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Alabama New Construction Report – September 2011

Monthly Indicators	Recent Figures					Trends
Permits September permits have decreased 11.9 percent from August '11. September '11 figures have shown a decrease of 1.8 percent from September '10.	**Current Month**	September	2011	**650**		**The year-over-year (YoY) decrease in housing permits this month (650 vs 662 in Sept '10) was anticipated but the favorable news is that the % change continues to narrow. The fact that permits are less than the prior month (August '11) is consistent with the seasonality of the RE market.**
	vs. Prior Month	August	2011	**738**	**-11.9%**	
	vs. Last Year (YoY)	September	2010	**662**	**-1.8%**	
	vs. 3-Yr Avg	September	'08-'10	**938**	**-30.7%**	
	Year-to-Date	September	2011	**4,694**		
	vs. Last Year (YoY)	September	2010	**5,822**	**-15.0%**	
Starts September starts have decreased 7.3 percent from August '11. September'11 figures reflect no change percent from September '10.	**Current Month**	September	2011	**676**		**Consumer and builder uncertainty over where the economy is heading underscores the fragile new home market.** **With that offered, the current figures do reflect an improvement from recent months & and small steps in right direction.**
	vs. Prior Month	August	2011	**729**	**-7.3%**	
	vs. Last Year (YoY)	September	2010	**676**	**0.0%**	
	vs. 3-Yr Avg	September	'08-'10	**947**	**-28.6%**	
	Year to Date	September	2011	**5,941**		
	vs.Prior Year	September	2010	**7,187**	**-17.3%**	

State Commentary

September new home sales results improved across the board: up 5% from September 2010 and up 8% from the prior month. Statewide new construction inventory has declined by approximately 24% from last September but marginally increased by 1.7% from last month.

According to McGraw-Hill, residential contract values increased by 18% to $229.3 million in September '11 compared to September '10 values. This figure is consistent with September 2008 @ $238.2 million (September's 10-year average = $280.8 million or 18.3% higher than September '11).

According to the Alabama Dept. of Industrial Relations, statewide related construction employment was up .6% (400 jobs) to 66,900 from last month and is down by 6.7% or 4,800 workers from September '10. Both comparative figures show improvement from the last month's release.

Market challenges remain including overall uncertainty of the direction of economy highlighted by the global financial crisis, stubbornly high unemployment figures and low consumer confidence. Competition from distressed existing home inventory, strict underwriting guidelines, and while slowly improving, the fundamental imbalance between supply & demand continue into the 4th quarter. The rebuilding efforts after the April 27th disaster will have a favorable impact on Alabama's construction industry but it's too early to tell whether this increase in demand acts only to offset future figures should regressive forces take a greater hold on the market. While UA's Center for Business & Economic Rersearch has lowered its forecast associated with the growth rate of Alabama's gross state product, it is currently not predicting a double-dip recession for Alabama.

Local

11 out of the 27 associations (41% - up from 30% in August) reported building permit gains from the prior month (August '11) while 12 associations (44% - up from 15% in August) experienced gains in housing starts. Seven associations (26% - down from 30% last month) experienced an increase from their September'10 monthly housing starts including South Alabama (200%), Tuscaloosa County (94%), Lee County (38%), Baldwin County (28%), Greater Birmingham (27%), & Metro Mobile (23%).

Year-to-date, five associations have experienced year-over-year growth in housing starts: Walker County (71%), Cullman County (71%), South Alabama (71%), Tallapoosa County (12%) and Baldwin County (.9%).

2011 Current National Outlook from Industry Associations (annual % change from 2010 at the end of year)
National Assn Home Builders (NAHB): New homes sales down 5.3%; housing starts down 10.4% from 2010.
National Assn of REALTORS (NAR): New homes sales down 5.8%; housing starts down 4.3%; new home median price ($225,700) up 2.1%.

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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.

