

# SNAPSHOT

A MONTHLY UPDATE OF THE FIFTH DISTRICT ECONOMY  
SEPTEMBER 2008



THE FEDERAL RESERVE BANK OF RICHMOND

RICHMOND ■ BALTIMORE ■ CHARLOTTE

## TABLE OF CONTENTS

### Fifth District

Summary	District 1
Labor Market	District 2
Business Conditions	District 3
Household Conditions	District 4
Real Estate Market	District 4

### District of Columbia

Summary	D.C. 1
Labor Market	D.C. 2
Household Conditions	D.C. 4
Real Estate Market	D.C. 5

### Maryland

Summary	Maryland 1
Labor Market	Maryland 2
Household Conditions	Maryland 4
Real Estate Market	Maryland 5

### North Carolina

Summary	North Carolina 1
Labor Market	North Carolina 2
Household Conditions	North Carolina 4
Real Estate Market	North Carolina 5

### South Carolina

Summary	South Carolina 1
Labor Market	South Carolina 2
Household Conditions	South Carolina 4
Real Estate Market	South Carolina 5

### Virginia

Summary	Virginia 1
Labor Market	Virginia 2
Household Conditions	Virginia 3
Real Estate Market	Virginia 5

### West Virginia

Summary	West Virginia 1
Labor Market	West Virginia 2
Household Conditions	West Virginia 3
Real Estate Market	West Virginia 5

### Sources

Data Sources	Sources 1
--------------	-----------

### Contact Information

Sarah Watt  
 (804) 697-8927  
[Sarah.Watt@rich.frb.org](mailto:Sarah.Watt@rich.frb.org)

## FIFTH DISTRICT

### September Summary

The Fifth District economy picked up a bit in recent months, with some softness in the labor market, but improved reports from the housing sector and mostly steady business activity.

Employment reports from the Fifth District were mixed, according to recent data. Payroll employment in the Fifth District edged up 0.1 percent in July (8,100 jobs); however, the household unemployment rate jumped 0.5 percentage point, outpacing the national uptick of 0.2 percentage point. Nevertheless, the District ended the month at 5.5 percent unemployment – lower than the national mark of 5.7 percent.

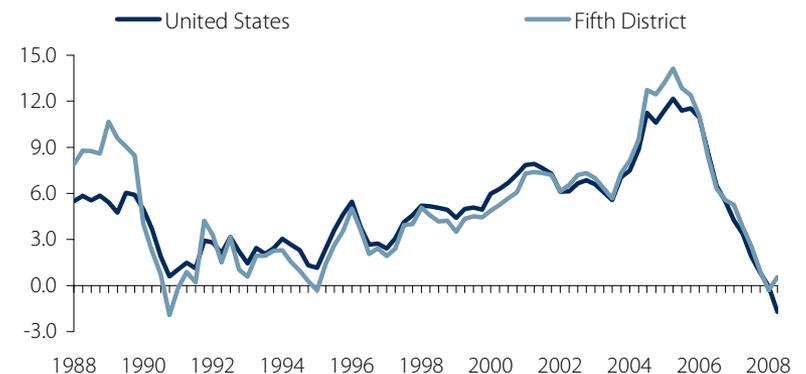
Conditions in real estate markets remained steady in recent months as the Fifth District outperformed the nation in most indicators. Residential permitting activity in the District increased 10.7 percent in July, and housing starts inched up 0.4 percent. Additionally, in spite of the national 1.5 percent decline in second quarter house prices, Fifth District prices – as measured by the House Price Index (HPI) – rose 0.5 percent in both the second quarter and over the preceding year. Mortgage delinquencies also moved higher, reaching 5.8 percent in the second quarter compared to the national rate of 6.2 percent. The Fifth District trailed behind the nation in home sales, however, as second quarter sales dropped 4.6 percent from the previous period and declined only 0.8 percent nationally.

According to our most recent surveys, Fifth District business conditions were relatively unchanged in August. The index of overall manufacturing activity held steady – although remained in negative territory – as the rate of decline in shipments abated, but new orders edged down further. Nonetheless, employment at District factories fell seven points since July. In the service sector, revenues at retail firms improved somewhat, helped by a moderation in the decline of big-ticket sales. Revenues at non-retail services firms and hiring activity in the overall service sector changed little in August as each index fell one point. Our survey measure of prices indicated that raw material, finished good, and service firm price growth cooled, although retail price growth picked up a bit.

### A Closer Look at...House Prices

House prices in the Fifth District edged higher 0.5 percent in the second quarter after a slight dip of 0.3 percent the previous period. Increases in North Carolina (0.6 percent), South Carolina (0.4 percent), and West Virginia (0.7 percent) offset declines in the District of Columbia (-1.8 percent), Maryland (-2.2 percent), and Virginia (-1.9 percent). Fifth District house prices have also grown 0.5 percent over the past twelve months – outperforming the national drop of 1.7 percent. Since 1988, the strongest year-over-year growth in the District was 14.1 percent in the second quarter of 2005, while the weakest was the final quarter of 1990 when prices fell 1.9 percent. From 1988 to 1998, Fifth District house prices grew at an average annual rate of 2.9 percent (33.7 percent overall), but the pace picked up over the subsequent ten year period, advancing at a 6.6 percent average annual clip for a total increase of 89.0 percent between 1998 and 2008.

Fifth District House Price Index (OFHEO)  
Year-over-Year Percent Change through 2Q: 08



**FIFTH DISTRICT**

Labor Market Conditions

Payroll Employment (SA)	Period	Level (000s)	MoM % Change	YoY % Change
United States - Total	July	137,615.0	-0.04	-0.05
Fifth District - Total	July	14,021.8	0.06	0.76
Construction	July	844.6	-0.27	-2.18
Manufacturing	July	1,223.9	-0.34	-2.76
Trade, Transportation, and Utilities	July	2,465.1	-0.18	-0.40
Information	July	273.7	0.07	-0.65
Financial Activities	July	724.2	-0.34	-0.43
Professional and Business Services	July	2,009.3	0.26	1.43
Education and Health Services	July	1,773.7	0.36	3.34
Leisure and Hospitality	July	1,348.1	0.70	2.28
Other Services	July	688.9	-0.23	1.23
Government	July	2,617.4	-0.03	1.92

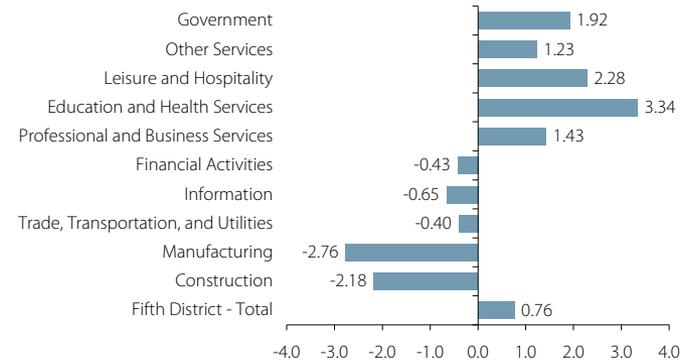
Unemployment Rate (SA)	July 08	June 08	July 07
United States	5.7	5.5	4.7
Fifth District	5.5	5.0	4.2

Civilian Labor Force (SA)	Period	Level (000s)	MoM % Change	YoY % Change
United States	July	154,603	0.14	0.93
Fifth District	July	15,070	0.59	1.72

Initial Unemployment Claims (NSA)	Period	Level	MoM % Change	YoY % Change
United States	July	1,873,851	19.57	26.34
Fifth District	July	185,008	36.28	38.56

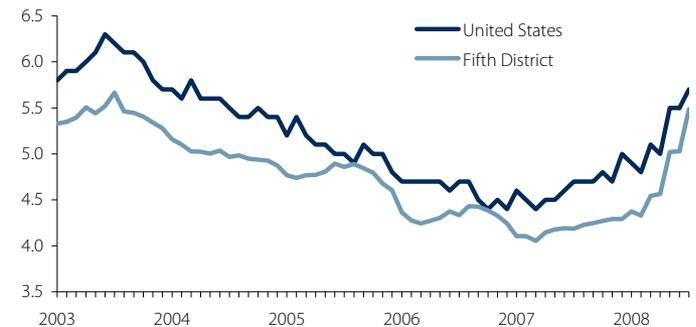
Fifth District Payroll Employment Performance

Year-over-Year Percent Change through July 2008



Fifth District Unemployment Rate

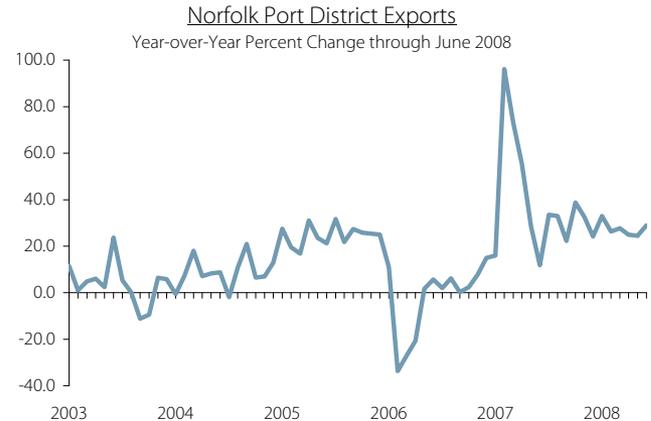
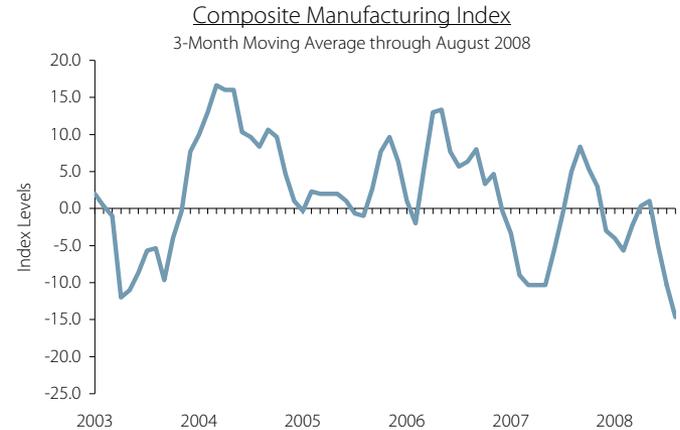
Through July 2008



**FIFTH DISTRICT**

Business Conditions

Manufacturing Survey (SA)	August 08	July 08	August 07	
Composite Index	-16	-16	7	
Shipments	-13	-23	10	
New Orders	-22	-17	5	
Number of Employees	-12	-5	5	
Expected Shipments - Six Months	6	-4	25	
Raw Material Prices (SAAR)	3.65	4.41	3.18	
Finished Good Prices (SAAR)	2.74	3.34	2.41	
Service Sector Survey (SA)	August 08	July 08	August 07	
Service Sector Employment	-14	-13	1	
Services Firms Revenues	-2	-1	5	
Retail Revenues	-24	-43	-34	
Big-Ticket Sales	-35	-59	-48	
Expected Retail Demand - Six Months	6	1	13	
Service Firm Prices	0.24	0.54	0.42	
Retail Prices	2.25	2.17	1.65	
District Imports	Period	Level (\$mil)	MoM % Change	YoY % Change
Baltimore, Maryland	June	2,488.62	-3.7	-3.3
Wilmington, North Carolina	June	364.19	-28.2	-15.2
Charleston, South Carolina	June	3,547.43	-7.0	-9.1
Norfolk, Virginia	June	2,877.29	-1.9	10.0
District Exports	Period	Level (\$mil)	MoM % Change	YoY % Change
Baltimore, Maryland	June	1,452.89	-3.0	3.9
Wilmington, North Carolina	June	325.79	20.0	43.4
Charleston, South Carolina	June	2,039.41	-1.0	25.8
Norfolk, Virginia	June	2,092.09	-4.9	28.9



**FIFTH DISTRICT**

Household Conditions

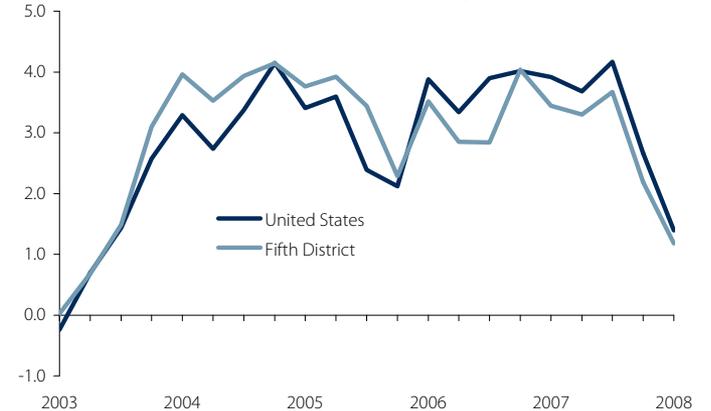
Real Personal Income (SA)	Period	Level (\$mil)	QoQ % Change	YoY % Change
United States	1Q:08	9,998,852	0.45	1.39
Fifth District	1Q:08	949,038	0.24	1.18
Non-Business Bankruptcies	Period	Level	QoQ % Change	YoY % Change
United States	2Q:08	266,767	12.57	30.93
Fifth District	2Q:08	19,682	4.15	29.96

**FIFTH DISTRICT**

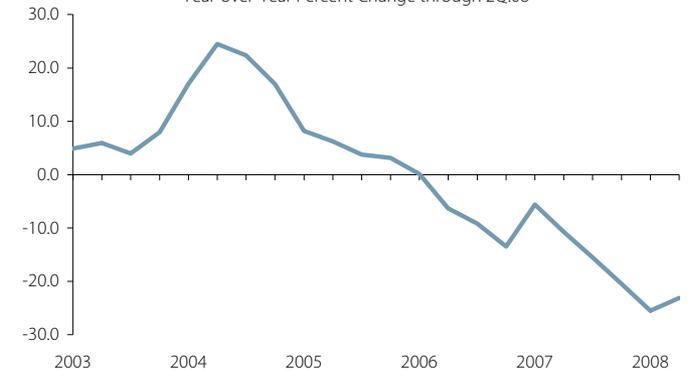
Real Estate Conditions

Total Private Building Permits	Period	Level	MoM % Change	YoY % Change
United States	July	83,546	-22.71	-30.45
Fifth District	July	14,167	10.74	-9.54
Total Private Housing Starts	Period	Level (000s)	MoM % Change	YoY % Change
United States (SAAR)	July	965	-10.98	-29.61
Fifth District (SAAR)	July	150	0.35	-13.86
House Price Index (1980=100)	Period	Level	QoQ % Change	YoY % Change
United States	2Q:08	381	-1.44	-1.71
Fifth District	2Q:08	395	0.47	0.53
Existing Home Sales	Period	Level (000s)	QoQ % Change	YoY % Change
United States (SAAR)	2Q:08	4,913	-0.81	-16.30
Fifth District (SAAR)	2Q:08	461	-4.63	-23.13

Fifth District Real Personal Income  
Year-over-Year Percent Change through 1Q:08



Fifth District Existing Home Sales  
Year-over-Year Percent Change through 2Q:08



## DISTRICT OF COLUMBIA

### September Summary

Economic conditions in the District of Columbia varied in recent months as firms added payrolls, household conditions weakened somewhat, and real estate indicators were mixed. Payroll employment in the District of Columbia rose 1.0 percent in July as D.C. added 6,700 jobs to its economy. The government sector, which added 5,100 jobs, accounted for most of the payroll growth.

