as measured by the number of single-family building permits issued, declined significantly. During the 12 months ending November 2008, permits were issued for approximately 900 new single-family homes, down 40 percent from the number of permits issued during the 12-month period ending November 2007. Of the permits issued in the past 12 months, more than 80 percent were issued for homes in Dane County, continuing a historic trend. According to SCWMLS, the starting price for single-family homes in new subdivisions in the Madison metropolitan area is approximately \$140,000.

During the 12-month period ending November 2008, condominium sales in Dane County totaled approximately 1,265 units, a 28-percent reduction





compared with the 1,765 units sold during the same period a year ago. During the most recent 12-month period, the median price of a condominium declined by 1 percent to \$164,000. According to SCWMLS, condominium sales averaged 1,900 units annually from 2003 through 2006. During this period of strong demand for condominiums, developers converted 2,000 rental apartments to condominiums.

Due to an increase in the inventory of unsold condominiums and fewer condominium sales, the number of multifamily units authorized by building permits remained stable at 1,200 units for the 12 months ending November 2008, unchanged from the number of units permitted during the 12-month period ending November 2007. Approximately 380 units were condominiums and the remaining units were apartments. From 2003 through 2006, an average of 2,200 multifamily units a year were permitted, compared with an average of 1,900 units a year permitted from 1999 through 2002. Of the 8,800 multifamily units permitted between 2003 and 2006, about 2,650, or 30 percent, were condominium units. Currently, several condominium projects totaling more than 650 units are under construction in downtown Madison and near the UW campus.

UW has a significant impact on the metropolitan area's rental housing market. Approximately 8,250 students reside in university-owned housing, and most of the more than 34,750 remaining students reside in the private rental market. Consequently, students represent about one-fifth of the total renter households in the Madison metropolitan area. The rental market in the Madison metropolitan area was soft as of December 2008. The rental vacancy rate increased to 7.5 percent from 7.0 percent a year ago. According to Reis, Inc., as of the third quarter of 2008, average apartment rents were up by an average of nearly 3 percent to \$589 for a studio, \$719 for a one-bedroom unit, \$878 for a two-bedroom unit, and \$946 for a three-bedroom unit. Rent specials, including free Internet access and reduced security deposits, are typically being offered in newly leasing apartments. Currently, an estimated 200 apartment units are under construction in the metropolitan area. Aspen Hill Apartments, a 158-unit rental community located in Verona, south of Madison, opened in July 2007; the property has leased 100 units and has a projected completion date of August 2009. Rents at Aspen Hill range from \$705 to \$735 for a studio, \$895 to \$950 for a one-bedroom unit, and \$1,175 to \$1,285 for a two-bedroom unit.

## Oklahoma City, Oklahoma

The Oklahoma City metropolitan area, which comprises seven counties in central Oklahoma, includes

the state capital of Oklahoma City, Tinker Air Force Base (TAFB), and The University of Oklahoma (OU). As of January 1, 2009, the population of the metropolitan area is estimated to be more than 1.2 million. During the past year, the population increased by 1 percent, or 13,000, a decline from the 1.5-percent average annual growth rate recorded from 2004 through 2006. Net in-migration accounted for approximately one-third of the total population growth posted during the past year. With 545,000 residents, Oklahoma City has the largest population in the metropolitan area.

Nonfarm employment in the metropolitan area increased by 7,400 jobs, or 1.3 percent, to 573,800 during the 12 months ending November 2008, up slightly from the 1.1-percent rate recorded during the previous 12 months. Job growth was strong in the education and health services, leisure and hospitality, and construction sectors. Medical facility expansions contributed to a gain of 3,000 jobs, or 4.2 percent, in the education and health services sector. The leisure and hospitality sector increased by 2,100 jobs, or 3.8 percent, partly due to hiring at several new downtown Oklahoma City businesses catering to an increasing tourism market. Employment in the construction sector increased by 1,900 jobs, or 7.3 percent, as a result of work at numerous privately and publicly funded projects. In downtown Oklahoma City, renovations totaling \$120 million are under way at the Ford Center for the newly acquired National Basketball Association team, the Oklahoma City Thunder. The number of construction-related jobs is expected to continue to grow as a result of the planned construction of the Devon Energy Corporation headquarters building. The 54-story, \$650 million building is scheduled to begin construction in the summer of 2009 and be completed in 2012. During the 12 months ending November 2008, the average unemployment rate for the metropolitan area was 3.8 percent, down from the 4.3-percent rate recorded during the previous 12 months.

Government employment during the 12 months ending November 2008 totaled 111,200, or nearly one-fifth of all nonfarm jobs. The state of Oklahoma is the leading employer, with approximately 38,000 workers, followed by TAFB, with 20,000 civilian workers and 8,000 military personnel. According to the TAFB Oklahoma City Air Logistics Center, TAFB has an annual economic impact on the metropolitan area of more than \$1.7 billion. OU, the largest of the 10 publicly funded universities in the metropolitan area, employs 17,000 staff and faculty combined and enrolls 29,000 students. According to a study conducted by the university's Center for Economic & Management Research, OU's payroll for metropolitan area employees totaled nearly \$800 million in 2007.

Sales housing market conditions in the metropolitan area remained balanced during the 12 months ending November 2008 but softened a bit compared with the sales market conditions during the same period a year ago. According to the Oklahoma City Metropolitan Association of REALTORS®, the number of homes sold decreased by 3,300, or 17 percent, to 16,600 homes during the 12-month period ending November 2008. During the same period, the inventory of unsold homes increased by 5 percent to 9,400 units. Despite declining sales and an increased amount of unsold inventory during this period, the average sales price increased by \$3,500, or 2 percent, to \$153,900. Tighter lending standards contributed to the decline in new and existing home sales. In response to the slower pace of sales, single-family home construction, as measured by the number of single-family building permits issued, decreased by 35 percent to 3,675 homes during the 12 months ending November 2008. In contrast, single-family home construction averaged 7,650 homes annually from 2004 through 2006.

Several townhome and single-family housing developments totaling approximately 900 units are currently under construction in the metropolitan area. The Brownstones at Maywood Park, a 120-unit rowhouse development near the Bricktown neighborhood in downtown Oklahoma City, is scheduled for completion in 2011. Homes in this development, which range in size from 2,375 to 3,350 square feet, are priced between \$645,000 and \$883,000.