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New Construction Report - September 2011

NEW SINGLE FAMILY BUILDING PERMIT STATISTIC TOTALS

	Current Month September-11	Last Month August-11	% Difference	Last Year September-10	% Difference	YTD September-11	YTD September-10	% Difference
Alabama State Total	650	738	-11.9%	662	-1.8%	6,082	7,158	-15.0%
South Total*	18,400	21,200	-13.2%	16,800	9.5%	171,100	184,700	-7.4%
United States Total*	35,900	40,400	-11.1%	34,300	4.7%	319,400	354,100	-9.8%

*Source Data: U.S. Census Bureau

NEW SINGLE FAMILY BUILDING PERMITS BY AREA

Association	Current Month September-11	Last Month August-11	% Difference	Last Year September-10	% Difference	YTD September-11	YTD September-10	% Difference
Athens/Limestone **	26	13	100.0%	34	-23.5%	147	248	-40.7%
Baldwin County **	50	69	-27.5%	43	16.3%	565	522	8.2%
Blount County	0	0	N/A	1	-100.0%	4	6	-33.3%
Chilton County	0	0	N/A	1	-100.0%	7	11	-36.4%
Cullman County	0	0	N/A	0	N/A	10	6	66.7%
Dekalb County **	4	6	-33.3%	2	100.0%	19	22	-13.6%
Enterprise	8	7	14.3%	10	-20.0%	64	98	-34.7%
Greater Birmingham **	96	153	-37.3%	94	2.1%	1,111	1,163	-4.5%
Greater Calhoun County **	6	4	50.0%	5	20.0%	57	124	-54.0%
Greater Gadsden **	10	4	150.0%	7	42.9%	51	93	-45.2%
Greater Montgomery	27	28	-3.6%	32	-15.6%	262	337	-22.3%
Greater Morgan County **	7	5	40.0%	8	-12.5%	80	120	-33.3%
Dothan & Wiregrass Area	11	17	-35.3%	19	-42.1%	148	214	-30.8%
Metropolitan Mobile**	83	86	-3.5%	66	25.8%	546	681	-19.8%
Tuscaloosa**	73	63	15.9%	28	160.7%	461	509	-9.4%
Huntsville/Madison **	135	184	-26.6%	214	-36.9%	1,485	1,694	-12.3%
Jackson County **	0	2	-100.0%	1	-100.0%	15	16	-6.3%
Lee County	48	44	9.1%	32	50.0%	404	514	-21.4%
Macon County	0	0	N/A	0	N/A	2	4	-50.0%
Marshall County **	12	6	100.0%	17	-29.4%	166	193	-14.0%
Muscle Shoals **	12	4	200.0%	11	9.1%	79	125	-36.8%
Northwest Alabama	3	2	50.0%	0	N/A	13	16	-18.8%
Phenix City	19	19	0.0%	20	-5.0%	167	223	-25.1%
South Alabama	2	1	100.0%	2	0.0%	25	18	38.9%
St. Clair County **	16	19	-15.8%	15	6.7%	175	188	-6.9%
Tallapoosa County	2	2	0.0%	0	N/A	11	7	57.1%
Walker County	0	0	N/A	0	N/A	8	6	33.3%

**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 September-11	Last Month August-11	% Difference	Last Year September-10	% Difference	YTD September-11	YTD September-10	% Difference
Alabama State Total	676	729	-7.3%	676	0.0%	5,941	7,187	-17.3%
South Total	19,654	19,972	-1.6%	18,136	8.4%	167,120	185,046	-9.7%
United States Total	37,904	38,313	-1.1%	36,328	4.3%	313,510	352,766	-11.1%

