

## Economic Highlights

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# Employment

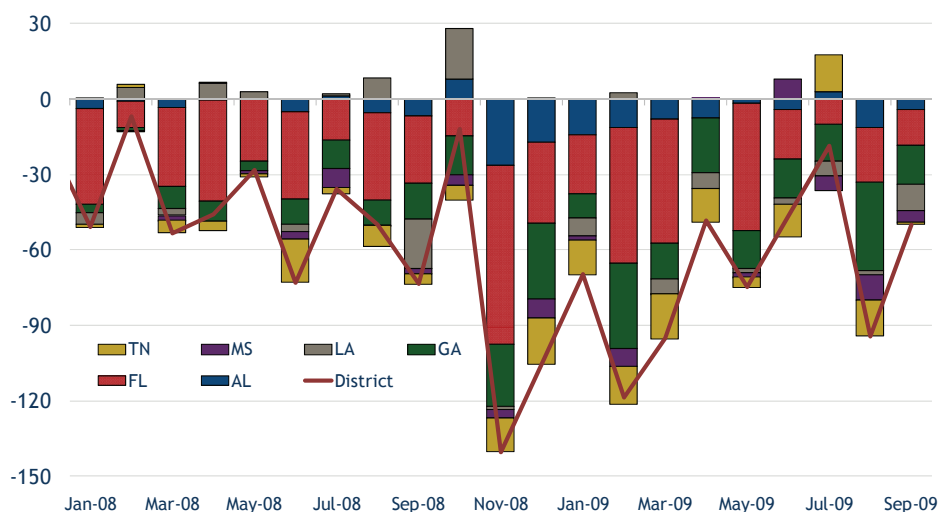
## Summary

The Southeast lost 49,800 jobs in September, an improvement from the 94,200 jobs shed in August but still indicative of a struggling labor market.

Southeastern states on net have lost 1.3 million jobs since December 2007.

## Payroll Employment Growth by State

monthly change, thousands



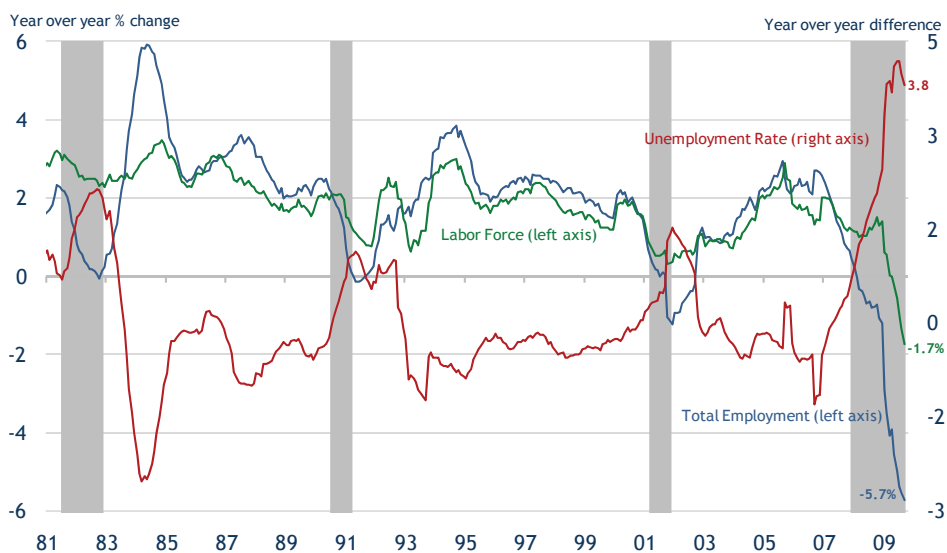
Source: U.S. Bureau of Labor Statistics

- Payroll employment declined in all Southeastern states in September, with Florida, Georgia, and Louisiana making up the majority of the job losses.
- Louisiana lost 10,700 jobs, roughly 7,000 more than the average monthly job losses over the previous three months, largely because of its government sector.
- September job losses in Tennessee were roughly 3,000 less than the average job loss over the previous three months partly because of gains in its financial and profession and business sectors.