The metropolitan area rental housing market was slightly soft as of October 2008, but conditions had tightened since October 2007. Continued population and employment growth, as well as reduced competition from the sales housing market, increased the demand for rental units. Conditions also tightened due to a reduced level of new apartment construction during 2008. According to Reis, Inc., the third quarter 2008 apartment vacancy rate was 7.9 percent, down from 8.5 percent in the third quarter of 2007. The average rent increased by nearly 6 percent to \$542 while the percentage of complexes offering concessions declined from 33 to 25 percent. Typical rental concessions consist of 1 month of free rent on new 12-month leases. Approximately 300 new apartment units came on line in 2008, compared with more than 800 units completed in 2007. Multifamily construction, as measured by the number of units permitted, totaled 350 units during the 12 months ending November 2008, down 58 percent from the number permitted during the same period a year earlier.

An estimated 1,100 rental units are currently under construction or in the pipeline in the metropolitan area and are expected to be completed during the next 2 years. The Cottages of Norman, a \$28 million, privately funded development catering to university

students, is currently under construction about 1 mile from the OU main campus in Norman. The project will include 197 units ranging from two-bedroom cottages to 32-bedroom lodges with rents ranging from \$490 per bedroom in lodge units to \$730 per month for two-bedroom cottages. The project is scheduled to be completed in August 2009.

## Omaha-Council Bluffs, Nebraska-Iowa

The Omaha-Council Bluffs metropolitan area, which spans the Missouri River on the Nebraska-Iowa border, consists of Cass, Douglas, Sarpy, Saunders, and Washington Counties in Nebraska and Harrison, Mills, and Pottawattamie Counties in Iowa. The population of the metropolitan area as of January 1, 2009, is estimated to be 842,300, which represents an increase of 8,700 a year, or 1.1 percent, over the past 3 years. Since 2006, nearly 85 percent of the population growth has been due to net natural change (resident births minus resident deaths).

The Omaha-Council Bluffs area is a regional hub for shipping and warehousing, health care, and financial services. The leading employer in the area is Offutt Air Force Base, which had roughly 8,000 military and 3,500 civilian personnel in 2007. According to an analysis prepared by the base, in 2007 the total economic impact on the metropolitan area was more than \$2.2 billion. Other leading employers include The Nebraska Medical Center, Union Pacific Railroad, and ConAgra Foods, Inc., with 8,350, 4,500, and 3,300 employees, respectively. In addition, a number of major financial services companies are headquartered in Omaha, including Berkshire Hathaway, Inc.; Mutual of Omaha Insurance Company; and TD AMERITRADE, Inc.

Employment growth in the metropolitan area has slowed in recent months. From 2005 to 2007, non-farm employment increased by an average of 6,700 jobs, or 1.5 percent, a year. During the 12 months ending November 2008, nonfarm employment rose by about 3,900 to total 468,100 jobs, a 0.8-percent increase from the number of jobs posted during the previous 12 months. The average unemployment rate during the 12 months ending November 2008 was 3.6 percent, up slightly from the 3.4-percent rate recorded during the previous 12 months.

Job growth in the past 12 months has been strongest in the service-providing sectors. A number of companies based in Omaha, such as Gallup, Inc., and TD AMERITRADE, Inc., have been expanding their corporate headquarters. As a result, during the 12 months ending November 2008, employment in the professional and business services sector increased



by about 1,100 jobs, or 1.7 percent, compared with the number of jobs recorded during the preceding 12 months. During the same period, the education and health services sector added about 1,400 jobs, a 2.1-percent increase; a substantial amount of the job growth resulted from expansion at The Nebraska Medical Center. In addition, employment in the construction sector grew as increased office and retail building activity offset a slowdown in homebuilding. During the 12 months ending November 2008, employment in the mining and construction sector was up by about 400 jobs, or 1.6 percent, from the number of jobs posted during the previous 12 months.

The sales housing market in the metropolitan area is currently somewhat soft as a result of the slowdown in job growth and tighter mortgage lending standards. According to the Omaha Area Board of REALTORS®, in 2008, approximately 7,000 existing single-family homes and condominiums were sold in the area, a decline of 22 percent compared with the 9,000 existing units sold in 2007. In 2008, sales of new homes fell even more sharply, declining by 46 percent to 800 homes from the approximately 1,500 homes sold in 2007. In addition, average prices for existing homes fell by more than 1 percent, from about \$154,500 in 2007 to \$152,600 in 2008. The slowdown in sales has been most pronounced for existing homes priced above \$250,000. Despite the decline in sales of new homes, the average price for new homes increased by 4 percent in 2008, from roughly \$273,600 to \$285,000. Part of that increase was due to a number of sales in high-end developments, such as Linden Estates in western Douglas County, and sales of new luxury condominiums in midtown Omaha. The number of active residential listings averaged about 6,600 during 2008, down from 7,250 in 2007.

With home sales declining, builders have reduced the level of single-family housing construction, as measured by the number of building permits issued. During the 12 months ending November 2008, permits were issued for approximately 3,150 single-family homes, a 21-percent decline compared with the 4,000 permits issued during the previous 12 months. The number of multifamily units permitted increased, however, from about 1,100 to 1,400, or by 29 percent, during the same period. Approximately 550 condominiums and 850 apartments are under construction in the area. One mixed-use project currently under way is Midtown Crossing at Turner Park, a \$300 million retail and residential development in central Omaha. When completed in late 2009, the residential portion will include 297 condominiums, with prices starting at \$191,500, and 196 luxury apartments.

The rental housing market in Omaha-Council Bluffs is currently balanced. According to Reis, Inc., as of

the third quarter of 2008, the apartment vacancy rate in the metropolitan area was 5 percent compared with 5.6 percent a year earlier. As recently as 2004, the rental housing market in the area was somewhat soft, with an apartment vacancy rate above 7 percent. From 2004 to 2007, however, stronger job growth led to an increase in demand for rental housing. Construction generally kept pace with rising demand, and rent increases were modest through 2006—typically less than 2 percent a year. Since early 2007, rents have been rising a bit faster, by more than 4 percent a year. Currently, monthly rents average about \$600 for a one-bedroom apartment, \$800 for a two-bedroom apartment, and \$1,000 for a three-bedroom apartment.