Turning to households, the unemployment rate jumped 0.4 percentage point to 6.7 percent – ending the month a full percentage point above the national jobless rate of 5.7 percent. Mortgage delinquencies also rose in the second quarter, marking the largest year-over-year increase since the first quarter of 1980. The delinquency rate on mortgages more than 30 days past due (5.1 percent) reached its highest level since the fourth quarter of 2003 while the rate on mortgages more than 90 days past due (1.3 percent) rose to its highest level since 1988.

On the real estate front, residential permitting activity increased as D.C. authorized 140 units in July, up from eight units in June, but down from 190 units one year ago. The number of housing starts in July was also higher than in the previous month. On a less positive note, second quarter data indicated a drop of 5.3 percent in D.C. home sales – the fifth consecutive quarter of decline. Meanwhile, house prices in D.C. – as measured by the HPI – also declined (1.8 percent) in the second quarter, for a fall of 3.4 percent over the year. The quarter marked the third consecutive period of depreciation, and the first time that D.C. has seen three straight quarters of house price decline since 1992.

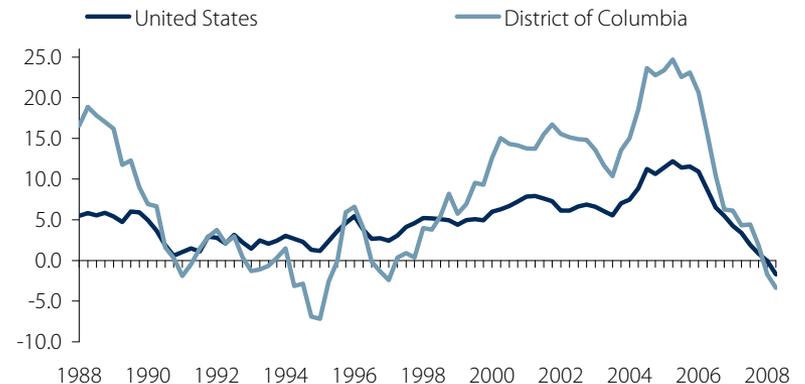
At the metro level, economic conditions were a bit weaker. The Washington, D.C. metro area shed 14,200 jobs in July and the metro area's unemployment rate inched up 0.2 percentage point to end July at 4.2 percent. Second quarter house prices in the MSA marked their sixth straight quarter of decline and the steepest year-over-year drop (9.1 percent) on record.

### A Closer Look at...House Prices

House prices in the District of Columbia grew consecutively from the first quarter of 1998 through the first quarter of 2007. Since the first quarter of 2007, however, prices have fallen 3.4 percent. The greatest year-over-year increase in D.C. house prices since 1988 was 24.7 percent in the second quarter of 2005, while the largest decrease was 7.2 percent in the first quarter of 1995. In the last ten years, D.C. house prices have more than tripled, growing at an average annual rate of 12.0 percent. In the ten years prior to 1998, D.C. house prices rose 22.5 percent at an annualized rate of only 2.1 percent.

District of Columbia House Price Index (OFHEO)

Year-over-Year Percent Change through 2Q: 08



## DISTRICT OF COLUMBIA

### Labor Market Conditions

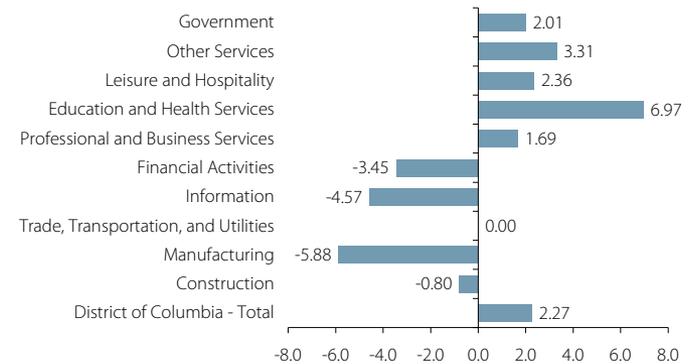
Payroll Employment (SA)	Period	Level (000s)	MoM % Change	YoY % Change
United States - Total	July	137,615.0	-0.04	-0.05
Fifth District - Total	July	14,021.8	0.06	0.76
District of Columbia - Total	July	711.3	0.95	2.27
Construction	July	12.4	-1.59	-0.80
Manufacturing	July	1.6	-5.88	-5.88
Trade, Transportation, and Utilities	July	27.5	-1.79	0.00
Information	July	20.9	-0.48	-4.57
Financial Activities	July	28.0	-0.36	-3.45
Professional and Business Services	July	156.5	0.26	1.69
Education and Health Services	July	98.2	0.10	6.97
Leisure and Hospitality	July	56.3	1.81	2.36
Other Services	July	65.5	0.00	3.31
Government	July	238.4	2.19	2.01
Washington, D.C. MSA - Total	July	2,444.7	-0.58	1.30

Unemployment Rate (SA)	July 08	June 08	July 07
United States	5.7	5.5	4.7
Fifth District	5.5	5.0	4.2
District of Columbia	6.7	6.3	5.7
Washington, D.C. MSA	4.2	4.0	3.3

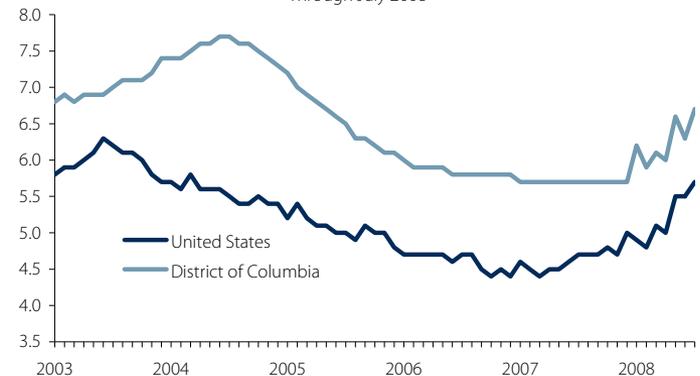
### D.C. Payroll Employment Performance

Year-over-Year Percent Change through July 2008



### D.C. Unemployment Rate

Through July 2008



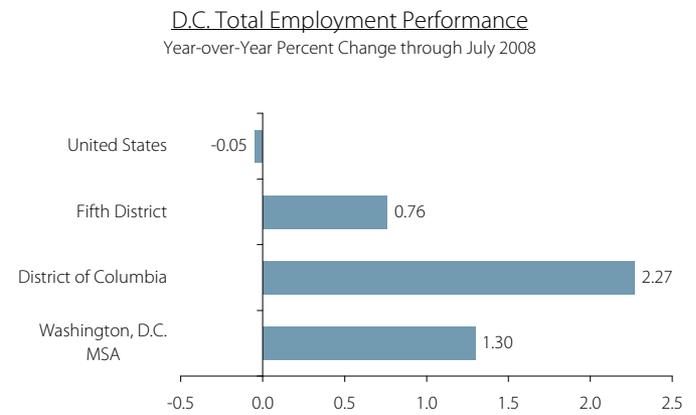
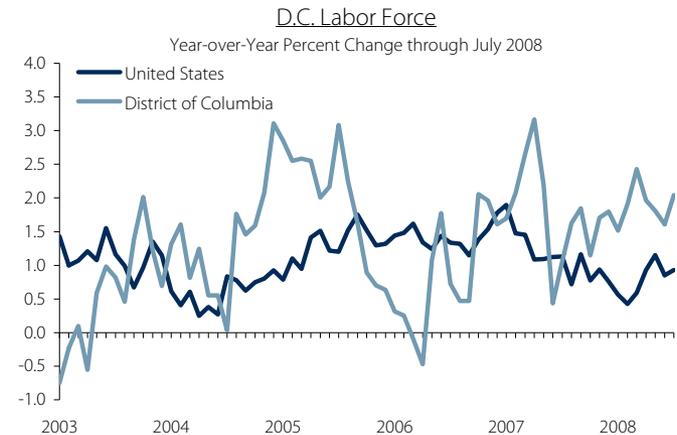
## DISTRICT OF COLUMBIA

### Labor Market Conditions

Civilian Labor Force (SA)	Period	Level (000s)	MoM % Change	YoY % Change
United States	July	154,603	0.14	0.93
Fifth District	July	15,070	0.59	1.72
District of Columbia	July	330	0.43	2.04
Washington, D.C. MSA	July	2,437	1.58	2.06

Initial Unemployment Claims (NSA)	Period	Level	MoM % Change	YoY % Change
United States	July	1,873,851	19.57	26.34
Fifth District	July	185,008	36.28	38.56
District of Columbia	July	2,060	9.57	32.73

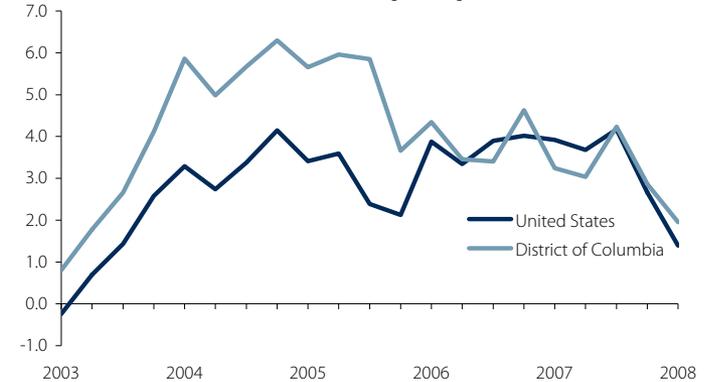


## DISTRICT OF COLUMBIA

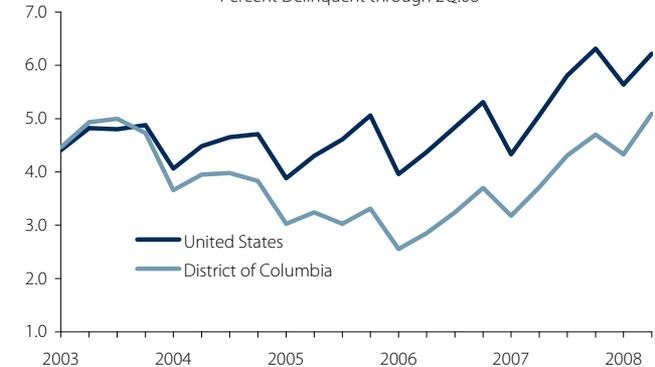
### Household Conditions

Real Personal Income (SA)	Period	Level (\$mil)	QoQ % Change	YoY % Change
United States	1Q:08	9,998,852	0.45	1.39
Fifth District	1Q:08	949,038	0.24	1.18
District of Columbia	1Q:08	30,834	0.45	1.95
Median Family Income	Period	Level (000s)	QoQ % Change	YoY % Change
Washington, D.C. MSA	2008	97.2	---	4.97
Non-Business Bankruptcies	Period	Level	QoQ % Change	YoY % Change
United States	2Q:08	266,767	12.57	30.93
Fifth District	2Q:08	19,682	4.15	29.96
District of Columbia	2Q:08	220	7.32	39.24
Mortgage Delinquencies (% Delinquent)	2Q:08	1Q:08	2Q:07	
<b>United States</b>				
All Mortgages	6.22	5.64	5.06	
Conventional	3.73	3.30	2.63	
Subprime	18.21	17.05	14.54	
<b>District of Columbia</b>				
All Mortgages	5.09	4.33	3.71	
Conventional	3.39	2.77	2.20	
Subprime	18.85	16.74	13.71	

D.C. Real Personal Income  
Year-over-Year Percent Change through 1Q:08



D.C. Mortgage Delinquencies - All  
Percent Delinquent through 2Q:08



## DISTRICT OF COLUMBIA

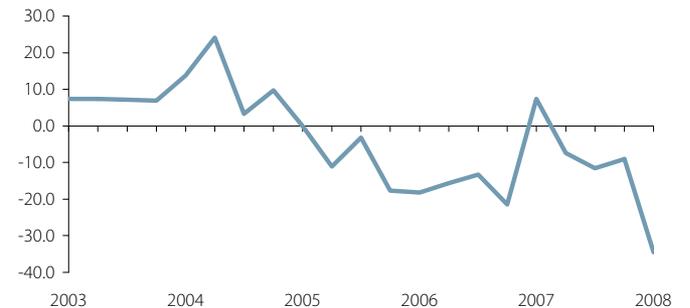
### Real Estate Conditions

Total Private Building Permits	Period	Level	MoM % Change	YoY % Change
United States	July	83,546	-22.71	-30.45
Fifth District	July	14,167	10.74	-9.54
District of Columbia	July	140	1,650.00	-26.32
Washington, D.C. MSA	July	1,320	1.93	-21.43
Total Private Housing Starts	Period	Level (000s)	MoM % Change	YoY % Change
United States	July	965.0	-10.98	-29.61
Fifth District	July	150.4	0.35	-13.86
District of Columbia	July	1.5	1,555.56	-29.72
Existing Home Sales	Period	Level (000s)	QoQ % Change	YoY % Change
United States (SAAR)	2Q:08	4,913.0	-0.81	-16.30
Fifth District (SAAR)	2Q:08	461.2	-4.63	-23.13
District of Columbia (SAAR)	2Q:08	7.2	-5.26	-28.00
Average Monthly Inventory	Period	Level	MoM % Change	YoY % Change
Washington, D.C. MSA	August	37,590	-4.10	-6.65
Median Asking Price	Period	Level (\$)	MoM % Change	YoY % Change
Washington, D.C. MSA	August	329,000	-0.29	-17.73

D.C. Building Permits  
Year-over-Year Percent Change through July 2008



D.C. Existing Home Sales  
Year-over-Year Percent Change through 1Q:08

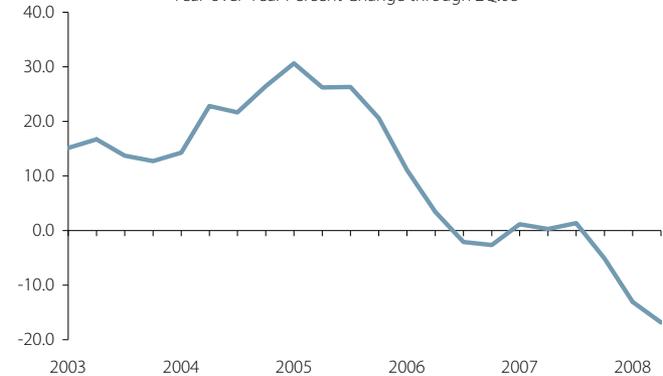


## DISTRICT OF COLUMBIA

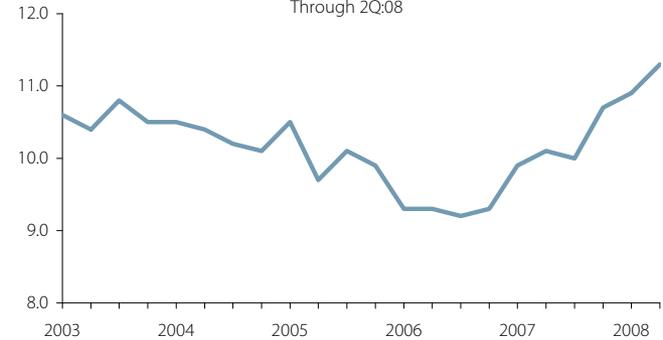
### Real Estate Conditions

Median Home Sales Price - NAR	Period	Level (\$000s)	QoQ % Change	YoY % Change
Washington, D.C. MSA	2Q:08	370	-0.40	-16.84
Median Home Sales Price - NAHB	Period	Level (\$000s)	QoQ % Change	YoY % Change
Washington, D.C. MSA	2Q:08	323	-2.71	-12.70
House Price Index (1980=100)	Period	Level	QoQ % Change	YoY % Change
United States	2Q:08	381	-1.44	-1.71
Fifth District	2Q:08	395	0.47	0.53
District of Columbia	2Q:08	634	-1.77	-3.38
Washington, D.C. MSA (1995=100)	2Q:08	255	-4.38	-9.14
Housing Opportunity Index <sup>2</sup> (%)	2Q:08	1Q:08	2Q:07	
Washington, D.C. MSA	58.9	57.1	37.8	
Commercial Vacancy Rates (%)	2Q:08	1Q:08	2Q:07	
Office Vacancies	Washington, D.C. MSA	11.3	10.9	10.1
Industrial Vacancies	Washington, D.C. MSA	15.4	14.4	14.4

D.C. MSA Median Home Sales Price (NAR)  
Year-over-Year Percent Change through 2Q:08



D.C. MSA Office Vacancy Rate  
Through 2Q:08



## MARYLAND

### September Summary

Economic conditions in Maryland weakened a bit in recent months as payroll employment stagnated and housing markets softened further. Maryland payrolls were virtually unchanged in July as the state added 1,100 jobs for 0.0 percent growth. Modest gains in the professional and business services, education and health services, leisure and hospitality, and government sectors offset losses in other industries.

