



ECONOMIC INDICATORS

CITY OF NORFOLK
OFFICE OF BUDGET AND MANAGEMENT

Last Update: October 13, 2011

The Office of Budget and Management has compiled *Economic Indicators*, a report highlighting indicators of economic activity in the city as well as selected indicators for the region, state and nation. This document is designed to provide the reader with information regarding the local employment situation, retail sales, building permit activity and the housing market. Comparable indicators at the regional, state and national level that may impact the local economy are also included in the report. The report is updated as current data become available.

IN THIS ISSUE.....

EMPLOYMENT

- Norfolk's unemployment rate in August stood at 9.5 percent (not seasonally adjusted), which is 0.6 percentage point higher than the previous month's rate of 8.9 percent (July 2011), but is 0.3 percentage point lower than the previous year's rate of 9.8 percent (August 2010).
- Employment in Hampton Roads (not seasonally adjusted) totaled 737,200 in August, which is 0.19 percent (or 1,400 jobs) below last year. With the exception of the *revised* job growth in July 2011, the number of jobs in Hampton Roads has been declining year-over-year since January 2008. July employment was revised up to 741,100, which is 0.18 percent (1,700 jobs) higher than July 2010.
- In the first quarter of 2011, some of the major cities in Hampton Roads saw an increase in the number of jobs compared to the first quarter of 2010. Norfolk saw a 3.4 percent increase (or 818 jobs), which was the first quarterly year-over-year increase since the fourth quarter of 2008.
- Nationally, non-farm payroll employment rose by 103,000 in September from the previous month. Year-to-date, the economy added about 1.1 million jobs, which exceeds the 940,000 jobs added all year in 2010.

SALES TAX REVENUE

- In August, Norfolk's sales tax revenue totaled \$2.47 million, which is approximately 6.4 percent or \$128,900 more than the previous year. Through the first two months of FY 2012, sales tax revenues totaled \$4.8 million and have grown by about 3.8 percent (or \$177,400).

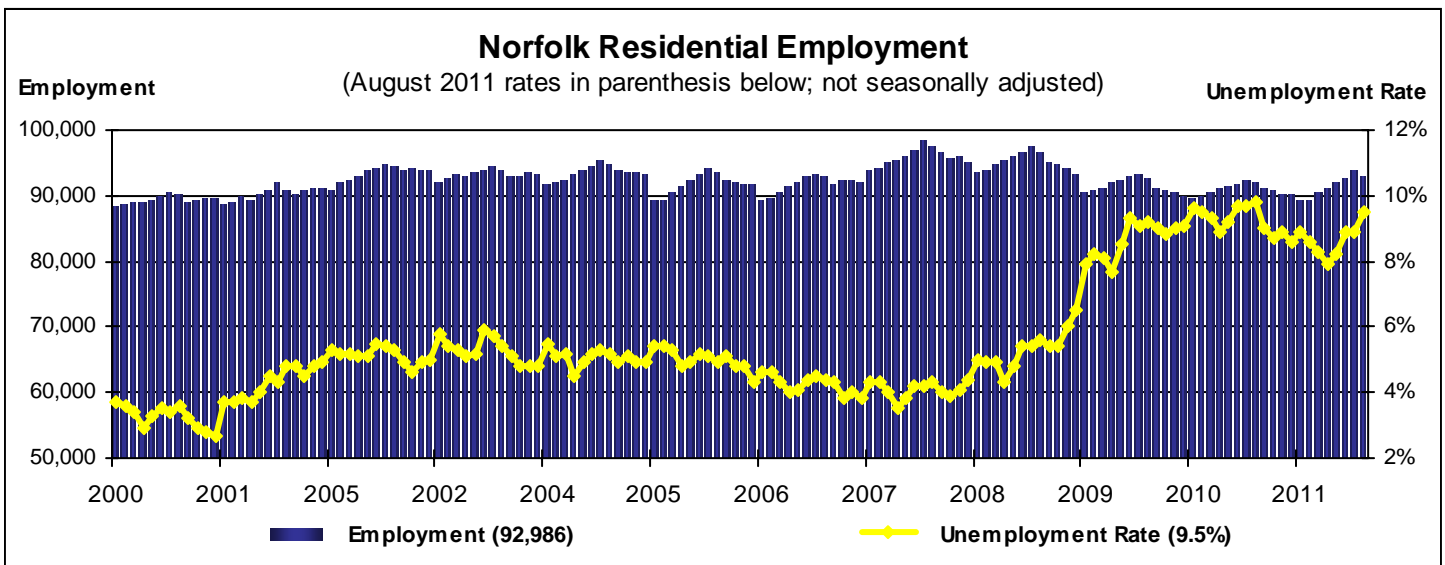
REGIONAL AND NATIONAL HOUSING MARKET & BUILDING PERMITS

- From January to August 2011, the average sales price of homes sold in Norfolk and in Hampton Roads declined by 11.2 percent and 9.6 percent, respectively, from the same period last year.
- In Norfolk, the number of homes sold increased by 178 homes (or 13.3 percent) from January to August over the same period last year. Homes sold in Hampton Roads increased by 360 homes (or 3 percent).
- The total number of housing units authorized by building permits in Norfolk from January to August 2011 totaled 427 units, an increase of 168 units from last year. Most of the increase year-to-date was due to units permitted in new multi-family structures and the conversion of a commercial building to apartments.

OTHER ECONOMIC INDICATORS

- Growth decelerated in the first half of 2011. The economy's growth in the second quarter was revised up to 1.3 percent from 1 percent. This growth follows a 0.4 percent growth in the first quarter of 2011. In comparison, real GDP grew 3.0 percent in 2010 (revised).
- Consumer confidence, as measured by the Conference Board's Consumer Confidence Index, was relatively unchanged in September and stood at 45.4 compared to 45.2 in August.

RESIDENTIAL EMPLOYMENT AND UNEMPLOYMENT—NORFOLK, REGIONAL, AND STATE

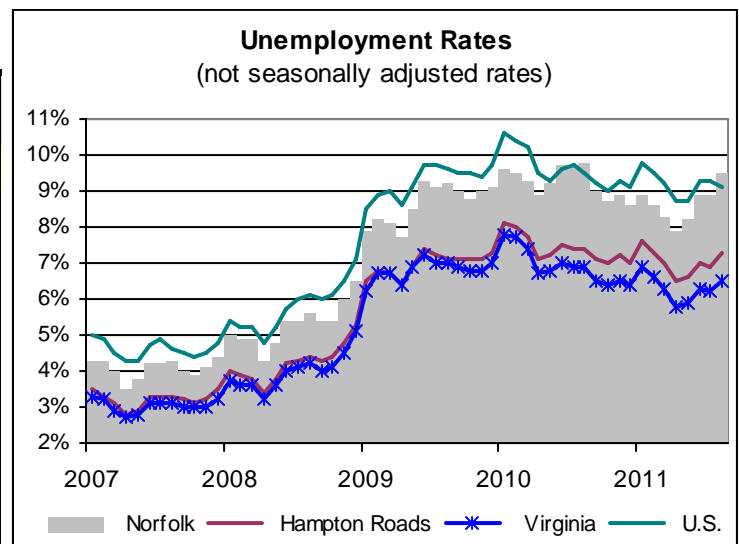


August 2011 Residential Employment

- The Virginia Employment Commission (VEC) reported that the number of employed Norfolk residents in August stood at 92,86 (not seasonally adjusted), which is 895 (or 1 percent) less than the employed residents in the previous month (July 2011), but is 828 (or 0.9 percent) more employed residents than last year (August 2010). The same trend was also seen in all the major cities in Hampton Roads.
- The unemployment rate in Norfolk stood at 9.5 percent (not seasonally adjusted) in August, which is 0.6 percentage point higher than the previous month's rate of 8.9 percent (July 2011), but is 0.3 percentage point lower than the previous year's rate of 9.8 percent (August 2010). However, Norfolk's unemployment rate stands above the national unemployment rate of 9.1 percent (not seasonally adjusted). The last time Norfolk this occurred was in August 2010 and June 2010.
- Similar to Norfolk, the Hampton Roads' unemployment rate rose in August to 7.3 percent (not seasonally adjusted) from 6.9 percent in July, but is 0.1 percentage point lower than the previous year's rate of 7.4 percent. Virginia's unemployment rate (not seasonally adjusted) rose to 6.5 percent from July's rate of 6.2 percent, but is 0.4 percentage point lower than last year's rate of 6.9 percent. The VEC stated that "August is a transition month between the summer and fall labor markets, as students quit their summer jobs to return to college and local school systems experience their lowest employment level of the year. However, the number of unemployed increased by a considerable amount, and as a result, the unadjusted unemployment rate increased." Virginia tied with Hawaii and Maine for the ninth lowest unemployment rate among the 50 states and the District of Columbia in August.