Employment, as measured by household data, also remains weak in the Southeast. Employment levels and labor force participation continue to decline rapidly.

The year-over-year employment decline during the current recession is strikingly worse than in past recessions.

## Year over Year Change in Employment, Unemployment, and Unemployment Rate Sixth District, September 2009



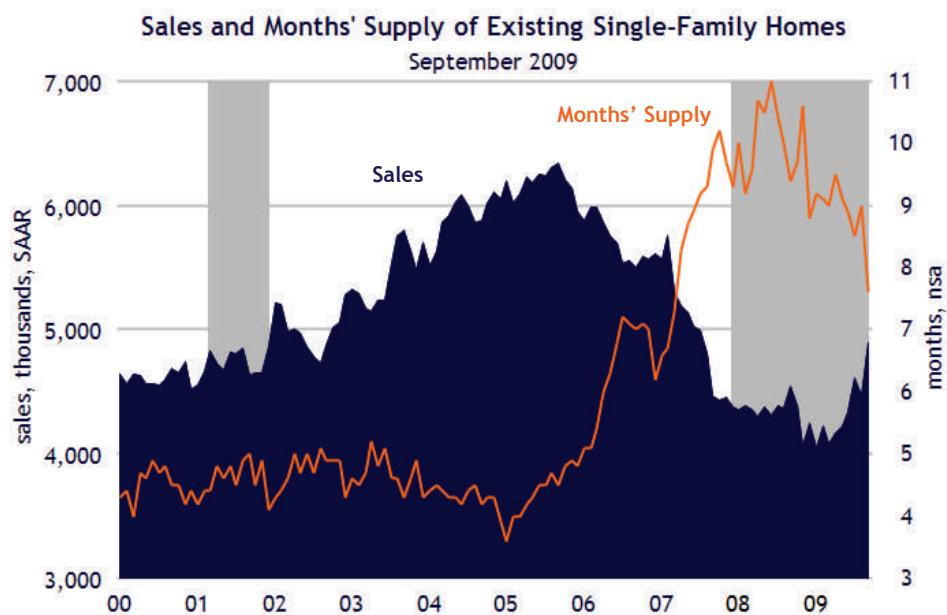
Source: U.S. Bureau of Labor Statistics

- The region's **unemployment rate** remained at 10.3% in September, 3.8 percentage points more than a year earlier. Although the year-over-year difference in the region's unemployment rate has improved slightly since May 2009, the unemployment rate remains the highest since 1983.
- Southeastern **labor force participation** is down 1.7% compared with a year earlier. The year-over-year percent change turned negative in May 2009 for the first time since the series began in 1977).

## Summary

According to the National Association of Realtors (NAR), September home sales rebounded to their highest level since July 2007, up 9% from August.

The supply of homes available for sale at the current rate of sales declined to 7.8 months, the lowest level since March 2007.



Source: National Association of Realtors

### September Existing Home Sales

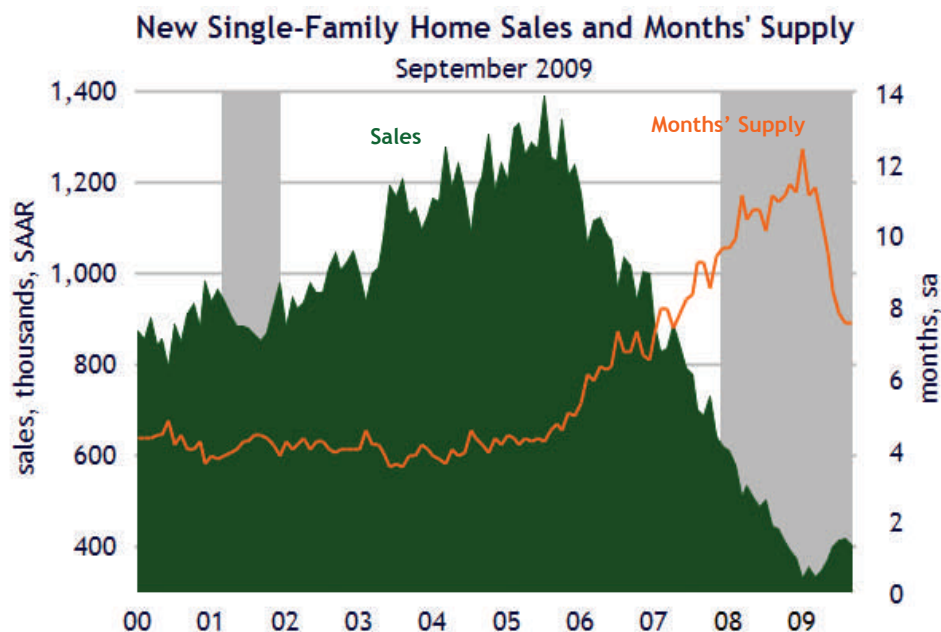
	thousands, SAAR	y/y change	m/m change
Total	5,570	9.2%	9.4%
Single-family	4,890	7.7%	9.4%
Multifamily	680	21.2%	9.7%

