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

New Construction Report – May 2009

Monthly Indicator	Recent Figures				Likely Direction In Near-Term	Trends

Permits

May figures show a decrease of 23.8 percent from the April 2009 statistics, representing this year's first month-over-month decline. In contrast, both the South region and US experienced favorable permit growth at 2.1 percent and 6.6 percent respectively.

Please note graph on page 4 for recent permit trends.

Current Month	May	2009	713	
vs. Prior Month	Apr.	2009	**936**	**<-23.8%>**
vs. Last Year (YoY)	May	2008	**1,283**	**<-44.4%>**
vs. Last 3 Mos. Avg.	Feb.-Apr.	'09	**803**	**<-11.2%>**

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 declined for the first time this year, reflecting a decrease from April of 6.6 percent. In contrast to Alabama, both the South region & US experienced favorable starts growth at 8.1 percent and 15.7 percent respectively.
Please note graph on page 4 for recent housing starts trends.

Current Month	May	2009	738	
vs. Prior Month	Apr.	2009	**790**	**<-6.6%>**
vs. Last Year (YoY)	May	2008	**1,348**	**<-45.3%>**
vs. Last 3 Mos. Avg.	Feb.-Apr.	'09	**718**	**2.8%**

Lateral trending likely to continue as the market enters the third quarter.

Commentary

State

Current market conditions continue to remain challenging as statewide overall housing inventory remains abundant. May ended with **41,210** total units on the market. From this total, new construction inventory is estimated at 8,800 units. Broader buyer demand will be necessary to make inroads into supply. The current inventory-to-sales ratio (I/S) represented a 12.0 month supply of homes, including all types, representing a significant increase from 9.75 months during the same period last year. Historically, the 5-year ('04-'08) total inventory average for May is **34,136** units (6,000 units estimated as new construction). Per McGraw Hill, the 5-year ('04-'08) residential construction value was $358,490,000 during the month of May. In May '09, the value is $261,228,000 , a 27% decline.

Local

During this month, 5 out of the 27 associations reported improvements from their April 2009 permit numbers. Five associations had significant increases from their April statistics: Dekalb County (100.0%), Greater Calhoun County (31.3%), Muscle Shoals (62.5%), Phenix City (33.3%), and South Alabama (36.4%). 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 May-09	Last Month April-09	% Difference	Last Year May-08	% Difference	YTD May-09	YTD May-08	% Difference
Alabama State Total	713	936	-23.8%	1,283	-44.4%	3,681	6,759	-45.5%
South Total*	19,300	18,900	2.1%	30,700	-37.1%	86,000	150,000	-42.7%
United States Total*	39,000	36,600	6.6%	61,100	-36.2%	155,600	272,400	-42.9%