Hampton Roads Unemployment Rate
(not seasonally adjusted)

	August 2011	July 2011	August 2010	5-Year Average
Norfolk	9.5%	8.9%	9.8%	6.3%
Chesapeake	7.0%	6.7%	7.1%	4.7%
Hampton	8.6%	8.0%	8.5%	5.7%
Newport News	7.6%	7.1%	7.5%	5.5%
Portsmouth	9.3%	8.7%	9.3%	6.3%
Suffolk	7.6%	7.3%	8.2%	5.1%
Virginia Beach	6.3%	5.9%	6.3%	4.3%
Hampton Roads	7.3%	6.9%	7.4%	5.0%
Virginia	6.5%	6.2%	6.9%	4.8%



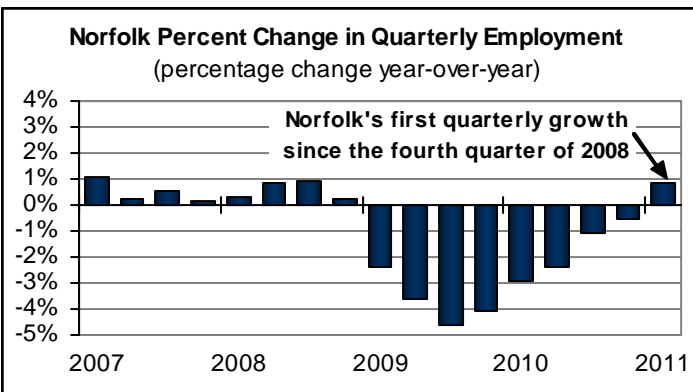
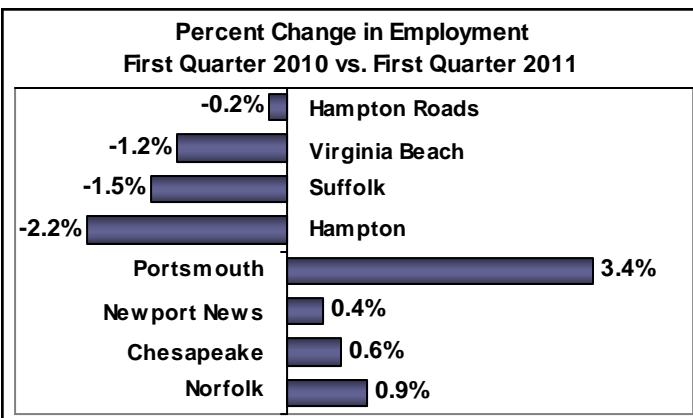
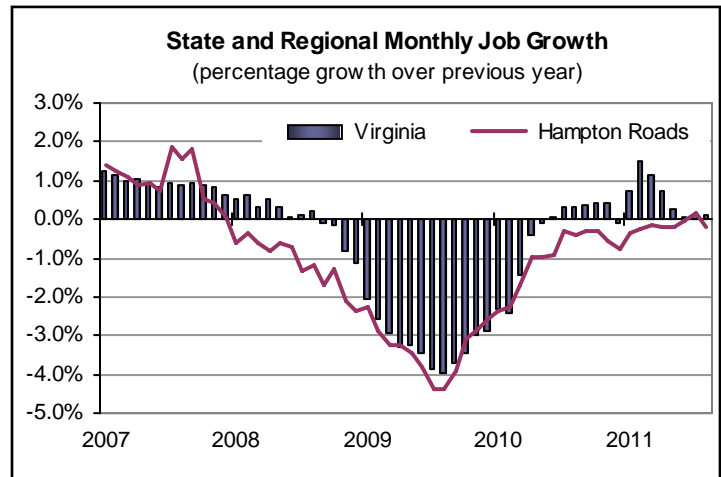
Source: Virginia Employment Commission and U.S Bureau of Labor Statistics. Compiled by the Office of Budget and Management.

LOCAL, REGIONAL AND STATE JOB GROWTH

Local Employment (first quarter of 2011)

The Virginia Employment Commission released the first quarter of 2011 Quarterly Census of Employment and Wages (QCEW), which reports counts of employment, business establishments and average weekly wages by industry. The QCEW is released quarterly and includes all businesses subject to unemployment insurance taxes.

In the first quarter of 2011, some of the major cities in Hampton Roads saw an increase in the number of jobs compared to the first quarter of 2010. Norfolk saw a 3.4 percent increase (or 818 jobs), which was the first quarterly year-over-year increase since the fourth quarter of 2008.



Change in Employment in Select Industries
First Quarter 2010 vs. First Quarter 2011

	Norfolk Change		Regional Change	
	No.	%	No.	%
Construction	-176	-4.0%	-687	-2.0%
Manufacturing	-366	-5.5%	-1,139	-2.2%
Trade, Transport. & Utilities	-24	-0.1%	-12	0.0%
Information	-163	6.5%	-1,122	-9.1%
Financial Activities	-136	-1.8%	-255	-0.8%
Professional & Bus. Services	235	1.3%	-922	-1.0%
Education & Health	775	3.3%	2,603	3.0%
Leisure & Hospitality	506	4.6%	790	1.1%
Federal Government	802	5.1%	1,419	2.9%
State Government	68	1.1%	-176	0.9%
Local Government	-533	-3.9%	-1,784	-2.0%

State and Hampton Roads Job Growth

The Virginia Employment Commission reported that the statewide non-seasonally adjusted nonfarm employment in August totaled 3,626,300, which is an increase of approximately 0.12 percent (or 4,300 jobs) from the same period last year (August 2010) but is 9,500 jobs below last month's figure. Since June 2010, jobs in Virginia have been growing year-over-year every month except in December 2010.

In Hampton Roads, the number of jobs stood at 737,200 in August, which is 0.19 percent (or 1,400 jobs) below the same month last year (August 2010). With the exception of the revised job growth in July 2011, the number of jobs in Hampton Roads has been declining year-over-year since January 2008. July employment was revised up to 741,100, which is 0.18 percent (1,700 jobs) higher than July 2010.

A summary of the year-over-year job growth for key sectors in the state and region is shown below.

August Job Growth in Major Sectors

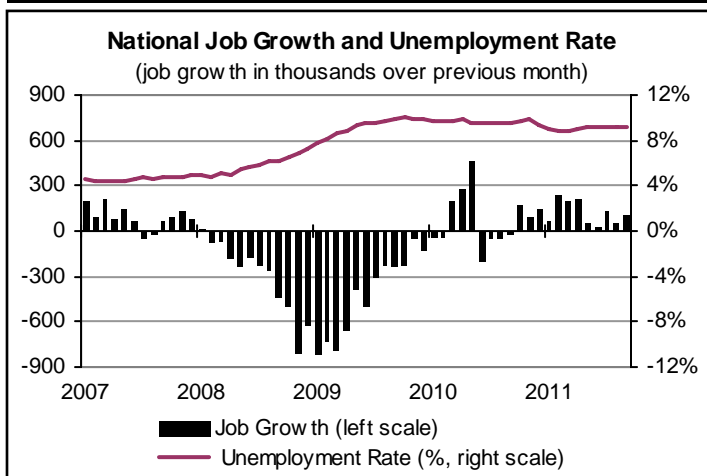
(not seasonally adjusted; August growth is from previous year)

	Hampton Roads*	Virginia*
Construction	-1,200	-4,200
Manufacturing	400	1,700
Trade (Retail & Wholesale)	-4,300	6,300
Transportation & Utilities	200	-200
Information	-1,500	-7,200
Financial Activities	-1,700	-500
Professional & Business Services	-2,500	10,500
Educational & Health Services	2,100	4,300
Leisure & Hospitality	6,700	-5,300
Government	-100	600
<i>Federal Government</i>	600	-4,300
<i>State Government</i>	100	3,100
<i>Local Government</i>	-800	1,800

Source: Virginia Employment Commission and U.S Bureau of Labor Statistics. Compiled by the Office of Budget and Management.

* Preliminary.

NATIONAL JOB GROWTH AND REAL GROSS DOMESTIC PRODUCT



National Job Growth

The Bureau of Labor Statistics (BLS) reported that nonfarm payroll employment (seasonally adjusted) rose by 103,000. According to BLS, the increase in employment partially reflected the return to payrolls of about 45,000 telecommunications workers who had been on strike in August. Job growth in August and July were revised up by 57,000 jobs and 42,000 jobs, respectively. With the revision, the public sector overall saw its first monthly job gain in August since October 2010. Year-to-date, about 1.1 million jobs have been added, which exceeds the 940,000 jobs added all year in 2010. Job growth picked up in the private sector, adding 137,000 jobs in September alone and 1.3 million jobs year-to-date. In September, the seasonally adjusted unemployment rate remained at 9.1 percent for the third consecutive month.