PROJECTED HOUSING STARTS BY LOCAL MARKETS

Association	Current Month September-11	Last Month August-11	% Difference	Last Year September-10	% Difference	YTD September-11	YTD September-10	% Difference
Athens/Limestone	19	15	26.7%	33	-42.4%	150	232	-35.3%
Baldwin County	59	70	-15.7%	46	28.3%	557	552	0.9%
Blount County	0	0	N/A	1	-100.0%	5	7	-28.6%
Chilton County	0	0	N/A	1	-100.0%	8	12	-33.3%
Cullman County	1	2	-50.0%	1	0.0%	12	7	71.4%
Dekalb County	1	1	0.0%	3	-66.7%	9	22	-59.1%
Enterprise	7	6	16.7%	10	-30.0%	61	99	-38.4%
Greater Birmingham	126	137	-8.0%	99	27.3%	1,062	1,181	-10.1%
Greater Calhoun County	5	3	66.7%	9	-44.4%	38	125	-69.6%
Greater Gadsden	7	6	16.7%	11	-36.4%	49	96	-49.0%
Greater Montgomery	27	26	3.8%	29	-6.9%	257	337	-23.7%
Greater Morgan County	7	9	-22.2%	15	-53.3%	85	114	-25.4%
Dothan & Wiregrass Area	13	17	-23.5%	21	-38.1%	147	210	-30.0%
Metropolitan Mobile	81	77	5.2%	66	22.7%	536	705	-24.0%
Tuscaloosa	66	59	11.9%	34	94.1%	422	514	-17.9%
Huntsville/Madison	161	187	-13.9%	189	-14.8%	1,488	1,654	-10.0%
Jackson County	1	1	0.0%	2	-50.0%	14	18	-22.2%
Lee County	47	45	4.4%	34	38.2%	386	536	-28.0%
Macon County	0	0	N/A	0	N/A	2	5	-60.0%
Marshall County	12	18	-33.3%	18	-33.3%	166	194	-14.4%
Muscle Shoals	8	7	14.3%	15	-46.7%	77	116	-33.6%
Northwest Alabama	3	2	50.0%	3	0.0%	13	15	-13.3%
Phenix City	20	18	11.1%	17	17.6%	170	224	-24.1%
South Alabama	3	1	200.0%	1	200.0%	24	14	71.4%
St. Clair County	0	19	-100.0%	17	-100.0%	182	183	-0.5%
Tallapoosa County	2	2	0.0%	0	N/A	9	8	12.5%
Walker County	0	1	-100.0%	1	-100.0%	12	7	71.4%

*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.

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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.*

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%

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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 September-11	Last Month August-11	% Difference	Last Year September-10	% Difference	YTD September-11	YTD September-10	% Difference
Total New Construction Sold	351	326	7.7%	333	5.4%	2,636	3,143	-16.1%
Number of Units on Market	1,711	1,687	1.4%	2,262	-24.4%	N/A	N/A	N/A
Median Selling Price	$ 196,995	$ 196,744	0.1%	$ 190,506	3.4%	$ 196,402	$ 191,523	2.5%
Average Selling Price	$ 223,780	$ 227,371	-1.6%	$ 204,863	9.2%	$ 217,392	$ 210,926	3.1%
Average Days on Market	95	121	-21.9%	133	-28.8%	130	125	3.9%

Total New Construction Sold

	Current Month September-11	Last Month August-11	% Difference	Last Year September-10	% Difference	YTD September-11	YTD September-10	% Difference
Birmingham	120	109	10.1%	147	-18.4%	842	1,228	-31.4%
Huntsville	128	133	-3.8%	114	12.3%	1,009	1,030	-2.0%
Mobile	36	23	56.5%	36	0.0%	308	399	-22.8%
Montgomery	46	45	2.2%	27	70.4%	326	290	12.4%
Tuscaloosa	21	16	31.3%	9	133.3%	151	196	-23.0%

Number of Units on Market

	Current Month September-11	Last Month August-11	% Difference	Last Year September-10	% Difference	I/S Ratio
Birmingham	794	801	-0.9%	1019	-22.1%	6.6
Huntsville	454	426	6.6%	602	-24.6%	3.5
Mobile	158	167	-5.4%	227	-30.4%	4.4
Montgomery	186	174	6.9%	225	-17.3%	4.0
Tuscaloosa	119	119	0.0%	189	-37.0%	5.7

Median Selling Price

	Current Month September-11	Last Month August-11	% Difference	Last Year September-10	% Difference	YTD September-11	YTD September-10	% Difference
Birmingham	$ 185,950	$ 209,900	-11.4%	$ 192,900	-3.6%	$ 189,524	$ 192,174	-1.4%
Huntsville	$ 216,850	$ 197,392	9.9%	$ 238,950	-9.2%	$ 219,103	$ 223,673	-2.0%
Mobile	$ 160,000	$ 165,000	-3.0%	$ 176,780	-9.5%	$ 161,672	$ 173,704	-6.9%
Montgomery	$ 248,175	$ 244,979	1.3%	$ 209,000	18.7%	$ 233,827	$ 209,290	11.7%
Tuscaloosa	$ 174,000	$ 166,450	4.5%	$ 134,900	29.0%	$ 177,885	$ 158,772	12.0%