*Source Data: U.S. Census Bureau

NEW SINGLE FAMILY BUILDING PERMITS BY ASSOCIATION

Association	Current Month May-09	Last Month April-09	% Difference	Last Year May-08	% Difference	YTD May-09	YTD May-08	% Difference
Athens/Limestone HBA**	8	13	-38.5%	28	-71.4%	73	161	-54.7%
Baldwin County HBA**	41	44	-6.8%	94	-56.4%	226	505	-55.2%
Blount County HBA	1	0	N/A	3	-66.7%	3	8	-62.5%
Chilton County HBA	0	1	-100.0%	2	-100.0%	2	9	-77.8%
Cullman County HBA	1	0	N/A	1	0.0%	6	12	-50.0%
Dekalb County HBA**	4	2	100.0%	1	300.0%	9	20	-55.0%
Enterprise HBA	8	10	-20.0%	29	-72.4%	46	138	-66.7%
Greater Birmingham HBA**	120	172	-30.2%	230	-47.8%	602	1,338	-55.0%
Greater Calhoun County HBA**	21	16	31.3%	27	-22.2%	92	168	-45.2%
Greater Gadsden HBA**	9	13	-30.8%	14	-35.7%	42	93	-54.8%
Greater Montgomery HBA	34	39	-12.8%	50	-32.0%	171	277	-38.3%
Greater Morgan County HBA**	12	19	-36.8%	31	-61.3%	57	128	-55.5%
HBA of Dothan & Wiregrass Area	19	24	-20.8%	28	-32.1%	96	127	-24.4%
HBA of Metropolitan Mobile**	60	157	-61.8%	130	-53.8%	395	733	-46.1%
HBA of Tuscaloosa**	49	70	-30.0%	101	-51.5%	243	600	-59.5%
Huntsville/Madison HBA**	191	201	-5.0%	310	-38.4%	945	1,468	-35.6%
Jackson County HBA**	1	5	-80.0%	2	-50.0%	15	23	-34.8%
Lee County HBA	58	73	-20.5%	74	-21.6%	269	360	-25.3%
Macon County HBA	2	2	0.0%	1	100.0%	12	2	500.0%
Marshall County HBA**	6	7	-14.3%	31	-80.6%	28	97	-71.1%
Muscle Shoals HBA**	13	8	62.5%	20	-35.0%	38	155	-75.5%
Northwest Alabama HBA	2	2	0.0%	0	N/A	10	10	0.0%
Phenix City HBA	24	18	33.3%	15	60.0%	142	102	39.2%
South Alabama HBA	4	3	33.3%	10	-60.0%	14	26	-46.2%
St. Clair County HBA**	21	33	-36.4%	46	-54.3%	125	172	-27.3%
Tallapoosa County HBA	2	2	0.0%	2	0.0%	12	12	0.0%
Walker County HBA	2	2	0.0%	3	-33.3%	8	15	-46.7%

**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 gr

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 May-09	Last Month April-09	% Difference	Last Year May-08	% Difference	YTD May-09	YTD May-08	% Difference
Alabama State Total	738	790	-6.6%	1,348	-45.3%	3,325	6,317	-47.4%
South Total	18,005	16,657	8.1%	32,200	-44.1%	63,456	126,600	-49.9%
United States Total	32,734	28,296	15.7%	62,400	-47.5%	111,450	224,300	-50.3%

PROJECTED HOUSING STARTS BY LOCAL MARKETS

Association	Current Month May-09	Last Month April-09	% Difference	Last Year May-08	% Difference	YTD May-09	YTD May-08	% Difference
Athens/Limestone HBA	11	13	-15.4%	34	-67.6%	75	184	-59.2%
Baldwin County HBA	44	53	-17.0%	101	-56.4%	234	502	-53.4%
Blount County HBA	1	0	N/A	2	-50.0%	3	7	-57.1%
Chilton County HBA	0	1	-100.0%	2	-100.0%	3	10	-70.0%
Cullman County HBA	1	1	0.0%	3	-66.7%	7	11	-36.4%
Dekalb County HBA	2	2	0.0%	2	0.0%	8	22	-63.6%
Enterprise HBA	9	10	-10.0%	29	-69.0%	48	123	-61.0%
Greater Birmingham HBA	138	144	-4.2%	254	-45.7%	559	1,278	-56.3%
Greater Calhoun County HBA	19	19	0.0%	36	-47.2%	10	3	233.3%
Greater Gadsden HBA	0	0	N/A	11	-100.0%	5	72	-93.1%
Greater Montgomery HBA	35	36	-2.8%	53	-34.0%	161	253	-36.4%
Greater Morgan County HBA	0	15	-100.0%	27	-100.0%	47	129	-63.6%
HBA of Dothan & Wiregrass Area	20	18	11.1%	26	-23.1%	96	120	-20.0%
HBA of Metropolitan Mobile	98	111	-11.7%	149	-34.2%	395	696	-43.2%
HBA of Tuscaloosa	54	58	-6.9%	125	-56.8%	238	587	-59.5%
Huntsville/Madison HBA	192	201	-4.5%	293	-34.5%	883	1,367	-35.4%
Jackson County HBA	3	3	0.0%	3	0.0%	13	24	-45.8%
Lee County HBA	62	58	6.9%	80	-22.5%	260	349	-25.5%
Macon County HBA	2	2	0.0%	1	100.0%	10	1	900.0%
Marshall County HBA	7	5	40.0%	24	-70.8%	28	101	-72.3%
Muscle Shoals HBA	9	7	28.6%	26	-65.4%	34	156	-78.2%
Northwest Alabama HBA	0	2	-100.0%	1	-100.0%	7	8	-12.5%
Phenix City HBA	24	25	-4.0%	21	14.3%	136	103	32.0%
South Alabama HBA	3	3	0.0%	7	-57.1%	2	4	-50.0%
St. Clair County HBA	0	0	N/A	32	-100.0%	47	180	-73.9%
Tallapoosa County HBA	2	2	0.0%	2	0.0%	10	14	-28.6%
Walker County HBA	2	1	100.0%	4	-50.0%	6	13	-53.8%

