ACRE ALABAMA CENTER for REAL ESTATE
UNIVERSITY OF ALABAMA
www.acre.cba.ua.edu

New Construction Report – February 2009

Monthly Indicator	Recent Figures					Likely Direction In Near-Term	Trends

Permits

February figures show an increase of 3.9 percent from the previous January statistics, these same figures are down 57.6 percent from last year. The latest statistics mark the most amount of permits recorded since October of 2008.

Please note graph on page 4 for signs of permit stabilization.

Current Month	**Feb.**	**2009**	**582**	
vs. Prior Month	Jan.	2009	**560**	**3.9%**
vs. Last Year (YoY)	Feb.	2008	**1,373**	**<-57.6%>**
vs. Last 3 Mos. Avg.	Nov.-Jan. '09		**567**	**2.6%**

Monthly permit issuance will remain slower than normal as home builders continue to yield to current market conditions.

Permits during the last 90-days are trending laterally; focus to remain here for further signs of stability.

Starts

Building starts also moved lateral from prior month but represent 55.1 percent decline from last year and 1.9 percent decline from January. This is necessary in near-term and essential to rebalancing of market supply and demand.

Current Month	**Feb.**	**2009**	**559**	
vs. Prior Month	Jan.	2009	**570**	**<-1.9%>**
vs. Last Year (YoY)	Feb.	2008	**1,245**	**<-55.1%>**
vs. Last 3 Mos. Avg.	Oct.-Dec. '08		**651**	**<-14.1%>**

Declining pattern likely to transition toward lateral movement as the market enters the second quarter.

Commentary

State

Current market conditions continue to warrant builder restraint as statewide overall housing inventory remains in abundance as February ended with **40,053** total units on the market. From this total, new construction inventory is estimated at 9,000 units. Broader buyer demand will be necessary to make inroads into supply. The current inventory-to-sales ratio (I/S) represented a 16.1 month supply of homes that includes all types, representing a significant increase from 12.0 months during the same period last year. Historically, the 5-year (04-08) total inventory average for February is **31,768** units (6,000 units is estimated as new construction).

Local

During the month, 23 out of the 27 associations reported declines from their 2008 February permit numbers. Several of the state's major markets reflected significant reductions such as Greater Birmingham (-77.3%), Metropolitan Mobile (-69.1%), Baldwin County (-62.9%), Huntsville (-40.9%) and Tuscaloosa (-66.9%), from their 2008 statistics but that which reflects and/or is consistent with today's economic climate. Only fourteen associations experienced an increase in permits from the previous month, three of which, Huntsville (19.9%), Athens/Limestone (210.0%), and Phenix City (37.9%) had significant increases from their January statistics. Every local home building market is unique and significant fluctuations from one area to another are anticipated in the foreseeable future.

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

*Prior data unavailable due to lack of data.

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NEW SINGLE FAMILY BUILDING PERMIT STATISTIC TOTALS

	Current Month February-09	Last Month January-09	% Difference	Last Year February-08	% Difference	YTD February-09	YTD February-08	% Difference
Alabama State Total	582	560	3.9%	1,373	-57.6%	1,142	2,513	-54.6%
South Total*	16,000	13,000	23.1%	28,500	-43.9%	29,000	56,700	-48.9%
United States Total*	25,600	21,800	17.4%	47,500	-46.1%	47,400	95,000	-50.1%

