Alabama New Construction Report – September 2012

Monthly Indicators	Recent Figures					Trends

Permits

September permits have decreased 0.7 percent from last month. Figures also show an increase of 14.6 percent from September '11.

Current Month	September	2012	738	
vs. Prior Month	August	2012	743	-0.7%
vs. Last Year (YoY)	September	2011	644	14.6%
vs. 3-Yr Avg	September	'09-'11	670	10.2%
Year-to-Date	September	2012	6,259	
vs. Last Year (YoY)	September	2011	5,970	4.8%

The slip in Alabama permits from last month, primarily due to seasonality factors, is consistent with declines in the south region & broader US market. YTD permits in Alabama are up 4.8% compared to 2011. In comparison, YTD South Permits are up 19% & YTD US Starts are up 17%.

Starts

September starts have increased 1.2 percent from August '12. September '12 figures show an increase of 6.6 percent from September '11.

Current Month	September	2012	737	
vs. Prior Month	August	2012	728	1.2%
vs. Last Year (YoY)	September	2011	691	6.6%
vs. 3-Yr Avg	September	'09-'11	748	-1.6%
Year to Date	September	2012	6,055	
vs.Prior Year	September	2011	5,862	3.3%

YTD Housing Starts in Alabama remain positive at 3.3% above 2011. In comparison, YTD South Starts are up 18% & YTD US Starts are up 16%. While improving, confidence surveys of consumers & builders still detect levels of uncertainty that underscore the current housing market.

State — Commentary

Consistent with seasonal sales patterns, September new home sales slipped 12.4% from last month. Sales were also down 3.7% from September 2011 after a stronger than normal August. **YTD new home sales have improved by 4.5% compared to 2011** and statewide new construction inventory has declined by approximately 8.5% from last September but is up 4.1% from last month.

According to McGraw-Hill, residential contract values increased by 3.0% to $288.7 million in August'12 compared to August'11 values. This volume is consistent with August 2009 @ $290.7 million (August's 5-year average = $292 million or 1.2% higher than August'12). September data has not been released as of 12/2/13.

According to the Alabama Dept. of Industrial Relations, statewide related construction employment in September was down .2% (100 jobs) to 61,100 from last month and down 3.3% or 2,100 workers from September'11 (in August, it was 2.9% or 3,300 workers compared to August'11).

While gradually improving in recent months, market challenges remain including weak economic growth, stagnant job growth and competition from distressed existing home inventory. Tight underwriting guidelines are still applicable in today's market. The November election outcome and subsequent tax policy also represents a current cloud of uncertainty.

An important note, the balance between supply & demand improved as the market enters the 4th quarter of 2012. Months of new home supply in September was 4.6 months. This is lower than last September (4.9 months) and higher than last month (3.9 months) due to seasonality factors.

Local

7 out of the 27 associations (26% - down from 48% in August) reported building permit gains from the prior month (August'12) while 8 associations (30% - down from 52% in August) experienced gains in housing starts. Thirteen associations (48% - up from 44% last month) experienced an increase from their September'11 monthly housing starts. The top five markets by positive percentage change in year-to-date housing starts: Marshall County (155%), Jackson County (118%), Cullman County (107%), Greater Morgan County (57%), and Muscle Shoals (38%). Here is a look at metro areas: Birmingham (-5.3%), Greater Montgomery (27%), Tuscaloosa (32%), Mobile (-11%), Baldwin County (21%), and Dothan/Wiregrass (-37%) .

2012 Current National Outlook from Industry Associations (annual % change compared to 2011 at the end of this year)

National Assn Home Builders (NAHB): New homes sales up 19%.
National Assn of REALTORS (NAR): New homes sales up 26%.