## Richmond, Virginia

The Richmond metropolitan area encompasses 16 counties and 4 independent cities, including Richmond, the state capital. The population of the metropolitan area is estimated to be 1.2 million as of January 1, 2009. During 2008, the population increased by 13,750, or 1.1 percent, slightly less than the 1.2-percent growth rate that occurred during 2007.

Employment in the metropolitan area increased during the past 12 months, but at a slower pace than it did during the previous 2 years. For the 12-month period ending November 2008, average nonfarm employment totaled 635,900, an increase of 2,800 jobs, or 0.4 percent, compared with growth rates of 1.5 and 1.4 percent, respectively, during the comparable periods in 2006 and 2007. The service-providing sectors added fewer jobs, increasing by 4,000 jobs during the 12 months ending November 2008 compared with an increase of 9,400 jobs during the previous 12 months. During the 12 months ending November 2008, employment in the goods-producing sectors declined by 1,200 jobs compared with a decline of 500 jobs during the same period a year ago.

During the past 12 months, the government, education and health services, and leisure and hospitality sectors registered the largest job gains. The government sector increased by 1,900 jobs, or 1.7 percent, with the state government subsector accounting for more than two-thirds of the increase. Employment in the federal government subsector increased by 200 jobs, primarily due to gains at Fort Lee, the leading employer in the metropolitan area, with more than 10,700 military and civilian employees. The education and health services sector added 1,300 jobs, gaining 1.9 percent, and the leisure and hospitality sector expanded by 1,000 jobs, or 1.9 percent. During the 12 months ending November, 2008, the manufacturing sector lost 1,400 jobs, a decline of 3.3 percent compared with a decline of 1,600 jobs, or 3.6 percent, during the previous 12-month period. Plant closings contributed



to the loss of jobs in the sector: in January 2009, office furniture manufacturer The HON Company closed its plant, which had employed 360 workers, and by June 2009, aluminum sheet manufacturer Reynolds Food Packaging, a division of Reynolds Packaging Group, will complete the closure of its facility, which had employed 490 workers.

As employment growth has moderated and credit standards have tightened, the demand for sales housing in the Richmond metropolitan area has decreased. Despite the declining demand, sales housing market conditions remain balanced. The Virginia Association of REALTORS® reported that, during the 9 months ending September 2008 (the most recent data available), nearly 7,400 homes were sold in the Richmond metropolitan area, a 20-percent decline compared with the number of homes sold during the 9 months ending September 2007. According to the NATIONAL ASSOCIATION OF REALTORS®, during the third quarter of 2008 (the most recent data available), the median sales price decreased by nearly 9 percent to \$217,900 compared with \$238,800 during the third quarter of 2007.

Developers have responded to the slowdown in home sales by reducing the level of construction of single-family homes, as measured by the number of building permits issued. During the 12-month period ending November 2008, the number of permits issued for single-family homes totaled 4,025 homes, a 33-percent decline compared with the number issued during the previous 12-month period, following a 22-percent decline in the number of permits issued during the 12-month period ending November 2006. In November 2008, an estimated 1,050 homes were under construction in the metropolitan area, 34 percent fewer than the number under construction a year earlier.

The rental housing market in the Richmond metropolitan area is currently balanced. According to Reis, Inc., the apartment vacancy rate declined from 6.6 percent in the third quarter of 2007 to 5.6 percent in the third quarter of 2008. During the same period, the effective rent level, including rent concessions, increased by nearly 4 percent, from \$729 to \$756. During the third quarter of 2008, effective rents in the metropolitan area ranged from a low of \$511 in the Southside/Broad Rock area of the city of Richmond to a high of \$884 in Hanover County. According to RealData, Inc., during the first 6 months of 2008 (the most recent data available), approximately 750 newly constructed rental units were in lease-up, almost double the estimated 400 units in lease-up during the same period the previous year. At the same time, absorption rates also nearly doubled. As a result, the vacancy rate declined slightly and the market has remained balanced.

Multifamily construction, as measured by the number of units permitted, declined by 5 percent to 900 units during the 12 months ending November 2008. The level of multifamily construction activity is approximately 20 percent below the average annual level of 1,150 units built from 2000 to 2007. Approximately one-half of the units currently under construction are located in Chesterfield County; these units are being built to satisfy demand for housing related to increased hiring at Fort Lee. According to Reis, Inc., in September 2008, an estimated 2,200 apartments were planned in the metropolitan area; of these units, more than 70 percent are to be located in the independent city of Petersburg and in Chesterfield County. Although no large-scale condominium developments are currently under construction, approximately 1,500 condominium units are planned during the next 3 years. More than 60 percent of the planned units will be located in Henrico County near Richmond International Airport.

In recent years, downtown Richmond has become increasingly popular among young professionals. According to downtown development organization Venture Richmond, in 2005, nearly 6,300 people resided in 3,580 residential units in the downtown area. Since then, an additional 1,300 sales and rental housing units have been developed in and adjacent to the downtown area. Those units include approximately 100 townhomes, 460 apartments, and 740 condominium units. Approximately one-third of the new units were developed through the rehabilitation of existing buildings. Sales prices for downtown condominium units typically range from \$200,000 to \$550,000; 90 percent of these units sell for between \$200,000 and \$350,000. According to Reis, Inc., in the third quarter of 2008, the effective rent level in downtown Richmond was \$869, an increase of 4 percent from the rent \$834 recorded in the same quarter of the previous year.

## San Francisco, California

The San Francisco Housing Market Area (HMA) encompasses the two counties of Marin and San Mateo and the consolidated city-county of San Francisco (hereafter called the city of San Francisco). As of January 1, 2009, the population of the HMA is estimated to be 1,750,000, which represents an average annual gain of 2,150, or 0.1 percent, since 2000. The city of San Francisco and San Mateo County, with 780,000 and 719,000 residents, respectively, account for 85 percent of the HMA population. Since 2000, net population growth in the HMA has resulted from net natural change (resident births minus resident deaths), offset partially by the continued out-migration of residents to lower cost housing markets in the Oakland and San Jose metropolitan areas.



