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Alabama New Construction Report – August 2012

Monthly Indicators	Recent Figures					Trends
Permits	**Current Month**	August	2012	**743**		**The rise in Alabama permits from last month contrast with declines in the south region & broader US market. YTD permits in Alabama are up 3.7% compared to 2011. In comparison, YTD South Permits are up 19% & YTD US Starts are up 18%.**
August permits have increased 5.2 percent from last month. Figures also show an increase of 0.7 percent from August '11.	vs. Prior Month	July	2012	**706**	**5.2%**	
	vs. Last Year (YoY)	August	2011	**738**	**0.7%**	
	vs. 3-Yr Avg	August	'09-'11	**670**	**10.9%**	
	Year-to-Date	August	2012	**5,521**		
	vs. Last Year (YoY)	August	2011	**5,326**	**3.7%**	
Starts	**Current Month**	August	2012	**728**		**While YTD Housing Starts in Alabama remain positive at 3% above 2011, confidence surveys of consumers & builders still detect levels of uncertainty that underscores the current housing market. In comparison, YTD South Starts are up 18% & YTD US Starts are up 15%.**
August starts have increased 1.6 percent from July '12. August '12 figures show a decrease of 0.4 percent from August '11.	vs. Prior Month	July	2012	**716**	**1.6%**	
	vs. Last Year (YoY)	August	2011	**731**	**-0.4%**	
	vs. 3-Yr Avg	August	'09-'11	**748**	**-2.7%**	
	Year to Date	August	2012	**5,318**		
	vs.Prior Year	August	2011	**5,170**	**2.9%**	

State

Commentary

August new home sales results were favorable on both fronts: up 18.4% from August 2011 and 25.7% from last month. YTD new home sales remain up 5.7% from 2011 and statewide new construction inventory has declined by approximately 11% from last August but is up 1.5% from last month.

According to McGraw-Hill, residential contract values increased by 3.0% to $288.7 million in August'12 compared to August'11 values. This volume is consistent with August 2009 @ $290.7 million (August's 5-year average = $292 million or 1.2% higher than August'12).

According to the Alabama Dept. of Industrial Relations, statewide related construction employment was up .2% (100 jobs) to 61,200 from last month but remained down 2.9% or 1,800 workers from August'11 (but the year-over-year % change continues to narrow - it was 6.9% last month).

While gradually improving in recent months, market challenges remain including weak economic growth, stagnant job growth and competition from distressed existing home inventory. Strict underwriting guidelines are still applicable in today's market. The November election outcome and subsequent tax policy also represents a current cloud of uncertainty.

An important note, the balance between supply & demand improved as the market enters the 4th quarter of 2012. Months of new home supply in August was 3.9 months. This is lower than last month (4.7 months) and last August (5.2 months).

Local

13 out of the 27 associations (48% - up from 33% in July) reported building permit gains from the prior month (August'12) while 14 associations (52% - down from 33% in July) experienced gains in housing starts. Twelve associations (44% -down from 37% last month) experienced an increase from their August'11 monthly housing starts including : Marshall County (209%), Greater Morgan (160%), Blount County (131%), Muscle Shoals (67%), Greater Gadsden (60%), Lee County (47%), Enterprise (46%), Cullman County (43%), Greater Montgomery (37%), Baldwin County (16%), Dothan/Wiregrass (7%) and Tuscaloosa (4%).

2012 Current National Outlook from Industry Associations (annual % change compared to 2011 at the end of this year)

National Assn Home Builders (NAHB): New homes sales up 19%.
National Assn of REALTORS (NAR): New homes sales up 26%.

NOTE: *This representation is based in whole or in part on data supplied by the reporting municipalities/boards/associations. ACRE does not guarantee and is in no way responsible for its accuracy.*

New Construction Report - August 2012

NEW SINGLE FAMILY BUILDING PERMIT STATISTIC TOTALS

	Current Month August-12	Last Month July-12	% Difference	Last Year August-11	% Difference	YTD August-12	YTD August-11	% Difference
Alabama State Total	743	706	5.2%	738	0.7%	5,521	5,326	3.7%
South Total*	23,800	24,100	-1.2%	18,300	30.1%	156,800	131,500	19.2%
United States Total*	42,800	44,800	-4.5%	35,300	21.2%	285,900	243,100	17.6%