*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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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

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Metro Market New Construction Report*

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

Metro Markets Combined

	Current Month May-09	Last Month April-09	% Difference	Last Year May-08	% Difference	YTD May-09	YTD May-08	% Difference
Total New Construction Sold	388	379	2.4%	642	-39.6%	1,451	2,472	-41.3%
Number of Units on Market	3,630	3,803	-4.5%	5,951	-39.0%	N/A	N/A	N/A
Median Selling Price	$ 198,339	$ 200,595	-1.1%	$ 200,778	-1.2%	$ 198,566	$ 199,148	-0.3%
Average Selling Price	$ 215,424	$ 224,883	-4.2%	$ 233,588	-7.8%	$ 221,402	$ 227,567	-2.7%
Average Days on Market	136	144	-5.7%	162	-16.2%	137	142	-4.0%

Total New Construction Sold

	Current Month May-09	Last Month April-09	% Difference	Last Year May-08	% Difference	YTD May-09	YTD May-08	% Difference
Birmingham	138	162	-14.8%	345	-60.0%	653	1,307	-50.0%
Huntsville	138	114	21.1%	176	-21.6%	466	659	-29.3%
Mobile	37	38	-2.6%	40	-7.5%	132	125	5.6%
Montgomery	47	30	56.7%	47	0.0%	104	220	-52.7%
Tuscaloosa	28	35	-20.0%	34	-17.6%	96	161	-40.4%

Number of Units on Market

	Current Month May-09	Last Month April-09	% Difference	Last Year May-08	% Difference	I/S Ratio
Birmingham	1,707	1,757	-2.8%	3,265	-47.7%	12.4
Huntsville	1,167	1,204	-3.1%	1,464	-20.3%	8.5
Mobile	181	204	-11.3%	143	26.6%	4.9
Montgomery	292	323	-9.6%	593	-50.8%	6.2
Tuscaloosa	283	315	-10.2%	486	-41.8%	10.1

Median Selling Price

	Current Month May-09	Last Month April-09	% Difference	Last Year May-08	% Difference	YTD May-09	YTD May-08	% Difference
Birmingham	$ 209,950	$ 189,900	10.6%	$ 199,052	5.5%	$ 192,751	$ 204,625	-5.8%
Huntsville	$ 247,025	$ 214,500	15.2%	$ 246,350	0.3%	$ 222,916	$ 225,377	-1.1%
Mobile	$ 186,500	$ 191,450	-2.6%	$ 197,800	-5.7%	$ 190,553	$ 183,376	3.9%
Montgomery	$ 194,468	$ 211,125	-7.9%	$ 198,000	-1.8%	$ 205,883	$ 204,200	0.8%
Tuscaloosa	$ 153,750	$ 196,000	-21.6%	$ 162,689	-5.5%	$ 180,725	$ 178,160	1.4%