Entering the fourth year of an expansion, the economy of the San Francisco HMA is one of the strongest in the state. In 2008, nonfarm employment in the HMA increased by 10,100 jobs to total 996,900, a 1-percent gain compared with the number of nonfarm jobs posted in 2007. The rate of job creation has slowed; from 2006 to 2007, 22,400 jobs were added, a 2.3-percent increase. From 2007 to 2008, job growth occurred primarily in the professional and business services sector, which added 5,400 jobs, led by hiring at computer systems design and engineering firms; in the leisure and hospitality sector, which added 2,300 jobs; and in the government sector, which added 1,200 jobs. Tourism is significant in the HMA, especially in the city of San Francisco, where visitors spent \$8.2 billion in 2007, according to the San Francisco Convention & Visitors Bureau. Employment in the leisure and hospitality sector increased partly due to the 2008 opening of the \$195 million, 550-room InterContinental Hotel San Francisco and the \$100 million, 140-room Cavallo Point Lodge. The California Academy of Sciences, a natural history museum, research facility, and aquarium, moved into a new \$484 million building in September 2008. Recent growth offset minor job losses in the financial activities, transportation, and trade sectors. The average unemployment rate for the HMA was 5 percent in 2008, up from 4 percent in 2007.

The leading employer in the HMA is the University of California, San Francisco (UCSF), a medical research school with 21,550 faculty and staff and nearly 3,000 graduate students. Completion of UCSF's 43-acre Mission Bay campus is anticipated around 2020. The \$240 million Helen Diller Family Comprehensive Cancer Center Research Building opened in late 2008. Construction of a new \$1.6 billion, 289-bed hospital is expected to begin in late 2009. UCSF also attracts biotechnology and pharmaceutical firms to the city of San Francisco. Pfizer Inc., will relocate to the city after its building is completed in 2010, joining Merck & Co., Inc., and FibroGen, Inc.

The sales housing market in the HMA is currently soft. According to MDA DataQuick®, the volume of new and existing home sales totaled 14,000 in 2008, a decline of 17 percent compared with the sales volume recorded in 2007. The city of San Francisco and San Mateo County accounted for equal shares of 41 percent of the HMA's total sales. In 2008, the median sales price of an existing home was \$689,700, a 14-percent decrease from the price in 2007. The tightening of credit standards affected the HMA as early as August 2007, when jumbo mortgages became more difficult and costly to obtain, reducing demand for homes selling for more than \$700,000. Increasing foreclosure activity continues to place downward pressure on pricing. According to MDA DataQuick, 2,475 homes in the HMA were repossessed by banks in 2008, an increase of 180 percent

from the number of homes repossessed in 2007. Although foreclosures have increased significantly, the rate of foreclosure in the HMA is the lowest in the greater San Francisco Bay Area and much lower than that of the entire state.

Sales of new homes are a minor part of the residential sales market in the HMA because of the limited amount of land available for development. In the 12 months ending September 2008, new home sales constituted about 14 percent of all home sales. According to Hanley Wood, LLC, 1,350 new homes were sold during the 12 months ending September 2008, a 25-percent decrease compared with the number sold during the previous 12-month period. The median sales price of new homes declined 8 percent to \$731,500. Nearly 75 percent of the new homes sold were in the city of San Francisco, where the for-sale inventory is primarily in highrise and midrise condominium developments.

Single-family home construction, as measured by the number of building permits issued, has decreased in the HMA in response to declining sales. During the 12 months ending November 2008, 561 single-family permits were issued, a decrease of 39 percent from the number of permits issued during the previous 12-month period. Of the construction that occurred during the most recent 12-month period, nearly 55 percent was in San Mateo County, 35 percent was in Marin County, and 10 percent was in the city of San Francisco. In San Mateo County, due primarily to the limited availability of developable land, new single-family homes are typically scattered as infill development throughout the county in cities such as San Bruno and Millbrae.

Residential construction in the HMA consists primarily of multifamily condominium buildings. During the 12 months ending November 2008, 2,675 multifamily units were permitted, an 8-percent decrease from the number of units permitted during the same period the previous year. According to the McGraw-Hill Construction Pipeline database, 20 percent of the multifamily units under construction are apartments. Hanley Wood, LLC, reported that, at the end of September 2008, a combined total of 560 units were available for sale or under construction, a 16-percent decline from the number of units for sale or under construction at the end of September 2007. As a result of the current soft conditions, some builders have decided to postpone construction. In the city of San Francisco, the developers of both Radiance at Mission Bay and One Rincon Hill recently announced plans to defer the construction of the second phase of the condominium towers.

Currently, the rental housing market in the HMA is tight. Rising foreclosure activity and employment increased demand for rental housing, but the pace of

new construction lagged as builders focused primarily on for-sale housing. According to Reis, Inc., the apartment rental vacancy rate in the HMA was 3.6 percent in the fourth quarter of 2008, down from the 3.9-percent vacancy rate recorded in the fourth quarter of 2007. In the fourth quarter of 2008, the average rent was \$1,925, nearly a 4-percent increase from the average rent recorded in the fourth quarter of 2007.

Four projects with a total of 400 income-restricted units are expected to be completed in the city of San Francisco in 2009. By early 2010, the 260-unit Avalon at Mission Bay and the 440-unit Trinity Plaza Apartments, also in the city of San Francisco, will be ready for initial occupancy.

## Seattle, Washington

The Seattle metropolitan area, comprising King and Snohomish Counties, is the employment and service center of the Puget Sound region in western Washington. As of December 1, 2008, the population in the Seattle metropolitan area was an estimated 2.6 million, up 1.3 percent, or 35,000, compared with the December 1, 2007, estimate. Population growth slowed slightly compared with a gain of 1.4 percent between December 1, 2006, and December 1, 2007, due to slower economic growth.

During the 12 months ending November 2008, employment growth in the Seattle metropolitan area moderated, mainly due to contraction in industries related to the sales housing market. Nonfarm employment increased by 28,200 jobs, or 1.9 percent, to an average of 1.5 million compared with a gain of more than 40,000 jobs, or 3 percent, in the previous 12 months. The professional and business services and education and health services sectors led hiring, up 8,300 and 3,900 jobs, respectively. The government sector gained 4,900 jobs, mainly due to hiring by local governments.