On the household front, unemployment jumped 0.4 percentage point to 4.4 percent – the highest unemployment in the state since August 2004. Mortgage delinquency rates continued to creep up, increasing 1.0 percentage point to 6.1 percent in the second quarter. Delinquency rates on mortgages more than 30 days past due were on par with other recent rates in the state; however, delinquencies on mortgages more than 90 days past due marked their highest level (1.8 percent) on record.

Recent assessments of the Maryland housing market were somewhat downbeat. Residential permitting activity in Maryland fell 1.3 percent in July, and housing starts fell 10.6 percent, each after two months of increases. Second quarter existing home sales in the state continued along a five-quarter decline, falling 30.0 percent since the second quarter of 2007. Finally, house prices in Maryland –as measured by the HPI – fell 2.2 percent in the second quarter, marking the largest period drop since 1982 and the largest year-over-year decline (4.0 percent) on record.

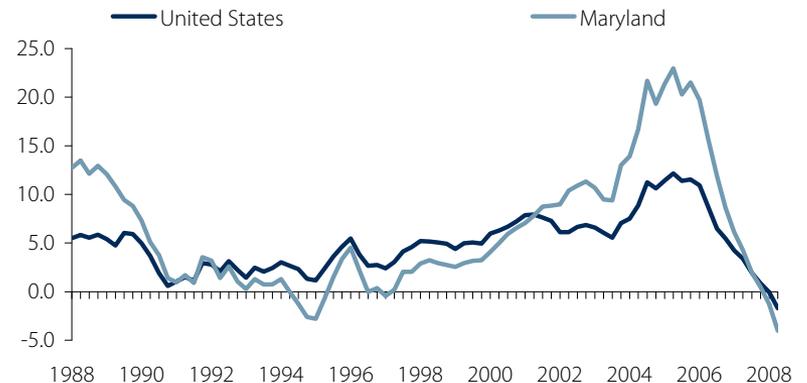
Drilling down further, all four major metro areas shed payrolls in July, led by the Baltimore MSA which trimmed 8,200 jobs (0.6 percent). In addition, unemployment rates inched up in most metro areas; only the Bethesda metro area, at 3.5 percent unemployment, remained below the 4.4 percent state mark. Turning to housing, July residential permitting activity was mixed while second quarter house prices fell across most metro areas. Over the past year, house prices in the Baltimore MSA fell 2.1 percent – the steepest drop since 1995 – while the Bethesda metro area experienced its largest price decline on record (5.8 percent).

### A Closer Look at... House Prices

Maryland house prices appreciated every quarter from the third quarter of 1998 through the second quarter of 2007 at an average annual rate of 10.3 percent. Since the second quarter of 2007, however, prices have dropped 4.0 percent. Maryland had a previous house price boom as well; prices grew consecutively from the first quarter of 1983 through the third quarter of 1990 – an average annual rate of 8.6 percent – before slowing to a 1.3 percent annual clip between 1991 and 1998. In the second quarter of 2005, Maryland saw its largest year-over-year increase since 1988 when house prices rose 23.0 percent, while more recently the state experienced its most notable decrease over the same period as prices fell 4.0 percent in the second quarter of 2008.

Maryland House Price Index (OFHEO)

Year-over-Year Percent Change through 2Q: 08



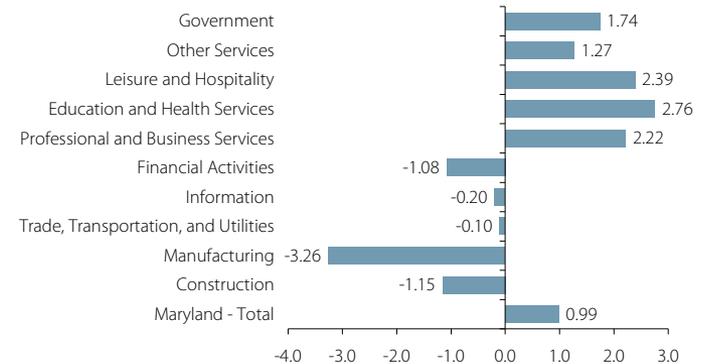
## MARYLAND

### Labor Market Conditions

Payroll Employment (SA)	Period	Level (000s)	MoM % Change	YoY % Change
United States - Total	July	137,615.0	-0.04	-0.05
Fifth District - Total	July	14,021.8	0.06	0.76
Maryland - Total	July	2,637.6	0.04	0.99
Construction	July	188.6	-0.37	-1.15
Manufacturing	July	127.5	-0.55	-3.26
Trade, Transportation, and Utilities	July	477.3	-0.08	-0.10
Information	July	50.9	-0.39	-0.20
Financial Activities	July	155.4	-0.38	-1.08
Professional and Business Services	July	404.6	0.25	2.22
Education and Health Services	July	383.9	0.08	2.76
Leisure and Hospitality	July	239.8	0.42	2.39
Other Services	July	119.3	-0.17	1.27
Government	July	490.3	0.33	1.74
Baltimore-Towson MSA - Total	July	1,329.3	-0.61	0.63
Bethesda-Frederick MSA - Total	July	582.5	-0.50	0.71
Hagerstown MSA - Total	July	102.8	-0.58	0.49
Salisbury MSA - Total	July	56.1	-0.53	0.36
Unemployment Rate (SA)		July 08	June 08	July 07
United States		5.7	5.5	4.7
Fifth District		5.5	5.0	4.2
Maryland		4.4	4.0	3.6
Baltimore-Towson MSA		4.9	4.5	4.1
Bethesda-Frederick MSA		3.5	3.3	3.0
Hagerstown MSA		5.1	5.6	4.5
Salisbury MSA		5.2	4.9	4.1

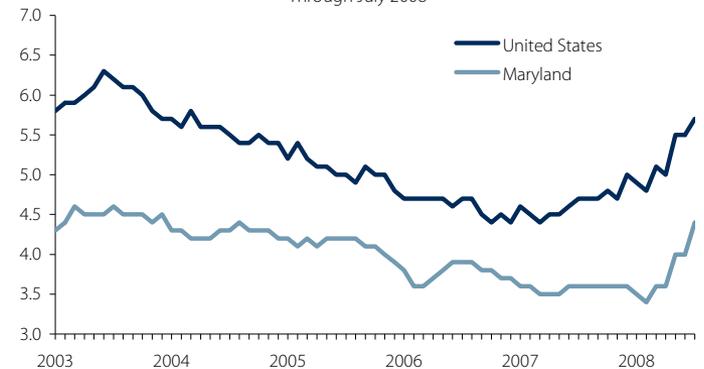
Maryland Payroll Employment Performance

Year-over-Year Percent Change through July 2008



Maryland Unemployment Rate

Through July 2008



## MARYLAND

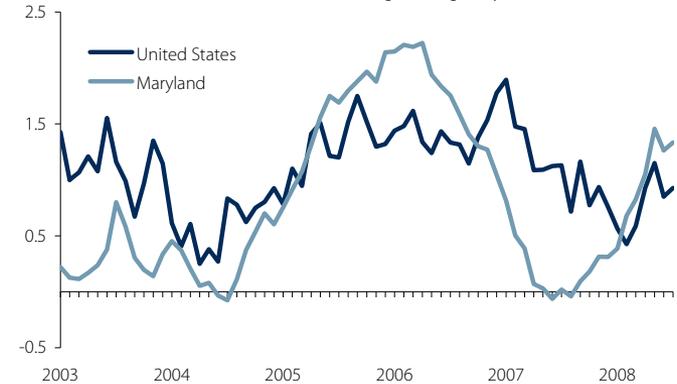
### Labor Market Conditions

Civilian Labor Force (SA)	Period	Level (000s)	MoM % Change	YoY % Change
United States	July	154,603	0.14	0.93
Fifth District	July	15,070	0.59	1.72
Maryland	July	3,021	0.27	1.34
Baltimore-Towson MSA	July	1,439	1.05	1.20
Bethesda-Frederick MSA	July	655	1.27	1.22
Hagerstown MSA	July	125	-0.40	1.14
Salisbury MSA	July	67	1.05	2.59

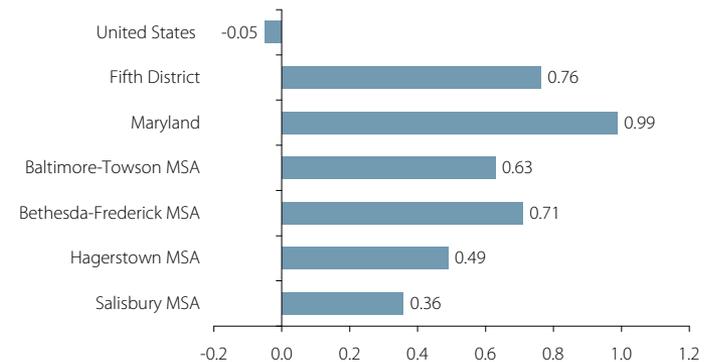
  

Initial Unemployment Claims (NSA)	Period	Level	MoM % Change	YoY % Change
United States	July	1,873,851	19.57	26.34
Fifth District	July	185,008	36.28	38.56
Maryland	July	23,137	-1.27	26.25

Maryland Labor Force  
Year-over-Year Percent Change through July 2008



Maryland Total Employment Performance  
Year-over-Year Percent Change through July 2008



**MARYLAND**

Household Conditions

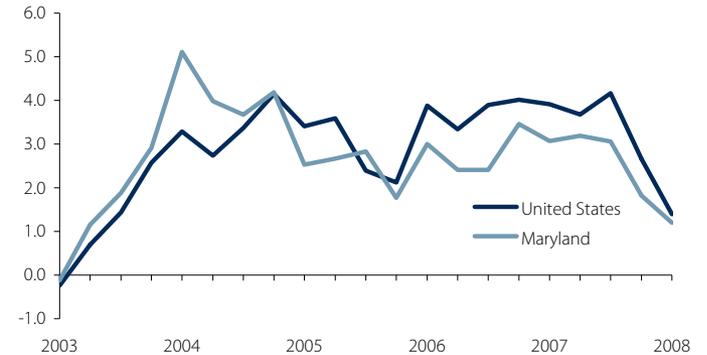
Real Personal Income (SA)	Period	Level (\$mil)	QoQ % Change	YoY % Change
United States	1Q:08	9,998,852	0.45	1.39
Fifth District	1Q:08	949,038	0.24	1.18
Maryland	1Q:08	221,699	0.38	1.20

Median Family Income	Period	Level (000s)	QoQ % Change	YoY % Change
Baltimore-Towson MSA	2008	78.2	---	3.17
Bethesda-Frederick MSA	2008	104.4	---	3.26
Cumberland MSA	2008	50.1	---	7.51
Hagerstown MSA	2008	62.6	---	8.12

Non-Business Bankruptcies	Period	Level	QoQ % Change	YoY % Change
United States	2Q:08	266,767	12.57	30.93
Fifth District	2Q:08	19,682	4.15	29.96
Maryland	2Q:08	4,135	-7.22	34.69

Mortgage Delinquencies (% Delinquent)	2Q:08	1Q:08	2Q:07
<b>United States</b>			
All Mortgages	6.22	5.64	5.06
Conventional	3.73	3.30	2.63
Subprime	18.21	17.05	14.54
<b>Maryland</b>			
All Mortgages	6.13	5.17	4.19
Conventional	3.60	2.90	2.06
Subprime	20.88	18.40	13.76

Maryland Real Personal Income  
Year-over-Year Percent Change through 1Q:08



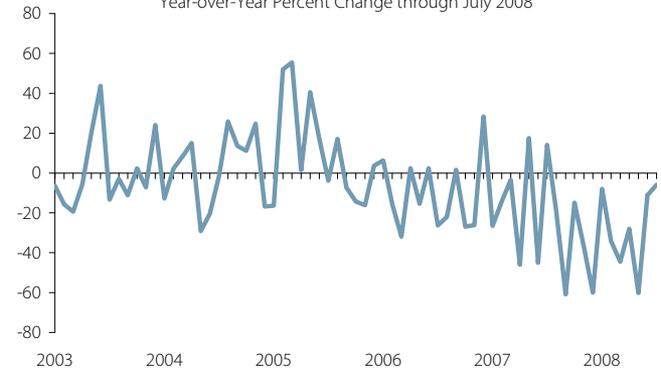
Maryland Mortgage Delinquencies - All  
Percent Delinquent through 2Q:08