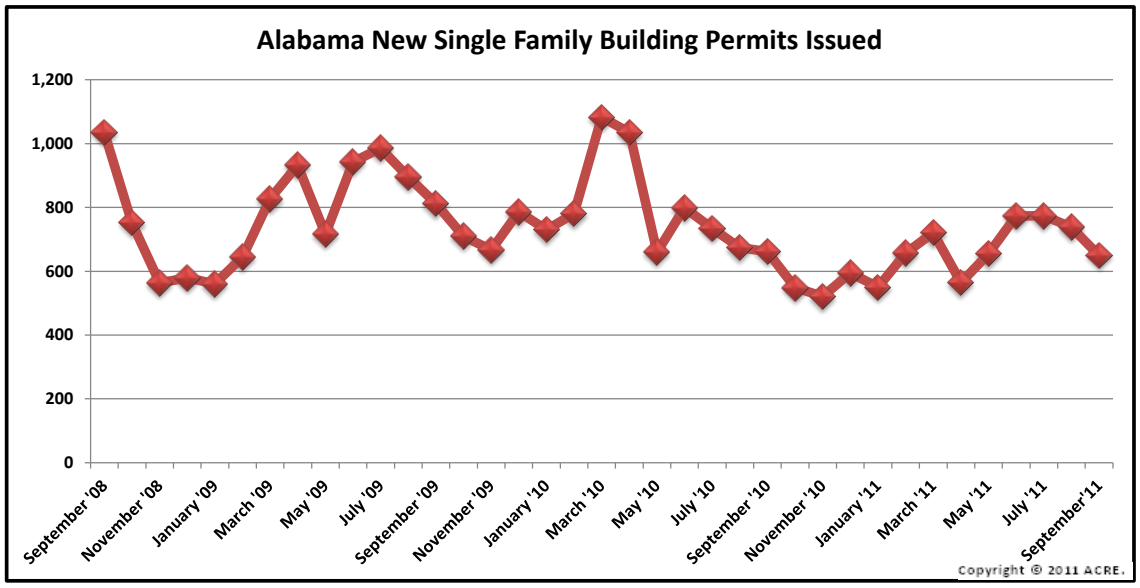
Average Selling Price

	Current Month September-11	Last Month August-11	% Difference	Last Year September-10	% Difference	YTD September-11	YTD September-10	% Difference
Birmingham	$ 227,466	$ 250,584	-9.2%	$ 231,305	-1.7%	$ 221,516	$ 224,237	-1.2%
Huntsville	$ 238,128	$ 230,575	3.3%	$ 247,234	-3.7%	$ 239,748	$ 239,494	0.1%
Mobile	$ 179,641	$ 185,754	-3.3%	$ 184,207	-2.5%	$ 178,092	$ 187,344	-4.9%
Montgomery	$ 247,472	$ 238,772	3.6%	$ 220,290	12.3%	$ 239,571	$ 218,320	9.7%
Tuscaloosa	$ 226,195	$ 231,168	-2.2%	$ 141,279	60.1%	$ 208,031	$ 185,236	12.3%

Average Days on Market

	Current Month September-11	Last Month August-11	% Difference	Last Year September-10	% Difference	YTD September-11	YTD September-10	% Difference
Birmingham	Unavailable	Unavailable	N/A	Unavailable	N/A	Unavailable	Unavailable	N/A
Huntsville	67	57	17.5%	88	-23.9%	89	103	-13.2%
Mobile	150	223	-32.7%	154	-2.6%	192	142	35.4%
Montgomery	78	89	-12.4%	77	1.3%	101	93	9.4%
Tuscaloosa	83	115	-27.8%	212	-60.8%	136	162	-16.2%