National Job Growth

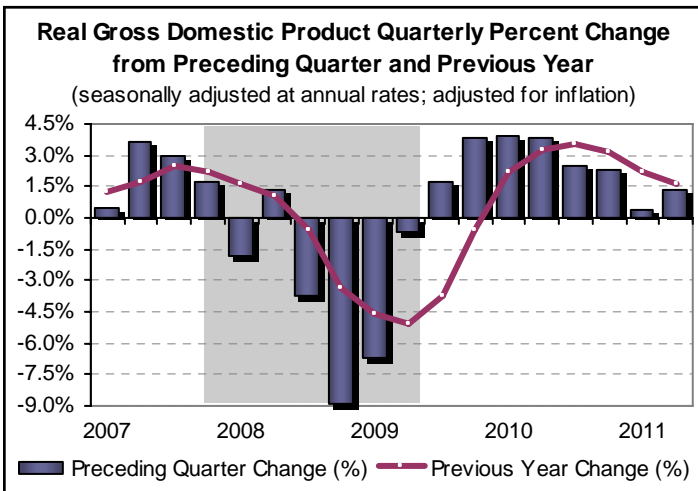
(seasonally adjusted; Aug./Sept. growth is from previous month)

	August 2011*	Sept. 2011**	Sept. YTD**
Mining & Logging	2,000	5,000	71,000
Construction	-7,000	26,000	53,000
Manufacturing	-4,000	-13,000	176,000
Trade, Transportation & Utilities	3,000	7,000	206,000
Information	-51,000	34,000	-34,000
Finance	5,000	-8,000	-14,000
Professional & Business Svcs.	38,000	48,000	378,000
Educational & Health Services	38,000	45,000	321,000
Leisure & Hospitality	10,000	-4,000	149,000
Other Services	8,000	-3,000	35,000
Government	15,000	-34,000	-267,000
Federal Government	-3,000	-1,000	-33,000
State Government	11,000	2,000	-51,000
Local Government	7,000	-35,000	-183,000
Total Job Growth	57,000	103,000	1,074,000

Real Gross Domestic Product (GDP)

Real GDP is the value of all goods and services produced within the U.S., adjusted for inflation, and is the broadest measure of economic activity.

In the second quarter of 2011, the Bureau of Economic Analysis (BEA) reported in September that real GDP increased at an annual rate of 1.3 percent (third estimate), revised up from the second estimate of 1.0 percent growth. This follows a downward revised growth of 0.4 percent in the first quarter of 2011, that had previously been estimated to be 1.9 percent.



The real GDP growth in the second quarter were driven by the following:

- **Business investment** increased 6.4 percent following a 3.8 percent increase in the first quarter, which was driven by investment in commercial structures, equipment and software.
- **Consumer spending** decelerated, growing by only 0.7 percent, following a 2.1 percent increase in the first quarter. Spending on services such as, healthcare, recreation, and housing and utilities, drove the growth.
- **Imports of goods**, which subtract from GDP, grew by only 1.6 percent, compared with an 8.3 percent growth in the first quarter.
- **Exports of goods and services** grew 3.6 percent in the second quarter, which had a positive contribution to real GDP growth.
- **Federal government spending** decelerated, increasing by only 1.9 percent, mainly due to defense spending, after increasing 9.4 percent in the first quarter. However, government spending at all levels of government (federal, state and local) overall fell 0.9 percent due to state and local government spending.

Source: U.S Bureau of Labor Statistics and U.S. Bureau of Economic Analysis. Compiled by the Office of Budget and Management.
* Revised. ** Preliminary.

CONSUMER CONFIDENCE AND CONSUMER PRICE INDEX (INFLATION)

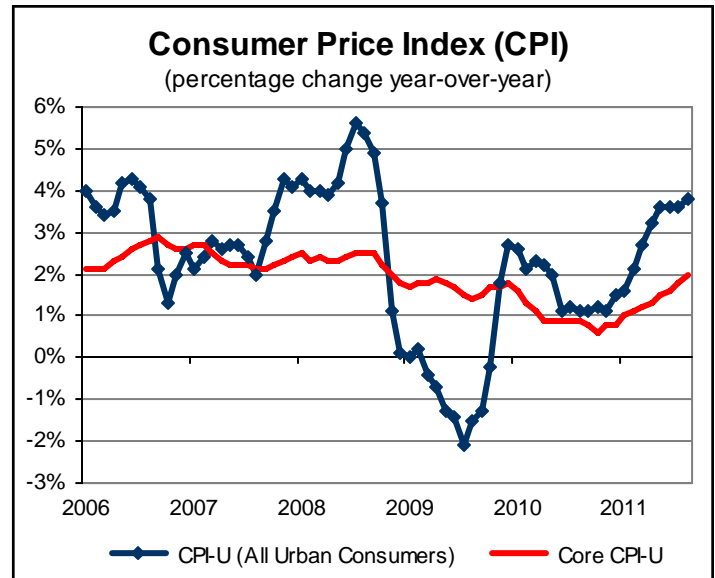
Consumer Confidence Index

Consumer confidence, as measured by the Conference Board's Consumer Confidence Index, was relatively unchanged in September and stood at 45.4 compared to 45.2 in August.

The Expectations Index, which measures consumers' confidence in future business, employment and family income six months from now, also rose slightly in September to 54 from 52.4 in August. Fewer consumers expect business conditions to worsen and more consumers were expecting more jobs over the next six months.

However, the Conference Board reported that consumers' assessment of current conditions declined for the fifth consecutive month. The Present Situation Index, which measures consumer confidence in current business and employment conditions, declined to 32.5 in September from 34.3 in August.

Lynn Franco, Director of The Conference Board Consumer Research Center stated that "the pessimism that shrouded consumers last month has spilled over into September. Consumer expectations, which had plummeted in August, posted a marginal gain. However, consumers expressed greater concern about their expected earnings, a sign that does not bode well for spending," which is significant since consumer spending makes up about two-thirds of economic activity as measured by the real gross domestic product (GDP).



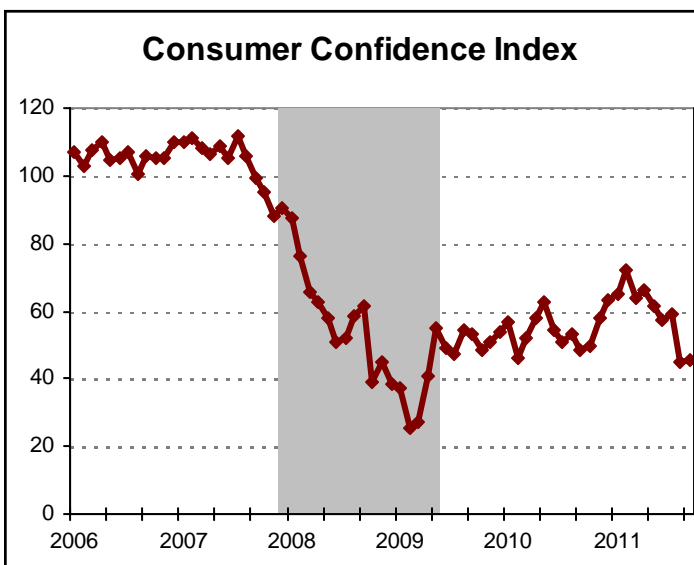
Source: Bureau of Labor Statistics. Compiled by the Office of Budget and Management.

Consumer Price Index

The Consumer Price Index is a measure of the average change in prices over time of goods and services purchased by households. The Bureau of Labor Statistics (BLS) reported that the Consumer Price Index for all urban consumers (CPI-U) rose 0.4 percent in August from the previous month on a seasonally adjusted basis. According to BLS, the increase in the CPI-U was broad-based. Energy prices rose 1.2 percent, mainly due to the 1.9 percent increase in gasoline prices. Food prices rose 0.5 percent—this was the 13th consecutive monthly increase and was the largest increase since March 2011.