*Source Data: U.S. Census Bureau

NEW SINGLE FAMILY BUILDING PERMITS BY AREA

Association	Current Month August-12	Last Month July-12	% Difference	Last Year August-11	% Difference	YTD August-12	YTD August-11	% Difference
Athens/Limestone **	13	14	-7.1%	13	0.0%	97	121	-19.8%
Baldwin County **	88	79	11.4%	69	27.5%	628	515	21.9%
Blount County	0	0	N/A	0	N/A	0	4	-100.0%
Chilton County	2	1	100.0%	0	N/A	6	7	-14.3%
Cullman County	4	2	100.0%	0	N/A	22	10	120.0%
Dekalb County **	3	2	50.0%	6	-50.0%	18	15	20.0%
Enterprise	9	8	12.5%	7	28.6%	70	56	25.0%
Greater Birmingham **	122	130	-6.1%	153	-20.0%	944	1,015	-7.0%
Greater Calhoun County **	5	8	-37.5%	4	25.0%	34	51	-32.7%
Greater Gadsden **	10	9	11.1%	4	150.0%	54	41	31.7%
Greater Montgomery	40	35	14.3%	28	42.9%	293	235	24.7%
Greater Morgan County **	22	19	15.8%	5	340.0%	117	73	60.3%
Dothan & Wiregrass Area	20	17	17.6%	17	17.6%	86	137	-37.2%
Metropolitan Mobile**	63	34	85.3%	86	-26.7%	424	463	-8.4%
Tuscaloosa**	70	58	20.7%	63	11.1%	495	388	27.6%
Huntsville/Madison **	148	151	-2.0%	184	-19.6%	1,284	1,350	-4.9%
Jackson County **	1	2	-50.0%	2	-50.0%	16	15	6.7%
Lee County	64	75	-14.7%	44	45.5%	437	356	22.8%
Macon County	0	0	N/A	0	N/A	0	2	-100.0%
Marshall County **	16	19	-15.8%	6	166.7%	129	48	168.8%
Muscle Shoals **	12	11	9.1%	4	200.0%	102	67	52.2%
Northwest Alabama	2	1	100.0%	2	0.0%	9	10	-10.0%
Phenix City	12	16	-25.0%	19	-36.8%	90	148	-39.2%
South Alabama	1	1	0.0%	1	0.0%	12	23	-47.8%
St. Clair County **	12	14	-14.3%	19	-36.8%	138	159	-13.2%
Tallapoosa County	4	0	N/A	2	100.0%	10	9	11.1%
Walker County	0	0	N/A	0	N/A	5	8	-37.5%

**Source Partner: www.marketgraphicsalabama.com

Process: Every month data is collected from municipalities all around the state, in particular the municipalities' building/inspections department. We also limited our data collection to municipalities with a population of 2500 or greater.
By gathering the number of single family new construction permits that are issued each month it allows observation of growth or decline in the new housing market.

*NOTE: Permit counts may be subject to slight change month over month due to updated permit reports from certain municpalities in previous months

PROJECTED HOUSING STARTS TOTALS

	Current Month August-12	Last Month July-12	% Difference	Last Year August-11	% Difference	YTD August-12	YTD August-11	% Difference
Alabama State Total	728	716	1.6%	731	-0.4%	5,318	5,170	2.9%
South Total	23,895	24,045	-0.6%	19,836	20.5%	150,030	127,494	17.7%
United States Total	44,002	45,120	-2.5%	38,080	15.6%	273,723	237,293	15.4%