* Source: MLS


Alabama New Single Family Building Permits Issued
1,200
1,000
800
600
400
200
0
September '08
November '08
January '09
March '09
May '09
July '09
September '09
November '09
January '10
March '10
May '10
July '10
September '10
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March '11
May '11
July '11
September'11
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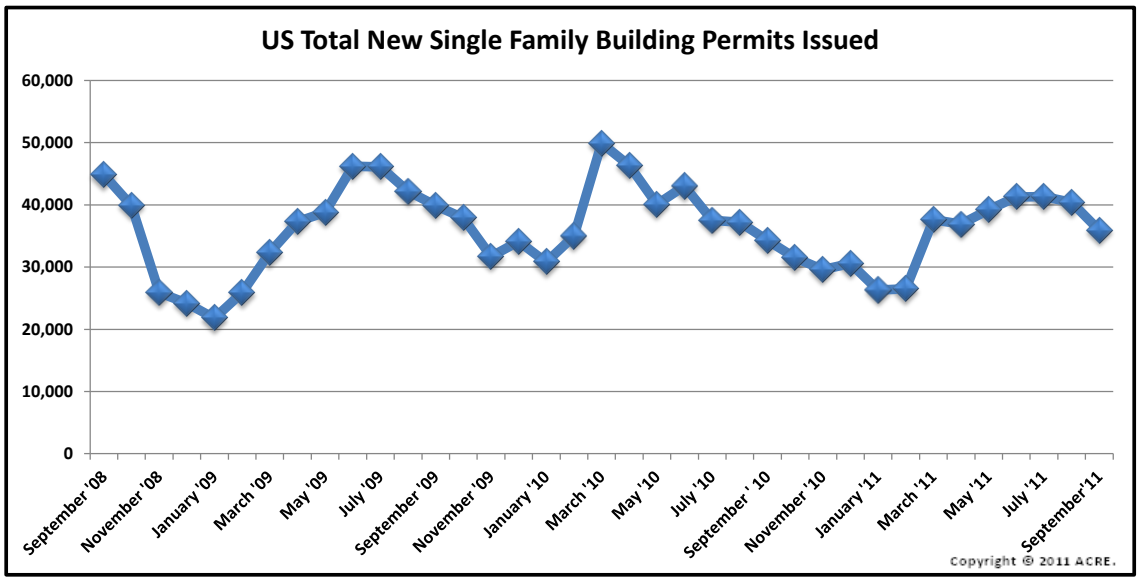
US Total New Single Family Building Permits Issued
60,000
50,000
40,000
30,000
20,000
10,000
0
September '08
November '08
January '09
March '09
May '09
July '09
September '09