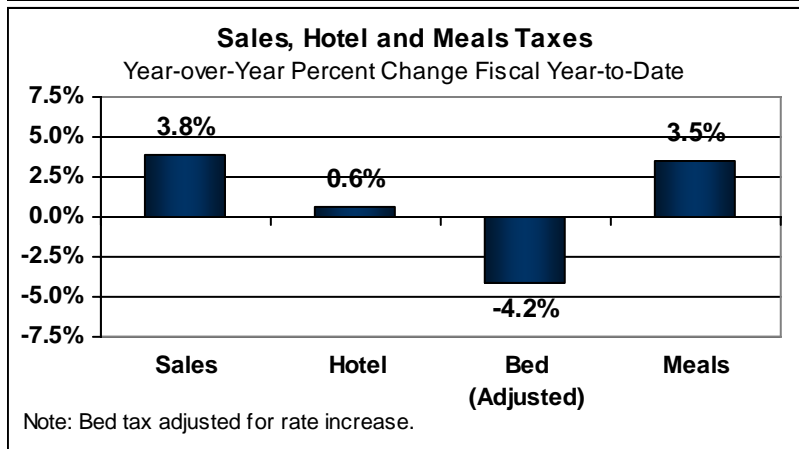
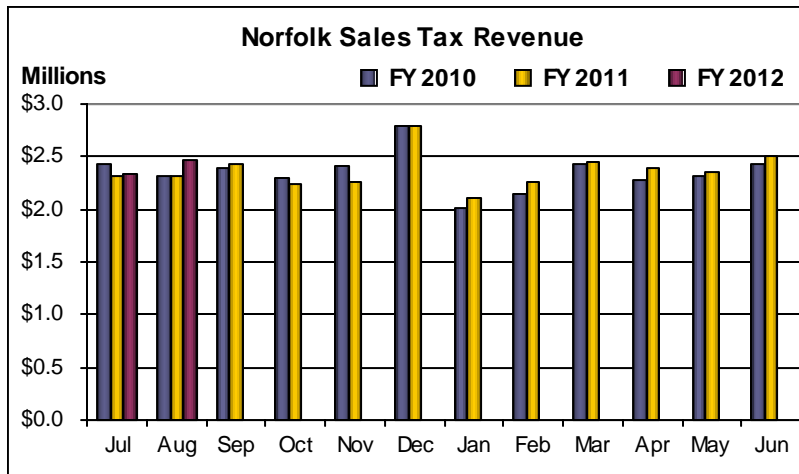
The core CPI-U, which excludes the more volatile prices of food and energy, rose 0.2 percent in August from the previous month on a seasonally adjusted basis. The increase was driven by the price of housing/shelter (0.2 percent), clothing (1.1 percent), used cars and trucks (0.9 percent), medical services (0.3 percent), and education—tuition, other school fees and childcare (0.3 percent).

From the same month last year (August 2010), the CPI-U rose 3.8 percent before seasonal adjustment, while the core CPI-U rose 2 percent before seasonal adjustment. The year-over-year percentage change in both indices have been trending upward since later part of 2010.



Source: The Conference Board. Compiled by the Office of Budget and Management. Shaded area denotes a recession.

SALES TAX—NORFOLK AND REGION



Norfolk Sales Tax Revenue

In August, Norfolk's sales tax revenue totaled \$2.47 million, which is approximately 6.4 percent or \$128,900 more than the previous year. Through the first two months of FY 2012, sales tax revenues totaled \$4.8 million and have grown by about 3.8 percent (or \$177,400).

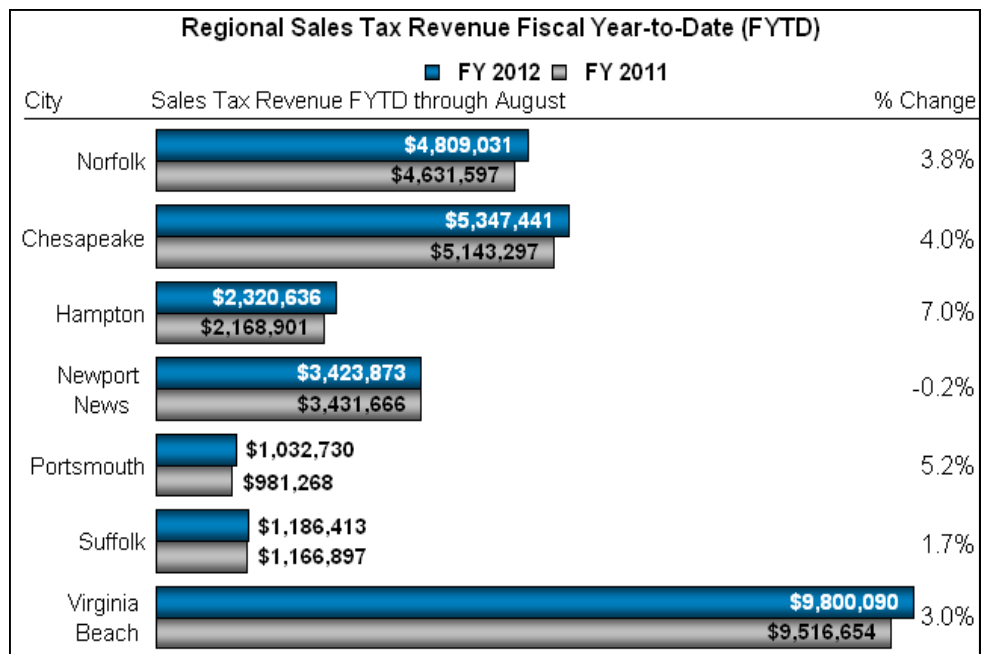
Sales tax receipts in Norfolk have been increasing year-over-year for nine consecutive months since December 2010. Over the past nine months, sales tax revenues have grown cumulatively by approximately 2.9 percent or \$615,700 from the same period last year.

In addition to sales taxes, hotel and meals taxes have also increased through the first two months of the year. Meals taxes are up 3.5 percent and hotel taxes are up slightly by 0.6 percent from the same period last year. However, the bed tax, which is a surcharge of \$2 per room per night stay, is up 92 percent from last year fiscal year-to-date. However, adjusting for the increase in the bed tax rate from \$1 to \$2 this year, the bed tax is down 4.2 percent from the same period last year.

Neighboring Localities

Sales tax collections in Norfolk neighboring cities grew fiscal year-to-date in August, except in Newport News. Hampton had both the highest percentage growth (7 percent), while Virginia Beach had the highest dollar growth (\$283,400) in August.

Nationally, the U.S. Census Bureau reported that national retail and food services sales was unchanged in August from the previous month, after growing 0.3 percent (revised) in July. The lack of growth in August was driven in part by the 0.3 percent decrease in auto sales. Excluding auto



sales, retail and food services sales grew 0.1 percent in August from the previous month. Other major types of businesses that drove the lack of growth in August include miscellaneous store retailers (2.2 percent decrease), clothing stores (0.7 percent decrease), and furniture and home furnishing stores (0.2 percent decrease). Over the previous year, sales for the month of August alone grew 7.2 percent, driven by sales at gas stations (due to higher gas prices compared to last year), auto dealers, grocery stores and nonstore retailers.

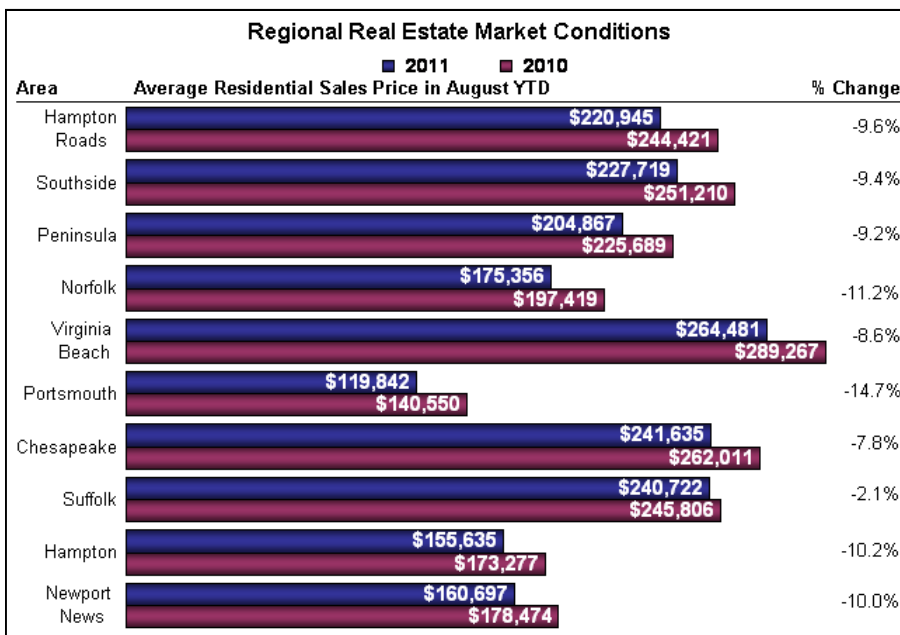
Source: Virginia Department of Taxation and U.S. Census Bureau.