PROJECTED HOUSING STARTS BY LOCAL MARKETS

Association	Current Month August-12	Last Month July-12	% Difference	Last Year August-11	% Difference	YTD August-12	YTD August-11	% Difference
Athens/Limestone	13	13	-0.2%	14	-9.2%	96	131	-26.6%
Baldwin County	83	80	3.2%	71	16.2%	592	502	17.8%
Blount County	0	0	N/A	0	131.3%	1	5	-84.9%
Chilton County	0	0	N/A	0	N/A	0	0	N/A
Cullman County	3	2	64.6%	2	43.2%	19	10	93.5%
Dekalb County	3	2	22.0%	6	-50.0%	18	15	20.0%
Enterprise	9	8	9.8%	6	46.3%	67	54	24.0%
Greater Birmingham	127	127	-0.1%	139	-8.7%	903	949	-4.8%
Greater Calhoun County	6	8	-18.7%	8	-25.1%	34	48	-28.4%
Greater Gadsden	9	7	24.8%	6	60.4%	53	39	34.8%
Greater Montgomery	37	34	9.1%	27	37.0%	292	232	25.8%
Greater Morgan County	19	16	18.8%	7	159.9%	109	74	47.0%
Dothan & Wiregrass Area	18	14	21.3%	16	7.1%	75	135	-44.9%
Metropolitan Mobile	51	43	18.3%	76	-32.9%	417	451	-7.7%
Tuscaloosa	63	58	9.6%	61	4.2%	477	358	33.4%
Huntsville/Madison	156	171	-8.6%	187	-16.7%	1,235	1,328	-7.0%
Jackson County	2	2	-7.9%	2	-11.8%	30	13	124.1%
Lee County	67	60	10.3%	45	47.0%	419	342	22.4%
Macon County	0	0	N/A	0	N/A	0	2	-100.0%
Marshall County	19	21	-13.0%	6	209.3%	118	48	146.0%
Muscle Shoals	12	12	2.9%	7	66.8%	95	69	37.5%
Northwest Alabama	2	1	94.9%	2	-21.6%	9	10	-14.6%
Phenix City	13	17	-20.9%	18	-24.6%	97	150	-35.6%
South Alabama	1	1	-13.0%	2	-51.4%	12	23	-45.8%
St. Clair County	15	18	-18.1%	19	-23.8%	136	163	-16.4%
Tallapoosa County	2	1	254.7%	2	-6.0%	10	8	23.1%
Walker County	0	0	-53.6%	1	-75.5%	5	10	-49.4%

*Starts data not available due to that is it a calculated statistic from previous months data that is not available. Some variance in totals due to decimal extension.

NOTE**:** *This representation is based in whole or in part on data supplied by the local municipality's building department.*
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Defintion: Housing starts are a derived value using a percentage distribution based on the particular region in the United States multiplied times the number of building permits issued in that particular month.

Calculation: The distribution for the South Region is as follows: Same Month as Authorization = 44%; 1 Month Prior = 37%; 2 Months Prior = 9%; 3 Months Prior = 3%; 4 Months or more = 7%

Metro Market New Construction Report*

(The 5 Metro Alabama Markets Represent +/-70% of the State's New Construction Transactions)

Metro Markets Combined

	Current Month August-12	Last Month July-12	% Difference	Last Year August-11	% Difference	YTD August-12	YTD August-11	% Difference
Total New Construction Sold	386	307	25.7%	326	18.4%	2,416	2,285	5.7%
Number of Units on Market	1,505	1,483	1.5%	1,687	-10.8%	N/A	N/A	N/A
Median Selling Price	$ 209,867	$ 221,886	-5.4%	$ 196,744	6.7%	$ 213,852	$ 196,328	8.9%
Average Selling Price	$ 232,578	$ 237,436	-2.0%	$ 227,371	2.3%	$ 230,213	$ 216,593	6.3%
Average Days on Market	102	98	4.6%	121	-15.7%	111	134	-16.9%

Total New Construction Sold

	Current Month August-12	Last Month July-12	% Difference	Last Year August-11	% Difference	YTD August-12	YTD August-11	% Difference
Birmingham	123	104	18.3%	109	12.8%	829	722	14.8%
Huntsville	163	108	50.9%	133	22.6%	867	881	-1.6%
Mobile	33	28	17.9%	23	43.5%	227	272	-16.5%
Montgomery	47	43	9.3%	45	4.4%	339	280	21.1%
Tuscaloosa	20	24	-16.7%	16	25.0%	154	130	18.5%

Number of Units on Market

	Current Month August-12	Last Month July-12	% Difference	Last Year August-11	% Difference	I/S Ratio
Birmingham	660	649	1.7%	801	-17.6%	5.4
Huntsville	400	394	1.5%	426	-6.1%	2.5
Mobile	143	141	1.4%	167	-14.4%	4.3
Montgomery	181	177	2.3%	174	4.0%	3.9
Tuscaloosa	121	122	-0.8%	119	1.7%	6.1

Median Selling Price

	Current Month August-12	Last Month July-12	% Difference	Last Year August-11	% Difference	YTD August-12	YTD August-11	% Difference
Birmingham	$ 234,905	$ 233,950	0.4%	$ 209,900	11.9%	$ 223,809	$ 189,971	17.8%
Huntsville	$ 244,542	$ 250,000	-2.2%	$ 197,392	23.9%	$ 230,080	$ 219,385	4.9%
Mobile	$ 151,825	$ 182,840	-17.0%	$ 165,000	-8.0%	$ 176,596	$ 161,881	9.1%
Montgomery	$ 246,173	$ 220,000	11.9%	$ 244,979	0.5%	$ 229,476	$ 232,033	-1.1%
Tuscaloosa	$ 171,890	$ 222,638	-22.8%	$ 166,450	3.3%	$ 209,301	$ 178,371	17.3%