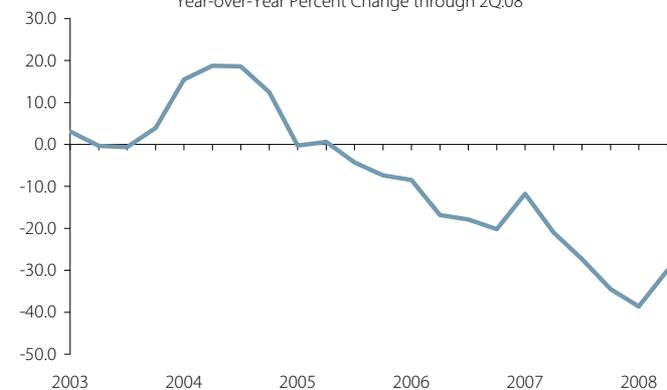
**MARYLAND**  
Real Estate Conditions

Total Private Building Permits	Period	Level	MoM % Change	YoY % Change
United States	July	83,546	-22.71	-30.45
Fifth District	July	14,167	10.74	-9.54
Maryland	July	1,632	-1.33	-5.88
Baltimore-Towson MSA	July	763	45.06	0.93
Cumberland MSA	July	9	125.00	0.00
Hagerstown	July	112	-5.88	-33.73
Total Private Housing Starts	Period	Level (000s)	MoM % Change	YoY % Change
United States	July	965.0	-10.98	-29.61
Fifth District	July	150.4	0.35	-13.86
Maryland	July	17.3	-10.58	-10.40
Existing Home Sales	Period	Level (000s)	QoQ % Change	YoY % Change
United States	2Q:08	4,913.0	-0.81	-16.30
Fifth District	2Q:08	461.2	-4.63	-23.13
Maryland	2Q:08	64.4	-5.29	-30.00
Average Monthly Inventory	Period	Level	MoM % Change	YoY % Change
Baltimore-Towson MSA	August	17,632	-2.32	-0.66
Median Asking Price	Period	Level (\$)	MoM % Change	YoY % Change
Baltimore-Towson MSA	August	279,990	-2.07	-9.67
Median Home Sales Price - NAR	Period	Level (\$000s)	QoQ % Change	YoY % Change
Baltimore-Towson MSA	2Q:08	281	3.70	-4.49
Cumberland MSA	2Q:08	102	6.95	-7.14
Hagerstown MSA	2Q:08	193	0.21	-11.71

Maryland Building Permits  
Year-over-Year Percent Change through July 2008



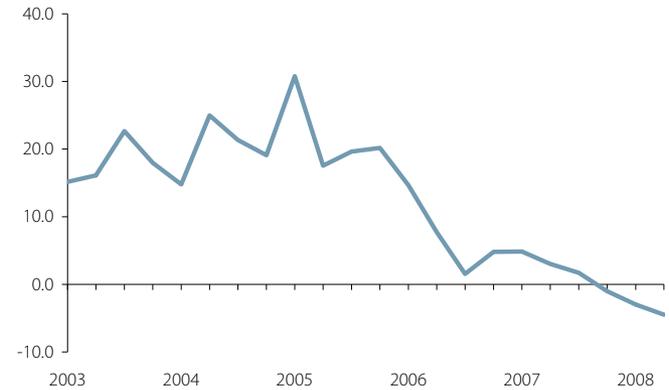
Maryland Existing Home Sales  
Year-over-Year Percent Change through 2Q:08



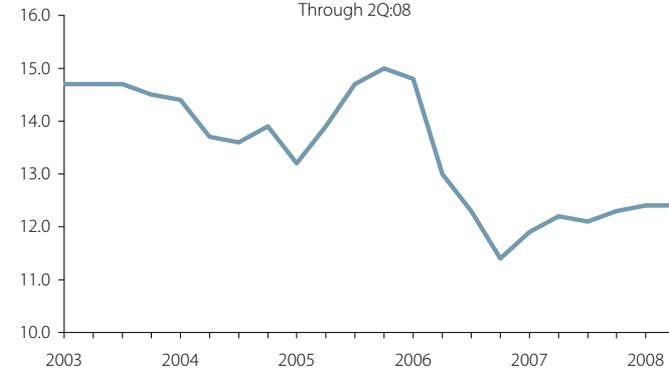
**MARYLAND**  
Real Estate Conditions

Median Home Sales Price - NAHB	Period	Level (\$000s)	QoQ % Change	YoY % Change
Baltimore-Towson MSA	2Q:08	255	2.00	-2.30
Bethesda-Frederick MSA	2Q:08	365	-1.35	-12.05
Cumberland MSA	2Q:08	86	22.86	-5.49
Hagerstown MSA	2Q:08	200	0.00	-9.09
House Price Index (1980=100)	Period	Level	QoQ % Change	YoY % Change
United States	2Q:08	381	-1.44	-1.71
Fifth District	2Q:08	395	0.35	0.53
Maryland	2Q:08	518	-2.15	-4.02
Baltimore-Towson MSA (1995=100)	2Q:08	253	-1.42	-2.11
Bethesda-Frederick MSA (1995=100)	2Q:08	245	-2.96	-5.75
Cumberland MSA (1995=100)	2Q:08	188	3.06	0.77
Hagerstown MSA (1995=100)	2Q:08	232	-1.05	-4.77
Housing Opportunity Index <sup>2</sup> (%)	2Q:08	1Q:08	2Q:07	
Baltimore-Towson MSA	55.5	57.2	49.0	
Bethesda-Frederick Metro Division	52.7	53.1	37.6	
Cumberland MSA	89.3	93.7	85.2	
Hagerstown MSA	62.3	61.9	41.9	
Commercial Vacancy Rates (%)	2Q:08	1Q:08	2Q:07	
Office Vacancies				
Baltimore	12.4	12.4	12.2	
Industrial Vacancies				
Baltimore	15.5	15.3	13.5	

Baltimore-Towson MSA Median Home Sales Price (NAR)  
Year-over-Year Percent Change through 2Q:08



Baltimore-Towson MSA Office Vacancy Rate  
Through 2Q:08



## NORTH CAROLINA

### September Summary

The North Carolina economy advanced at a measured pace in recent months as employment and household conditions remained weak, but real estate activity strengthened somewhat.

Payroll employment growth in North Carolina flattened in July with the addition of 100 jobs to the economy, while household conditions remained weak. The household unemployment rate jumped 0.7 percentage point to 6.6 percent in July for the highest joblessness in the state since August 2003. North Carolina added 44,500 people to its civilian labor force in July (1.0 percent) and 31,600 (11.7 percent) to the ranks of the unemployed. Meanwhile, the mortgage delinquency rate rose to 6.2 percent in the second quarter – pushed up by the highest recorded rate of mortgages more than 90 days past due (1.5 percent).

On the housing front, residential permitting activity in the state rose 21.2 percent in July, although permits were still below their July 2007 level. North Carolina housing starts also increased (9.8 percent) over the month. On a less positive note, existing home sales fell 9.7 percent in the second quarter, marking the largest year-over-year decline (29.1 percent) since 1989. Still, second quarter house prices in North Carolina – as measured by the HPI – grew 0.6 percent. The state's house prices fared better than the Fifth District (0.5 percent), and the nation (-1.4 percent), although they increased at their slowest pace since the second quarter of 2004.

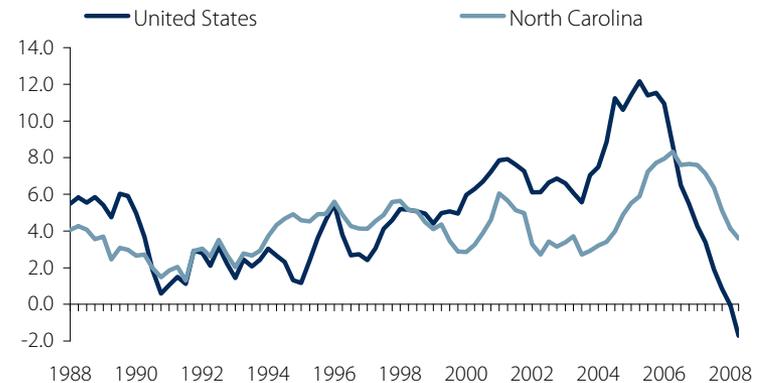
Economic conditions at the metro level were mixed. Payroll employment declined across the major metro areas, led in total losses by the Charlotte metro area, which shed 11,700 jobs (1.3 percent). Unemployment rates also jumped at least 0.4 percentage point in each major metro area – the Greensboro-High Point MSA ended the month at 7.2 percent from 6.4 percent in June. In real estate, residential permitting activity was mixed while metro-level house prices continued to rise steadily through the second quarter of 2008.

### A Closer Look at...House Prices

Quarterly house prices in North Carolina have risen successively since the fourth quarter of 1984. From 1988 to 1998, house prices rose a total of 42.3 percent and at an average annual rate of 3.6 percent. From 1998 to 2008, appreciation rates in the state picked up, rising at an average annual clip of 4.8 percent (59.6 percent overall). In the past twenty years, the strongest year-over-year growth in the state was 8.3 percent in the second quarter of 2006 and the weakest was 1.3 percent in the third quarter of 1991.

North Carolina House Price Index (OFHEO)

Year-over-Year Percent Change through 2Q: 08



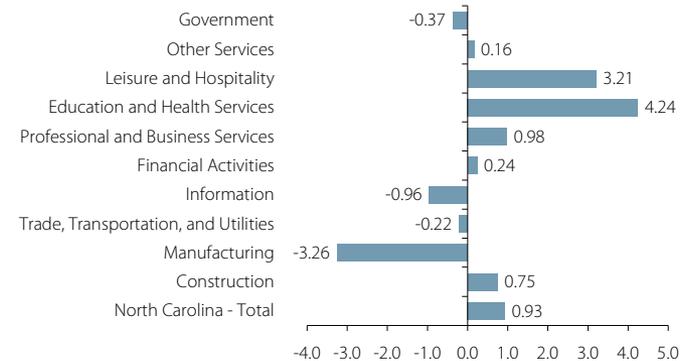
## NORTH CAROLINA

### Labor Market Conditions

Payroll Employment (SA)	Period	Level (000s)	MoM % Change	YoY % Change
United States - Total	July	137,615.0	-0.04	-0.05
Fifth District - Total	July	14,021.8	0.06	0.76
North Carolina - Total	July	4,174.5	0.00	0.93
Construction	July	255.4	0.04	0.75
Manufacturing	July	519.2	-0.33	-3.26
Trade, Transportation, and Utilities	July	777.1	-0.26	-0.22
Information	July	72.4	0.14	-0.96
Financial Activities	July	211.7	0.09	0.24
Professional and Business Services	July	505.3	0.36	0.98
Education and Health Services	July	535.4	0.36	4.24
Leisure and Hospitality	July	405.7	0.95	3.21
Other Services	July	183.6	-0.86	0.16
Government	July	701.7	-0.37	-0.37
Charlotte MSA - Total	July	865.5	-1.33	2.96
Durham MSA - Total	July	291.2	-0.75	2.57
Greensboro-High Point MSA - Total	July	371.5	-1.85	1.39
Raleigh-Cary MSA - Total	July	527.6	-1.05	2.51
Unemployment Rate (SA)	July 08	June 08	July 07	
United States	5.7	5.5	4.7	
Fifth District	5.5	5.0	4.2	
North Carolina	6.6	5.9	4.7	
Charlotte MSA	6.8	6.3	5.1	
Durham MSA	5.7	5.2	4.2	
Greensboro-High Point MSA	7.2	6.4	5.3	
Raleigh-Cary MSA	5.4	5.0	3.8	

North Carolina Payroll Employment Performance

Year-over-Year Percent Change through July 2008



North Carolina Unemployment Rate

Through July 2008



## NORTH CAROLINA

### Labor Market Conditions

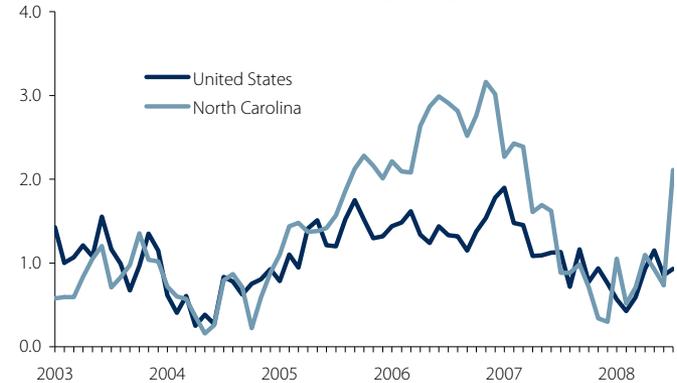
Civilian Labor Force (SA)	Period	Level (000s)	MoM % Change	YoY % Change
United States	July	154,603	0.14	0.93
Fifth District	July	15,070	0.59	1.72
North Carolina	July	4,604	0.98	2.11
Charlotte MSA	July	868	1.53	3.21
Durham MSA	July	264	2.21	2.37
Greensboro-High Point MSA	July	373	1.44	1.69
Raleigh-Cary MSA	July	564	1.97	2.47

Initial Unemployment Claims (NSA)	Period	Level	MoM % Change	YoY % Change
United States	July	1,873,851	19.57	26.34
Fifth District	July	185,008	36.28	38.56
North Carolina	July	86,398	56.21	50.93

North Carolina Labor Force

Year-over-Year Percent Change through July 2008



North Carolina Total Employment Performance

Year-over-Year Percent Change through July 2008



**NORTH CAROLINA**

Household Conditions

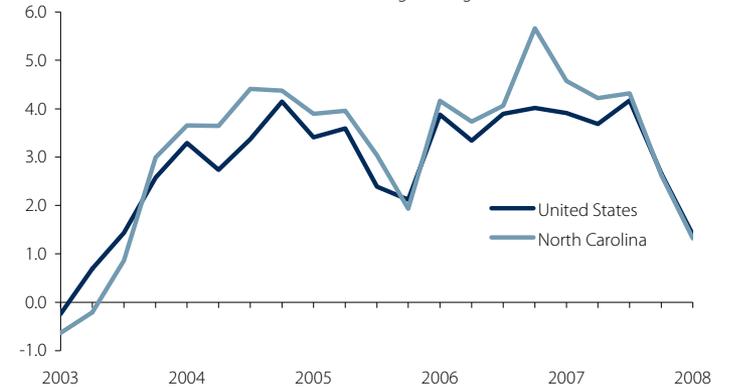
Real Personal Income (SA)	Period	Level (\$mil)	QoQ % Change	YoY % Change
United States	1Q:08	9,998,852	0.45	1.39
Fifth District	1Q:08	949,038	0.24	1.18
North Carolina	1Q:08	261,262	0.03	1.32

Median Family Income	Period	Level (000s)	QoQ % Change	YoY % Change
Charlotte MSA	2008	64.3	---	6.81
Durham MSA	2008	62.1	---	3.33
Greensboro-High Point MSA	2008	56.1	---	4.66
Raleigh-Cary MSA	2008	74.9	---	7.31

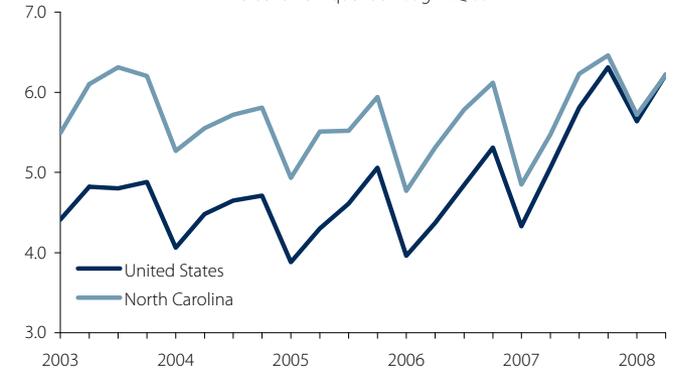
Non-Business Bankruptcies	Period	Level	QoQ % Change	YoY % Change
United States	2Q:08	266,767	12.57	30.93
Fifth District	2Q:08	19,682	4.15	29.96
North Carolina	2Q:08	5,246	3.43	13.43

Mortgage Delinquencies (% Delinquent)	2Q:08	1Q:08	2Q:07
<b>United States</b>			
All Mortgages	6.22	5.64	5.06
Conventional	3.73	3.30	2.63
Subprime	18.21	17.05	14.54
<b>North Carolina</b>			
All Mortgages	6.22	5.72	5.47
Conventional	3.62	3.30	2.97
Subprime	18.78	17.24	15.49