- The NAR chief economist said, “Much of the momentum is from people responding to the first-time buyer tax credit, which is freeing many sellers to make a trade and buy another home.”
- Early results of the annual survey by NAR (to be released in November) found that first-time home buyers accounted for more than 45% of home sales during the past year. A separate practitioner survey found that distressed homes accounted for 29% of transactions in September.

## Summary

The U.S. Census Bureau reported that single-family new home sales declined in September, down 3.6% from August and well below consensus expectations of 2.6% positive growth.

The supply of new homes available for sale at the current rate of sale held steady at 7.5 months.



Source: U.S. Census Bureau

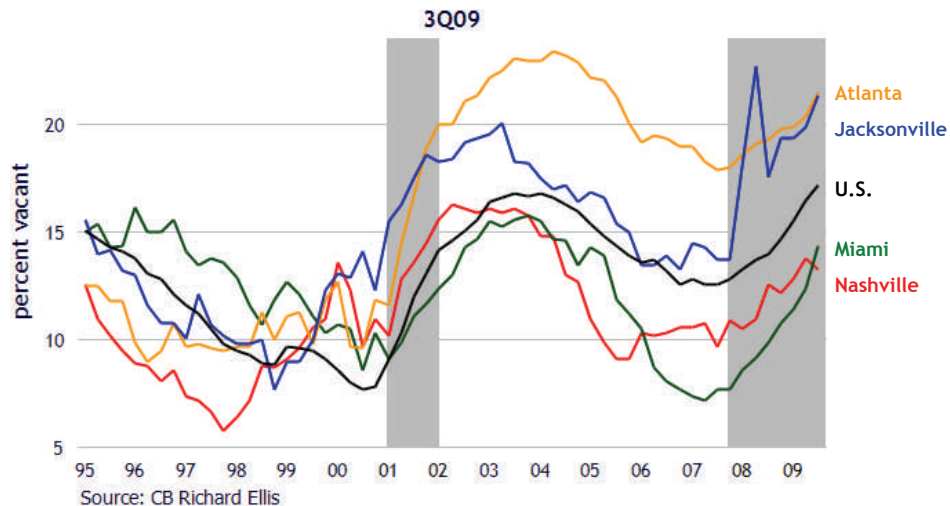
- The U.S. Census Bureau reported that new single-family home sales were at a seasonally adjusted annual rate of 402,000 in September, below consensus expectations of 440,000. Sales decreased 3.6% month over month following a gain of 1% the prior month. Sales remained below the year-earlier level in September, down 7.8%.
- New home sales in the South Census region declined 10% from August to September at a seasonally adjusted annual rate of 188,000 homes following a downwardly revised 2.8% decline the prior month. Home sales declined 23.6% year over year in September following a 17.1% decline in August.
- Home sales in the Northeast region remained strongest on a year-over-year basis, up 68%, followed by the Midwest, which experienced positive growth for the first time since February 2006. Home sales in the West turned slightly negative, down 1%, following positive year-over-year growth in August. Weakening was noted in the South as sales declined 23.6% compared with a year earlier.

Summary

CB Richard Ellis announced that national office and industrial vacancy rates continued to climb during the third quarter of 2009, and downward pressure on rents continued.