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.*

New Construction Report - September 2012

NEW SINGLE FAMILY BUILDING PERMIT STATISTIC TOTALS

	Current Month September-12	Last Month August-12	% Difference	Last Year September-11	% Difference	YTD September-12	YTD September-11	% Difference
Alabama State Total	738	743	-0.7%	644	14.6%	6,259	5,970	4.8%
South Total*	21,400	25,600	-16.4%	18,400	16.3%	203,800	171,100	19.1%
United States Total*	42,200	46,100	-8.5%	35,900	17.5%	374,200	319,400	17.2%

*Source Data: U.S. Census Bureau

NEW SINGLE FAMILY BUILDING PERMITS BY AREA

Association	Current Month September-12	Last Month August-12	% Difference	Last Year September-11	% Difference	YTD September-12	YTD September-11	% Difference
Athens/Limestone **	16	13	23.1%	26	-38.5%	113	147	-23.1%
Baldwin County **	94	88	6.8%	50	88.0%	722	565	27.8%
Blount County	0	0	N/A	0	N/A	0	4	-100.0%
Chilton County	2	2	0.0%	0	N/A	8	7	14.3%
Cullman County	1	4	-75.0%	0	N/A	23	10	130.0%
Dekalb County **	0	3	-100.0%	4	-100.0%	18	19	-5.3%
Enterprise	4	9	-55.6%	8	-50.0%	74	64	15.6%
Greater Birmingham **	100	122	-18.0%	96	4.5%	1,045	1,111	-6.0%
Greater Calhoun County **	3	5	-40.0%	6	-50.0%	37	57	-34.5%
Greater Gadsden **	5	10	-50.0%	10	-50.0%	59	51	15.7%
Greater Montgomery	37	40	-7.5%	27	37.0%	330	262	26.0%
Greater Morgan County **	17	22	-22.7%	7	142.9%	134	80	67.5%
Dothan & Wiregrass Area	18	20	-10.0%	11	63.6%	104	148	-29.7%
Metropolitan Mobile**	63	63	0.0%	83	-24.1%	487	546	-10.8%
Tuscaloosa**	102	70	45.7%	73	39.7%	597	461	29.5%
Huntsville/Madison **	164	148	10.8%	135	21.5%	1,448	1,485	-2.5%
Jackson County **	0	1	-100.0%	0	N/A	16	15	6.7%
Lee County	47	64	-26.6%	48	-2.1%	484	404	19.8%
Macon County	0	0	N/A	0	N/A	0	2	-100.0%
Marshall County **	22	16	37.5%	6	266.7%	151	54	179.6%
Muscle Shoals **	12	12	0.0%	12	0.0%	114	79	44.3%
Northwest Alabama	1	2	-50.0%	3	-66.7%	10	13	-23.1%
Phenix City	9	12	-25.0%	19	-52.6%	99	167	-40.7%
South Alabama	2	1	100.0%	2	0.0%	14	25	-44.0%
St. Clair County **	16	12	33.3%	16	0.0%	154	175	-12.0%
Tallapoosa County	2	4	-50.0%	2	0.0%	12	11	9.1%
Walker County	1	0	N/A	0	N/A	6	8	-25.0%

**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

PROJECTED HOUSING STARTS TOTALS

	Current Month September-12	Last Month August-12	% Difference	Last Year September-11	% Difference	YTD September-12	YTD September-11	% Difference
Alabama State Total	737	728	1.2%	691	6.6%	6,055	5,862	3.3%
South Total	23,510	24,560	-4.3%	19,654	19.6%	198,100	167,120	18.5%
United States Total	44,181	44,672	-1.1%	37,904	16.6%	362,576	313,510	15.7%