North Carolina Real Personal Income  
Year-over-Year Percent Change through 1Q:08



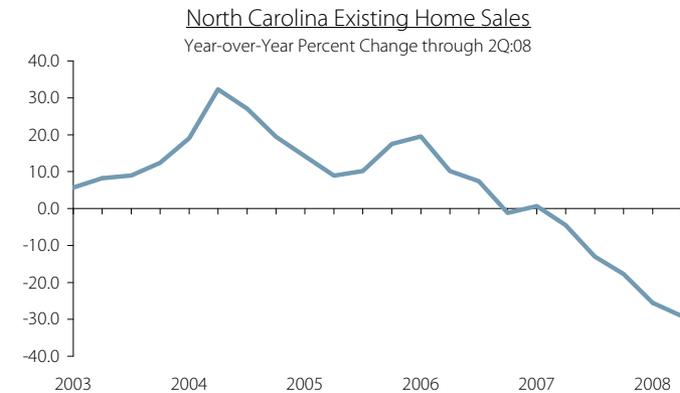
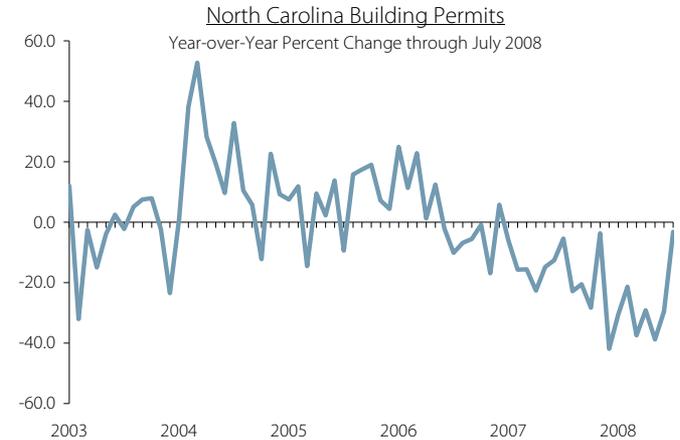
North Carolina Mortgage Delinquencies - All  
Percent Delinquent through 2Q:08



## NORTH CAROLINA

### Real Estate Conditions

Total Private Building Permits	Period	Level	MoM % Change	YoY % Change
United States	July	83,546	-22.71	-30.45
Fifth District	July	14,167	10.74	-9.54
North Carolina	July	6,701	21.18	-3.18
Charlotte MSA	July	995	-38.16	-44.48
Durham MSA	July	233	12.56	-21.55
Greensboro-High Point MSA	July	319	-15.61	-13.78
Raleigh-Cary MSA	July	2,850	208.11	108.79
Total Private Housing Starts	Period	Level (000s)	MoM % Change	YoY % Change
United States	July	965.0	-10.98	-29.61
Fifth District	July	150.4	0.35	-13.86
North Carolina	July	71.1	9.80	-7.80
Existing Home Sales	Period	Level (000s)	QoQ % Change	YoY % Change
United States	2Q:08	4,913.0	-0.81	-16.30
Fifth District	2Q:08	461.2	-4.63	-23.13
North Carolina	2Q:08	164.0	-9.69	-29.07
Average Monthly Inventory	Period	Level	MoM % Change	YoY % Change
Raleigh-Cary MSA	August	12,500	0.45	18.49
Median Asking Price	Period	Level (\$)	MoM % Change	YoY % Change
Raleigh-Cary MSA	August	252,500	-1.43	-0.82
Median Home Sales Price - NAR	Period	Level (\$000s)	QoQ % Change	YoY % Change
Charlotte MSA	2Q:08	201	4.46	-2.89
Durham MSA	2Q:08	186	4.32	3.22
Greensboro-High Point MSA	2Q:08	153	7.66	-1.98
Raleigh-Cary MSA	2Q:08	213	-6.53	-5.29



**NORTH CAROLINA**

Real Estate Conditions

Median Home Sales Price - NAHB	Period	Level (\$000s)	QoQ % Change	YoY % Change
Charlotte MSA	2Q:08	170	1.80	-2.86
Durham MSA	2Q:08	181	3.43	-2.16
Greensboro-High Point MSA	2Q:08	138	-1.43	1.47
Raleigh-Cary MSA	2Q:08	208	-0.95	-11.49

House Price Index (1980=100)	Period	Level	QoQ % Change	YoY % Change
United States	2Q:08	381	-1.44	-1.71
Fifth District	2Q:08	395	0.47	0.53
North Carolina	2Q:08	349	0.63	3.59
Charlotte MSA (1995=100)	2Q:08	185	1.20	5.24
Durham MSA (1995=100)	2Q:08	180	1.58	4.09
Greensboro-High Point MSA (1995=100)	2Q:08	159	-0.04	2.81
Raleigh-Cary MSA (1995=100)	2Q:08	172	1.24	4.85

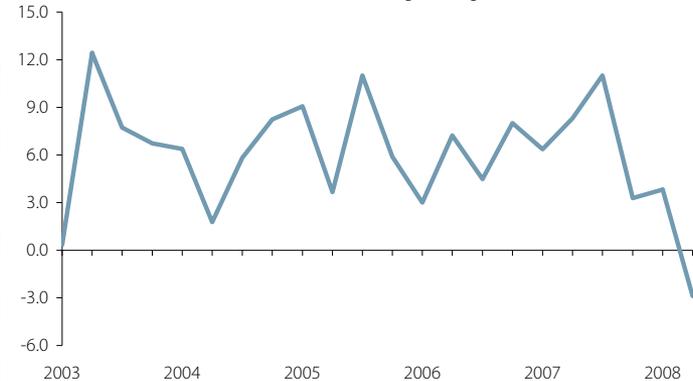
  

Housing Opportunity Index <sup>2</sup> (%)	2Q:08	1Q:08	2Q:07
Charlotte MSA	66.4	68.7	61.5
Durham MSA	63.6	66.0	57.7
Greensboro-High Point MSA	74.1	74.3	74.4
Raleigh-Cary MSA	66.8	65.6	52.6

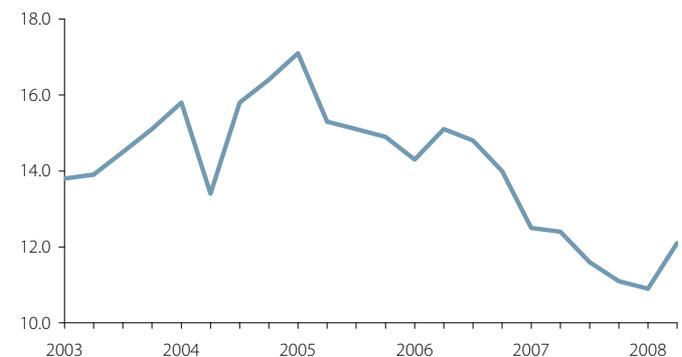
  

Commercial Vacancy Rates (%)	2Q:08	1Q:08	2Q:07
<b>Office Vacancies</b>			
Raleigh/Durham	14.6	13.9	13.7
Charlotte	12.1	10.9	12.4
<b>Industrial Vacancies</b>			
Raleigh/Durham	16.1	15	15.7
Charlotte	9.9	10	13.2

Charlotte MSA Median Home Sales Price (NAR)  
Year-over-Year Percent Change through 2Q:08



Charlotte MSA Office Vacancy Rate  
Through 2Q:08



## SOUTH CAROLINA

### September Summary

Recent assessments of the South Carolina economy were encouraging as employment and household conditions weakened slightly, but housing market conditions remained stable. Payroll employment in South Carolina remained flat in July for the third straight month. Since July 2007, the state added 4,200 jobs to its economy – the smallest twelve-month increase since February 2004.

Household conditions remained weak as the July unemployment rate jumped to 7.0 percent from 6.1 percent the previous month – the state’s highest rate since July 2003. South Carolina added 18,200 people to its civilian labor force in July, but the number of unemployed rose by 18,700, for the largest recorded monthly increase in unemployed persons. Mortgage delinquencies moved 0.6 percentage point higher to 6.4 percent in the second quarter. Rates on mortgages more than 90 days past due marked a record high 1.5 percent.

Turning to real estate, residential permitting activity in South Carolina picked up in July, growing 14.2 percent in the month but declining 0.8 percent over the year. Housing starts also increased (3.5 percent) during the month. On a less positive note, home sales fell 8.5 percent in the second quarter – faster than both the national decline of 0.8 percent and the Fifth District decline of 4.6 percent. Nonetheless, house prices in the state – as measured by the HPI – remained steady, growing 0.4 percent in the second quarter. House prices rose 3.3 percent over the year.

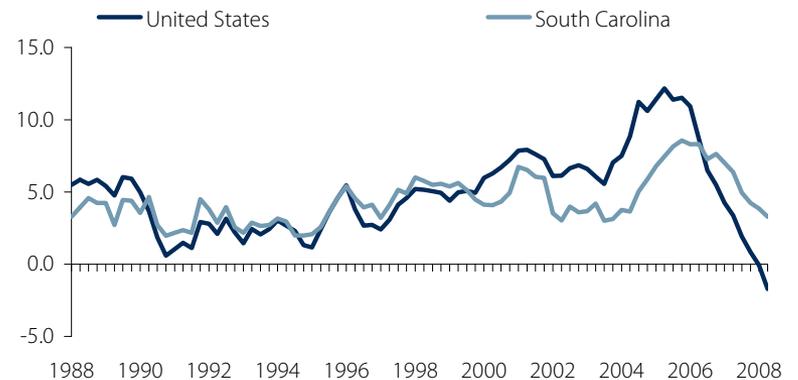
Drilling down to the metro level, conditions were somewhat similar. Payroll employment shrank and household unemployment rates grew at least 0.5 percentage point in the Charleston, Columbia, Greenville, and Spartanburg metro areas in July. At 6.3 percent, the Columbia MSA posted its highest jobless rate since July 1993. Turning to housing conditions, residential permitting activity was mixed across metro areas in July while second quarter house prices continued to grow, with Greenville posting the largest increase of 1.9 percent over the quarter.

### A Closer Look at...House Prices

Quarterly house prices in South Carolina have increased consecutively for over eighteen years, and the state has not seen a year-over-year decline since the third quarter of 1984. In the past ten years, prices have grown 66.7 percent – averaging 5.2 percent annually – compared to the ten years prior to 1998 when prices grew 41.6 percent and at an average annual rate of 3.5 percent. The state’s steepest year-over-year rise in house prices since 1988 was 8.6 percent in the fourth quarter of 2005; its weakest growth was 2.0 percent in the fourth quarter of 1990.

South Carolina House Price Index (OFHEO)

Year-over-Year Percent Change through 2Q: 08



## SOUTH CAROLINA

### Labor Market Conditions

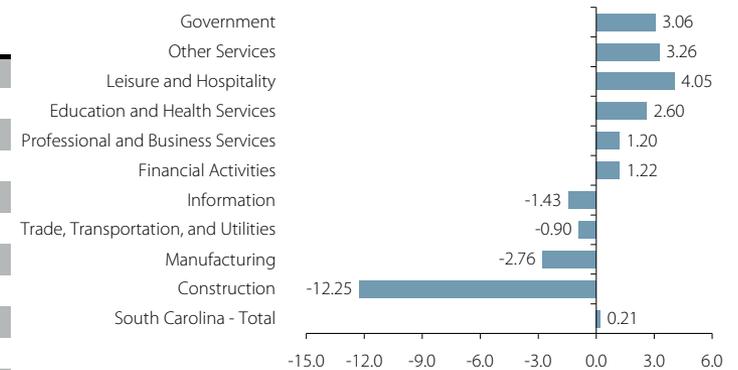
Payroll Employment (SA)	Period	Level (000s)	MoM % Change	YoY % Change
United States - Total	July	137,615.0	-0.04	-0.05
Fifth District - Total	July	14,021.8	0.06	0.76
South Carolina - Total	July	1,959.2	0.05	0.21
Construction	July	112.5	-0.18	-12.25
Manufacturing	July	243.0	-0.86	-2.76
Trade, Transportation, and Utilities	July	374.9	-0.13	-0.90
Information	July	27.5	1.48	-1.43
Financial Activities	July	107.9	-0.37	1.22
Professional and Business Services	July	228.4	0.18	1.20
Education and Health Services	July	208.9	1.21	2.60
Leisure and Hospitality	July	228.4	1.74	4.05
Other Services	July	76.0	1.06	3.26
Government	July	347.4	-1.08	3.06
Charleston MSA - Total	July	301.1	-1.08	0.27
Columbia MSA - Total	July	365.7	-1.03	0.11
Greenville MSA - Total	July	321.1	-1.11	1.10
Spartanburg MSA - Total	July	123.7	-2.21	1.81

Unemployment Rate (SA)	July 08	June 08	July 07
United States	5.7	5.5	4.7
Fifth District	5.5	5.0	4.2
South Carolina	7.0	6.1	5.8
Charleston MSA	6.0	5.4	4.7
Columbia MSA	6.3	5.8	5.3
Greenville MSA	6.0	5.4	5.3
Spartanburg MSA	7.5	6.9	6.3

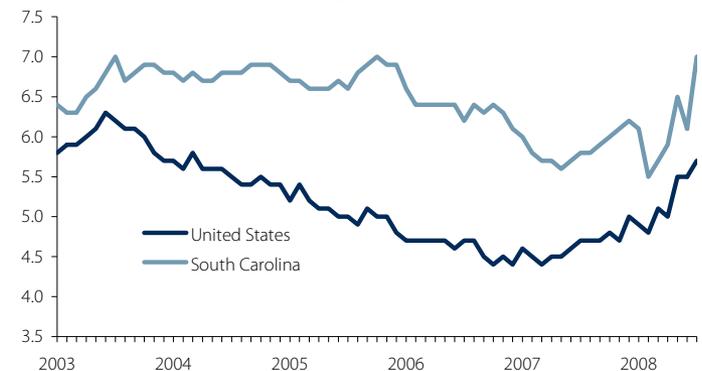
South Carolina Payroll Employment Performance

Year-over-Year Percent Change through July 2008



South Carolina Unemployment Rate

Through July 2008



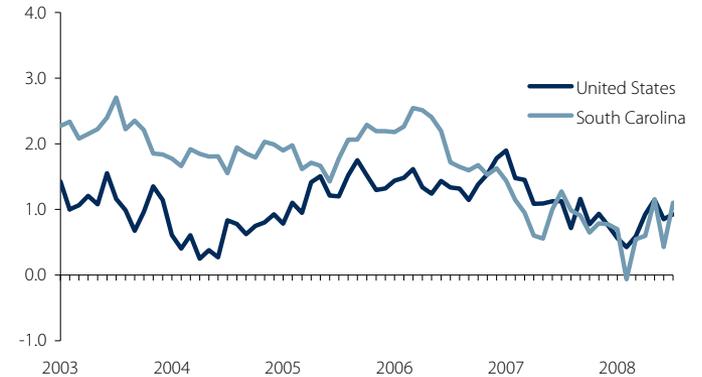
## SOUTH CAROLINA

### Labor Market Conditions

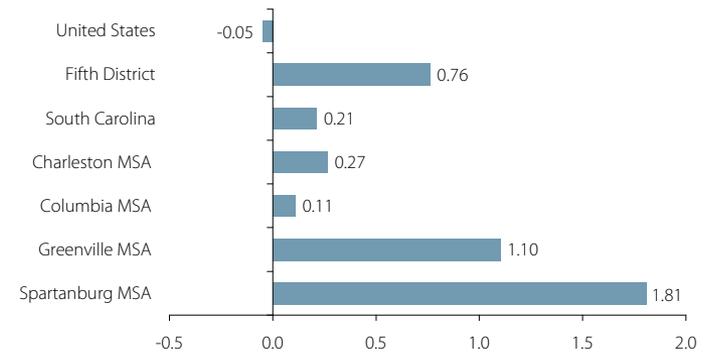
Civilian Labor Force (SA)	Period	Level (000s)	MoM % Change	YoY % Change
United States	July	154,603	0.14	0.93
Fifth District	July	15,070	0.59	1.72
South Carolina	July	2,161	0.85	1.10
Charleston MSA	July	327	1.15	1.40
Columbia MSA	July	378	1.15	0.93
Greenville-Spartanburg MSA	July	324	1.00	1.60