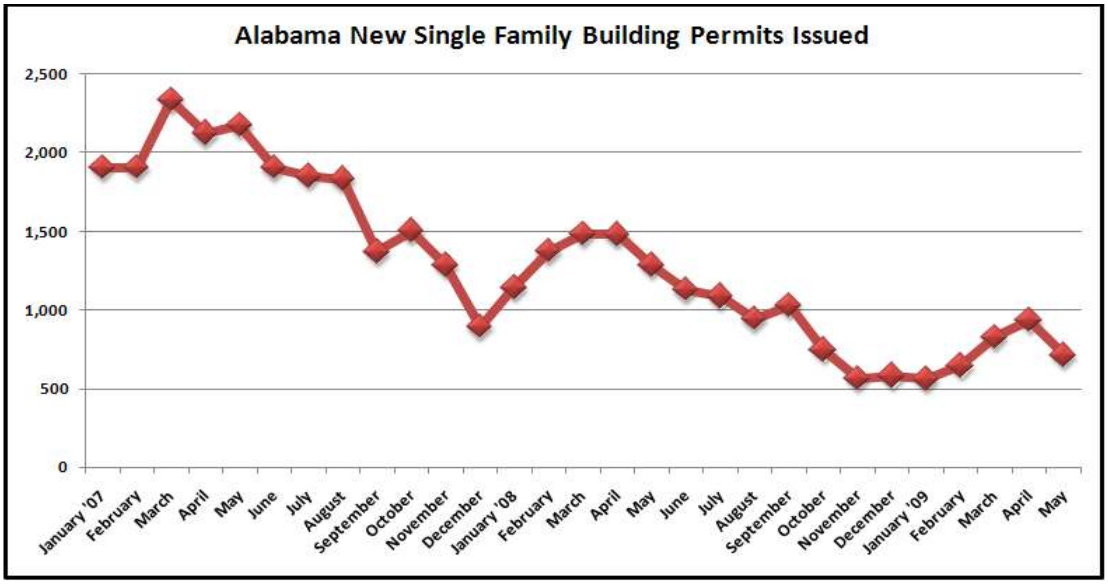
Average Selling Price

	Current Month May-09	Last Month April-09	% Difference	Last Year May-08	% Difference	YTD May-09	YTD May-08	% Difference
Birmingham	$ 243,104	$ 218,718	11.1%	$ 251,122	-3.2%	$ 229,129	$ 244,720	-6.4%
Huntsville	$ 244,363	$ 216,789	12.7%	$ 257,140	-5.0%	$ 233,710	$ 245,959	-5.0%
Mobile	$ 196,867	$ 220,130	-10.6%	$ 224,505	-12.3%	$ 204,186	$ 204,313	-0.1%
Montgomery	$ 222,929	$ 225,306	-1.1%	$ 231,307	-3.6%	$ 224,740	$ 240,616	-6.6%
Tuscaloosa	$ 169,859	$ 243,473	-30.2%	$ 203,867	-16.7%	$ 215,245	$ 202,226	6.4%

Average Days on Market

	Current Month May-09	Last Month April-09	% Difference	Last Year May-08	% Difference	YTD May-09	YTD May-08	% Difference
Birmingham	Unavailable	Unavailable	N/A	Unavailable	N/A	Unavailable	Unavailable	N/A
Huntsville	109	117	-6.8%	184	-40.8%	95	142	-33.1%
Mobile	139	142	-2.1%	139	0.0%	124	102	21.6%
Montgomery	131	135	-3.0%	142	-7.7%	139	155	-10.3%
Tuscaloosa	164	182	-9.9%	183	-10.4%	188	170	10.6%