Office vacancy rates in most Southeast markets continued to climb as well during the third quarter of 2009.

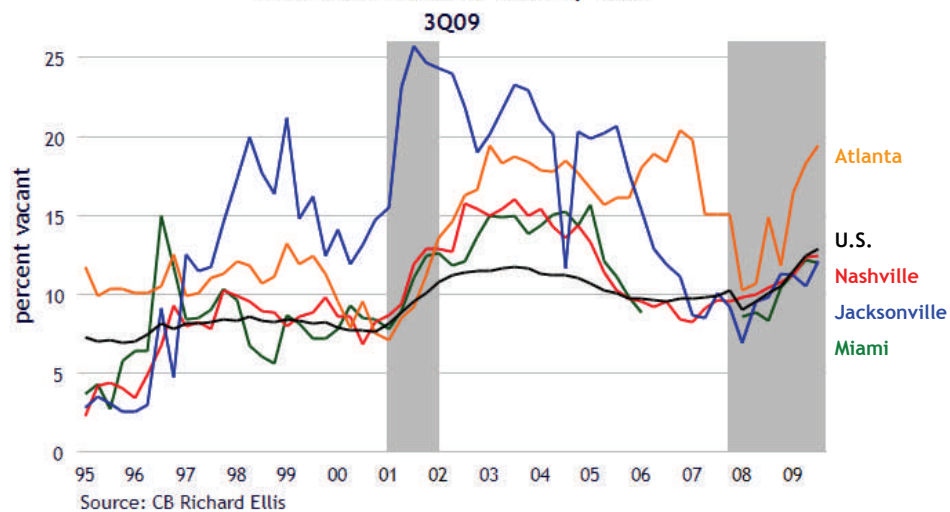
Southeast Metropolitan Office Vacancy Rates



- The national office vacancy rate increased to 17.2% in the third quarter of 2009 from 16.5% in the second quarter of 2009. Absorption remained negative, down 13.3 million square feet. The rise in vacancy was attributed to continued job losses and tenant efforts to contain costs.
- The report added that tenants are not rushing to lock in low rates on long-term leases. Instead, tenants are negotiating short-term leases. Tenants remain uncertain and continue to focus on cost containment and deferring capital expenditures. Only tenants with leases nearing expiration are negotiating.
- CB Richard Ellis anticipates vacancy rates will continue to rise through year-end.

The vacancy rate in Southeast industrial markets held steady or moved higher during the third quarter of 2009.