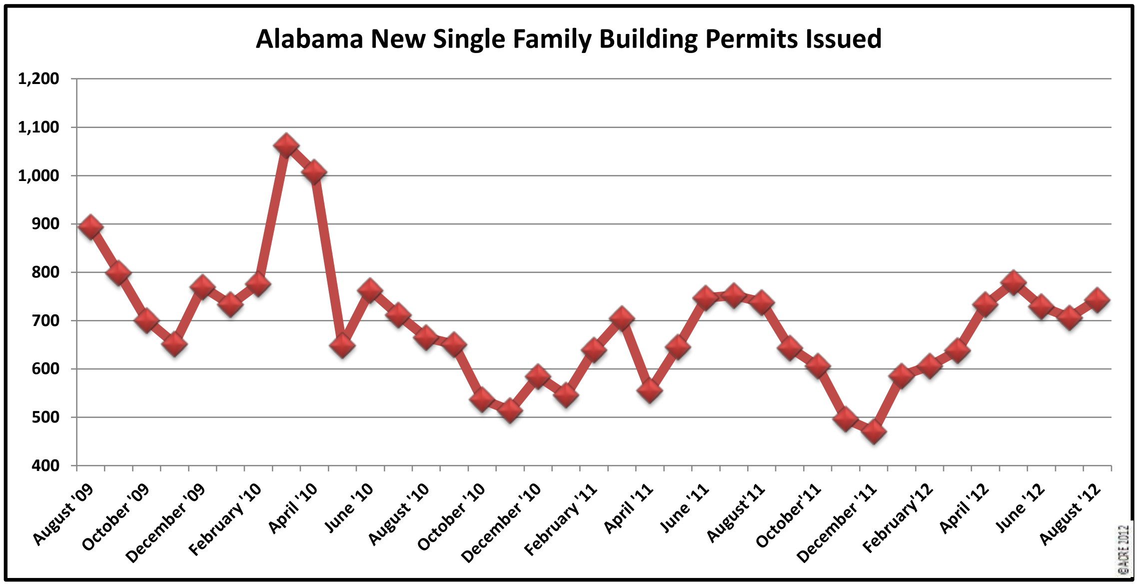
Average Selling Price

	Current Month August-12	Last Month July-12	% Difference	Last Year August-11	% Difference	YTD August-12	YTD August-11	% Difference
Birmingham	$ 265,733	$ 272,264	-2.4%	$ 250,584	6.0%	$ 251,576	$ 220,772	14.0%
Huntsville	$ 262,870	$ 258,455	1.7%	$ 230,575	14.0%	$ 241,259	$ 239,950	0.5%
Mobile	$ 164,268	$ 198,183	-17.1%	$ 185,754	-11.6%	$ 186,415	$ 177,898	4.8%
Montgomery	$ 258,840	$ 225,704	14.7%	$ 238,772	8.4%	$ 231,497	$ 238,584	-3.0%
Tuscaloosa	$ 211,177	$ 232,574	-9.2%	$ 231,168	-8.6%	$ 240,319	$ 205,760	16.8%

Average Days on Market

	Current Month August-12	Last Month July-12	% Difference	Last Year August-11	% Difference	YTD August-12	YTD August-11	% Difference
Birmingham	Unavailable	Unavailable	N/A	Unavailable	N/A	Unavailable	Unavailable	N/A
Huntsville	77	81	-4.9%	57	35.1%	89	92	-3.3%
Mobile	171	164	4.3%	223	-23.3%	168	198	-15.2%
Montgomery	78	70	11.4%	89	-12.4%	97	104	-6.6%
Tuscaloosa	82	75	9.3%	115	-28.7%	92	142	-35.6%