PROJECTED HOUSING STARTS BY LOCAL MARKETS

Association	Current Month September-12	Last Month August-12	% Difference	Last Year September-11	% Difference	YTD September-12	YTD September-11	% Difference
Athens/Limestone	14	13	9.3%	19	-25.8%	110	150	-26.5%
Baldwin County	90	83	8.4%	60	48.8%	682	563	21.2%
Blount County	0	0	N/A	0	200.0%	1	5	-83.4%
Chilton County	0	0	N/A	0	N/A	0	0	N/A
Cullman County	2	3	-7.5%	1	371.2%	22	11	107.2%
Dekalb County	0	3	-100.0%	4	-100.0%	18	19	-5.3%
Enterprise	7	9	-21.6%	7	-3.3%	74	61	20.8%
Greater Birmingham	113	127	-10.3%	125	-8.8%	1,017	1,074	-5.3%
Greater Calhoun County	5	6	-26.0%	6	-23.0%	39	54	-27.8%
Greater Gadsden	7	9	-17.9%	7	3.1%	60	46	29.9%
Greater Montgomery	38	37	3.4%	27	40.5%	330	259	27.3%
Greater Morgan County	19	19	-0.8%	7	159.6%	128	81	57.1%
Dothan & Wiregrass Area	18	18	4.0%	14	34.0%	93	149	-37.6%
Metropolitan Mobile	59	51	15.0%	80	-27.0%	475	532	-10.6%
Tuscaloosa	82	63	30.7%	67	24.0%	559	424	31.9%
Huntsville/Madison	160	156	2.7%	161	-0.5%	1,395	1,489	-6.3%
Jackson County	1	2	-51.8%	1	-29.5%	32	15	117.7%
Lee County	57	67	-14.8%	47	22.1%	476	389	22.4%
Macon County	0	0	N/A	0	N/A	0	2	-100.0%
Marshall County	19	19	4.3%	6	222.5%	137	54	154.5%
Muscle Shoals	12	12	2.1%	8	46.6%	108	78	38.5%
Northwest Alabama	1	2	-7.2%	2	-38.7%	10	12	-19.1%
Phenix City	11	13	-20.6%	20	-46.5%	107	170	-36.9%
South Alabama	2	1	31.7%	2	-23.3%	14	25	-43.9%
St. Clair County	15	15	0.9%	18	-16.8%	151	180	-16.5%
Tallapoosa County	2	2	30.9%	2	23.0%	12	10	23.2%
Walker County	1	0	N/A	0	383.3%	5	10	-44.0%

*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.

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-12	Last Month August-12	% Difference	Last Year September-11	% Difference	YTD September-12	YTD September-11	% Difference
Total New Construction Sold	338	386	-12.4%	351	-3.7%	2,754	2,636	4.5%
Number of Units on Market	1,566	1,505	4.1%	1,712	-8.5%	N/A	N/A	N/A
Median Selling Price	$ 212,831	$ 209,867	1.4%	$ 196,995	8.0%	$ 213,739	$ 196,402	8.8%
Average Selling Price	$ 236,801	$ 232,578	1.8%	$ 223,780	5.8%	$ 230,945	$ 217,392	6.2%
Average Days on Market	103	102	1.0%	95	9.0%	111	130	-14.8%

Total New Construction Sold

	Current Month September-12	Last Month August-12	% Difference	Last Year September-11	% Difference	YTD September-12	YTD September-11	% Difference
Birmingham	120	123	-2.4%	120	0.0%	949	842	12.7%
Huntsville	111	163	-31.9%	128	-13.3%	978	1,009	-3.1%
Mobile	38	33	15.2%	36	5.6%	265	308	-14.0%
Montgomery	52	47	10.6%	46	13.0%	391	326	19.9%
Tuscaloosa	17	20	-15.0%	21	-19.0%	171	151	13.2%

Number of Units on Market

	Current Month September-12	Last Month August-12	% Difference	Last Year September-11	% Difference	I/S Ratio
Birmingham	673	660	2.0%	794	-15.2%	5.6
Huntsville	425	400	6.3%	454	-6.4%	3.8
Mobile	167	143	16.8%	158	5.7%	4.4
Montgomery	185	181	2.2%	186	-0.5%	3.6
Tuscaloosa	116	121	-4.1%	120	-3.3%	6.8

Median Selling Price

	Current Month September-12	Last Month August-12	% Difference	Last Year September-11	% Difference	YTD September-12	YTD September-11	% Difference
Birmingham	$ 237,945	$ 234,905	1.3%	$ 185,950	28.0%	$ 225,380	$ 189,524	18.9%
Huntsville	$ 214,330	$ 244,542	-12.4%	$ 216,850	-1.2%	$ 228,330	$ 219,103	4.2%
Mobile	$ 177,665	$ 151,825	17.0%	$ 160,000	11.0%	$ 176,715	$ 161,672	9.3%
Montgomery	$ 219,213	$ 246,173	-11.0%	$ 248,175	-11.7%	$ 228,336	$ 233,827	-2.3%
Tuscaloosa	$ 215,000	$ 171,890	25.1%	$ 174,000	23.6%	$ 209,934	$ 177,885	18.0%

