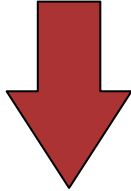


# New Construction Report – December 2008

Monthly Indicator	Recent Figures		Likely Direction		Trends
			In	Near-Term	
<b>Permits</b>	Dec. 2008	579	Dec. 2007	892 (-35.1%)	 <p>Recent monthly declines in permit issuance should continue in the foreseeable future as home builders continue to yield to current market conditions.</p>
December figures show an increase of 2.8 percent from the previous November statistics, these same figures are down 35.1 percent from last year. The latest statistics mark the second lowest number of permits issued since January of 2007.	Nov. 2008	563	Nov. 2007	1,285 (-56.0%)	
	Oct. 2008	725	Oct. 2007	1,523 (-51.7%)	
	Sept. 2008	1,002	Sept. 2007	1,369 (-26.8%)	
	Aug. 2008	946	Aug. 2007	1,831 (-48.3%)	
	July 2008	1,068	July 2007	1,851 (-41.3%)	
	June 2008	1,124	June 2007	1,906 (-41.0%)	
	May 2008	1,281	May 2007	2,174 (-41.0%)	
	April 2008	1,478	April 2007	2,122 (-30.3%)	
	Mar. 2008	1,483	Mar. 2007	2,336 (-36.5%)	
	Feb. 2008	1,373	Feb. 2007	1,904 (-27.8%)	
	Jan. 2008	1,140	Jan. 2007	1,905 (-40.1%)	
<b>Starts</b>	Dec. 2008	582	Dec. 2008	1,156 (-49.7%)	
Building starts continue to follow the same trend they have since April with a 49.7 percent decline from last year and 13.4 percent decline from November. This is necessary in near-term and essential to rebalancing of market supply and demand.	Nov. 2008	672	Nov. 2007	1,156 (-59.2%)	
	Oct. 2008	899	Oct. 2007	1,523 (-41.0%)	
	Sept. 2008	923	Sept. 2007	1,656 (-44.3%)	
	Aug. 2008	1,025	Aug. 2007	1,025 (-45.3%)	
	July 2008	1,159	July 2007	1,159 (-40.4%)	
	June 2008	1,186	June 2007	1,186 (-41.0%)	
	May 2008	1,379	May 2007	1,379 (-35.6%)*	
	April 2008	1,419			
	Mar. 2008	1,380			
	Feb. 2008	1,250			
	Jan. 2008	1,088			

### Commentary

**State**  
Current market conditions continue to warrant builder restraint as statewide housing inventory remains in abundance as December ended with **39,186** total units on the market. Although a 5.68 percent decline for December's total inventory, broader buyer demand will be necessary to make inroads into supply. In December of last year, the inventory-to-sales ratio (I/S) represented an 11.2 month supply of homes that eventually peaked at 18.5 months in November. Since then, the month's supply has reduced to **14.4** months to close-out December. Historically, the 5-year (03-07) total inventory average for December is **30,498** units.

**Local**  
During the month, 19 out of the 27 associations reported declines from their 2007 December permits. Several of the state's major markets reflected significant reductions such as Greater Birmingham (-47.8%), Metropolitan Mobile (-25.5%), Baldwin County (-52.3%), Tuscaloosa (-62.5%) and Athens/Limestone (-76.9%), from their 2007 statistics but that which reflects and/or is consistent with deteriorating economic conditions. Only eight associations experienced an increase in permits from the previous month, four of which, Morgan County (75%), Huntsville (12.7%), Lee County (129.2%), and St. Clair County (135.7%) had a significant increase from their November statistics. Every local home building market is unique and significant fluctuations from one area to another are anticipated in the foreseeable future.



**New Construction Report - December 2008**

**NEW SINGLE FAMILY BUILDING PERMIT STATISTIC TOTALS**

	Current Month December-08	Last Month November-08	% Difference	Last Year December-07	% Difference	YTD December-08	YTD December-07	% Difference
<b>Alabama State Total</b>	579	563	2.8%	892	-35.1%	11,692	21,077	-44.5%
<b>South Total*</b>	13,200	12,900	2.3%	24,900	-47.0%	299,000	507,700	-41.1%
<b>United States Total*</b>	24,200	25,900	-6.6%	45,200	-46.5%	568,400	980,000	-42.0%