The pronounced slowdown in the construction sector, up just 200 jobs compared with a gain of 8,000 jobs in the 12 months ending November 2007 because of a decline in residential building, was the primary reason for the reduced nonfarm growth. The financial services sector declined by 1,000 jobs, with additional losses expected in 2009 due to the announced layoff of 3,400 employees at the former Washington Mutual, Inc., headquarters. Nonfarm job losses overall are likely in 2009 for the Seattle metropolitan area. The Boeing Company, the leading employer, with approximately 70,000 employees in the Puget Sound region, announced that it will eliminate approximately 3,500 jobs in the region during 2009 due to worldwide contraction in the airline industry. Microsoft, with approximately 40,000 employees in the Seattle metropolitan area, announced that it would lay off

5,000 employees companywide, including at least 1,400 in the Seattle area starting in January 2009. Waning employment growth caused the unemployment rate for the 12 months ending November 2008 to average 4.1 percent, compared with 3.7 percent for the same period in 2007.

Sales housing market conditions are currently soft in the Seattle metropolitan area. New and existing home sales in the area covered by the Northwest Multiple Listing Service totaled approximately 26,800 units in 2008, down 34 percent compared with the 40,600 homes sold in 2007 and down 50 percent compared with the peak in 2005, when 54,000 homes were sold. The average sales price declined 6 percent to \$491,200 in 2008 compared with \$524,800 in 2007, reversing a 15-year upward trend. The average time homes remained on the market increased to 80 days for existing homes, up from 63 days in 2007, and to an average of 114 days for new homes, up from 101 days in 2007. The reduced pace of sales caused single-family homebuilding activity, as measured by the number of building permits issued, to decrease by 45 percent. Approximately 4,900 single-family building permits were issued during the 12 months ending November 2008; nearly 9,000 permits were issued during the 12 months ending November 2007.

In 2008, sales of new and existing condominiums declined by 41 percent, or 7,900 units, compared with 13,400 units sold in 2007. Existing sales declined the most significantly, down 44 percent to 6,700 units, while new sales totaled 1,200 units, down 18 percent. The average sales price for existing condominiums was \$317,700, up 1 percent compared with prices for the year-earlier period, while new condominiums had an average price of \$390,400, up 2 percent. In downtown Seattle, sales of new condominiums totaled 186 units, up from 134 units in 2007. The average price for new condominiums, however, declined 10 percent to \$615,300 compared with \$683,700 in 2007.

Rental housing market conditions in the Seattle metropolitan area are currently balanced, having eased compared with the tight conditions a year ago. Slower job growth, an increase in the number of new apartments entering the market, and the shifting of single-family homes and condominiums to the rental market contributed to the change in conditions. According to O'Connor Consulting Group, LLC, the apartment rental vacancy rate in the metropolitan area was 5 percent as of December 2008, up 1.5 percentage points from the 3.5-percent rate recorded a year ago. Rent gains moderated considerably, with the average rent up more than 1 percent according to the O'Connor survey, compared with a gain of nearly 9 percent a year ago. Although the average rent increased overall during the current period, it fell nearly 4 percent in the latter half of 2008 in response to increased





vacancies. Based on data from RealFacts, the average rent was \$1,100 as of the fourth quarter of 2008 compared with \$1,068 in the fourth quarter of 2007. Several proposed or recently completed condominium projects were converted to apartments due to lack of developer financing or slow sales, including a 251-unit development in downtown Seattle.

Multifamily building activity, as measured by the number of units permitted, declined 26 percent during the 12 months ending November 2008. An estimated 8,600 units were permitted during the period, compared with 11,800 units permitted during the 12 months ending November 2007. Condominiums accounted for approximately 40 percent of the multifamily activity in the metropolitan area overall, down from the typical level of 50 percent during the previous 5 years. In the city of Seattle, approximately 4,500 multifamily units were permitted during the current period, down from 6,300 units permitted in the previous 12 months. An estimated 800 apartment and 950 condominium units are currently under construction in downtown Seattle, but an additional 700 apartment and 2,500 condominium units have been deferred. Developer financing difficulties, weakening economic conditions, and reduced condominium sales have all contributed to projects being placed on hold. In addition, the impending loss of the former Washington Mutual, Inc., headquarters has adversely affected potential development of both commercial and residential projects in downtown Seattle.

## Springfield, Missouri

The Springfield metropolitan area, situated along the Ozark Mountains in southwestern Missouri, comprises Christian, Dallas, Greene, Polk, and Webster Counties. The city of Springfield, located in Greene County, is the economic and service center of the southwestern Missouri region. The population of the metropolitan area as of December 1, 2008, is estimated to be 427,300, which represents an average annual increase of 2.1 percent since 2005. Leading private-sector employers include several companies with headquarters in the metropolitan area, such as Bass Pro Shops®, with more than 2,500 employees; O'Reilly Automotive, Inc., with 1,300 employees; and the General Council of the Assemblies of God, with slightly fewer than 1,000 employees.

Economic growth in the Springfield area continued despite a recent slowdown in the economy and significant layoffs in the manufacturing sector. During the 12 months ending November 2008, nonfarm employment averaged 203,300 jobs, an increase of 1.7 percent compared with the number of jobs posted during the same period a year ago. Job growth averaged 2.6 percent a year between 2004 and 2007.

During the past 12 months, the most significant job gains occurred in the education and health services and the government sectors, which together generated 2,400 new jobs and increased by 3.3 and 4.7 percent, respectively. St. John's Health System and CoxHealth, the largest healthcare employers in the area, have significantly expanded local operations in the past year. During the 12 months ending November 2008, the manufacturing sector continued to decline, losing 400 jobs, or 2 percent. Unemployment in the area averaged 5.2 percent compared with 4.1 percent a year earlier.

Current sales housing market conditions in the Springfield area are balanced to slightly soft. According to the Greater Springfield Board of REALTORS®, Inc., during the 12 months ending September 2008, the number of homes sold decreased by 17 percent to 5,575. The average sales price of an existing single-family home decreased by 25 percent to \$147,750. Slightly more than 50 percent of the homes sold during the period were in Greene County, where the average price of an existing home declined by 2 percent to \$147,850. The decrease in the average price was primarily the result of fewer homes sold that were priced at more than \$300,000 and not necessarily a reflection of overall price depreciation. Local sources indicate that demand for existing homes is strongest for homes priced below \$200,000. The inventory of homes at that price consists of an approximately 6-month supply; the inventory of homes priced at more than \$300,000 contains more than a 1-year supply.