November '09
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July '11
September'11
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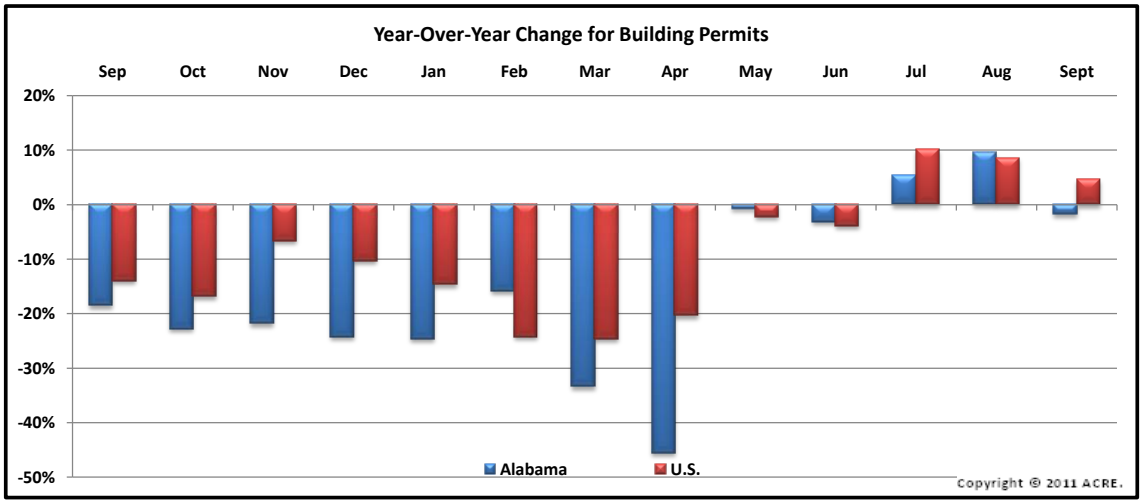
Year-Over-Year Change for Building Permits
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sept
20%
10%
0%
-10%
-20%
-30%
-40%
-50%
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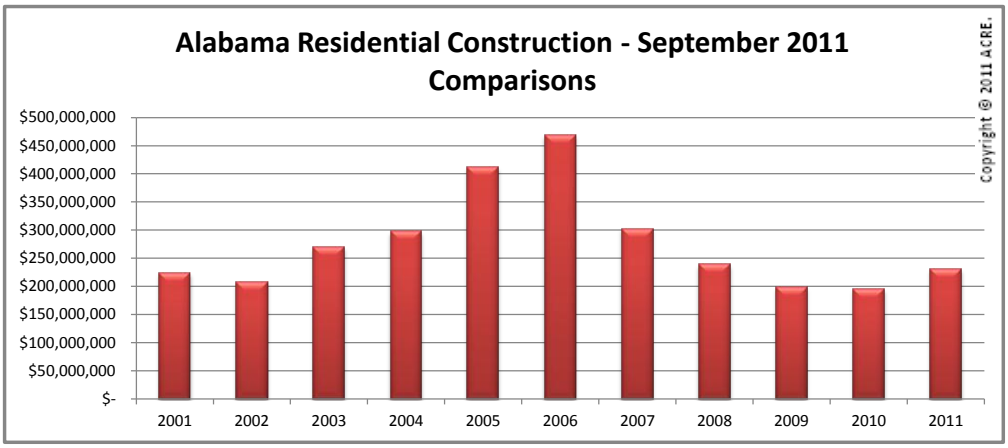
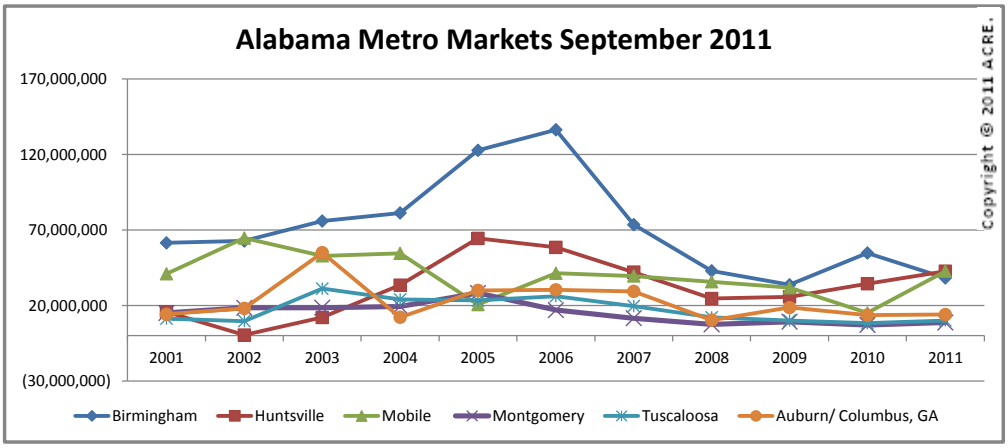
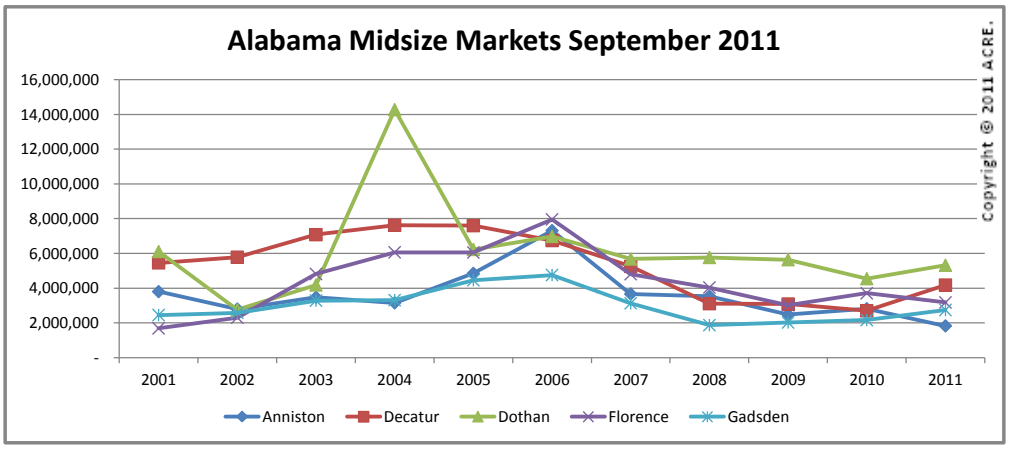
Residential Construction Building Contracts in Dollars







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