NORFOLK AND REGIONAL HOUSING MARKET

Hampton Roads Residential Real Estate Market Conditions

The following sections provide information on the Norfolk, Regional and National housing market, foreclosure filings, and other indicators of market conditions such as, Housing Market Index, Housing Opportunity Index, housing starts and building permits.

The Real Estate Information Network (REIN) reported a 9.6 percent decline in the average sales price of homes sold in Hampton Roads year-to-date through August. The decline in the Southside and in the Peninsula were 9.4 percent and 9.2 percent, respectively. However, the number of homes sold YTD in the region rose 3 percent, from 11,903 to 12,263. Regional home sales also grew for the month of August alone (15.8 percent), the second consecutive monthly gain since March 2011. Norfolk home sales, on the other hand, have increased year-over-year in every month since January 2011, except in May 2011. Norfolk's increase in the number of homes sold YTD (178 homes) is the largest in the region.



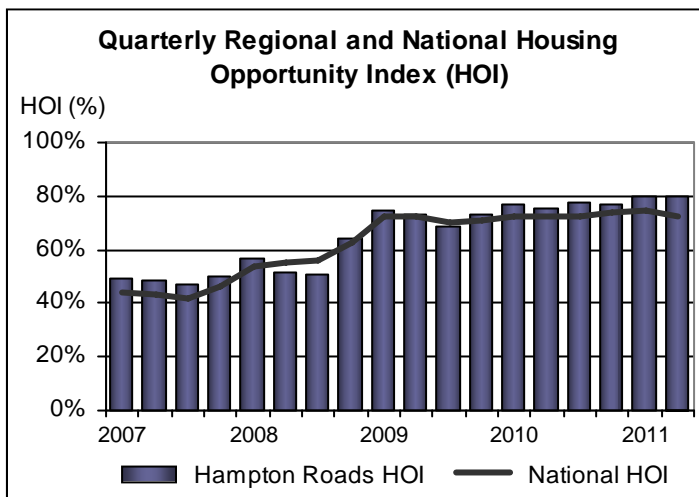
Jan. – Aug. Home Sales	Units Sold		Average Days on Market	
	2010	2011	2010	2011
Hampton Roads	11,903	12,263	89	101
Southside	8,641	8,961	83	97
Peninsula	2,999	3,002	105	114
Norfolk	1,336	1,514	86	96
Virginia Beach	3,621	3,637	77	90
Portsmouth	695	756	90	102
Chesapeake	1,905	1,973	81	91
Suffolk	737	687	91	115
Hampton	852	838	95	103
Newport News	1,037	1,068	91	107

REIN reported that sales of distressed homes made up about 29.3 percent of home sales in August, a slight decrease from 30.3 percent of home sales in July. According to REIN, the number of distressed homes in Hampton Roads is “down 12.8 percent since the beginning of the year” and “should this trend continue, the distressed homes market in Hampton Roads may stabilize and lessen its impact on the non-distressed homes market, namely prices.”

REIN also reported that homes under contract in the region grew 23.4 percent (1,812 vs. 1,469) in August. Newport News and Norfolk had the highest gains at 57 percent and 49 percent, respectively. REIN noted that “the rise in under contract sales provides foreshadowing for future sales,” but will not show up in sales figures until the sales are finalized.

Housing affordability in Hampton Roads, as measured by the regional Housing Opportunity Index (HOI), rose slightly to 80.1 percent in the second quarter of 2011 from 79.8 percent in the first quarter of 2011. Affordability in the region continues to be at its highest level since the first quarter of 1994. The regional HOI shows that 80.1 percent of homes sold in the second quarter of 2011 were affordable to families earning the regional median income of \$69,900.

The HOI for an area is defined as the share of homes sold in the area that would have been affordable to a family earning the local median income based on standard mortgage underwriting criteria. The index has two main components: income and housing cost.



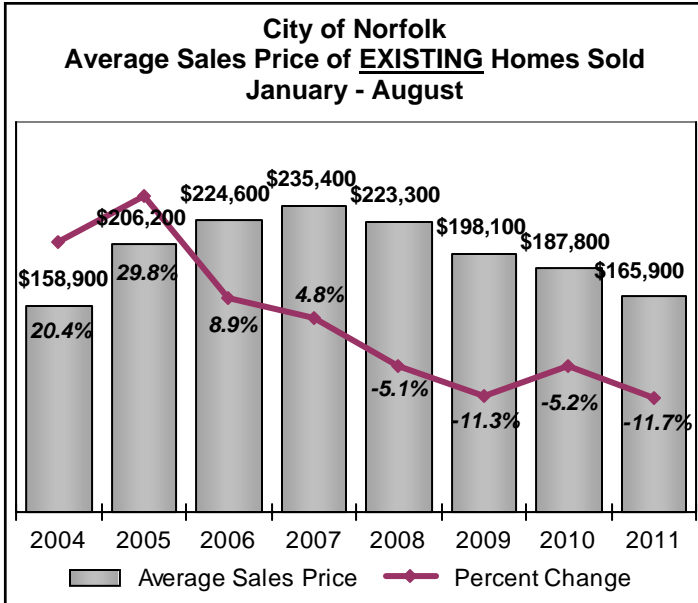
Source: Real Estate Information Network (REIN) and National Association of Home Builders. Compiled by the Office of Budget and Management.

NORFOLK HOUSING MARKET

Existing Home Sales

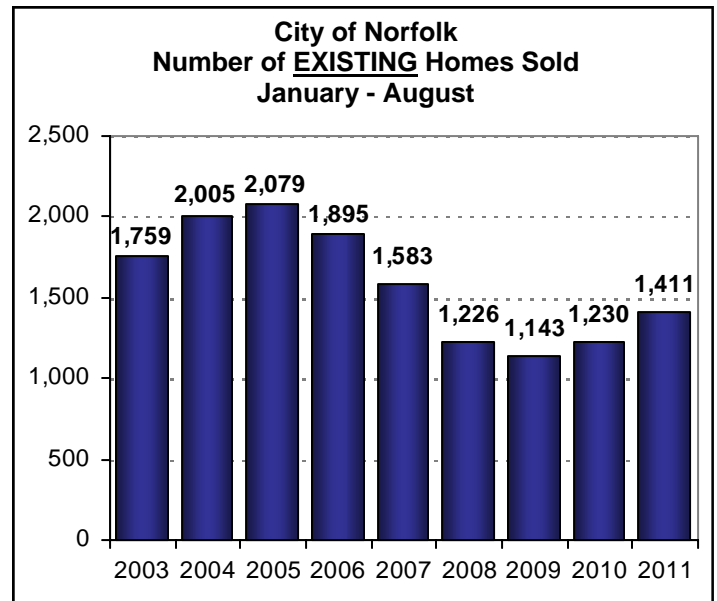
Year-to-date through August, the average sales price of existing homes sold in Norfolk fell 11.7 percent to \$165,900. However, for the month of August alone, the average sales price grew slightly by 1.5 percent from August 2010, the first monthly year-over-year increase since February 2011. This

The number of existing homes sold through August remains 14.7 percent (181 homes) above the number of sales in the same period last year. Sales of both attached and detached homes are up year-to-date. Nearly all of the increase in home sales year-to-date have been driven by the sale of homes priced under \$200,000.



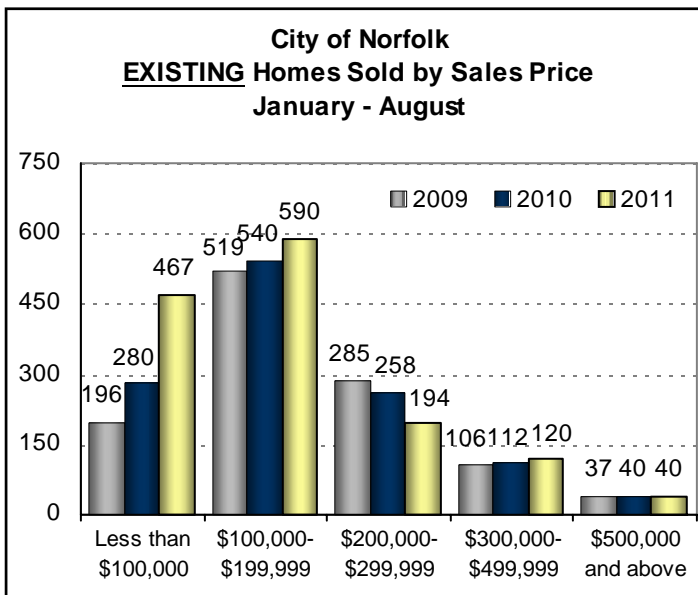
Source: Real Estate Information Network (REIN)

monthly increase was mainly due to detached home sales. Compared to the same period last year (August 2011 vs. August 2010), there was an increase in the number of detached homes sold priced in the \$300,000 range (11 vs. 7) and above \$500,000 (5 vs. 2). However, homes priced under \$200,000 continue to make up the majority of all existing homes sold (75 percent) year-to-date.