Single-family construction activity, as measured by the number of building permits issued, decreased by almost 50 percent to 700 units in 2008 as builders responded to the decline in home sales. The level of construction is significantly off the peak of 3,700 single-family permits issued in 2005. As credit standards tightened beginning in mid-2006 and the number of potential new homeowners declined, many area developers had difficulty completing residential developments. Currently, new home construction in the metropolitan area is primarily centered in suburban Greene County. New developments are relatively small in scale compared with the large, planned developments that were common a few years ago. Single-family starter homes closer in to the city of Springfield typically start at \$120,000 for a 1,200-square-foot home.

Rental housing market conditions in the area are balanced. The rental market vacancy rate was 7 percent as of December 1, 2008, relatively unchanged from the rate recorded a year ago. According to Reis, Inc., the average rent for a two-bedroom apartment increased by nearly 3 percent to \$579 in the third quarter of 2008 with no significant concessions being offered. Two new apartment developments, The Villages at

Nathanael Greene and Weaver Creek, are beginning to lease up in the area. Rents for apartments in newly constructed developments start at \$625 for a one-bedroom unit, \$750 for a two-bedroom unit, and \$825 for a three-bedroom unit.

Multifamily construction, as measured by the number of units permitted, decreased by 18 percent to 1,275 units in 2008 compared with 1,550 units permitted in 2007 and 1,575 units permitted in 2006. Financing difficulties, caused partly by slowing sales market conditions, have forced planned condominiums in downtown Springfield's historic Heer's Department Store to be converted to apartments. The renovation will consist of 61 apartment units, with rents starting at \$600 for a one-bedroom unit and \$1,200 for a larger two-bedroom unit with views of the city. Construction on the development is expected to begin in late 2009.

## Tucson, Arizona

The Tucson metropolitan area, which consists of Pima County, is located in southern Arizona and borders Mexico. The area's favorable weather and picturesque landscape attract many vacationers and retirees. Tucson is the second largest metropolitan area in Arizona, with an estimated population of approximately 1,021,000 as of January 1, 2009. The population has increased by an estimated average annual rate of 20,200, or 2.2 percent, since 2000, with net-in migration accounting for 75 percent of the increase.

A few leading employers largely influence economic conditions in the Tucson metropolitan area. The leading employer in the area is Raytheon Company, a defense and aerospace systems supplier with approximately 12,500 employees. The company increased its workforce by 1,350 employees in 2007. The second leading employer is The University of Arizona (the UA), with 10,550 employees and an annual enrollment of 34,500 students. According to Tucson Regional Economic Opportunities, Inc., the university has an annual economic impact of \$2.3 billion on the state of Arizona. Another leading employer is Davis-Monthan Air Force Base (AFB), with 7,700 military and civilian employees and an annual economic impact of \$866 million on the Tucson metropolitan area, according to the Davis-Monthan AFB Fiscal Year 2006 Economic Impact Statement.

During the 12 months ending November 2008, non-farm employment decreased by 8,400 jobs to 375,200, a 2.2-percent decline compared with the number of nonfarm jobs posted during the previous 12 months; this decline is the first since 2002. In recent years, the local housing industry led economic growth due to migration to the area. This trend continued until 2007,

when the sales housing market began to soften. Current employment has decreased across all sectors except for modest gains in the government, education and health services, wholesale trade, and natural resources and mining sectors. The largest employment declines occurred in the construction, financial activities, and retail trade sectors, which decreased by 3,000, 1,900, and 1,600 jobs, respectively. These sectors also posted some of the highest increases in employment from 2000 to 2006, adding a total of 5,000 construction jobs, 2,800 financial activities jobs, and 5,200 retail trade jobs during the period. During the 12 months ending November 2008, the unemployment rate increased from 4 to 5 percent. A proposed 525-room Sheraton Hotel & Suites in downtown Tucson, with a planned construction start date in 2010, is expected to generate employment during construction and after its completion, when the hotel attracts more conventions to the area.

In the past year, builders have continued to decrease the level of single-family home construction, as measured by the number of building permits issued, due to excess inventory in the sales housing market. In the 12 months ending November 2008, the number of single-family permits issued decreased by 44 percent from 5,175 to 2,900. Single-family home permits are down 73 percent from a peak of 10,850 recorded during the 12 months ending November 2005. Although single-family construction activity decreased in the past 12 months, the level of multifamily construction activity, as measured by the number of units permitted, has increased. During the 12 months ending November 2008, the number of multifamily units permitted increased by 10 percent from 580 to 640. Approximately one-half of the multifamily units permitted during the past 12 months will be constructed in northwest Tucson. One single-family development currently under construction is a Ritz-Carlton® resort and residential community located northwest of the city of Tucson. The project will include a 250-room golf and spa resort and 320 luxury homes. The model homes are now complete and the resort's estimated completion date is in late 2009.

Sales housing market conditions are currently soft in the Tucson metropolitan area. According to the Tucson Association of REALTORS®, during the 12 months ending November 2008, the number of existing homes sold decreased from 13,200 to 10,200, a 23-percent decline compared with the number sold during the previous 12 months. During this period, the number of active listings for existing homes decreased by 10 percent from 9,375 to 8,425. The average number of days a home remained on the market increased from 67 to 78. The average sales price of existing homes has continued to drop in the past 12 months. During the 12 months ending November 2008, the price fell from \$272,200 to \$246,800, a 9-percent decline



compared with the average price recorded during the previous 12 months. New home sales have also dramatically declined. According to Hanley Wood, LLC, the number of new home closings decreased by 45 percent from 6,425 during the 12 months ending November 2007 to 3,550 during the 12 months ending November 2008.

The Tucson rental housing market is balanced. According to Reis, Inc., the apartment vacancy rate increased from 5.7 percent as of the third quarter of 2007 to 6.7 percent as of the third quarter of 2008. Currently, the highest vacancy rate is in the south/southwest Tucson submarket, at 9.3 percent, and

the lowest vacancy rate is in the central/university submarket, at 4.2 percent. In the fall of 2011, the UA will add 1,200 on-campus units to the current stock of 6,000 units; this new construction should help ease tight apartment market conditions in the neighborhoods around the UA. The average asking rent for apartments in the Tucson metropolitan area increased from \$633 in the third quarter of 2007 to \$649 in the third quarter of 2008. The lowest average asking rents are in the south/southwest Tucson submarket, at \$559, and the highest average asking rents are in the north/northwest Tucson submarket, at \$752.