Initial Unemployment Claims (NSA)	Period	Level	MoM % Change	YoY % Change
United States	July	1,873,851	19.57	26.34
Fifth District	July	185,008	36.28	38.56
South Carolina	July	40,267	40.71	43.75

South Carolina Labor Force  
Year-over-Year Percent Change through July 2008



South Carolina Total Employment Performance  
Year-over-Year Percent Change through July 2008

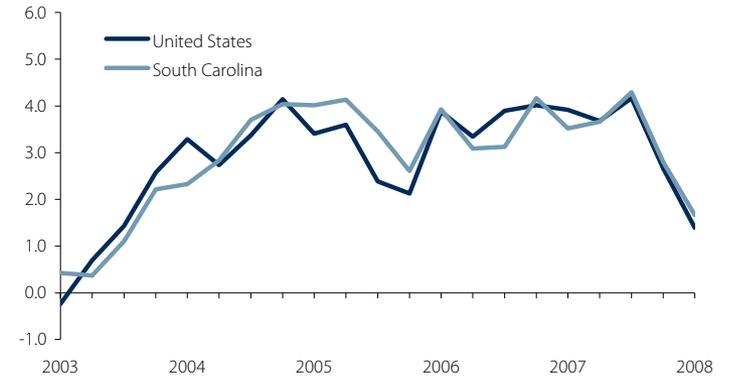


## SOUTH CAROLINA

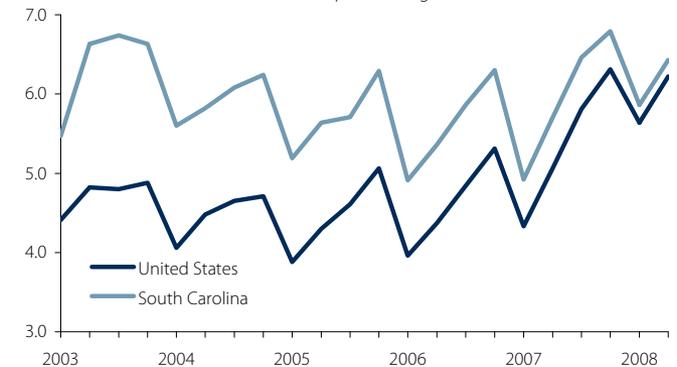
### Household Conditions

Real Personal Income (SA)	Period	Level (\$mil)	QoQ % Change	YoY % Change
United States	1Q:08	9,998,852	0.45	1.39
Fifth District	1Q:08	949,038	0.24	1.18
South Carolina	1Q:08	117,412	0.09	1.67
Median Family Income	Period	Level (000s)	QoQ % Change	YoY % Change
Charleston MSA	2008	58.4	---	5.42
Columbia MSA	2008	59.2	---	1.72
Greenville MSA	2008	55.1	---	4.16
Non-Business Bankruptcies	Period	Level	QoQ % Change	YoY % Change
United States	2Q:08	266,767	12.57	30.93
Fifth District	2Q:08	19,682	4.15	29.96
South Carolina	2Q:08	1907	2.80	8.91
Mortgage Delinquencies (% Delinquent)	2Q:08	1Q:08	2Q:07	
United States				
All Mortgages	6.22	5.64	5.06	
Conventional	3.73	3.30	2.63	
Subprime	18.21	17.05	14.54	
South Carolina				
All Mortgages	6.43	5.86	5.70	
Conventional	3.99	3.60	3.33	
Subprime	19.22	17.48	15.57	

South Carolina Real Personal Income  
Year-over-Year Percent Change through 1Q:08



South Carolina Mortgage Delinquencies - All  
Percent Delinquent through 2Q:08

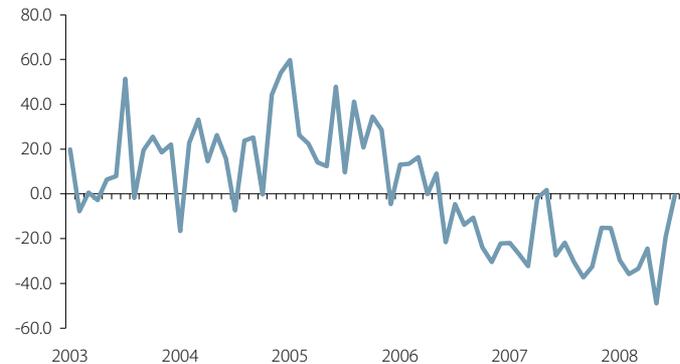


## SOUTH CAROLINA

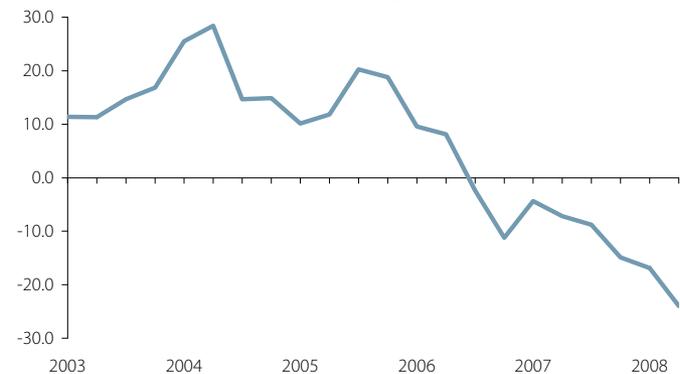
### Real Estate Conditions

Total Private Building Permits	Period	Level	MoM % Change	YoY % Change
United States	July	83,546	-22.71	-30.45
Fifth District	July	14,167	10.74	-9.54
South Carolina	July	2,972	14.22	-0.80
Charleston MSA	July	414	-12.84	-18.02
Columbia MSA	July	574	47.56	14.12
Greenville MSA	July	251	-15.77	-35.31
Spartanburg MSA	July	106	0.00	-19.70
Total Private Housing Starts	Period	Level (000s)	MoM % Change	YoY % Change
United States	July	965.0	-10.98	-29.61
Fifth District	July	150.4	0.35	-13.86
South Carolina	July	31.5	3.48	-5.54
Existing Home Sales	Period	Level (000s)	QoQ % Change	YoY % Change
United States	2Q:08	4,913.0	-0.81	-16.30
Fifth District	2Q:08	461.2	-4.63	-23.13
South Carolina	2Q:08	86.4	-8.47	-23.94
Median Home Sales Price - NAR	Period	Level (\$000s)	QoQ % Change	YoY % Change
Charleston MSA	2Q:08	215	6.80	-3.63
Columbia MSA	2Q:08	150	5.58	0.81
Greenville MSA	2Q:08	160	3.75	5.11
Spartanburg MSA	2Q:08	130.2	-0.08	-2.25

South Carolina Building Permits  
Year-over-Year Percent Change through July 2008



South Carolina Existing Home Sales  
Year-over-Year Percent Change through 2Q:08



## SOUTH CAROLINA

### Real Estate Conditions

Median Home Sales Price - NAHB	Period	Level (\$000s)	QoQ % Change	YoY % Change
Charleston MSA	2Q:08	205	4.06	-8.89
Columbia MSA	2Q:08	148	8.03	5.71
Greenville MSA	2Q:08	154	6.94	2.67

House Price Index (1980=100)	Period	Level	QoQ % Change	YoY % Change
United States	2Q:08	381	-1.44	-1.71
Fifth District	2Q:08	395	0.47	0.53
South Carolina	2Q:08	330	0.44	3.28
Charleston MSA (1995=100)	2Q:08	275	0.21	1.40
Columbia MSA (1995=100)	2Q:08	179	0.83	3.79
Greenville MSA (1995=100)	2Q:08	174	1.87	5.78
Spartanburg MSA (1995=100)	2Q:08	159	0.25	0.25

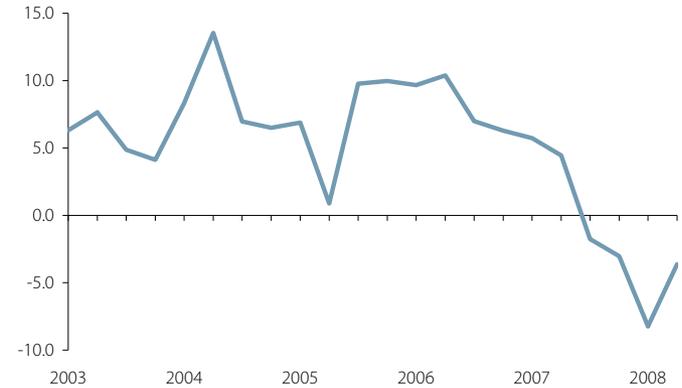
Housing Opportunity Index <sup>2</sup> (%)	2Q:08	1Q:08	2Q:07
Charleston MSA	53.8	57.8	41.5
Columbia MSA	71.7	77.2	73.7
Greenville MSA	69.1	73.7	66.5

Commercial Vacancy Rates (%)	2Q:08	1Q:08	2Q:07
<b>Office Vacancies</b>			
Charleston	17.9	17.7	12.2
Columbia	15.5	16.4	17.4
Greenville	14.3	14.5	17.9
<b>Industrial Vacancies</b>			
Charleston	13.4	13.0	8.5
Greenville	8.8	9.5	10.9

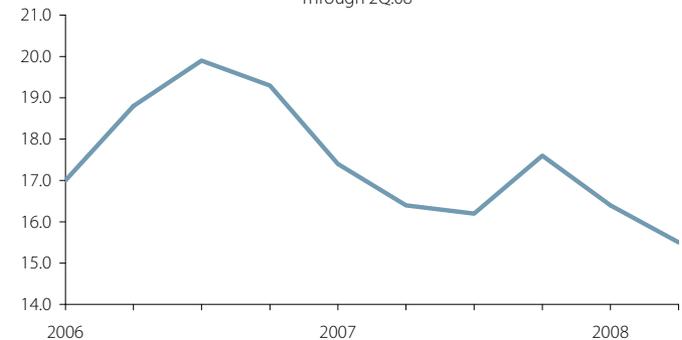
Charleston MSA Median Home Sales Price (NAR)

Year-over-Year Percent Change through 2Q:08



Columbia MSA Office Vacancy Rate

Through 2Q:08



## VIRGINIA

### September Summary

Economic conditions in Virginia remained soft according to recent data, with employment losses and continued weakness in the housing market.

Payroll growth stagnated in July as the Virginia economy shed 400 jobs (0.0 percent) while the household unemployment rate edged up 0.4 percentage point to 4.4 percent. Although this was the highest joblessness in the Commonwealth since July 1996, the rate remained below the national mark of 5.7 percent. Additionally, at 4.9 percent, second quarter mortgage delinquencies were at their highest level since the fourth quarter of 2001. Rates were not uniform across types of delinquency, however: the rate on mortgages more than 30 days past due (2.6 percent) was in line with recent levels while the rate on mortgages more than 90 days past due (1.3 percent) was at its highest recorded mark.

On the housing front, residential permit levels and housing starts in Virginia were down 9.9 percent and 18.4 percent, respectively, in July. On a more positive note, existing home sales were up 10.6 percent in the second quarter, although sales dropped 8.1 percent over the year. House prices in Virginia – according to the HPI – fell 1.9 percent in the second quarter, for the fourth consecutive quarter of decline and the largest quarterly drop since 1982. In addition, the 2.6 percent fall in house prices over the past year is the largest recorded depreciation rate in the state.

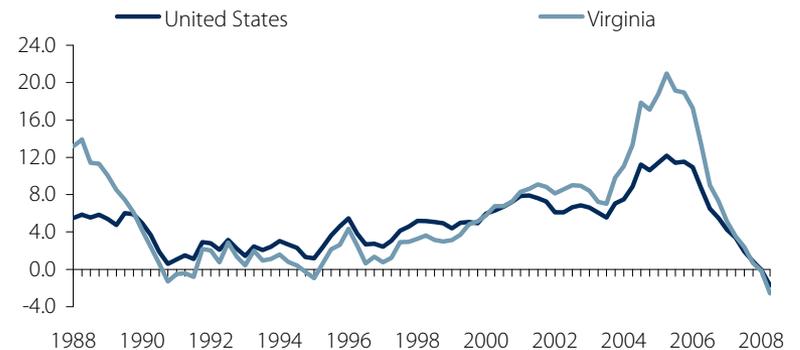
Drilling down further, all of Virginia’s major metro areas shed payrolls in July, with the most sizeable reduction in the Richmond MSA (8,300 jobs or 1.3 percent). Metro level household unemployment rates were up across the board; the Richmond metro area’s 4.7 percent unemployment rate was its highest mark since February 1994. In real estate markets, residential permitting activity was mixed and house price data generally reflected state conditions, with only the Lynchburg MSA posting an increase in prices (0.5 percent).

### A Closer Look at...House Prices

After more than ten years of successive quarterly growth in Virginia's house prices, the state's HPI began to fall in the third quarter of 2007. Since that time, prices have fallen 2.6 percent. Nonetheless, prices in the Commonwealth have more than doubled since 1998, growing at an 8.2 percent average annual clip. This pace was a marked rise from the 1998-1998 period, over which time house prices increased 24.1 percent at a 2.2 percent annual rate. The most notable year-over-year rise in the past twenty years was 21.0 percent in the second quarter of 2005, while Virginia's largest decline was 2.6 percent in the second quarter of 2008.