* Source: MLS


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
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January '09
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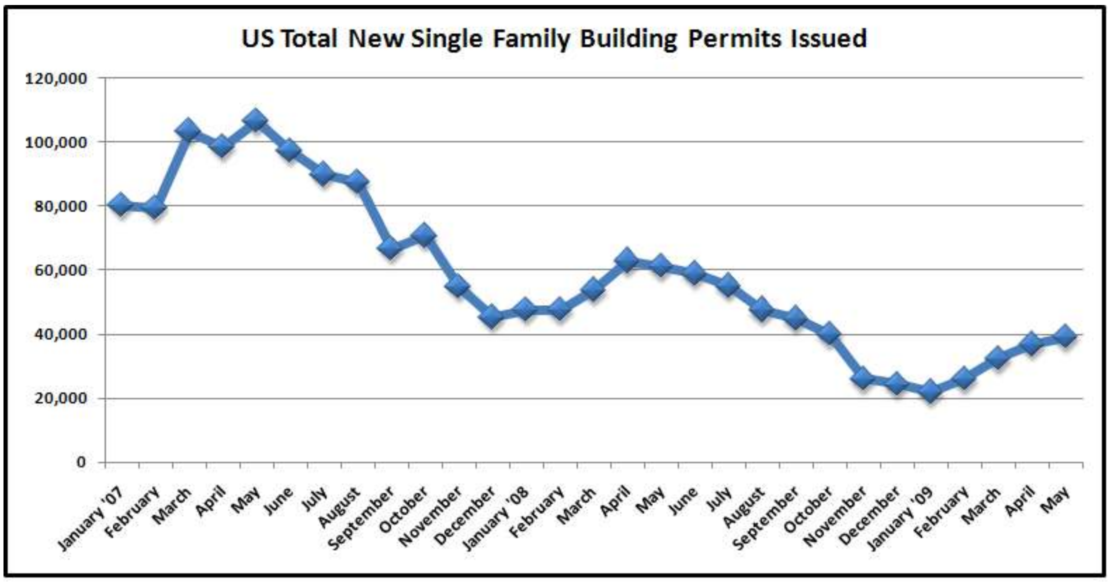
March
April
May


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
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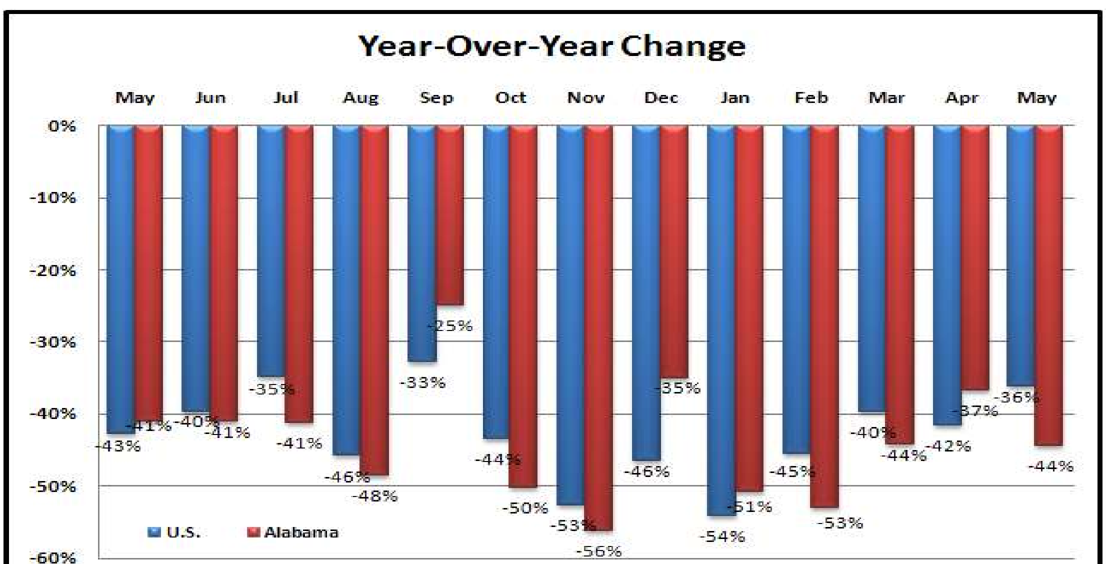
Year-Over-Year Change
May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May
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-10%
-20%
-30%
-40%
-50%
-60%
-43% -41%
-40% -41%
-35% -41%
-46% -48%
-33% -25%
-44% -50%
-53% -56%
-46% -35%
-54% -51%
-45% -53%
-40% -44%
-42% -37%
-36% -44%
U.S.
Alabama