Southeast Industrial Vacancy Rate

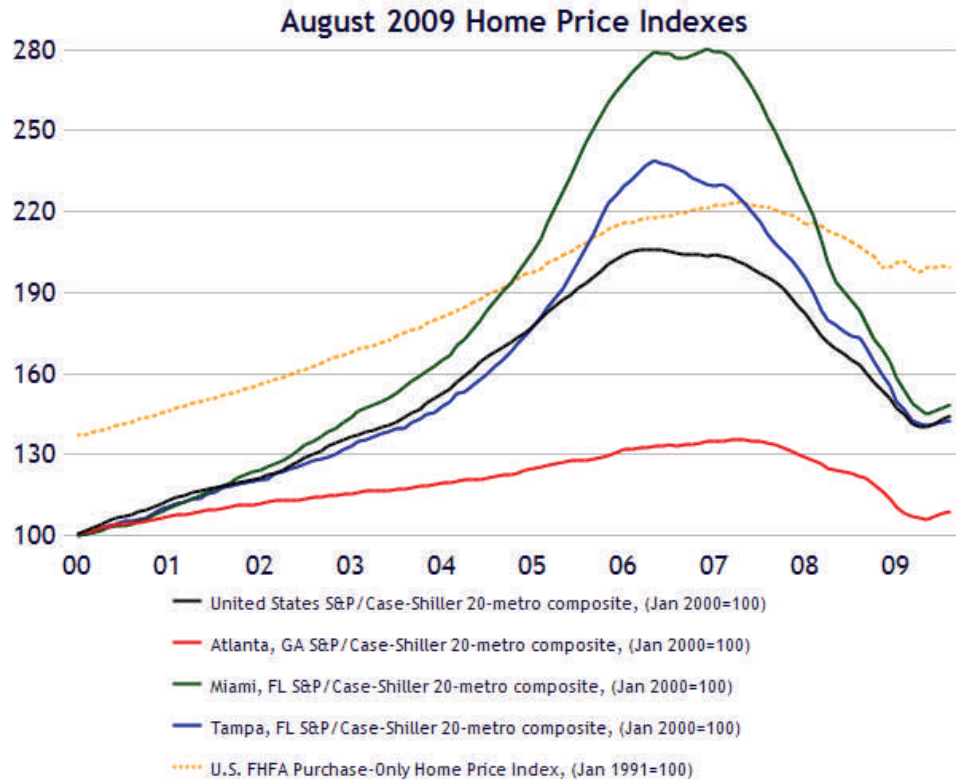


- The national industrial vacancy rate increased to 12.9% in the third quarter of 2009 from 12.4% in the second quarter of 2009.
- The CB Richard Ellis report noted that the market appeared to be leveling off.
- Among Southeastern markets, the industrial vacancy rate rose most notably quarter to quarter in Jacksonville, up 1.6 percentage points; Orlando, up 1.2 percentage points; and Atlanta, up 1.1 percentage points.

## Summary

The S&P/Case-Shiller 20-city composite index, which is a three-month moving average, indicated that home prices continued to rise for the third consecutive month, up 1%. Southeast market home prices also continued to improve.

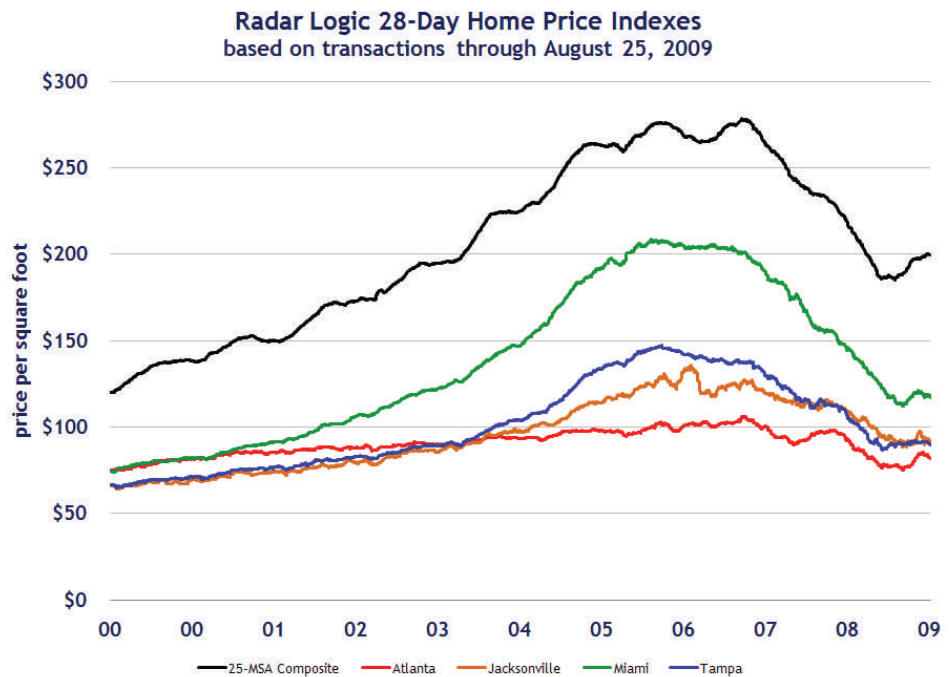
After experiencing gains over the last three months, the FHFA purchase-only index fell slightly in August, down 0.3% from July.



Source: Federal Housing Finance Agency, Standard & Poor's, and Fiserv Inc.

Radar Logic Analytics's home price index, which measures home prices in terms of price per square foot, indicated that national home prices increased nearly 1% in August from July.

However, data on Southeast markets indicated that home prices slipped for the first time in several months, declining from July to August.