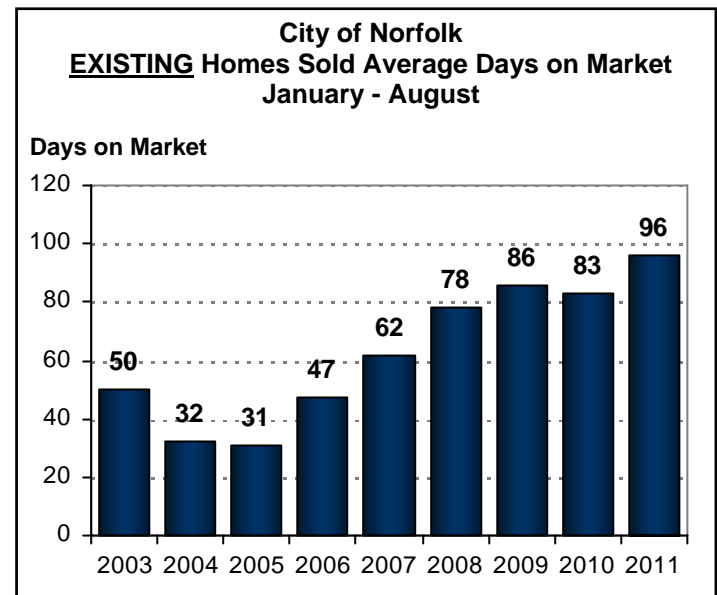


Source: Real Estate Information Network (REIN)

The average days on market of existing homes sold year-to-date increased to 96 days from 83 days last year. However, home sales last year were probably accelerated by buyers rushing to finalize sales before the end of the federal home buyers tax credit in June 2010. The increase was driven by homes that were sold for under \$100,000 and homes that were sold for \$300,000 and above.



Source: Real Estate Information Network (REIN)

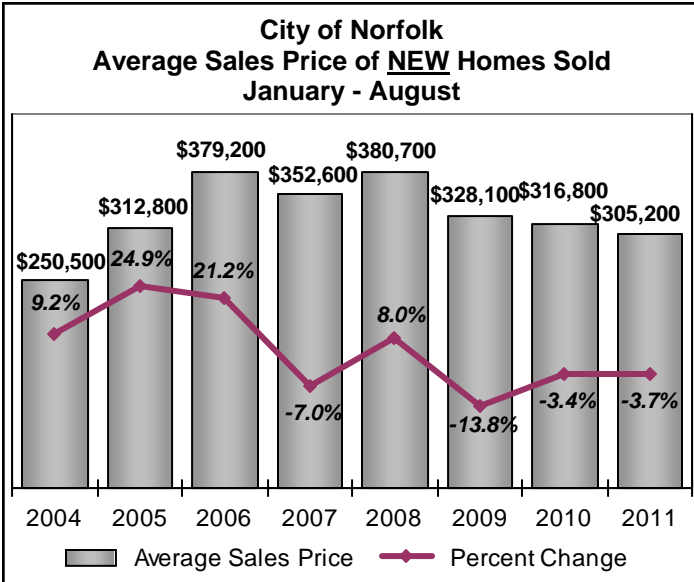


Source: Real Estate Information Network (REIN)

NORFOLK HOUSING MARKET (CONTINUED)

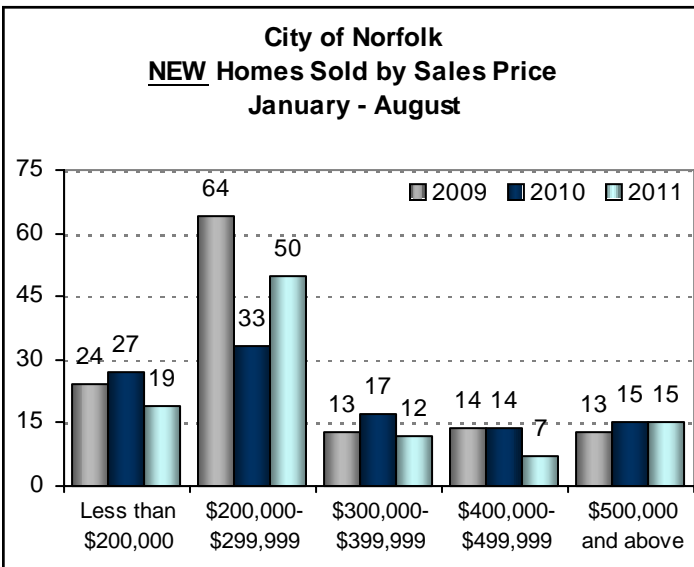
New Home Sales

Year-to-date through August, the average sales price of new homes sold in Norfolk decreased 3.8 percent, from \$316,800 last year to \$305,200 this year. The decline in sales price was mainly due to sales of new attached homes, which on average saw a 16.5 percent decline. In comparison, the average sales price of new detached homes have seen a 4.8 percent increase year-to-date.



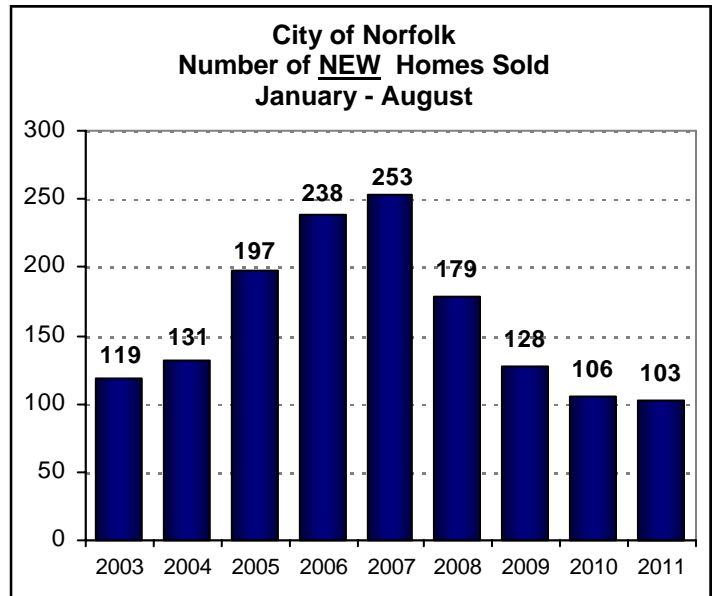
Source: Real Estate Information Network (REIN)

Compared to last year, sales of new homes declined at every price range, except for homes priced between \$200,000—\$299,999, while sales of homes priced \$500,000 and above remained steady. About 67 percent of new homes sold year-to-date were priced under \$300,000.



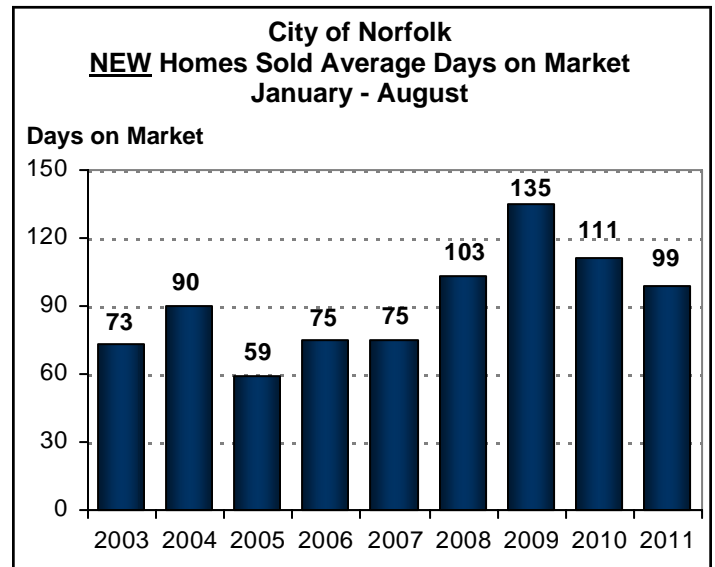
Source: Real Estate Information Network (REIN)

Unlike existing homes, the number of new homes sold in Norfolk declined year-to-date through August. New home sales fell slightly (2.8 percent or 3 homes) to 103 homes this year. However, for the month of August alone, sales of new homes rose 19 percent (or 3 homes), mainly due to sales of detached homes. Sales of new homes in Norfolk have been on a downward trend since 2007.