\*Source Data: U.S. Census Bureau

**NEW SINGLE FAMILY BUILDING PERMITS BY ASSOCIATION**

Association	Current Month December-08	Last Month November-08	% Difference	Last Year December-07	% Difference	YTD December-08	YTD December-07	% Difference
Athens/Limestone HBA**	9	11	-18.2%	39	-76.9%	322	678	-52.5%
Baldwin County HBA**	42	53	-20.8%	88	-52.3%	957	1,805	-47.0%
Blount County HBA	0	0	N/A	0	N/A	11	27	-59.3%
Chilton County HBA	1	1	0.0%	2	-50.0%	17	51	-66.7%
Cullman County HBA	2	1	100.0%	0	N/A	21	55	-61.8%
Dekalb County HBA**	2	1	100.0%	3	-33.3%	43	70	-38.6%
Enterprise HBA	8	10	-20.0%	7	14.3%	179	328	-45.4%
Greater Birmingham HBA**	82	82	0.0%	157	-47.8%	2,069	4,420	-53.2%
Greater Calhoun County HBA**	12	23	-47.8%	19	-36.8%	348	360	-53.2%
Greater Gadsden HBA**	5	11	-54.5%	13	-61.5%	154	307	-49.8%
Greater Montgomery HBA	24	28	-14.3%	21	14.3%	496	975	-49.1%
Greater Morgan County HBA**	14	8	75.0%	17	-17.6%	216	468	-53.8%
HBA of Dothan & Wiregrass Area	18	22	-18.2%	22	-18.2%	309	352	-12.2%
HBA of Metropolitan Mobile**	79	85	-7.1%	106	-25.5%	1,391	1,886	-26.2%
HBA of Tuscaloosa**	33	43	-23.3%	88	-62.5%	1,026	1,836	-44.1%
Huntsville/Madison HBA**	124	110	12.7%	148	-16.2%	2,467	3,906	-36.8%
Jackson County HBA**	1	1	0.0%	4	-75.0%	31	65	-52.3%
Lee County HBA	55	24	129.2%	58	-5.2%	628	1,040	-39.6%
Macon County HBA	0	0	N/A	0	N/A	4	9	-55.6%
Marshall County HBA**	5	8	-37.5%	19	-73.7%	155	369	-58.0%
Muscle Shoals HBA**	7	11	-36.4%	19	-63.2%	195	374	-47.9%
Northwest Alabama HBA	0	1	-100.0%	1	-100.0%	15	22	-31.8%
Phenix City HBA	17	11	54.5%	23	-26.1%	201	289	-30.4%
South Alabama HBA	4	2	100.0%	3	33.3%	58	82	0.9%
St. Clair County HBA**	33	14	135.7%	31	6.5%	346	1,196	-71.1%
Tallapoosa County HBA	1	1	0.0%	4	-75.0%	13	69	-81.2%
Walker County HBA	1	1	0.0%	0	N/A	20	38	-47.4%

\*\*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.



# ALABAMA CENTER for REAL ESTATE

## THE UNIVERSITY OF ALABAMA

### PROJECTED HOUSING STARTS TOTALS

	Current Month December-08	Last Month November-08	% Difference	Last Year December-07	% Difference	YTD December-08	YTD December-07	% Difference
<b>Alabama State Total</b>	582	672	-13.4%	1,156	-49.7%	13,071	*	*
<b>South Total</b>	14,691	17,585	-16.5%	30,300	-51.5%	323,206	521,841	-38.1%
<b>United States Total</b>	28,491	35,466	-19.7%	52,300	-45.5%	614,315	1,046,100	-41.3%

### PROJECTED HOUSING STARTS BY LOCAL MARKETS

Association	Current Month December-08	Last Month November-08	% Difference	Last Year December-07	% Difference	YTD December-08	YTD December-07	% Difference
Athens/Limestone HBA	14	22	-36.4%	58	-75.9%	381	*	*
Baldwin County HBA	56	74	-24.3%	97	-42.3%	1,106	*	*
Blount County HBA	0	1	-100.0%	1	-100.0%	13	*	*
Chilton County HBA	1	2	-50.0%	5	-80.0%	19	*	*
Cullman County HBA	1	1	0.0%	3	-66.7%	21	*	*
Dekalb County HBA	3	3	0.0%	4	-25.0%	49	*	*
Enterprise HBA	9	11	-18.2%	14	-35.7%	221	*	*
Greater Birmingham HBA	93	101	-7.9%	222	-58.1%	2,348	*	*
Greater Calhoun County HBA	18	26	-30.8%	25	-28.0%	365	*	*
Greater Gadsden HBA	0	0	N/A	25	-100.0%	116	*	*
Greater Montgomery HBA	28	27	3.7%	31	-9.7%	546	*	*
Greater Morgan County HBA	12	11	9.1%	25	-52.0%	245	*	*
HBA of Dothan & Wiregrass Area	22	26	-15.4%	20	10.0%	327	*	*
HBA of Metropolitan Mobile	84	85	-1.2%	103	-18.4%	1,548	*	*
HBA of Tuscaloosa	46	63	-27.0%	115	-60.0%	1,165	*	*
Huntsville/Madison HBA	128	150	-14.7%	210	-39.0%	2,752	*	*
Jackson County HBA	1	2	-50.0%	3	-66.7%	42	*	*
Lee County HBA	42	41	2.4%	68	-38.2%	719	*	*
Macon County HBA	0	0	N/A	1	-100.0%	4	*	*
Marshall County HBA	7	9	-22.2%	44	-84.1%	195	*	*
Muscle Shoals HBA	10	12	-16.7%	24	-58.3%	266	*	*
Northwest Alabama HBA	1	1	0.0%	1	0.0%	16	*	*
Phenix City HBA	0	0	N/A	19	-100.0%	181	*	*
South Alabama HBA	4	2	100.0%	4	0.0%	62	*	*
St. Clair County HBA	0	0	N/A	28	-100.0%	319	*	*
Tallapoosa County HBA	1	1	0.0%	5	-80.0%	22	*	*
Walker County HBA	1	1	0.0%	1	0.0%	23	*	*

\*Starts data not available due to that is it a calculated statistic from previous months data that is not available.

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**NOTE:** This representation is based in whole or in part on data supplied by the local municipality's building department. Alabama Center for Real Estate - University of Alabama does not guarantee and is in no way responsible for its accuracy.

Definition: 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%

To calculate July for example: = (0.44\*July Permits) + (0.37\*June Permits) + (0.09\*May Permits) + (0.03\*April Permits) + (0.07\*March Permits)

Some variance by decimal extension