Virginia House Price Index (OFHEO)

Year-over-Year Percent Change through 2Q: 08



# VIRGINIA

## Labor Market Conditions

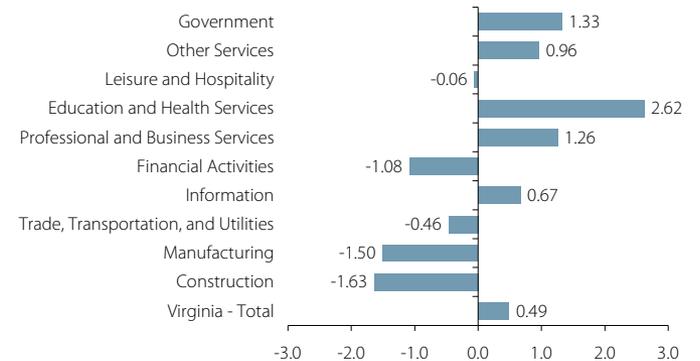
Payroll Employment (SA)	Period	Level (000s)	MoM % Change	YoY % Change
United States - Total	July	137,615.0	-0.04	-0.05
Fifth District - Total	July	14,021.8	0.06	0.76
Virginia - Total	July	3,779.8	-0.01	0.49
Construction	July	234.8	-0.72	-1.63
Manufacturing	July	275.3	0.18	-1.50
Trade, Transportation, and Utilities	July	666.7	-0.12	-0.46
Information	July	90.6	0.11	0.67
Financial Activities	July	191.6	-0.83	-1.08
Professional and Business Services	July	652.7	0.21	1.26
Education and Health Services	July	430.6	0.28	2.62
Leisure and Hospitality	July	344.9	-0.23	-0.06
Other Services	July	188.7	-0.32	0.96
Government	July	695.0	0.06	1.33
Lynchburg MSA - Total	July	110.0	-0.90	2.42
Richmond MSA - Total	July	637.1	-1.29	0.85
Roanoke MSA - Total	July	164.0	-1.74	0.74
Virginia Beach-Norfolk MSA - Total	July	793.6	-0.75	2.01

Unemployment Rate (SA)	July 08	June 08	July 07
United States	5.7	5.5	4.7
Fifth District	5.5	5.0	4.2
Virginia	4.4	4.0	3.0
Lynchburg MSA	4.8	4.5	3.6
Richmond MSA	4.7	4.4	3.2
Roanoke MSA	4.4	4.1	3.1
Virginia Beach-Norfolk MSA	4.6	4.4	3.3

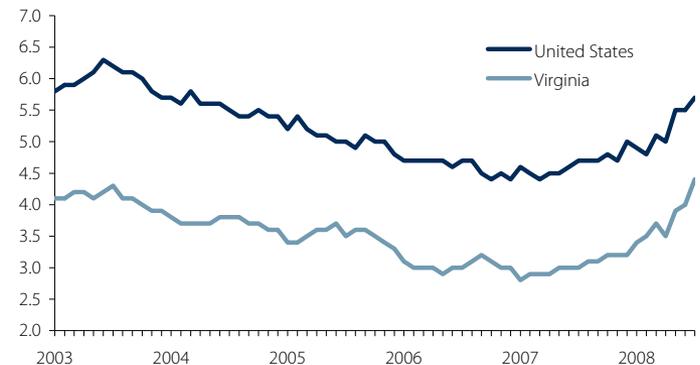
Virginia Payroll Employment Performance

Year-over-Year Percent Change through July 2008



Virginia Unemployment Rate

Through July 2008



**VIRGINIA**

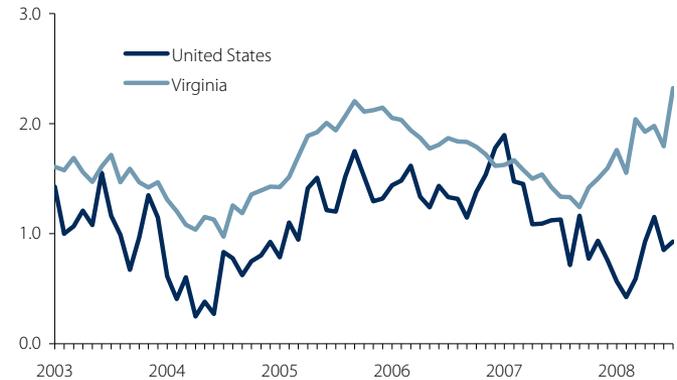
Labor Market Conditions

Civilian Labor Force (SA)	Period	Level (000s)	MoM % Change	YoY % Change
United States	July	154,603	0.14	0.93
Fifth District	July	15,070	0.59	1.72
Virginia	July	4,148	0.57	2.32
Lynchburg MSA	July	127	1.12	3.35
Richmond MSA	July	667	1.02	2.46
Roanoke MSA	July	161	0.56	2.03
Virginia Beach-Norfolk MSA	July	860	1.55	3.33

Initial Unemployment Claims (NSA)	Period	Level	MoM % Change	YoY % Change
United States	July	1,873,851	19.57	26.34
Fifth District	July	185,008	36.28	38.56
Virginia	July	27,006	25.52	20.48

Virginia Labor Force  
Year-over-Year Percent Change through July 2008



Virginia Total Employment Performance  
Year-over-Year Percent Change through July 2008



**VIRGINIA**

Household Conditions

Real Personal Income (SA)	Period	Level (\$mil)	QoQ % Change	YoY % Change
United States	1Q:08	9,998,852	0.45	1.39
Fifth District	1Q:08	949,038	0.24	1.18
Virginia	1Q:08	272,117	0.40	0.83

Median Family Income	Period	Level (000s)	QoQ % Change	YoY % Change
Richmond MSA	2008	69.3	---	0.87
Roanoke MSA	2007	56.3	---	---
Virginia Beach-Norfolk MSA	2008	65.1	---	1.56

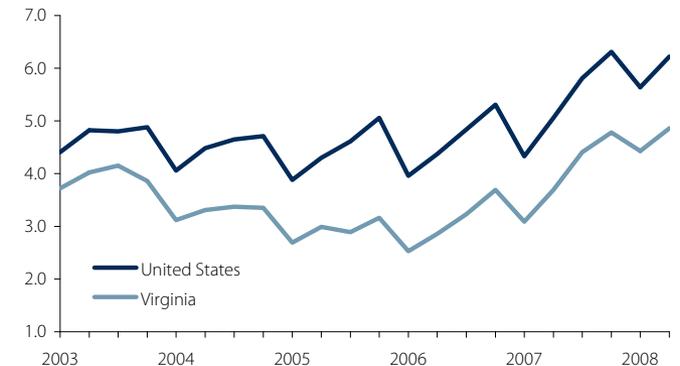
Non-Business Bankruptcies	Period	Level	QoQ % Change	YoY % Change
United States	2Q:08	266,767	12.57	30.93
Fifth District	2Q:08	19,682	4.15	29.96
Virginia	2Q:08	6,805	10.90	53.96

Mortgage Delinquencies (% Delinquent)	2Q:08	1Q:08	2Q:07
<b>United States</b>			
All Mortgages	6.22	5.64	5.06
Conventional	3.73	3.30	2.63
Subprime	18.21	17.05	14.54
<b>Virginia</b>			
All Mortgages	4.86	4.43	3.69
Conventional	2.92	2.61	1.89
Subprime	18.15	17.07	13.40

Virginia Real Personal Income  
Year-over-Year Percent Change through 1Q:08



Virginia Mortgage Delinquencies - All  
Percent Delinquent through 2Q:08

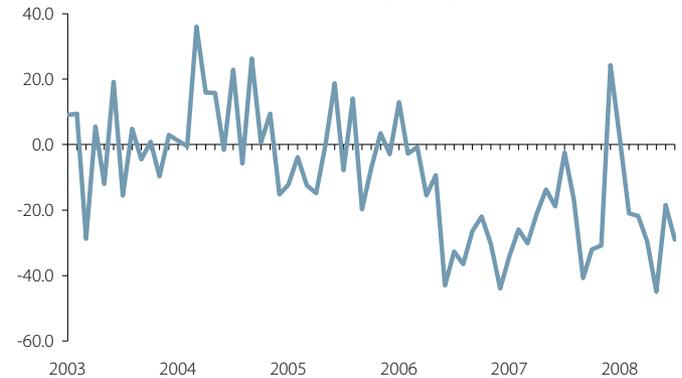


**VIRGINIA**

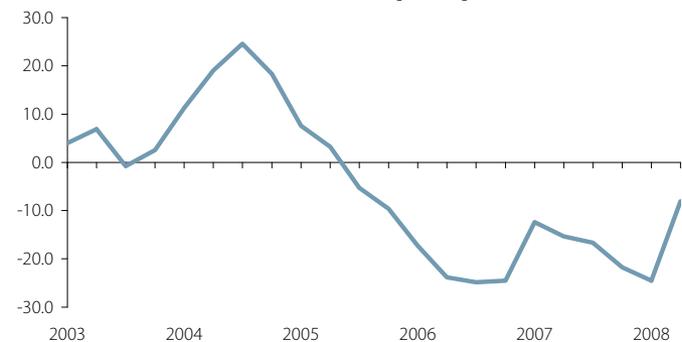
Real Estate Conditions

Total Private Building Permits	Period	Level	MoM % Change	YoY % Change
United States	July	83,546	-22.71	-30.45
Fifth District	July	14,167	10.74	-9.54
Virginia	July	2,431	-9.93	-28.94
Lynchburg MSA	July	96	23.08	-46.37
Richmond MSA	July	447	18.57	-24.37
Roanoke MSA	July	48	-18.64	-54.29
Virginia Beach-Norfolk MSA	July	345	-63.80	-42.60
Total Private Housing Starts	Period	Level (000s)	MoM % Change	YoY % Change
United States	July	965.0	-10.98	-29.61
Fifth District	July	150.4	0.35	-13.86
Virginia	July	25.8	-18.38	-32.34
Existing Home Sales	Period	Level (000s)	QoQ % Change	YoY % Change
United States	2Q:08	4,913.0	-0.81	-16.30
Fifth District	2Q:08	461.2	-4.63	-23.13
Virginia	2Q:08	113.2	10.55	-8.12
Average Monthly Inventory	Period	Level	MoM % Change	YoY % Change
Virginia Beach-Norfolk MSA	August	14,984	-0.75	6.14
Median Asking Price	Period	Level (\$)	MoM % Change	YoY % Change
Virginia Beach-Norfolk MSA	August	299,900	0.00	-9.12

Virginia Building Permits  
Year-over-Year Percent Change through July 2008



Virginia Existing Home Sales  
Year-over-Year Percent Change through 2Q:08

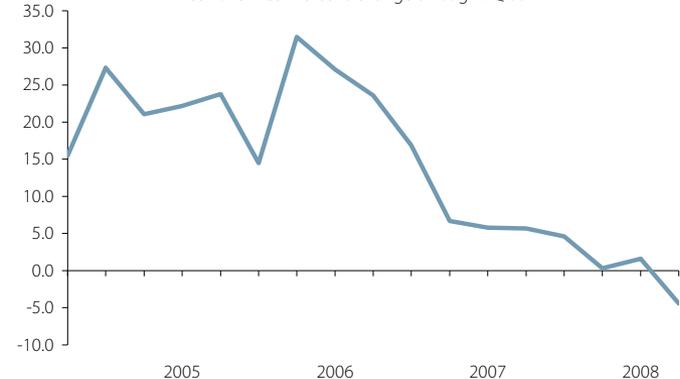


**VIRGINIA**

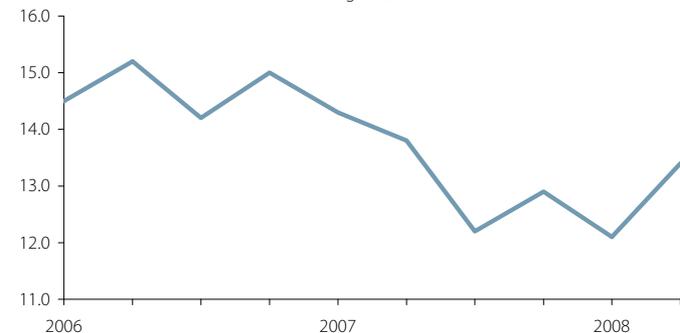
Real Estate Conditions

Median Home Sales Price - NAR	Period	Level (\$000s)	QoQ % Change	YoY % Change
Richmond MSA	2Q:08	---	---	---
Virginia Beach-Norfolk MSA	2Q:08	240	0.88	-4.43
Median Home Sales Price - NAHB	Period	Level (\$000s)	QoQ % Change	YoY % Change
Richmond MSA	2Q:08	224	-2.61	0.45
Virginia Beach-Norfolk MSA	2Q:08	217	-1.36	-2.69
House Price Index (1980=100)	Period	Level	QoQ % Change	YoY % Change
United States	2Q:08	381	-1.44	-1.71
Fifth District	2Q:08	395	0.47	0.53
Virginia	2Q:08	463	-1.91	-2.60
Lynchburg MSA (1995=100)	2Q:08	197	0.46	3.26
Richmond MSA (1995=100)	2Q:08	222	-1.07	-0.39
Roanoke MSA (1995=100)	2Q:08	199	-0.44	2.52
Virginia Beach-Norfolk MSA (1995=100)	2Q:08	255	-1.21	-0.70
Housing Opportunity Index <sup>2</sup> (%)	2Q:08	1Q:08	2Q:07	
Richmond MSA	60.6	59.7	53.1	
Roanoke MSA	---	---	46.7	
Virginia Beach-Norfolk MSA	51.7	56.5	48.5	
Commercial Vacancy Rates (%)	2Q:08	1Q:08	2Q:07	
Office Vacancies	Richmond	13.4	12.1	13.8
Industrial Vacancies	Richmond	7.1	7.4	8.0

Virginia Beach-Norfolk MSA Median Home Sales Price (NAR)  
Year-over-Year Percent Change through 2Q:08



Richmond MSA Office Vacancy Rate  
Through 2Q:08



## WEST VIRGINIA

### September Summary

Recent assessments of the West Virginia economy indicated steady labor markets, but mixed conditions in the housing market.

Payrolls changed little in West Virginia as the state lost 300 jobs (0.0 percent) in July for the second month of stagnant employment growth. In household unemployment, West Virginia was the only Fifth District jurisdiction to post a drop in joblessness in July; the unemployment rate fell to 4.5 percent from 5.3 percent the previous month. In other household news, second quarter mortgage delinquency rates in the state were up 0.5 percentage point, however, to end at 7.3 percent – the highest delinquency rate of all Fifth District jurisdictions.

Turning to real estate, residential permitting activity in the Mountain state inched down 3.0 percent in July for a 27.1 percent loss over the year. Housing starts were also down (12.0 percent) over the month. In addition, second quarter home sales in West Virginia fell 12.2 percent, marking the eleventh consecutive quarter of year-over-year decline. Second quarter house prices in the state, however, grew 0.7 percent – better than the national 1.4 percent decline and the 0.5 percent Fifth District increase over the same period.

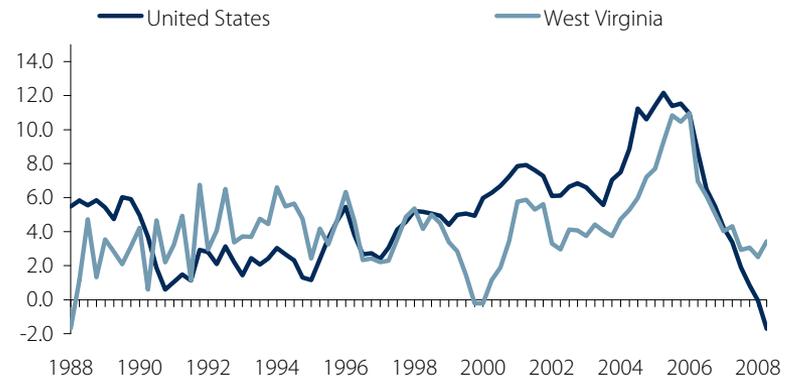
Metro-level conditions were also mixed as the Charleston, Huntington, and Parkersburg metro areas shed payrolls, but the Morgantown MSA added 700 jobs to its economy (1.1 percent) in July. Household unemployment rates plummeted across metro areas, falling as much as 1.3 percentage points in the Charleston and Morgantown MSAs to 3.4 percent and 2.8 percent, respectively. The Charleston MSA posted its lowest unemployment rate on record. In real estate, July permitting activity was mixed across metro areas, as were house price assessments. While the Charleston MSA saw its strongest increase in house prices since the first quarter of 2001 (3.0 percent), prices flattened in the Morgantown MSA, and decreased in the Huntington and Parkersburg MSAs.