*Source Data: U.S. Census Bureau

NEW SINGLE FAMILY BUILDING PERMITS BY ASSOCIATION

Association	Current Month February-09	Last Month January-09	% Difference	Last Year February-08	% Difference	YTD February-09	YTD February-08	% Difference
Athens/Limestone HBA**	31	10	210.0%	32	-3.1%	41	50	-18.0%
Baldwin County HBA**	36	35	2.9%	97	-62.9%	71	212	-66.5%
Blount County HBA	1	0	N/A	0	N/A	1	1	0.0%
Chilton County HBA	0	0	N/A	2	-100.0%	0	3	-100.0%
Cullman County HBA	1	2	-50.0%	3	-66.7%	3	4	-25.0%
Dekalb County HBA**	2	0	N/A	4	-50.0%	2	8	-75.0%
Enterprise HBA	11	8	37.5%	17	-35.3%	19	57	-66.7%
Greater Birmingham HBA**	82	81	1.2%	361	-77.3%	163	550	-70.4%
Greater Calhoun County HBA**	19	14	35.7%	20	-5.0%	33	35	-70.4%
Greater Gadsden HBA**	4	6	-33.3%	26	-84.6%	10	40	-75.0%
Greater Montgomery HBA	32	28	14.3%	74	-56.8%	60	119	-49.6%
Greater Morgan County HBA**	6	10	-40.0%	19	-68.4%	16	38	-57.9%
HBA of Dothan & Wiregrass Area	24	17	41.2%	27	-11.1%	41	45	-8.9%
HBA of Metropolitan Mobile**	42	53	-20.8%	136	-69.1%	95	271	-64.9%
HBA of Tuscaloosa**	39	37	5.4%	118	-66.9%	76	197	-61.4%
Huntsville/Madison HBA**	169	141	19.9%	286	-40.9%	310	511	-39.3%
Jackson County HBA**	3	4	-25.0%	6	-50.0%	7	14	-50.0%
Lee County HBA	0	48	-100.0%	51	-100.0%	48	132	-63.6%
Macon County HBA	2	4	-50.0%	0	N/A	6	0	#DIV/0!
Marshall County HBA**	4	4	0.0%	11	-63.6%	8	27	-70.4%
Muscle Shoals HBA**	5	5	0.0%	25	-80.0%	10	84	-88.1%
Northwest Alabama HBA	1	3	-66.7%	2	-50.0%	4	5	-20.0%
Phenix City HBA	40	29	37.9%	25	60.0%	69	37	86.5%
South Alabama HBA	2	1	100.0%	3	-33.3%	3	10	0.9%
St. Clair County HBA**	23	15	53.3%	25	-8.0%	38	51	-25.5%
Tallapoosa County HBA	2	3	-33.3%	0	N/A	5	6	-16.7%
Walker County HBA	1	2	-50.0%	3	-66.7%	3	6	-50.0%

**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.

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PROJECTED HOUSING STARTS TOTALS

	Current Month February-09	Last Month January-09	% Difference	Last Year February-08	% Difference	YTD February-09	YTD February-08	% Difference
Alabama State Total	559	570	-1.9%	1,245	-55.1%	1,096	2,285	-52.0%
South Total	14,806	13,944	6.2%	30,400	-51.3%	28,750	59,300	-51.5%
United States Total	25,078	25,210	-0.5%	51,900	-51.7%	50,288	100,400	-49.9%

PROJECTED HOUSING STARTS BY LOCAL MARKETS

Association	Current Month February-09	Last Month January-09	% Difference	Last Year February-08	% Difference	YTD February-09	YTD February-08	% Difference
Athens/Limestone HBA	21	11	90.9%	39	-46.2%	32	74	-56.8%
Baldwin County HBA	40	44	-9.1%	103	-61.2%	84	205	-59.0%
Blount County HBA	1	0	N/A	0	N/A	1	1	0.0%
Chilton County HBA	0	1	-100.0%	2	-100.0%	1	4	-75.0%
Cullman County HBA	1	2	-50.0%	2	-50.0%	3	3	0.0%
Dekalb County HBA	2	1	100.0%	5	-60.0%	3	9	-66.7%
Enterprise HBA	10	9	11.1%	24	-58.3%	19	48	-60.4%
Greater Birmingham HBA	83	87	-4.6%	265	-68.7%	170	455	-62.6%
Greater Calhoun County HBA	17	16	6.3%	20	-15.0%	4	1	300.0%
Greater Gadsden HBA	5	0	N/A	15	-66.7%	5	34	-85.3%
Greater Montgomery HBA	28	27	3.7%	55	-49.1%	55	90	-38.9%
Greater Morgan County HBA	9	11	-18.2%	20	-55.0%	20	40	-50.0%
HBA of Dothan & Wiregrass Area	21	19	10.5%	23	-8.7%	40	42	-4.8%
HBA of Metropolitan Mobile	51	70	-27.1%	129	-60.5%	121	246	-50.8%
HBA of Tuscaloosa	41	41	0.0%	101	-59.4%	82	195	-57.9%
Huntsville/Madison HBA	154	136	13.2%	252	-38.9%	290	458	-36.7%
Jackson County HBA	3	2	50.0%	6	-50.0%	5	12	-58.3%
Lee County HBA	0	49	-100.0%	63	-100.0%	49	134	-63.4%
Macon County HBA	3	1	200.0%	0	N/A	4	0	#DIV/0!
Marshall County HBA	5	6	-16.7%	16	-68.8%	11	40	-72.5%
Muscle Shoals HBA	5	7	-28.6%	38	-86.8%	12	76	-84.2%
Northwest Alabama HBA	1	2	-50.0%	2	-50.0%	3	3	0.0%
Phenix City HBA	32	23	39.1%	19	68.4%	55	35	57.1%
South Alabama HBA	2	2	0.0%	5	-60.0%	0	2	-100.0%
St. Clair County HBA	21	0	N/A	36	-41.7%	21	66	-68.2%
Tallapoosa County HBA	2	2	0.0%	3	-33.3%	4	8	-50.0%
Walker County HBA	1	1	0.0%	2	-50.0%	2	4	-50.0%