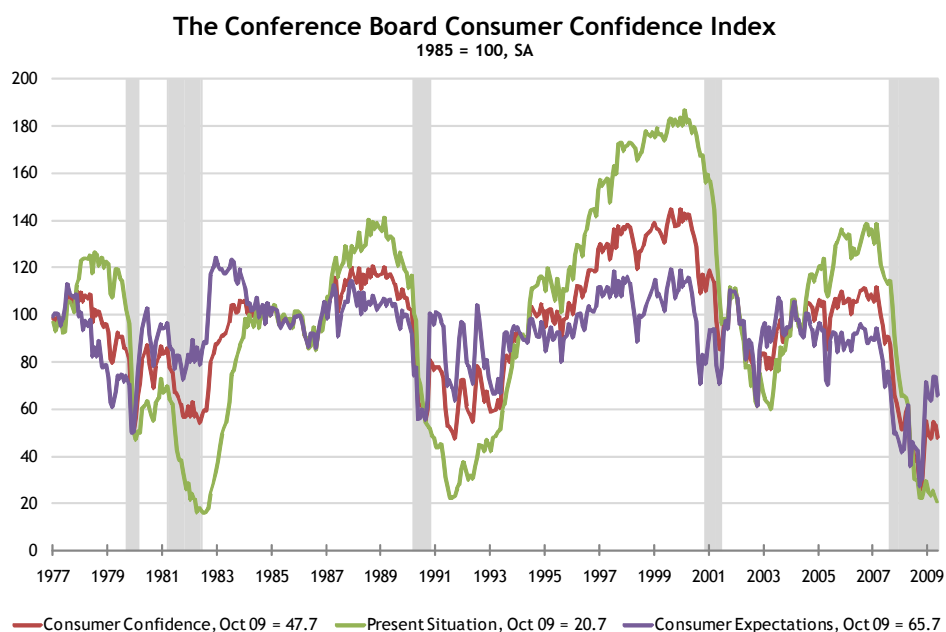
Note: The 28-day index is a daily price index that reflects all transactions that day and the preceding 27 days.  
Source: Radar Logic Analytics

## Consumer Spending

### Summary

The Conference Board Consumer Confidence Index fell for the second consecutive month in October.

The present situation component dropped to its cyclical low in October.



Source: The Conference Board

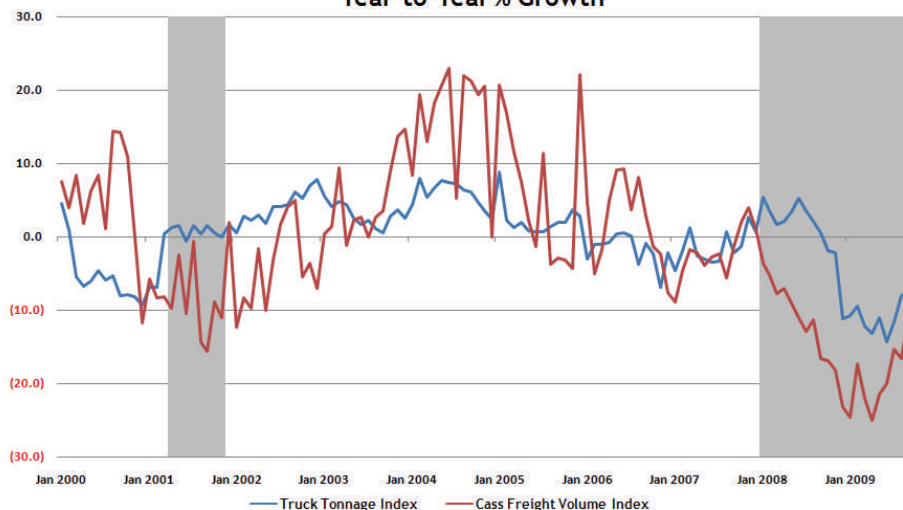
- In October, the Conference Board Index of Consumer Confidence fell 5.7 points to 47.7; Bloomberg's market expectations increased modestly by 0.1 points to 53.5.
- Both components of the index experienced declines in October. The consumer expectations component fell 6.4 points from September to 65.7, and the present situation component declined 2.3 points in October to 20.7.
- The present situation component dropped to the lowest level since 1983, and the decline was likely driven by individuals' poor view of labor markets. Assessment of the labor market deteriorated in October. A reported 49.3% of respondents, the highest percentage since February 1983, said jobs were hard to get. Only 3.4%, the lowest level since May 1983, reported jobs were plentiful.