### A Closer Look at...House Prices

West Virginia house prices continued to appreciate into the second quarter of 2008, with 0.7 percent quarterly growth and a 3.4 percent increase over the past year. House prices in the state appreciated 43.4 percent (3.7 percent average annual rate) from 1988 to 1998 and 57.2 percent (4.6 percent average annual rate) from 1998 to 2008. Over the past two decades, the strongest year-over-year appreciation in house prices in the state was 11.0 percent in the first quarter of 2006, while the weakest mark was -0.2 percent in both the last quarter of 1999 and the first quarter of 2000.

West Virginia House Price Index (OFHEO)

Year-over-Year Percent Change through 2Q: 08



## WEST VIRGINIA

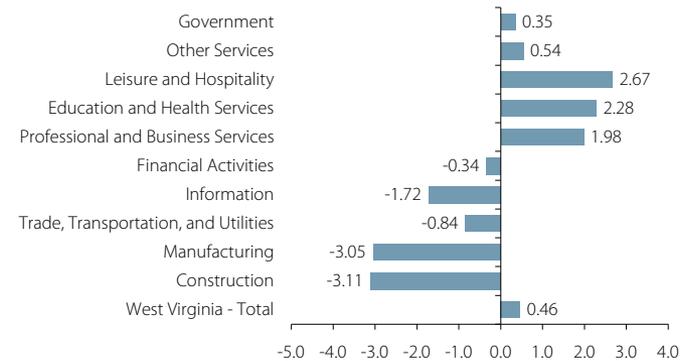
### Labor Market Conditions

Payroll Employment (SA)	Period	Level (000s)	MoM % Change	YoY % Change
United States - Total	July	137,615.0	-0.04	-0.05
Fifth District - Total	July	14,021.8	0.06	0.76
West Virginia - Total	July	759.4	-0.04	0.46
Construction	July	37.4	0.00	-3.11
Manufacturing	July	57.3	-0.17	-3.05
Trade, Transportation, and Utilities	July	141.6	-0.14	-0.84
Information	July	11.4	-0.87	-1.72
Financial Activities	July	29.6	0.00	-0.34
Professional and Business Services	July	61.8	0.49	1.98
Education and Health Services	July	116.7	0.26	2.28
Leisure and Hospitality	July	73.0	0.69	2.67
Other Services	July	55.8	0.00	0.54
Government	July	144.6	-0.96	0.35
Charleston MSA - Total	July	151.8	-0.39	0.53
Huntington MSA - Total	July	118.7	-1.82	0.94
Morgantown MSA - Total	July	61.6	1.15	2.67
Parkersburg MSA - Total	July	72.5	-0.82	-0.55

Unemployment Rate (SA)	July 08	June 08	July 07
United States	5.7	5.5	4.7
Fifth District	5.5	5.0	4.2
West Virginia	4.5	5.3	4.7
Charleston MSA	3.4	4.7	4.1
Huntington MSA	5.3	5.8	5.0
Morgantown MSA	2.8	4.1	3.4
Parkersburg MSA	5.1	5.9	5.0

West Virginia Payroll Employment Performance

Year-over-Year Percent Change through July 2008



West Virginia Unemployment Rate

Through July 2008



## WEST VIRGINIA

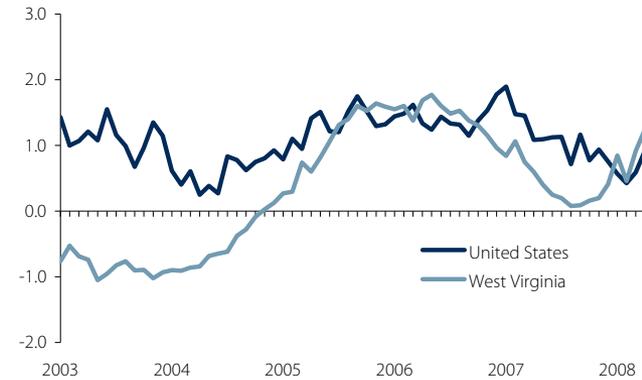
### Labor Market Conditions

Civilian Labor Force (SA)	Period	Level (000s)	MoM % Change	YoY % Change
United States	July	154,603	0.14	0.93
Fifth District	July	15,070	0.59	1.72
West Virginia	July	806	-0.93	-0.49
Charleston MSA	July	142	-1.05	-1.46
Huntington MSA	July	133	-1.84	-0.07
Morgantown MSA	July	63	0.48	0.80
Parkersburg MSA	July	80	-1.11	-1.24

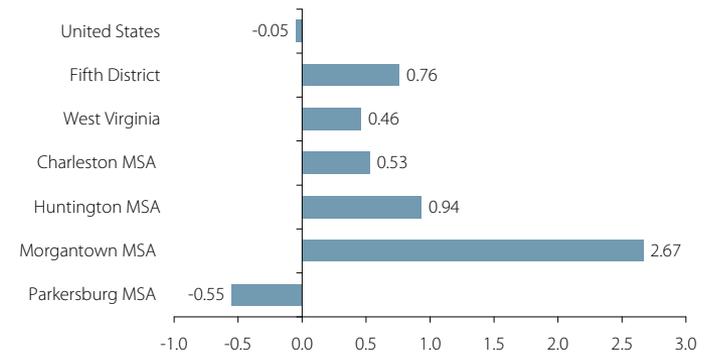
  

Initial Unemployment Claims (NSA)	Period	Level (000s)	MoM % Change	YoY % Change
United States	July	1,873,851	19.57	26.34
Fifth District	July	185,008	36.28	38.56
West Virginia	July	6,140	22.82	2.76

West Virginia Labor Force  
Year-over-Year Percent Change through July 2008



West Virginia Total Employment Performance  
Year-over-Year Percent Change through July 2008

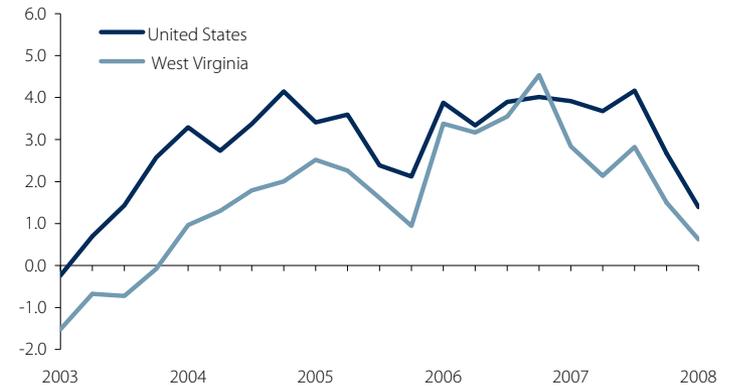


## WEST VIRGINIA

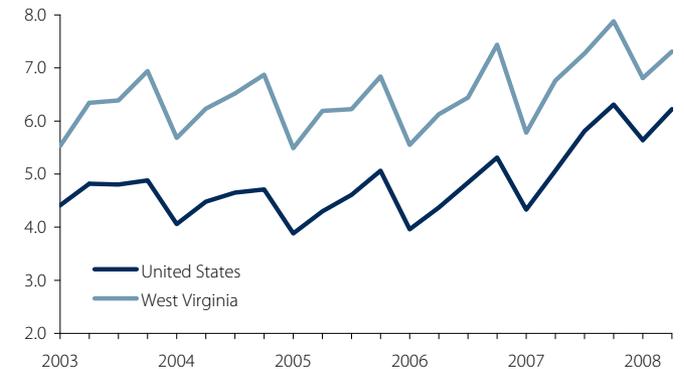
### Household Conditions

Real Personal Income (SA)	Period	Level (\$mil)	QoQ % Change	YoY % Change
United States	1Q:08	9,998,852	0.45	1.39
Fifth District	1Q:08	949,038	0.24	1.18
West Virginia	1Q:08	45,715	0.00	0.62
Non-Business Bankruptcies	Period	Level	QoQ % Change	YoY % Change
United States	2Q:08	266,767	12.57	30.93
Fifth District	2Q:08	19,682	4.15	29.96
West Virginia	2Q:08	1,369	16.81	22.12
Mortgage Delinquencies (% Delinquent)	2Q:08	1Q:08	2Q:07	
United States				
All Mortgages		6.22	5.64	5.06
Conventional		3.73	3.30	2.63
Subprime		18.21	17.05	14.54
West Virginia				
All Mortgages		7.31	6.81	6.76
Conventional		4.83	4.42	4.51
Subprime		21.32	20.21	18.14

West Virginia Real Personal Income  
Year-over-Year Percent Change through 1Q:08



West Virginia Mortgage Delinquencies - All  
Percent Delinquent through 2Q:08

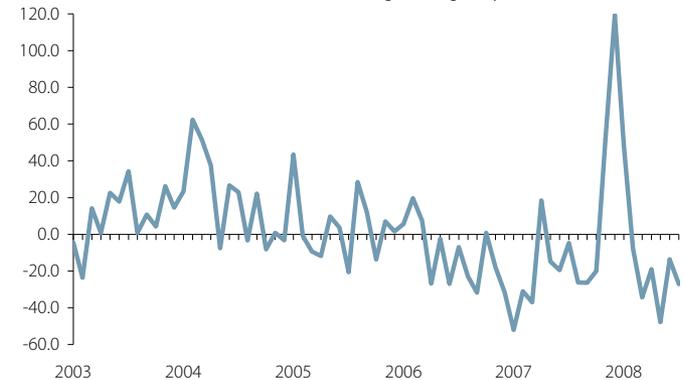


## WEST VIRGINIA

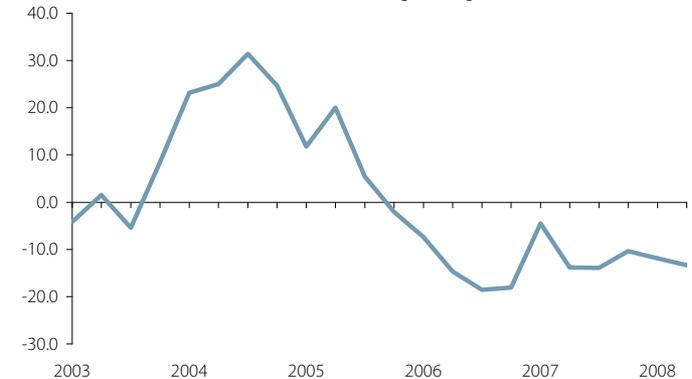
### Real Estate Conditions

Total Private Building Permits	Period	Level	MoM % Change	YoY % Change
United States	July	83,546	-22.71	-30.45
Fifth District	July	14,167	10.74	-9.54
West Virginia	July	291	-3.00	-27.07
Charleston MSA	July	21	110.00	-43.24
Huntington MSA	July	2	-60.00	-84.62
Morgantown MSA	July	2	-93.33	0.00
Parkersburg MSA	July	65	712.50	306.25
Total Private Housing Starts	Period	Level (000s)	MoM % Change	YoY % Change
United States	July	965.0	-10.98	-29.61
Fifth District	July	150.4	0.35	-13.86
West Virginia	July	3.1	-11.97	-30.56
Existing Home Sales	Period	Level (000s)	QoQ % Change	YoY % Change
United States	2Q:08	4,913.0	-0.81	-16.30
Fifth District	2Q:08	461.2	-4.63	-23.13
West Virginia	2Q:08	26.0	-12.16	-13.33
House Price Index (1980=100)	Period	Level	QoQ % Change	YoY % Change
United States	2Q:08	381	-1.44	-1.71
Fifth District	2Q:08	395	0.47	0.53
West Virginia	2Q:08	238	0.73	3.44
Charleston MSA (1995=100)	2Q:08	162	2.98	5.99
Huntington MSA (1995=100)	2Q:08	172	-0.54	3.54
Morgantown MSA (1995=100)	2Q:08	185	0.33	3.72
Parkersburg MSA (1995=100)	2Q:08	161	-0.86	2.19
Median Home Sales Price - NAR	Period	Level (\$ 000s)	QoQ % Change	YoY % Change
Charleston MSA	2Q:08	137	16.95	7.05

West Virginia Building Permits  
Year-over-Year Percent Change through July 2008



West Virginia Existing Home Sales  
Year-over-Year Percent Change through 2Q:08



Payroll Employment / Unemployment

Bureau of Labor Statistics  
 Haver Analytics  
<http://www.bls.gov>

Civilian Labor Force

Bureau of Labor Statistics  
 Haver Analytics  
<http://www.bls.gov/cps>

Unemployment Insurance Claims

U.S. Department of Labor  
 Haver Analytics  
<http://www.dol.gov>

District Imports / Exports

U.S. Census Bureau  
 Haver Analytics  
<http://www.census.gov>

Personal Income

Bureau of Economic Analysis  
 Haver Analytics  
<http://www.bea.gov>

Median Family Income

National Association of Home Builders/Wells Fargo  
 Haver Analytics  
<http://www.nahb.org>

Bankruptcy Filings

Administrative Office of the U.S. Courts  
 Haver Analytics  
<http://www.uscourts.gov/library.html>

Mortgage Loans Past Due

Mortgage Bankers Association of America  
 Haver Analytics  
<http://www.mortgagebankers.org>

Private Building Permits

U.S. Census Bureau  
 Haver Analytics  
<http://www.census.gov>

Private Housing Starts

Bank of Tokyo-Mitsubishi  
 Haver Analytics  
<http://www.bk.mufg.jp/english/index.html>

Existing Home Sales

National Association of Realtors  
 Haver Analytics  
<http://www.realtor.org>

Pending Home Sales Index

National Association of Realtors  
 Haver Analytics  
<http://www.realtor.org>

Months' Supply of Home

National Association of Realtors  
 Haver Analytics  
<http://www.realtor.org>

Median Home Sales Price - NAR

National Association of Realtors  
 Haver Analytics  
<http://www.realtor.org>

Median Home Sales Price - NAHB

National Association of Home Builders/Wells Fargo  
 Haver Analytics  
<http://www.nahb.org>

House Price Index

Office of Federal Housing Enterprise Oversight  
 Haver Analytics  
<http://www.ofheo.gov>

Housing Opportunity Index

National Association of Home Builders/Wells Fargo  
 Haver Analytics  
<http://www.nahb.org>

Commercial Vacancy Rates

CB Commercial Real Estate Group, Inc.  
 Haver Analytics  
<http://www.cbre.com>

Home Inventory / Asking Price

Housing Tracker.Net  
<http://www.housingtracker.net/>

NOTES

<sup>1</sup> Pending Home Sales Index: Measure of signed real estate contracts for existing single-family homes, condos, and co-ops

<sup>2</sup> Housing Opportunity Index: Share of homes sold considered to be affordable to a family earning the area's median income

Commercial real estate data are designed exclusively for the use of CB Richard Ellis clients and cannot be reproduced without prior written permission of CBRE. Resale of the information contained herein is strictly prohibited.