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

NOTE: *This representation is based in whole or in part on data supplied by the local municipality's building department.*
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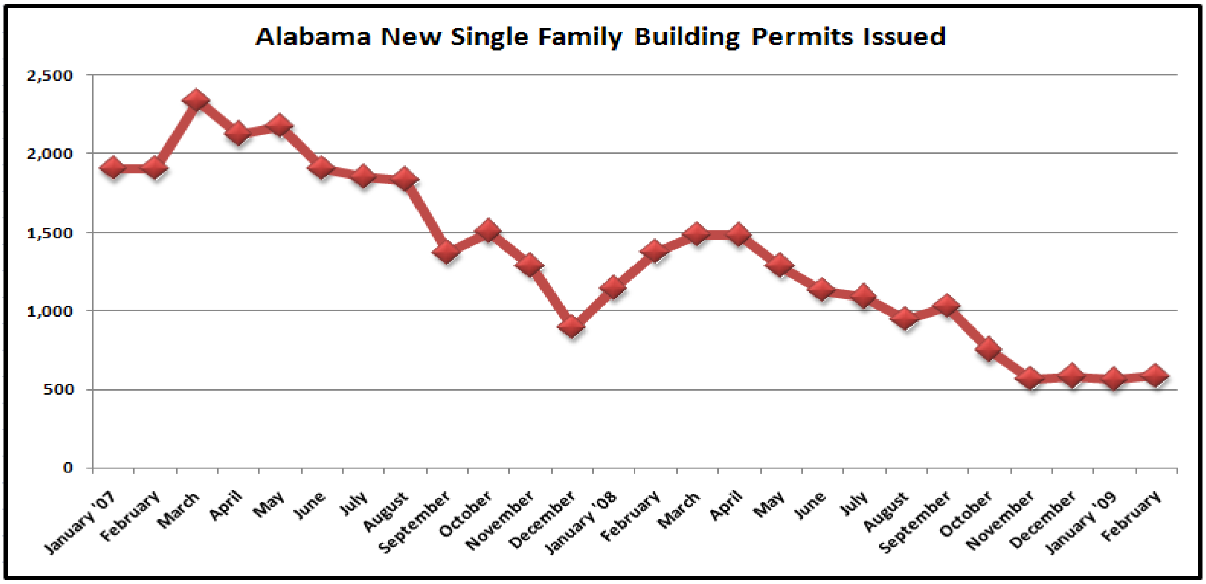
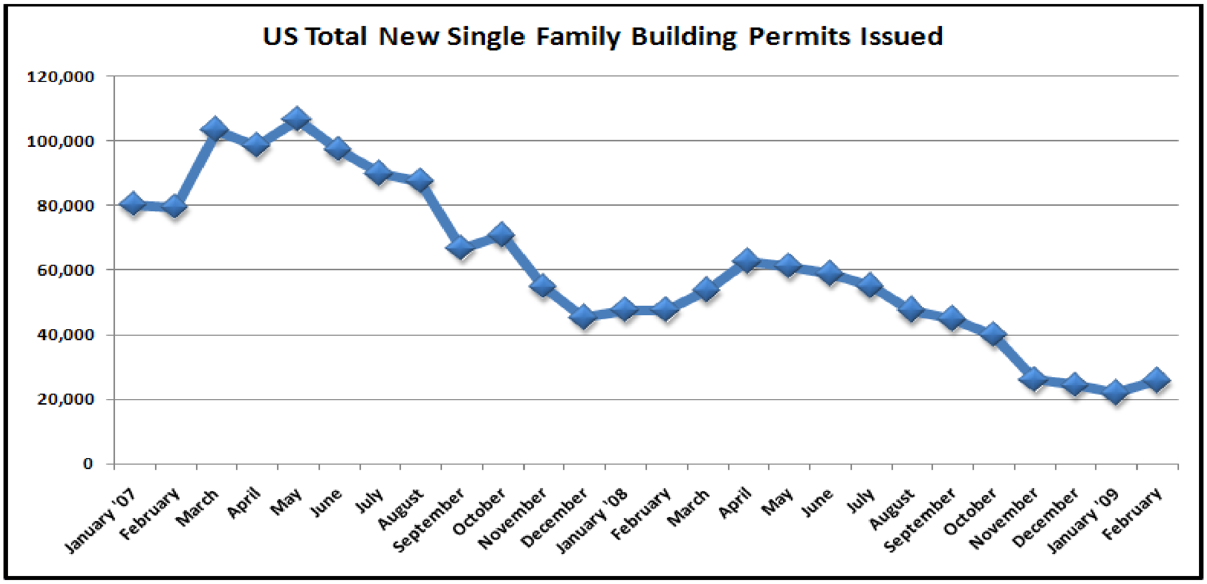
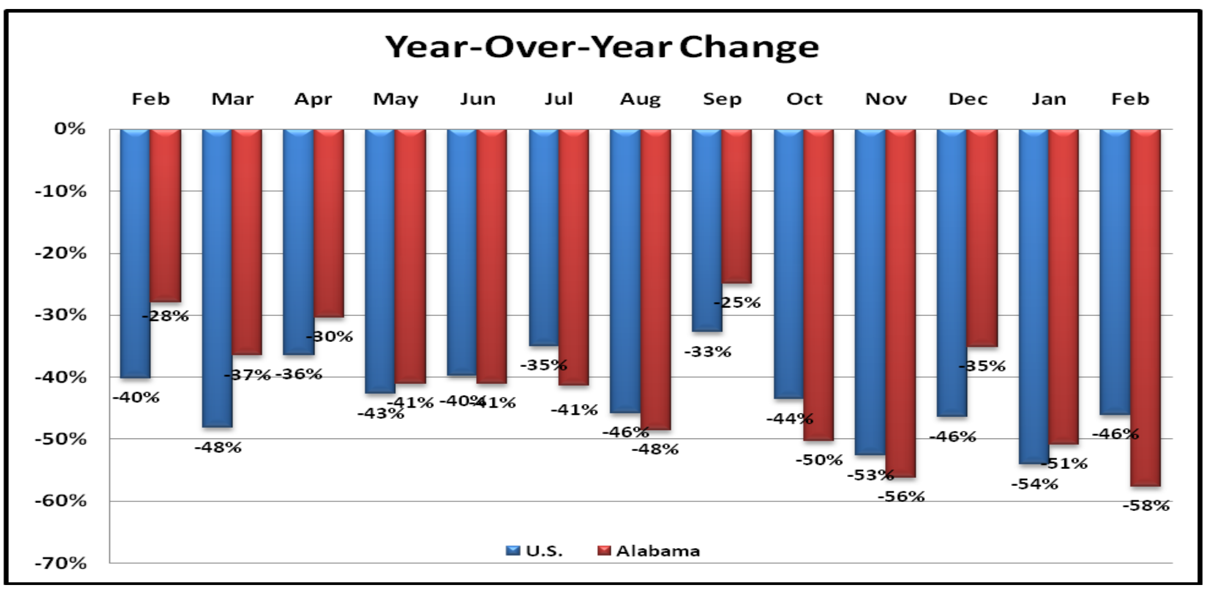
Defintion: Housing starts are a derived value using a percentage distribution based on the particular region in the United States multiplied times the number of building permits issued in that particular month.
Calculation: The distribution for the South Region is as follows: Same Month as Authorization = 44%; 1 Month Prior = 37%; 2 Months Prior = 9%; 3 Months Prior = 3%; 4 Months or more = 7%
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


Alabama New Single Family Building Permits Issued
2,500
2,000
1,500
1,000
500
0
January '07
February
March
April
May
June
July
August
September
October
November
December
January '08
February
March
April
May
June
July
August
September
October
November
December
January '09
February


US Total New Single Family Building Permits Issued
120,000
100,000
80,000
60,000
40,000
20,000
0
January '07
February
March
April
May
June
July
August
September
October
November
December
January '08
February
March
April
May
June
July
August
September
October
November
December
January '09
February


Year-Over-Year Change
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
0%
-10%
-20%
-30%
-40%
-50%
-60%
-70%
-40%
-28%
-48%
-37%
-36%
-30%
-43%
-41%
-40%
-41%
-35%
-41%
-46%
-48%
-33%
-25%
-44%
-50%
-53%
-56%
-46%
-35%
-54%
-51%
-46%
-58%
U.S.
Alabama