* Source: MLS


Alabama New Single Family Building Permits Issued
1,200
1,100
1,000
900
800
700
600
500
400
August '09
October '09
December '09
February '10
April '10
June '10
August '10
October '10
December '10
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June '12
August '12
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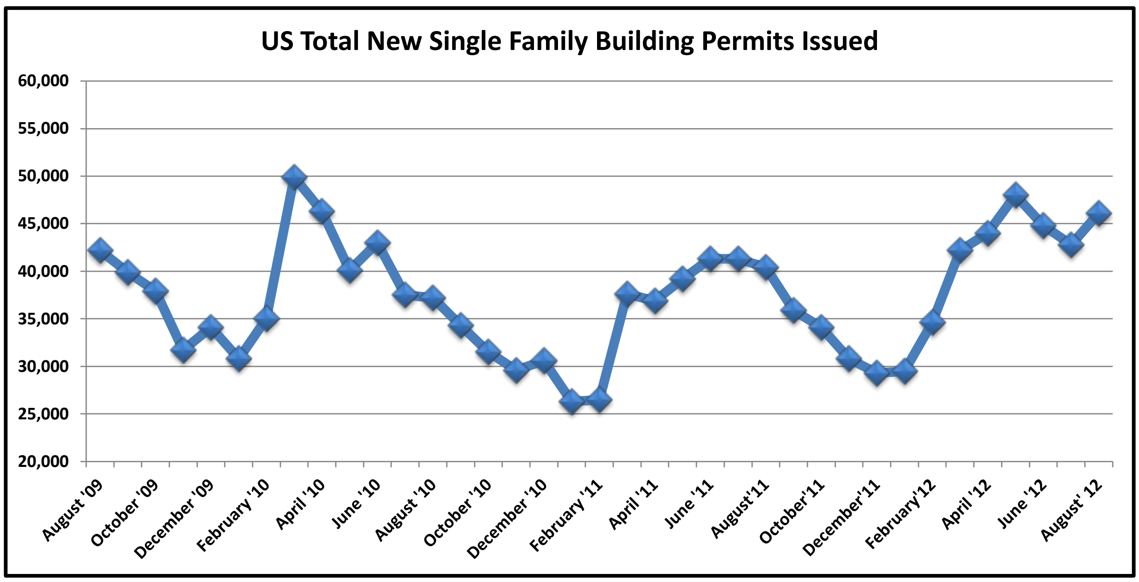
US Total New Single Family Building Permits Issued
60,000
55,000
50,000
45,000
40,000
35,000
30,000
25,000
20,000
August '09
October '09
December '09
February '10
April '10
June '10
August '10
October '10
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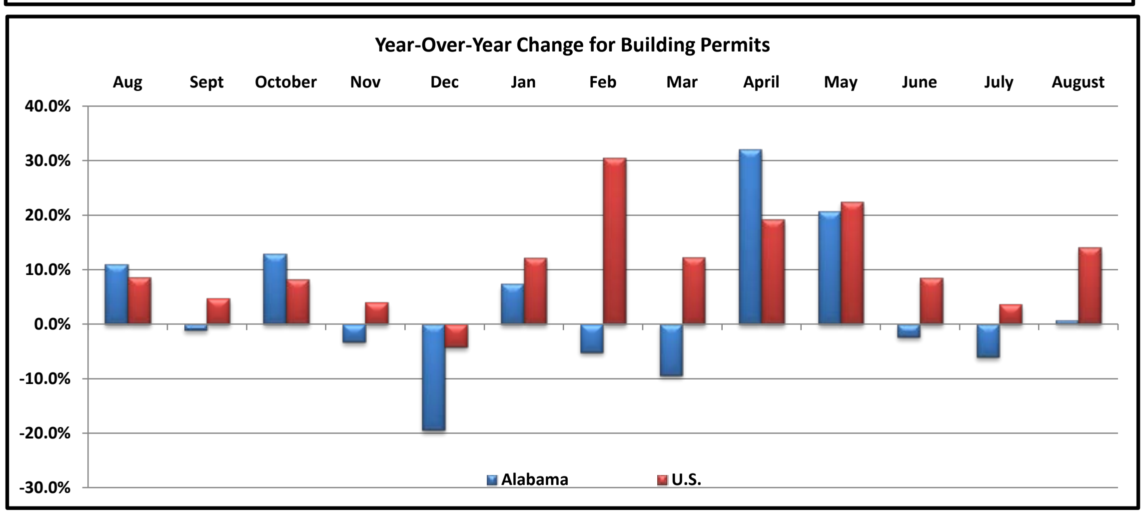
April '12
June '12
August' 12