# Transportation

## Summary

Year-over-year declines in freight indicators moderated in September.

Transportation Freight Trends, ATA and Cass Indexes  
Year-to-Year % Growth

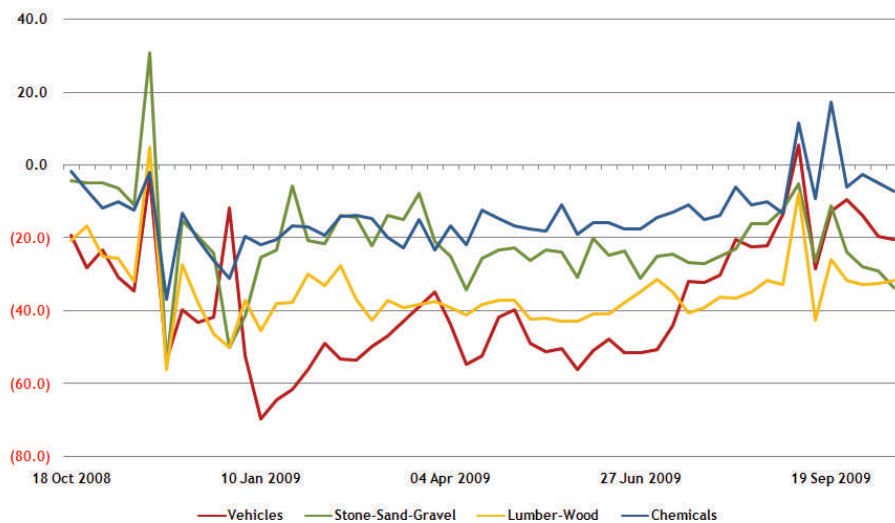


Source: American Trucking Associations and Cass Information Systems

- The ATA (truck only) and the Cass Freight indexes (a wider range of shipping companies) declined 7.4% and 10.6%, respectively, in September 2009 from a year earlier. Both September declines compared favorably with larger yearly drops reported earlier in the year.
- ATA economists noted that the September reading was off slightly from August on a month-to-month basis, adding that the freight recovery will likely be moderate and choppy.

Railroad shipments through mid-October pulled back from improvements reported in previous weeks.

Rail Shipments for Selected Industries through week 10/17/2009  
Year-to-Year % Growth of Weekly Data



Source: American Association of Railroads

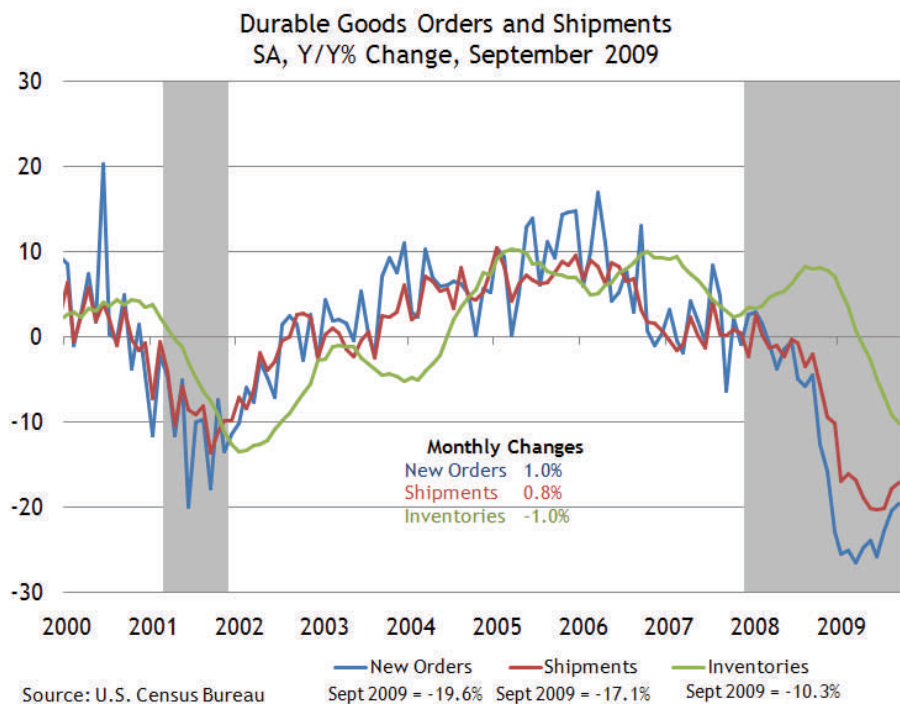
- The Association of American Railroads reported that total rail shipments through mid-October were off by 17% from 2008 levels, unchanged from the pace of previous weeks. Most industry cargoes declined from 2008 levels.
- Three key rail industry shipments—autos, construction materials, and chemicals—reversed by mid-October from the uptrend of previous weeks. Construction-related shipments (such as stone and gravel) and lumber posted larger declines than in earlier weeks. After cash-for-clunker growth, declines for shipments of autos and chemicals deteriorated more.