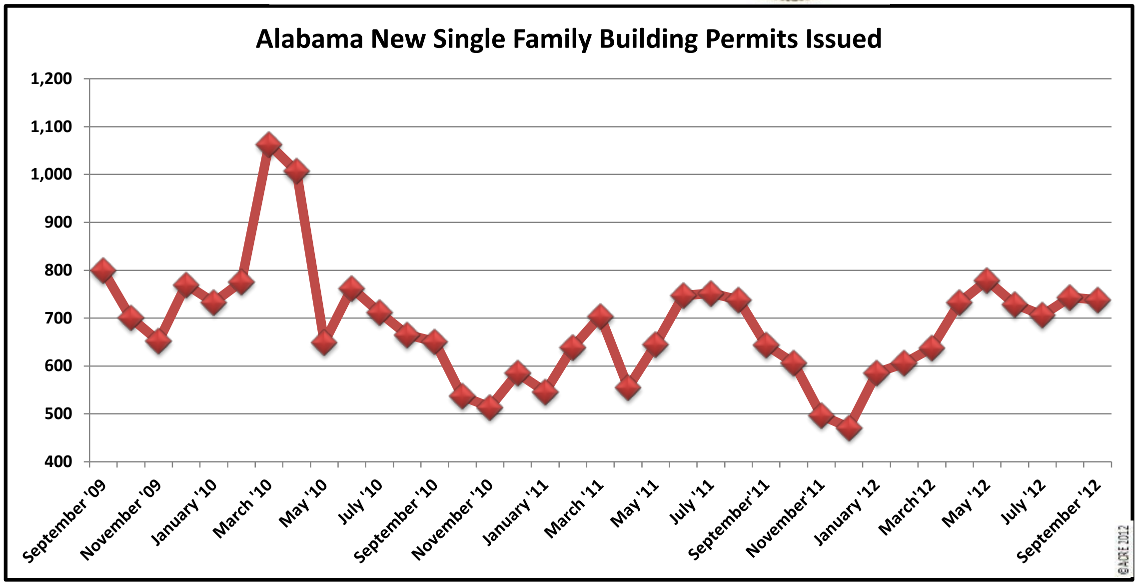
Average Selling Price

	Current Month September-12	Last Month August-12	% Difference	Last Year September-11	% Difference	YTD September-12	YTD September-11	% Difference
Birmingham	$ 268,229	$ 265,733	0.9%	$ 227,466	17.9%	$ 253,426	$ 221,516	14.4%
Huntsville	$ 238,186	$ 262,870	-9.4%	$ 238,128	0.0%	$ 240,918	$ 239,748	0.5%
Mobile	$ 187,428	$ 164,268	14.1%	$ 179,641	4.3%	$ 186,527	$ 178,092	4.7%
Montgomery	$ 222,659	$ 258,840	-14.0%	$ 247,472	-10.0%	$ 230,515	$ 239,571	-3.8%
Tuscaloosa	$ 267,502	$ 211,177	26.7%	$ 226,195	18.3%	$ 243,339	$ 208,031	17.0%

Average Days on Market

	Current Month September-12	Last Month August-12	% Difference	Last Year September-11	% Difference	YTD September-12	YTD September-11	% Difference
Birmingham	Unavailable	Unavailable	N/A	Unavailable	N/A	Unavailable	Unavailable	N/A
Huntsville	94	77	22.1%	67	40.3%	90	89	0.4%
Mobile	109	171	-36.3%	150	-27.3%	161	192	-16.2%
Montgomery	95	78	21.8%	78	21.8%	97	101	-4.2%
Tuscaloosa	114	82	39.0%	83	37.3%	94	136	-30.7%