Year-Over-Year Change for Building Permits
Aug
Sept
October
Nov
Dec
Jan
Feb
Mar
April
May
June
July
August
40.0%
30.0%
20.0%
10.0%
0.0%
-10.0%
-20.0%
-30.0%
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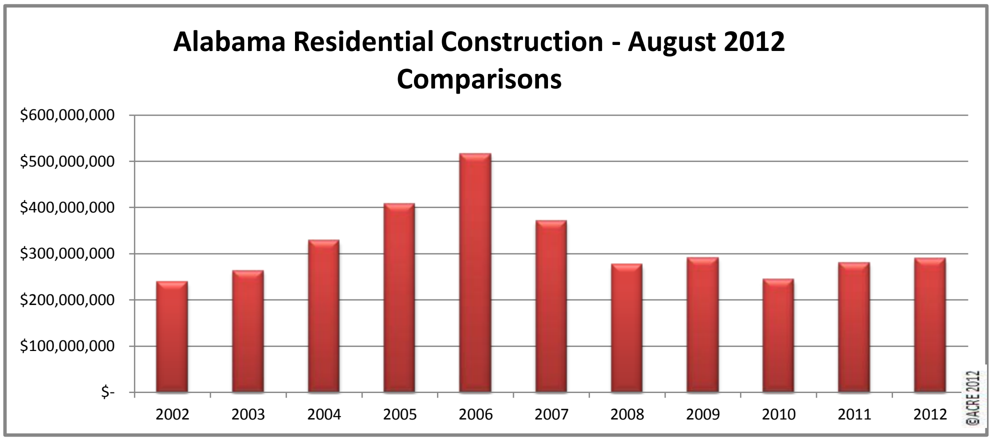
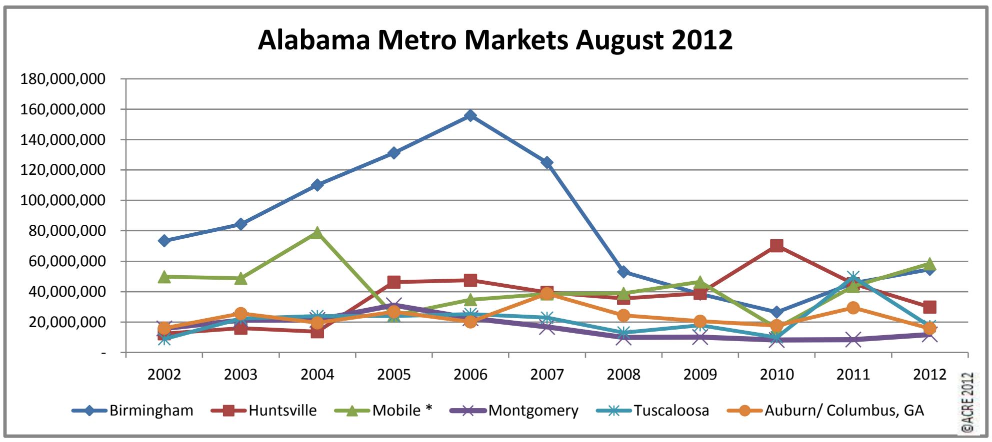
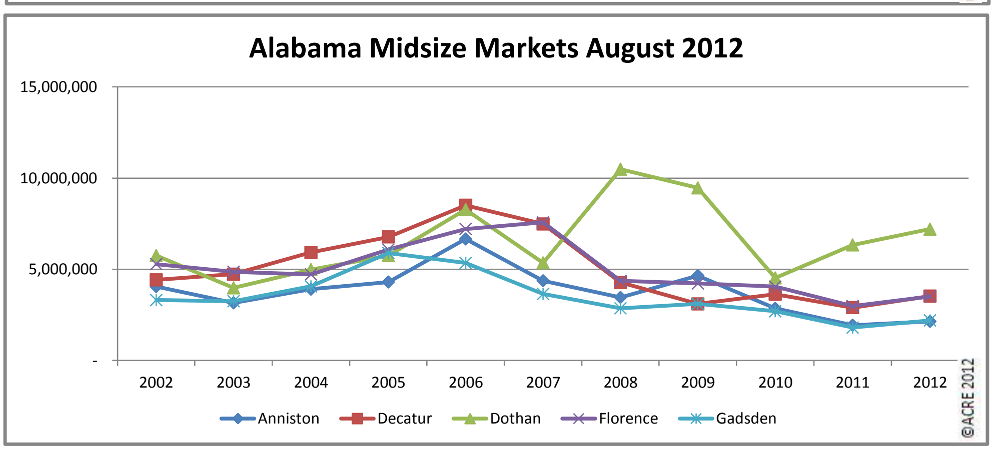
Residential Construction Building Contracts in Dollars







Source: McGraw Hill Construction - Residential Markets, Metro Markets, and Midsize Markets