ACRE ALABAMA CENTER for REAL ESTATE
UNIVERSITY OF ALABAMA

www.acre.cba.ua.edu

New Construction Report – February 2010

Monthly Indicator	Recent Figures					Trends
Permits February '10 figures show an increase of 21.1 percent from February '09 and a 7.3 percent increase versus the prior month. The rise in number of permits issued both month-over-month and YTD over 2009 is largely due to the comparison of current results to very low production rates from this time last year.	**Current Month** vs. Prior Month vs. Last Year (YoY) vs. Last 3 Mos. Avg.	**Feb.** Jan. Feb. Nov – Jan. '10	**2010** 2009 2009 	**781** **728** **645** **727**	 **7.3%** **21.1%** **7.4%**	**The YoY growth of housing permits in February 2010 (781 from 645) represents the 4th consecutive positive YoY growth percentage since this survey began. Very weak 1st quarter 2009 figures, posted during the financial crisis, explain much of this advance.**
Starts Building starts for February 2010 experienced an increase from January of 1.8 percent and were 21.7 percent higher than those of February 2009, showing growth that is consistent with the southern U.S.	**Current Month** vs. Prior Month vs. Last Year (YoY) vs. Last 3 Mos. Avg.	**Feb.** Jan. Feb. Nov – Jan.'10	**2010** 2009 2009 	**746** **733** **613** **737**	 **1.8%** **21.7%** **1.2%**	**The extension & expansion of the homebuyer tax-credit should continue to favorably impact starts for the 1st quarter of 2010, hopefully providing the foundation for sustainable, though not rapid, starts growth in the future.**

State — **Commentary**

Unhealthy statewide unemployment figures, competition from distressed existing home inventory, and inability to finance new production continue to challenge our new construction market. February new construction results continue to be best described as mixed. The favorable news is that overall inventory continues to decline. However, demand remains tepid as actual February sales were 5 percent off last February's low sales numbers. Statewide ***new construction inventory*** is currently estimated at **3,600 units**, a decline of 40% (+/-) from last February. According to McGraw-Hill, residential contract values increased by 5.4% in February '10 versus February '09 to $234 million, mirroring Feb '01 @ $234 million (February 10-year avg = $250 million). In 2010, assuming modest but increased growth in national and state GDP, Alabama housing starts & new construction sales have the opportunity to return to positive YoY growth (***requiring a substantial 2nd qtr improvement***) but will still remain below normal production levels.

Local

During the month, 10 out of the 27 associations (37.0 percent) reported improvements from their 2009 February permit numbers. Eleven associations had increases from their number of January permits, including Athens/Limestone (46.7%), Dekalb County, Enterprise (140.0%), Birmingham (41.4%), Calhoun County (46.2%), Montgomery (6.3%), Huntsville/Madison (30.4%), Marshall County (33.3%), Phenix City (3.3%), St. Clair County (53.8%), and Tallapoosa County (100.0%). Every local home building market is unique, and significant fluctuations from one area to another are anticipated in the foreseeable future.

*Prior data unavailable due to lack of data.

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NEW SINGLE FAMILY BUILDING PERMIT STATISTIC TOTALS

	Current Month February-10	Last Month January-10	% Difference	Last Year February-09	% Difference	YTD February-10	YTD February-09	% Difference
Alabama State Total	781	728	7.3%	645	21.1%	1,509	1,205	25.2%
South Total*	19,000	18,000	5.6%	16,100	18.0%	37,000	29,100	27.1%
United States Total*	34,300	30,800	11.4%	25,900	32.4%	65,100	47,700	36.5%