Source: Real Estate Information Network (REIN)

Unlike existing homes, the average days on market of new homes sold decreased by about 12 days, from 111 days last year to 99 days this year. Both new attached and detached homes sold saw a decrease in their average days on market. The average days on market of new homes sold have been on a downward trend since 2009.

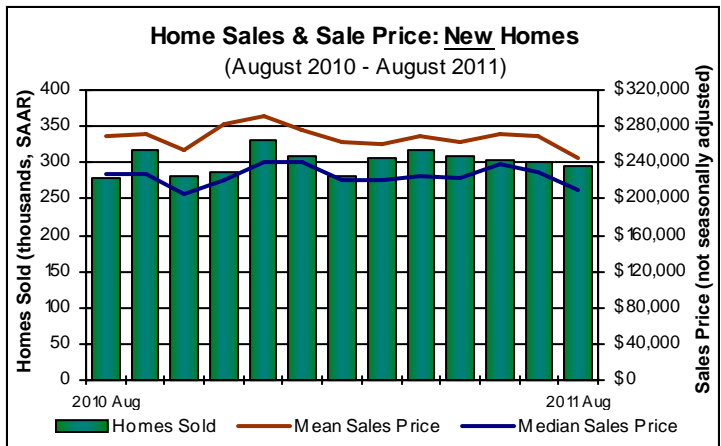
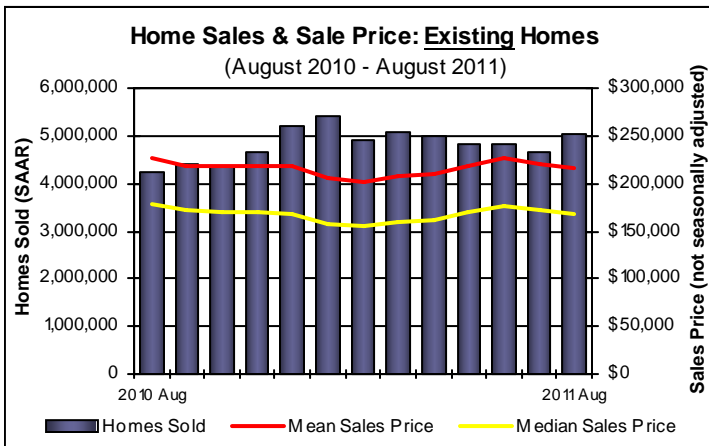


Source: Real Estate Information Network (REIN)

NATIONAL HOUSING MARKET

Sale of Existing and New Homes

Existing homes sales nationwide rose 7.7 percent in August to a seasonally adjusted annual rate (SAAR) of 5.03 million from July 2011. The National Association of Realtors (NAR) indicated that some of the improvement in August may have resulted from sales that were delayed in preceding months. NAR also noted that the biggest factors keeping home sales from a healthy recovery are mortgages being denied to creditworthy buyers and appraised valuations below the negotiated price. Existing home sales were also up from last year by 18.6 percent, although last year's sales were likely skewed by the end of homebuyer tax credits. New home sales fell again in August for the fourth straight month by 2.3 percent to 295,000 (SAAR), however, new home sales are 6.1 percent above last year. The average price of existing homes sold fell 4 percent to \$216,800, while new homes sold saw an 8.5 percent decline in average sales price from last year to \$246,000 from last year.



Foreclosures

In August, RealtyTrac reported 228,098 new foreclosure filings for the nation, which include default notices, scheduled auctions and bank repossessions, a 7 percent increase from last month (July 2011), but is down 33 percent from last year (August 2010). There was a foreclosure filing in one in every 570 housing units in the nation in August.

James Saccacio, CEO of RealtyTrac, indicated that the increase in new foreclosure filings “may be a signal that lenders are starting to push through some of the foreclosures delayed by robo-signing and other documentation problems,” but also “foreshadows more bank repossessions in the coming months as these new foreclosures make their way through the process.”

Like the nation, new foreclosure filings increased in some of the major Hampton Roads cities in August from last month—namely, Hampton, Newport News, and Virginia Beach, but foreclosure filings fell in Norfolk, Chesapeake, Portsmouth, and Suffolk. Compared to the same month last year, foreclosure filings declined in the major Hampton Roads cities, except in Hampton. However, foreclosures may have abated only temporarily. The Virginian-Pilot reported that CoreLogic, a company that tracks mortgages nationwide, has estimated that about a quarter of all homes with mortgages in the region are “underwater”, that is, are worth less than what’s owed in the second quarter of 2011. Being “underwater” in their mortgage is one of the most common precursors to foreclosure.

National, State and Local Foreclosure Filings—August 2011

	Rank (1)	New Foreclosure Filings	% Change from last month	% Change from last year	Foreclosure Rate (2)
Norfolk	8	141	-34.4%	-14.0%	1 / 682
Chesapeake	11	129	-33.5%	-32.5%	1 / 646
Hampton	13	114	5.6%	16.3%	1 / 529
Newport News	12	120	1.7%	-25.9%	1 / 672
Portsmouth	14	101	-19.2%	-30.3%	1 / 429
Suffolk	16	63	-24.1%	-23.2%	1 / 525
Virginia Beach	4	272	6.3%	-1.1%	1 / 647
Richmond	7	176	25.7%	-5.4%	1 / 538
Prince William	2	392	4.0%	-17.5%	1 / 351
Fairfax County	1	518	-5.8%	-33.8%	1 / 760
Virginia	12	4,269	-1.2%	-21.5%	1 / 780
Nation	n/a	228,098	7.2%	-32.7%	1 / 570

(1) Rank is based on the number of new foreclosure filings reported for the month. For cities/counties, it is their respective rank within Virginia. For Virginia, it is the rank within the nation as compared to the other states.

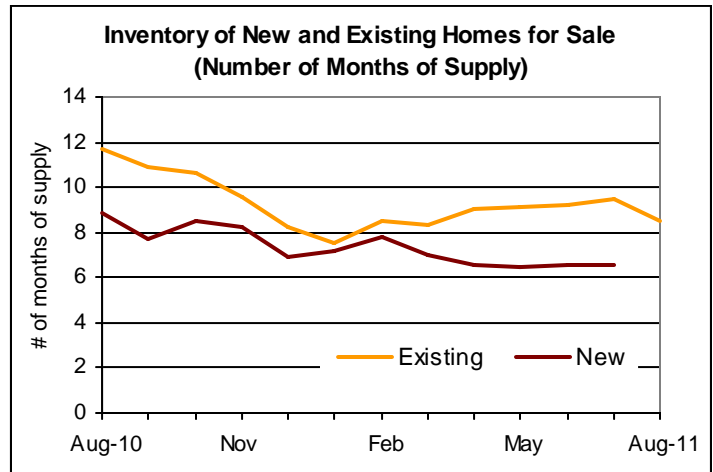
(2) The foreclosure rate for example, shows that there was one in every 682 housing units in Norfolk with a foreclosure filing in August 2011.

NATIONAL HOUSING MARKET (CONTINUED)

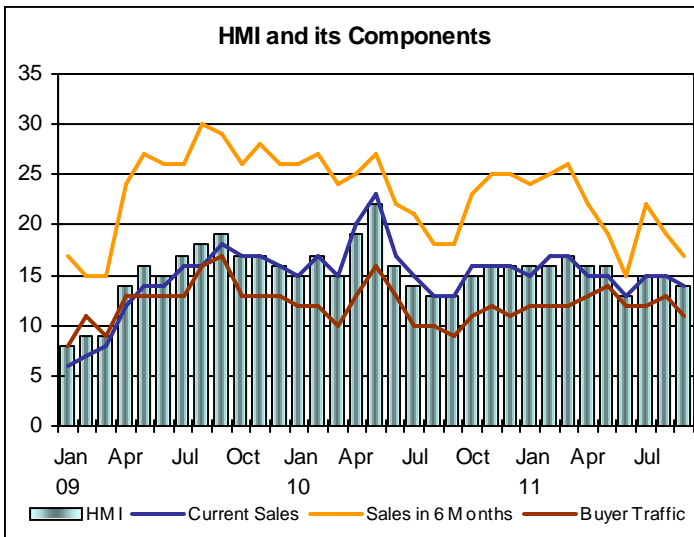
Inventory of Homes for Sales

The inventory of existing homes for sale in August fell 3 percent to 3.577 million homes from July, which represents an 8.5 months supply at the current sales pace. The decline was due to the inventory of condominiums and co-ops which fell 18.4 percent, while the inventory of single-family homes held steady. The inventory in August remains 13.1 percent below last year.

