

NOVEMBER 2011

Building Blocks

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Improving Markets Index: Fayetteville, NC

NAHB recently unveiled an index that tracks housing markets on the mend: the NAHB/First American Improving Markets Index (IMI). The IMI is intended to draw attention to the fact that housing markets are local and that there are metropolitan areas where economic recovery is underway. The index measures three readily available monthly data series that are independently collected and are indicative of improving economic health. The three indicators are employment, house price and single family housing permit growth.

For the second release, 23 markets are currently classified as improving under a conservative examination of local economic and housing market conditions. Among these areas is the Fayetteville, NC metropolitan statistical area (MSA).

The improving housing market in Fayetteville is primarily due to growth at Fort Bragg, a major U.S. Army installation home to the U.S Airborne and Special Operations units. According to Lynne Green, the owner of Highland Lumber "Fort Bragg is always a big player in our economy but it's now bigger and more important than ever before and that's due to BRAC." The Base Realignment and Closure process has resulted in more than 20,000 military and civilian employees relocating to Fort Bragg over the past few years.

The relocation of Forces Command, led by a four-star general and the Army Reserve Command led by a three-star general have collectively brought about 3,000 new employees to Fort Bragg, many of them with higher pay grades than the typical new recruit. This impact is already being felt with personal income in Fayetteville growing by 5.5% in 2010. According to the Census Bureau, military earnings in the metro area grew by \$466 million, from \$5.9 billion to \$6.4 billion and that represents more than half of Fayetteville's overall increase of \$787 million last year. The added employment is a significant boost for the metropolitan area, which has 131,000 workers, according to the Bureau of Labor of Statistics and a population of slightly more than 366,000, up from almost 337,000 in 2000, an increase of 8.8% according to the Census Bureau.

Another factor in the success of the market according to Home Builder Greg West is that "builders were quick to adapt to the economic downturn by reducing supply, which has kept new home inventories normal, and by lowering the price of new homes by simplifying product offerings and shrinking their size." As a result of that and the steadying influence of Fort Bragg, home prices remained stable during the downturn. House prices have moved up 3.2% since the trough of December 2009 and are within 1.5% of their all-time high set in July 2008.

Mr. West went on to say that now that the influx from BRAC is over, the city is looking forward to an influx of defense contractors and related personnel that should continue to help Fayetteville perform well.

Improving economic conditions have resulted in payroll employment returning to its all-time high, set in January of 2009, and is up by 4,000 since the trough in October of last year. Single family permitting activity is up to an annual average rate of 1,425 per year from a pace of just 1,057 at its trough set in December 2008. While new homes are being built in many parts of Fayetteville, it appears that starter homes are primarily being built in Hoke County due to its affordability and proximity to Fort Bragg while Harnett County (which is not technically part of the MSA) is where higher end houses and transferees may be found.

Congress Must Extend the Conforming Loan Limits

Set up meetings with your U.S. House Representative for the week of Nov. 7th

- Write your members of Congress via [Capitol Connect](#)
- Call your members of Congress at (866) 924-NAHB (6242)

On September 30, 2011, Congress allowed the conforming loan limits for Fannie Mae, Freddie Mac and Federal Housing Administration (FHA) to shrink. The failure of Congress and the Obama Administration to act on the loan limits extension is the beginning of an effort to greatly reduce the federal government's role in housing.

Fortunately, the U.S. Senate did its job by reinstating the conforming loan limits for two years. Now, it is up to the House to follow the Senate's lead and support an extension of the higher loan limits for the GSEs and FHA, which account for nearly all mortgage credit flowing to home buyers and rental properties.

Starting on November 7, 2011, your U.S. House Representative will be at home to listen to your concerns. We urge you to set meetings with your legislator next week and ask them to tell the House leadership to extend the conforming loan limits. Tell your lawmaker that the lower loan limits are restricting overall mortgage liquidity in the marketplace and placing further downward pressure on home prices.