*Source Data: U.S. Census Bureau

NEW SINGLE FAMILY BUILDING PERMITS BY ASSOCIATION

Association	Current Month February-10	Last Month January-10	% Difference	Last Year February-09	% Difference	YTD February-10	YTD February-09	% Difference
Athens/Limestone HBA**	22	15	46.7%	31	-29.0%	37	41	-9.8%
Baldwin County HBA**	62	71	-12.7%	36	72.2%	133	71	87.3%
Blount County HBA	1	1	0.0%	1	0.0%	2	1	100.0%
Chilton County HBA	1	1	0.0%	0	N/A	2	0	N/A
Cullman County HBA	0	0	N/A	1	-100.0%	0	3	-100.0%
Dekalb County HBA**	3	0	N/A	2	50.0%	3	2	50.0%
Enterprise HBA	12	5	140.0%	11	9.1%	17	19	-10.5%
Greater Birmingham HBA**	164	116	41.4%	82	100.0%	280	163	71.8%
Greater Calhoun County HBA**	19	13	46.2%	19	0.0%	32	33	-3.0%
Greater Gadsden HBA**	6	9	-33.3%	4	50.0%	15	10	50.0%
Greater Montgomery HBA	34	32	6.3%	32	6.3%	66	60	10.0%
Greater Morgan County HBA**	6	13	-53.8%	6	0.0%	19	16	18.8%
HBA of Dothan & Wiregrass Area	20	28	-28.6%	24	-16.7%	48	41	17.1%
HBA of Metropolitan Mobile**	73	93	-21.5%	42	73.8%	166	95	74.7%
HBA of Tuscaloosa**	60	70	-14.3%	39	53.8%	130	76	71.1%
Huntsville/Madison HBA**	176	135	30.4%	187	-5.9%	311	328	-5.2%
Jackson County HBA**	1	1	0.0%	3	-66.7%	2	7	-71.4%
Lee County HBA	52	56	-7.1%	44	18.2%	108	92	17.4%
Macon County HBA	0	1	-100.0%	2	-100.0%	1	6	-83.3%
Marshall County HBA**	4	3	33.3%	5	-20.0%	7	9	-22.2%
Muscle Shoals HBA**	9	14	-35.7%	5	80.0%	23	10	130.0%
Northwest Alabama HBA	1	3	-66.7%	1	0.0%	4	4	0.0%
Phenix City HBA	31	30	3.3%	40	-22.5%	61	69	-11.6%
South Alabama HBA	1	2	-50.0%	2	-50.0%	3	3	0.0%
St. Clair County HBA**	20	13	53.8%	23	-13.0%	33	38	-13.2%
Tallapoosa County HBA	2	1	100.0%	2	0.0%	3	5	-40.0%
Walker County HBA	1	2	-50.0%	1	0.0%	3	3	0.0%

**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.

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

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PROJECTED HOUSING STARTS TOTALS

	Current Month February-10	Last Month January-10	% Difference	Last Year February-09	% Difference	YTD February-10	YTD February-09	% Difference
Alabama State Total	746	733	1.8%	613	21.7%	1,479	1,214	21.8%
South Total	18,474	18,177	1.6%	14,850	24.4%	36,651	28,794	27.3%
United States Total	33,161	32,952	0.6%	25,210	31.5%	66,113	50,420	31.1%

PROJECTED HOUSING STARTS BY LOCAL MARKETS

Association	Current Month February-10	Last Month January-10	% Difference	Last Year February-09	% Difference	YTD February-10	YTD February-09	% Difference
Athens/Limestone HBA	19	16	18.8%	21	-9.5%	35	32	9.4%
Baldwin County HBA	65	71	-8.5%	40	62.5%	136	84	61.9%
Blount County HBA	1	1	0.0%	1	0.0%	2	1	100.0%
Chilton County HBA	1	2	-50.0%	0	N/A	3	1	200.0%
Cullman County HBA	0	1	-100.0%	1	-100.0%	1	3	-66.7%
Dekalb County HBA	2	1	100.0%	2	0.0%	3	3	0.0%
Enterprise HBA	9	8	12.5%	10	-10.0%	17	19	-10.5%
Greater Birmingham HBA	137	119	15.1%	83	65.1%	256	170	50.6%
Greater Calhoun County HBA	12	10	20.0%	17	-29.4%	22	33	-33.3%
Greater Gadsden HBA	9	11	-18.2%	5	80.0%	20	12	66.7%
Greater Montgomery HBA	34	32	6.3%	28	21.4%	66	56	17.9%
Greater Morgan County HBA	9	11	-18.2%	9	0.0%	20	20	0.0%
HBA of Dothan & Wiregrass Area	22	22	0.0%	21	4.8%	44	40	10.0%
HBA of Metropolitan Mobile	85	95	-10.5%	51	66.7%	180	121	48.8%
HBA of Tuscaloosa	62	53	17.0%	41	51.2%	115	82	40.2%
Huntsville/Madison HBA	157	151	4.0%	161	-2.5%	308	297	3.7%
Jackson County HBA	1	3	-66.7%	3	-66.7%	4	5	-20.0%
Lee County HBA	54	57	-5.3%	47	14.9%	111	96	15.6%
Macon County HBA	1	1	0.0%	3	-66.7%	2	4	-50.0%
Marshall County HBA	7	13	-46.2%	5	40.0%	20	11	81.8%
Muscle Shoals HBA	10	9	11.1%	5	100.0%	19	12	58.3%
Northwest Alabama HBA	2	4	-50.0%	1	100.0%	6	3	100.0%
Phenix City HBA	28	24	16.7%	32	-12.5%	52	55	-5.5%
South Alabama HBA	1	2	-50.0%	2	-50.0%	3	4	-25.0%
St. Clair County HBA	16	14	14.3%	21	-23.8%	30	44	-31.8%
Tallapoosa County HBA	1	1	0.0%	2	-50.0%	2	4	-50.0%
Walker County HBA	1	1	0.0%	1	0.0%	2	2	0.0%

*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.*
Alabama Center for Real Estate - University of Alabama does not guarantee and is in no way responsible for its accuracy.