The inventory of new homes for sale in July continued to decline to another record low by 0.6 percent to 165,000 homes. This is the lowest point since the earliest sales data recorded in January 1963. The inventory now represents a supply of 6.6 months at the current sales rate of new homes.



Sources: US Census Bureau and the National Association of Realtors, compiled by the Office of Budget and Management.



Source: National Association of Home Builders. Compiled by the Office of Budget and Management.

Housing Market Index (HMI)

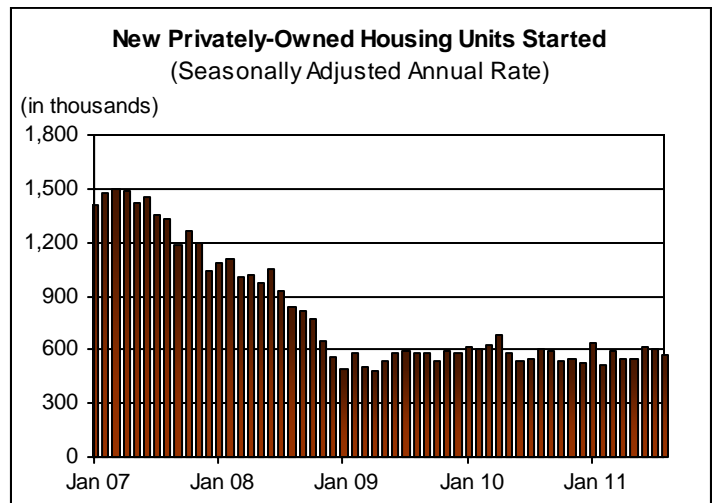
The HMI provides a measure of builder confidence in the market for newly constructed single-family homes. The HMI fell one point in September to 14, after remaining flat for the past two months.

All three components of the HMI fell in August. Builder perception of current sales fell by one point while builder perception of sales in six months fell by two points to its lowest level since March 2009. Builder rating of traffic of prospective buyers also fell by two points to its lowest level since December 2010. National Association of Home Builders' chairman Bob Nielsen commented that "both builder and consumer confidence took a hit in recent weeks with the market disruptions caused by the S&P downgrade and congressional gridlock on the budget deficit."

National Housing Starts

According to the U.S. Census Bureau, privately-owned housing starts fell in August for the second consecutive month by 5 percent to a seasonally adjusted annual rate (SAAR) of 571,000 housing units from a revised SAAR of 601,000 housing units in July. Housing starts also fell when compared to the same period last year (August 2010) by 5.8 percent.

Both housing starts of single-family and multi-family structures with 5 units or more fell in August. Housing starts of single-family structures declined 1.4 percent to 417,000 units (SAAR). Multi-family structures with 5 units or more saw a 12.4 percent decline to 148,000 units (SAAR), which follows three consecutive monthly increases.



Source: US Census Bureau. Compiled by the Office of Budget and Management.

NORFOLK BUILDING PERMITS

The total number of housing units authorized by building permits in Norfolk from January to August 2011 totaled 427 units, an increase of 168 units from last year. Most of the increase year-to-date was due to units permitted in new multi-family structures and conversion of a commercial building to apartments (Riverview Lofts project—81 units) under “Other”.

New Single Family Dwellings Permitted

The number of new single family dwellings permitted from January through August 2011 increased by 39 units from the same period last year. The number of units permitted in attached and detached single-family dwellings have both increased year-to-date. Projects permitted included townhomes on 43rd street and Maplewoods at Olde Huntersville and other new housing units throughout the City.

New Multi-Family Structures Permitted

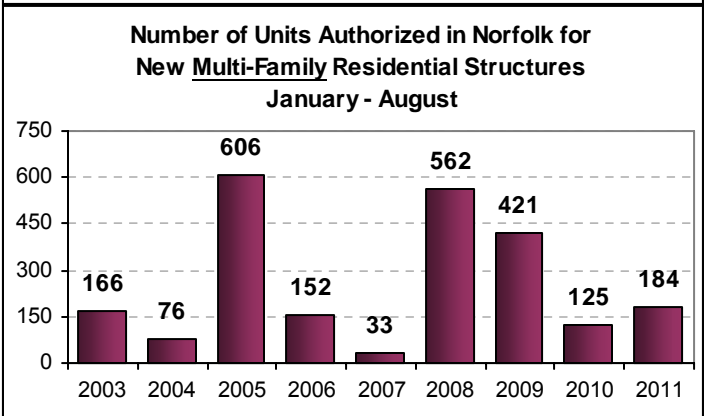
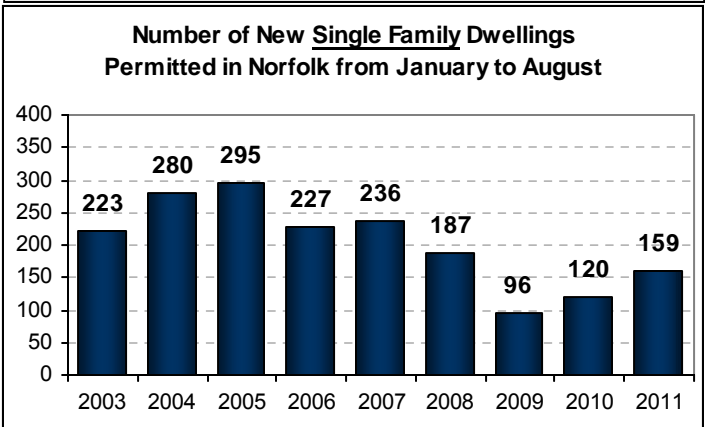
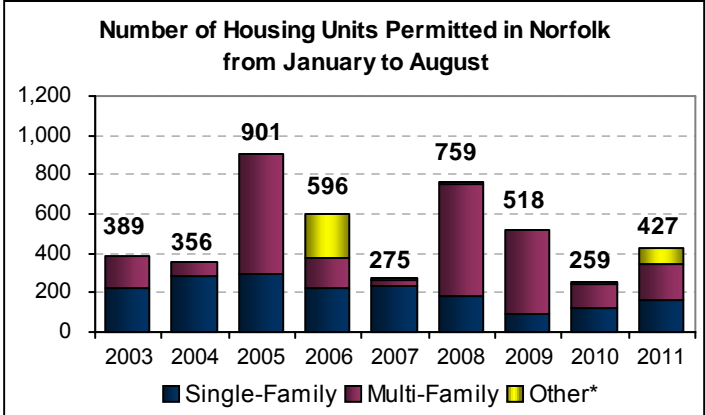
There were no new multi-family structures (i.e., housing structures for two or more families) permitted in August. However, year-to-date through August, the number of units authorized in new multi-family structures increased by 59 units, which reflected mainly the permitting of Meadowood Apartments (180 units). The fluctuations in units in prior years were driven by large projects such as:

- 2003: ODU University Village housing
- 2004: Harbor's Edge
- 2005: Alexander at Ghent, 388 Boush, Row at Ghent
- 2006: Pretty Lake Village, East Ocean View, McRae Commons (Ghent)
- 2008: Southwind Apartments, Belmont at Freemason, and River House Apartments
- 2009: Bay Village, Village Gardens condominiums, The District at ODU
- 2010: Wells Fargo apartments

New Housing Units Permitted in Single & Multi-Family Structures: January to August Year-to-Date (YTD)

	2010 YTD	2011 YTD	Change	
Norfolk	245	343	98	40.0%
Chesapeake	694	636	-58	-8.4%
Hampton	273	161	-112	-41.0%
Newport News	120	702	582	485.0%
Portsmouth	81	135	54	66.7%
Suffolk	245	180	-65	-26.5%
Virginia Beach	477	664	187	39.2%
Hampton Roads	2,939	3,404	465	15.8%
Virginia	14,903	15,798	895	6.0%

Source: Department of Development (Norfolk data) and U.S. Census Bureau (regional and state data). Compiled by the Office of Budget and Management. * Other includes accessory dwellings, building conversions to residential, and new units permitted in mixed use structures (such as, Harbor Heights and Rotunda in 2006 and Riverview Lofts in 2011).



Regional Housing Units Permitted

The number of new privately owned housing units authorized by building permits in the region continued to rise. New units permitted year-to-date though August rose to 3,404, an increase of 465 units (15.8 percent) from the same period last year.

The increase in housing units permitted year-to-date has been mainly due to multi-family structures, particularly housing units in structures with 5 or more units that were permitted in Newport News and Virginia Beach. Among the major cities in the region, Newport News had the largest gain year-to-date with 582 housing units. Newport News also had the largest gain for the month of August with 199 housing units.