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

HUD Region and State	2008 Through December			2007 Through December			Ratio: 2008/2007 Through December		
	Total	Single Family	Multi-family*	Total	Single Family	Multi-family*	Total	Single Family	Multi-family*
Connecticut	5,086	3,099	1,987	7,576	5,370	2,206	0.671	0.577	0.901
Maine	3,573	3,003	570	5,690	4,893	797	0.628	0.614	0.715
Massachusetts	9,241	5,007	4,234	14,874	8,703	6,171	0.621	0.575	0.686
New Hampshire	3,250	2,340	910	4,528	3,826	702	0.718	0.612	1.296
Rhode Island	1,067	868	199	1,949	1,458	491	0.547	0.595	0.405
Vermont	1,357	1,082	275	1,988	1,641	347	0.683	0.659	0.793
<b>New England</b>	<b>23,574</b>	<b>15,399</b>	<b>8,175</b>	<b>36,605</b>	<b>25,891</b>	<b>10,714</b>	<b>0.644</b>	<b>0.595</b>	<b>0.763</b>
New Jersey	19,000	8,993	10,007	25,828	12,962	12,866	0.736	0.694	0.778
New York	52,555	12,972	39,583	55,736	17,486	38,250	0.943	0.742	1.035
<b>New York/New Jersey</b>	<b>71,555</b>	<b>21,965</b>	<b>49,590</b>	<b>81,564</b>	<b>30,448</b>	<b>51,116</b>	<b>0.877</b>	<b>0.721</b>	<b>0.970</b>
Delaware	3,349	2,701	648	5,192	4,357	835	0.645	0.620	0.776
District of Columbia	536	248	288	2,028	564	1,464	0.264	0.440	0.197
Maryland	13,976	8,675	5,301	19,940	13,985	5,955	0.701	0.620	0.890
Pennsylvania	22,693	18,448	4,245	33,776	27,976	5,800	0.672	0.659	0.732
Virginia	26,788	19,869	6,919	36,621	29,821	6,800	0.731	0.666	1.018
West Virginia	2,934	2,290	644	4,322	3,642	680	0.679	0.629	0.947
<b>Mid-Atlantic</b>	<b>70,276</b>	<b>52,231</b>	<b>18,045</b>	<b>101,879</b>	<b>80,345</b>	<b>21,534</b>	<b>0.690</b>	<b>0.650</b>	<b>0.838</b>
Alabama	15,176	11,376	3,800	23,911	18,434	5,477	0.635	0.617	0.694
Florida	61,958	39,571	22,387	104,292	71,964	32,328	0.594	0.550	0.692
Georgia	32,232	23,476	8,756	70,322	52,832	17,490	0.458	0.444	0.501
Kentucky	10,122	6,452	3,670	14,008	10,987	3,021	0.723	0.587	1.215
Mississippi	10,023	6,810	3,213	16,314	10,658	5,656	0.614	0.639	0.568
North Carolina	54,498	39,314	15,184	82,907	67,809	15,098	0.657	0.580	1.006
South Carolina	25,596	19,938	5,658	39,080	31,764	7,316	0.655	0.628	0.773
Tennessee	21,699	15,819	5,880	36,248	28,366	7,882	0.599	0.558	0.746
<b>Southeast/Caribbean</b>	<b>231,304</b>	<b>162,756</b>	<b>68,548</b>	<b>387,082</b>	<b>292,814</b>	<b>94,268</b>	<b>0.598</b>	<b>0.556</b>	<b>0.727</b>
Illinois	21,889	12,308	9,581	42,666	24,827	17,839	0.513	0.496	0.537
Indiana	16,535	11,831	4,704	24,130	19,374	4,756	0.685	0.611	0.989
Michigan	10,623	8,927	1,696	18,690	15,875	2,815	0.568	0.562	0.602
Minnesota	10,616	8,273	2,343	17,529	13,837	3,692	0.606	0.598	0.635
Ohio	21,123	16,155	4,968	32,828	25,734	7,094	0.643	0.628	0.700
Wisconsin	15,532	10,426	5,106	21,322	16,600	4,722	0.728	0.628	1.081
<b>Midwest</b>	<b>96,318</b>	<b>67,920</b>	<b>28,398</b>	<b>157,165</b>	<b>116,247</b>	<b>40,918</b>	<b>0.613</b>	<b>0.584</b>	<b>0.694</b>
Arkansas	8,671	4,845	3,826	10,318	7,277	3,041	0.840	0.666	1.258
Louisiana	15,829	11,365	4,464	22,537	16,282	6,255	0.702	0.698	0.714
New Mexico	5,989	5,126	863	9,239	8,247	992	0.648	0.622	0.870
Oklahoma	10,003	8,121	1,882	14,555	11,911	2,644	0.687	0.682	0.712
Texas	129,874	78,453	51,421	174,391	116,850	57,541	0.745	0.671	0.894
<b>Southwest</b>	<b>170,366</b>	<b>107,910</b>	<b>62,456</b>	<b>231,040</b>	<b>160,567</b>	<b>70,473</b>	<b>0.737</b>	<b>0.672</b>	<b>0.886</b>
Iowa	7,638	5,550	2,088	10,580	8,219	2,361	0.722	0.675	0.884
Kansas	7,195	4,545	2,650	10,499	7,663	2,836	0.685	0.593	0.934
Missouri	11,817	7,013	4,804	19,469	13,715	5,754	0.607	0.511	0.835
Nebraska	6,542	4,790	1,752	7,905	6,350	1,555	0.828	0.754	1.127
<b>Great Plains</b>	<b>33,192</b>	<b>21,898</b>	<b>11,294</b>	<b>48,453</b>	<b>35,947</b>	<b>12,506</b>	<b>0.685</b>	<b>0.609</b>	<b>0.903</b>
Colorado	19,086	11,885	7,201	30,420	21,087	9,333	0.627	0.564	0.772
Montana	2,485	2,043	442	4,609	3,496	1,113	0.539	0.584	0.397
North Dakota	2,870	1,720	1,150	3,073	2,119	954	0.934	0.812	1.205
South Dakota	4,117	2,926	1,191	5,227	3,803	1,424	0.788	0.769	0.836