See the impacts of the lower GSE loan limits
See the impacts of the lower FHA loan limits

Talking Points:

- Urge your members of Congress to support an immediate restoration of the higher loan limits for Fannie Mae, Freddie Mac and the FHA;
- Urge them to take your concerns to their party leadership;
- The drop in mortgage loan limits that occurred on September 30th is restricting overall mortgage liquidity in major markets all across the country;
- This is not the time to reduce housing demand and exacerbate the current housing downturn.

Building Blocks Golf Invitational

Presented by



Tournament has been rescheduled. The new date is Tuesday, November 15 at Anderson Creek. Check-in 10 am - 11 am, Shotgun tee-off 11:30 am.



Building Blocks

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NAHB members can get a \$500¹ private offer toward the purchase or lease of most new GM vehicles. Learn more at gmfleet.com/nahb.



¹ Offer valid toward the purchase or lease of new 2010, 2011 and 2012 Buick, Chevrolet, and GMC models excluding Chevrolet Camaro Convertible and Chevrolet Volt. Not available with some other offers. Not valid on prior purchases. Program subject to change without notice. See dealer for details. Take delivery by 1/3/12.
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Up Coming Meetings & Events

- November 8-Election Day
- November 9-Board of Directors, 9 am
- November 15-Golf Tournament, 10 am - 11 am check-in, 11:30 shotgun tee-off
- November 24-25-Thanksgiving, HBAF office closed
- November 29-Fayetteville Sales & Marketing Meeting at HBAF office, 12 noon
- December 1-Membership Meeting: Awards & Installation of Officers/Directors, Highland Country Club, 11:30 am

Permit Report October 2011

| Nature of Permit | Cumberland County | | City of Fayetteville | |
|-------------------|-------------------|--------------------|----------------------|---------------------|
| | # | Estimate Cost | # | Estimated Cost |
| New Single Family | 35 | \$4,583,863 | 40 | \$9,547,403 |
| Res. Additions | 32 | \$917,174 | 123 | \$2,290,548 |
| New Commercial | 4 | \$869,500 | 7 | \$441,207 |
| Com. Additions | 5 | \$238,250 | 55 | \$6,592,782 |
| Apartments | 0 | \$0 | 0 | \$0 |
| Town homes | 0 | \$0 | 22 | \$2,887,977 |
| Total | 76 | \$6,608,787 | 247 | \$21,759,917 |

| Month | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|--------------|------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | January | 73 | 52 | 48 | 56 | 132 | 170 | 127 | 100 | 64 |
| February | 57 | 71 | 66 | 64 | 144 | 191 | 181 | 114 | 58 | 87 |
| March | 93 | 124 | 104 | 96 | 137 | 168 | 197 | 119 | 95 | 83 |
| April | 103 | 89 | 92 | 107 | 137 | 175 | 191 | 128 | 76 | 80 |
| May | 82 | 84 | 94 | 78 | 130 | 211 | 187 | 108 | 85 | 111 |
| June | 75 | 97 | 82 | 66 | 90 | 156 | 167 | 149 | 98 | 71 |
| July | 62 | 79 | 85 | 95 | 99 | 142 | 135 | 164 | 79 | 122 |
| August | 89 | 69 | 102 | 97 | 112 | 180 | 139 | 142 | 80 | 90 |
| September | 82 | 91 | 60 | 66 | 70 | 195 | 144 | 115 | 87 | 71 |
| October | 75 | 59 | 86 | 47 | 94 | 128 | 144 | 115 | 89 | 86 |
| November | | 43 | 58 | 22 | 61 | 136 | 138 | 138 | 88 | 65 |
| December | | 40 | 60 | 22 | 64 | 103 | 117 | 129 | 103 | 89 |
| Total | 791 | 898 | 937 | 816 | 1270 | 1955 | 1867 | 1521 | 1002 | 1026 |

| Surrounding Counties | Single Family |
|----------------------|---------------|
| Harnett | 24 |
| Hoke | 24 |
| Total | 48 |

Home Builders Association of Fayetteville, Inc.

Casino NIGHT

SAVE the DATE
March 30, 2012
Presented by
HINKAMP
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2012 February 24-26
Marketing Opportunities