* Source: MLS


Alabama New Single Family Building Permits Issued
1,200
1,100
1,000
900
800
700
600
500
400
September '09
November '09
January '10
March '10
May '10
July '10
September '10
November '10
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July '12
September '12
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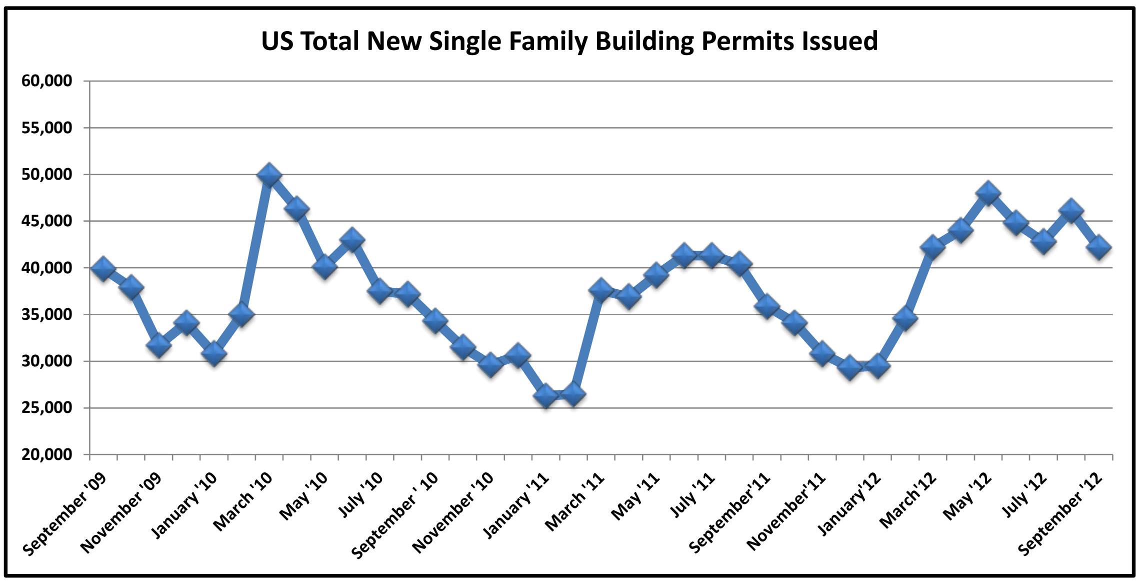
US Total New Single Family Building Permits Issued
60,000
55,000
50,000
45,000
40,000
35,000
30,000
25,000
20,000
September '09
November '09
January '10
March '10
May '10
July '10
September ' 10
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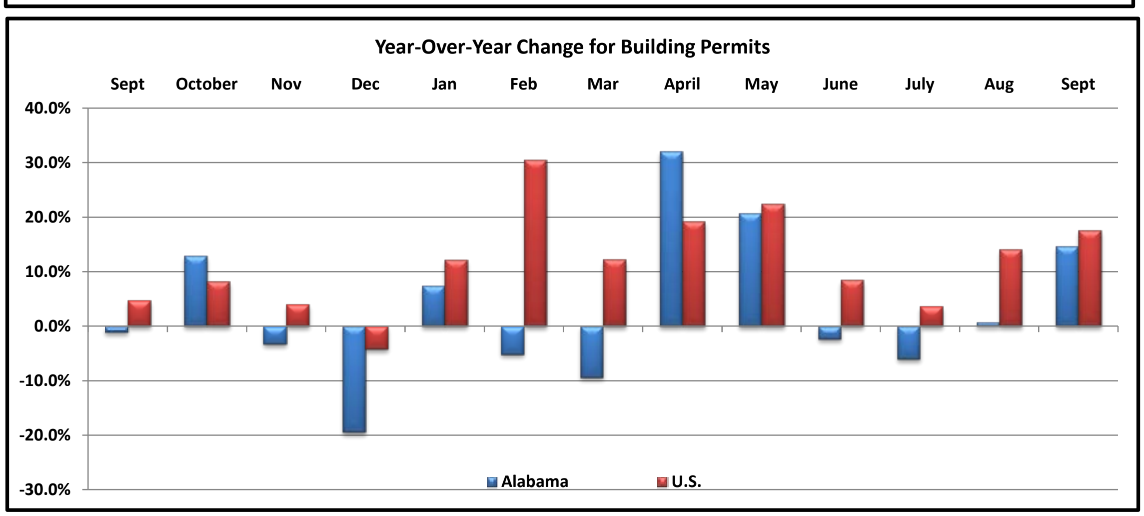
May '12
July '12
September '12