Utah	10,969	7,438	3,531	21,194	17,117	4,077	0.518	0.435	0.866
Wyoming	2,384	1,974	410	3,050	2,743	307	0.782	0.720	1.336
<b>Rocky Mountain</b>	<b>41,911</b>	<b>27,986</b>	<b>13,925</b>	<b>67,573</b>	<b>50,365</b>	<b>17,208</b>	<b>0.620</b>	<b>0.556</b>	<b>0.809</b>
Arizona	25,232	17,762	7,470	49,072	37,642	11,430	0.514	0.472	0.654
California	61,222	32,024	29,198	104,788	65,528	39,260	0.584	0.489	0.744
Hawaii	4,115	2,510	1,605	6,946	4,443	2,503	0.592	0.565	0.641
Nevada	14,906	7,152	7,754	27,168	16,422	10,746	0.549	0.436	0.722
<b>Pacific</b>	<b>105,475</b>	<b>59,448</b>	<b>46,027</b>	<b>187,974</b>	<b>124,035</b>	<b>63,939</b>	<b>0.561</b>	<b>0.479</b>	<b>0.720</b>
Alaska	914	682	232	1,712	997	715	0.534	0.684	0.324
Idaho	7,281	6,550	731	12,706	10,398	2,308	0.573	0.630	0.317
Oregon	12,207	7,793	4,414	21,773	16,101	5,672	0.561	0.484	0.778
Washington	28,398	17,335	11,063	44,944	29,107	15,837	0.632	0.596	0.699
<b>Northwest</b>	<b>48,800</b>	<b>32,360</b>	<b>16,440</b>	<b>81,135</b>	<b>56,603</b>	<b>24,532</b>	<b>0.601</b>	<b>0.572</b>	<b>0.670</b>
<b>United States</b>	<b>892,771</b>	<b>569,873</b>	<b>322,898</b>	<b>1,380,470</b>	<b>973,262</b>	<b>407,208</b>	<b>0.647</b>	<b>0.586</b>	<b>0.793</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 December		
		Total	Single Family	Multifamily*
35620	New York-Northern New Jersey-Long Island, NY-NJ-PA	52,594	8,941	43,653
26420	Houston-Sugar Land-Baytown, TX	42,697	28,152	14,545
19100	Dallas-Fort Worth-Arlington, TX	36,533	17,841	18,692
12060	Atlanta-Sandy Springs-Marietta, GA	19,034	12,307	6,727
38060	Phoenix-Mesa-Scottsdale, AZ	17,558	11,549	6,009
16980	Chicago-Naperville-Joliet, IL-IN-WI	16,126	7,778	8,348
42660	Seattle-Tacoma-Bellevue, WA	15,389	6,529	8,860
31100	Los Angeles-Long Beach-Santa Ana, CA	15,048	4,559	10,489
12420	Austin-Round Rock, TX	14,250	8,025	6,225
47900	Washington-Arlington-Alexandria, DC-VA-MD-WV	13,926	9,076	4,850
29820	Las Vegas-Paradise, NV	12,538	5,874	6,664
16740	Charlotte-Gastonia-Concord, NC-SC	12,231	7,303	4,928
39580	Raleigh-Cary, NC	11,386	6,559	4,827
37980	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	10,527	6,858	3,669
36740	Orlando-Kissimmee, FL	10,284	5,288	4,996
41700	San Antonio, TX	10,261	5,990	4,271
45300	Tampa-St. Petersburg-Clearwater, FL	9,528	5,082	4,446
40140	Riverside-San Bernardino-Ontario, CA	9,062	5,825	3,237
19740	Denver-Aurora, CO	8,800	3,947	4,853
34980	Nashville-Davidson--Murfreesboro, TN	8,142	5,621	2,521
33100	Miami-Fort Lauderdale-Miami Beach, FL	7,846	3,358	4,488
38900	Portland-Vancouver-Beaverton, OR-WA	7,698	4,167	3,531
14460	Boston-Cambridge-Quincy, MA-NH	7,477	3,323	4,154
41860	San Francisco-Oakland-Fremont, CA	7,176	2,329	4,847
26900	Indianapolis, IN	7,004	4,410	2,594
27260	Jacksonville, FL	6,949	5,135	1,814
33460	Minneapolis-St. Paul-Bloomington, MN-WI	5,674	4,171	1,503
41180	St. Louis, MO-IL	5,661	4,657	1,004
12580	Baltimore-Towson, MD	5,577	3,121	2,456
40900	Sacramento--Arden-Arcade--Roseville, CA	5,488	3,924	1,564
28140	Kansas City, MO-KS	5,431	2,690	2,741
41740	San Diego-Carlsbad-San Marcos, CA	5,132	2,160	2,972
47260	Virginia Beach-Norfolk-Newport News, VA-NC	5,114	3,246	1,868
40060	Richmond, VA	4,970	3,932	1,038
16700	Charleston-North Charleston, SC	4,947	3,666	1,281
35380	New Orleans-Metairie-Kenner, LA	4,769	2,736	2,033
36540	Omaha-Council Bluffs, NE-IA	4,524	3,154	1,370
18140	Columbus, OH	4,407	2,666	1,741
17900	Columbia, SC	4,352	3,492	860
17140	Cincinnati-Middletown, OH-KY-IN	4,145	3,314	831
41620	Salt Lake City, UT	4,084	1,810	2,274
36420	Oklahoma City, OK	4,036	3,672	364
46140	Tulsa, OK	3,953	2,833	1,120
21340	El Paso, TX	3,859	2,774	1,085
48900	Wilmington, NC	3,682	2,991	691
31140	Louisville, KY-IN	3,671	2,581	1,090
32580	McAllen-Edinburg-Mission, TX	3,628	3,097	531
38300	Pittsburgh, PA	3,477	2,965	512
12940	Baton Rouge, LA	3,472	2,342	1,130
13820	Birmingham-Hoover, AL	3,455	2,421	1,034

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