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

Metro Market New Construction Report*

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

Metro Markets Combined

	Current Month February-10	Last Month January-10	% Difference	Last Year February-09	% Difference	YTD February-10	YTD February-09	% Difference
Total New Construction Sold	260	205	26.8%	274	-5.1%	465	634	-26.7%
Number of Units on Market	2,528	2,577	-1.9%	4,156	-39.2%	N/A	N/A	N/A
Median Selling Price	$ 184,440	$ 196,280	-6.0%	$ 200,374	-8.0%	$ 188,913	$ 202,967	-6.9%
Average Selling Price	$ 208,797	$ 226,298	-7.7%	$ 223,936	-6.8%	$ 217,547	$ 225,882	-3.7%
Average Days on Market	131	133	-1.7%	186	-29.6%	133	141	-6.2%

Total New Construction Sold

	Current Month February-10	Last Month January-10	% Difference	Last Year February-09	% Difference	YTD February-10	YTD February-09	% Difference
Birmingham	91	95	-4.2%	121	-24.8%	186	324	-42.6%
Huntsville	89	59	50.8%	75	18.7%	148	160	-7.5%
Mobile	39	22	77.3%	35	11.4%	61	68	-10.3%
Montgomery	20	18	11.1%	23	-13.0%	38	43	-11.6%
Tuscaloosa	21	11	90.9%	20	5.0%	32	39	-17.9%

Number of Units on Market

	Current Month February-10	Last Month January-10	% Difference	Last Year February-09	% Difference	I/S Ratio
Birmingham	1,268	1,248	1.6%	2,476	-48.8%	13.9
Huntsville	606	630	-3.8%	792	-23.5%	6.8
Mobile	251	255	-1.6%	189	32.8%	6.4
Montgomery	191	212	-9.9%	345	-44.6%	9.6
Tuscaloosa	212	232	-8.6%	354	-40.1%	10.1

Median Selling Price

	Current Month February-10	Last Month January-10	% Difference	Last Year February-09	% Difference	YTD February-10	YTD February-09	% Difference
Birmingham	$ 199,000	$ 200,000	-0.5%	$ 185,858	7.1%	$ 199,500	$ 198,703	0.4%
Huntsville	$ 205,000	$ 236,301	-13.2%	$ 234,660	-12.6%	$ 220,651	$ 238,680	-7.6%
Mobile	$ 160,000	$ 187,900	-14.8%	$ 189,900	-15.7%	$ 173,950	$ 194,900	-10.7%
Montgomery	$ 204,200	$ 197,200	3.5%	$ 196,500	3.9%	$ 193,466	$ 201,075	-3.8%
Tuscaloosa	$ 154,000	$ 160,000	-3.8%	$ 194,950	-21.0%	$ 157,000	$ 181,475	-13.5%

Average Selling Price

	Current Month February-10	Last Month January-10	% Difference	Last Year February-09	% Difference	YTD February-10	YTD February-09	% Difference
Birmingham	$ 239,291	$ 242,389	-1.3%	$ 225,463	6.1%	$ 240,840	$ 236,186	2.0%
Huntsville	$ 233,868	$ 247,581	-5.5%	$ 259,680	-9.9%	$ 240,725	$ 261,037	-7.8%
Mobile	$ 176,374	$ 223,297	-21.0%	$ 200,554	-12.1%	$ 199,836	$ 200,218	-0.2%
Montgomery	$ 225,121	$ 215,594	4.4%	$ 195,521	15.1%	$ 220,358	$ 212,399	3.7%
Tuscaloosa	$ 169,330	$ 202,627	-16.4%	$ 238,461	-29.0%	$ 185,979	$ 219,573	-15.3%

Average Days on Market

	Current Month February-10	Last Month January-10	% Difference	Last Year February-09	% Difference	YTD February-10	YTD February-09	% Difference
Birmingham	Unavailable	Unavailable	N/A	Unavailable	N/A	Unavailable	Unavailable	N/A
Huntsville	100	145	-31.0%	104	-3.8%	123	90	36.7%
Mobile	105	117	-10.3%	130	-19.2%	111	123	-9.8%
Montgomery	147	118	24.6%	156	-5.8%	133	161	-17.4%
Tuscaloosa	172	153	12.4%	354	-51.4%	163	191	-14.7%

* Source: MLS

Alabama New Single Family Building Permits Issued

Residential Construction Building Contracts in Dollars