# Manufacturing

## Summary

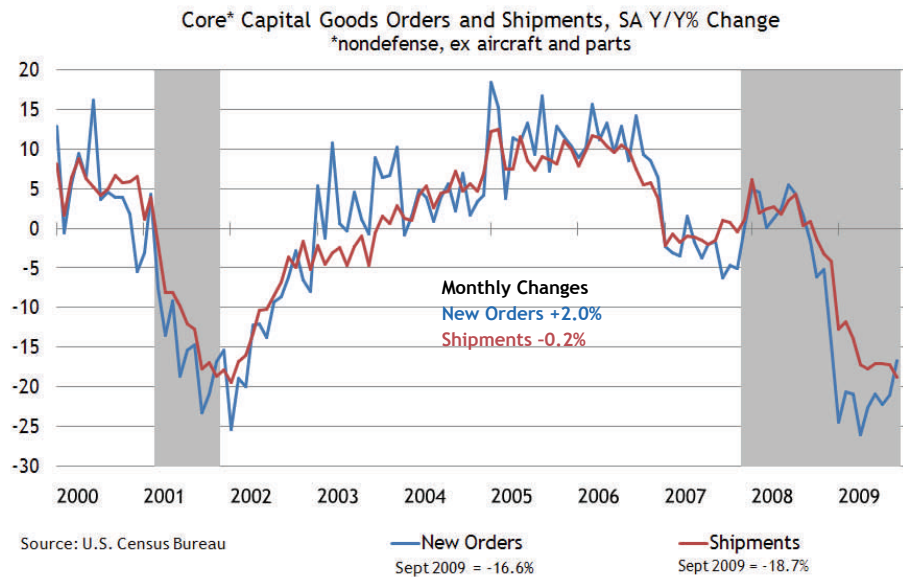
In September, new orders for manufactured durable goods increased 1%, while shipments of durable goods including transportation increased 0.8%.



- **New orders for manufactured durable goods increased 1% in September.** Machinery had the largest new order component increase, jumping 7.9% month over month. New orders for motor vehicles slipped 0.1% from August. Communications equipment took the biggest hit in new orders, losing 7.0% month over month.
- **Shipments for manufactured durable goods increased 0.8% in September.** Transportation equipment drove the increase in shipments, gaining 5.6%, mostly attributed to gains in aircraft and parts shipments. Other major gains in shipments include primary metals (+2.1% month over month) and machinery (+1.5% month over month).
- **Excluding transportation, shipments for manufactured durable goods decreased 0.8% month over month.**

## Summary

New orders for core capital goods were up 2% in September. August's new orders figure for core capital goods was revised slightly higher.



- In September, new orders for core capital goods rose 2%. August's new orders figure for core capital goods was also revised higher—good tidings for fourth quarter capital spending figures.
- Shipments of core capital goods decreased 0.2% month over month.
- Inventories of core capital goods decreased 0.7% month over month.
- Unfilled orders increased 0.3% in September.