Year-Over-Year Change for Building Permits
Sept
October
Nov
Dec
Jan
Feb
Mar
April
May
June
July
Aug
Sept
40.0%
30.0%
20.0%
10.0%
0.0%
-10.0%
-20.0%
-30.0%
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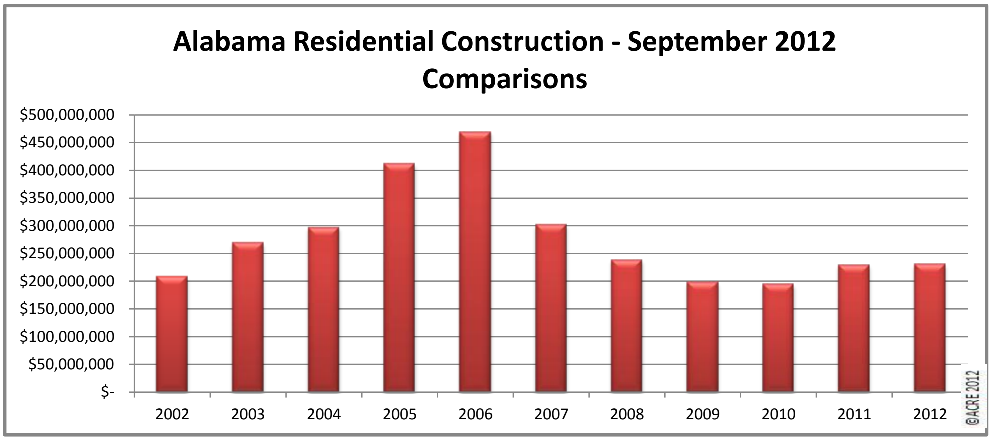
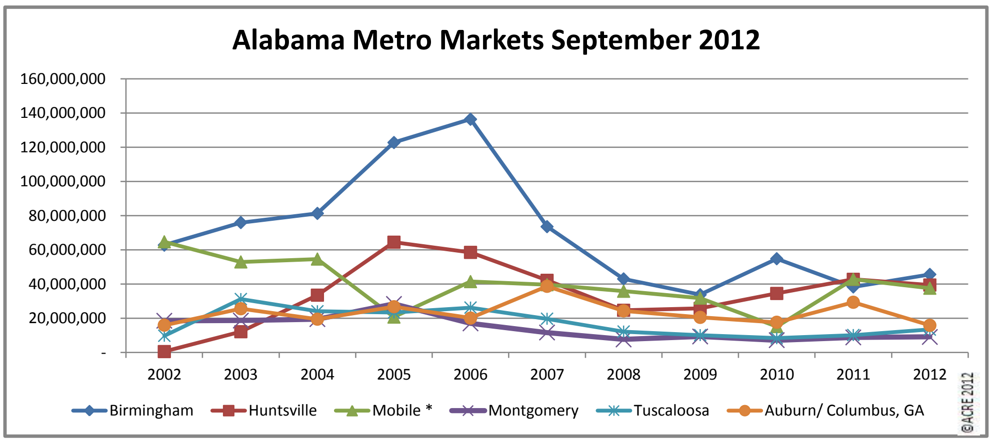
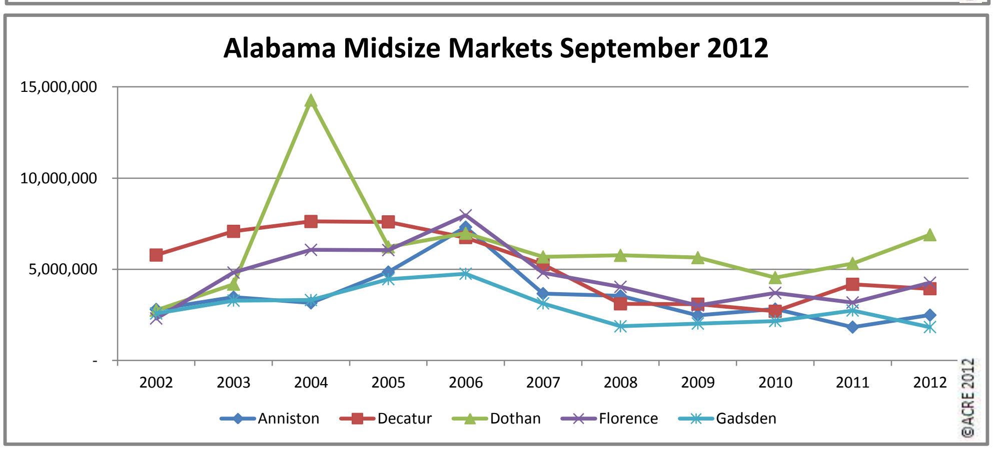
Residential Construction Building Contracts in Dollars







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