

2010

Tennessee Housing Market
at a Glance



Tennessee Housing Trends

Tennessee's and the nation's housing markets are still in flux with shifting patterns of sales prices, sales volume, rental housing markets and other indicators. However, for many housing measures, Tennessee is on more solid footing than many of her neighboring states and the nation as a whole. This book is intended to provide a current picture of several elements of the housing market in Tennessee.

Tennessee has experienced declines in overall home prices (new and existing) in most markets, with a statewide depreciation of 0.26 percent on average from second quarter 2009 to second quarter 2010. This places the state 15th in the nation for changes in home prices (first place, California is seeing a 2.9 percent increase in home prices) and among the forty states with declining prices, one of the smallest declines. The Memphis market has seen consistent declines in prices over these quarters. The Clarksville market has seen price increases over the last year, and the Nashville market, while still declining in year-to-year comparisons, saw a price increase over the last quarter.

Declining home values limit the ability of many homeowners to refinance their mortgages. According to an August 2010 report by First American CoreLogic, at the end of the second quarter of 2010, 13.8 percent of borrowers in Tennessee were "underwater" (i.e., in homes worth less than the balance of the mortgage). Additionally, Tennessee's unemployment rate, higher than the national rate, produces greater strain on homeowners to stay current with their mortgage. These two forces, the housing market and the larger economy as evidenced by unemployment rates, combine to produce some of the impact to housing that we see in the following pages.

From an affordability standpoint, declining prices improve affordability for those entering the housing market for the first time. With the help of declining prices, lower mortgage interest rates and increasing wages in select occupations, housing affordability improved for some MSAs. Affordability still remained a problem for those with service sector jobs. Rental housing, in contrast, has become more expensive, on average.

Foreclosures are still on the rise in Tennessee. In the second quarter of 2010, Tennessee reported 11,944 foreclosure filings, a 14 percent increase from the previous year. There was one foreclosure filing for every 231 households, which puts Tennessee in 24th place in the nation in terms of highest foreclosure filings. Shelby County had the highest foreclosure rate (one foreclosure filing for every 108 households) and number of foreclosure filings (3,708 foreclosure filings) in the state.

The Tennessee Housing Development Agency (THDA) offers a variety of programs to alleviate housing problems that Tennesseans face. These programs range from homelessness services, low income housing tax credits, mortgage and down payment assistance, and homebuyers education. Information on THDA programs can be found at the back of this book and at www.thda.org.

Home Prices

Home Prices (Existing) vs. Median Income

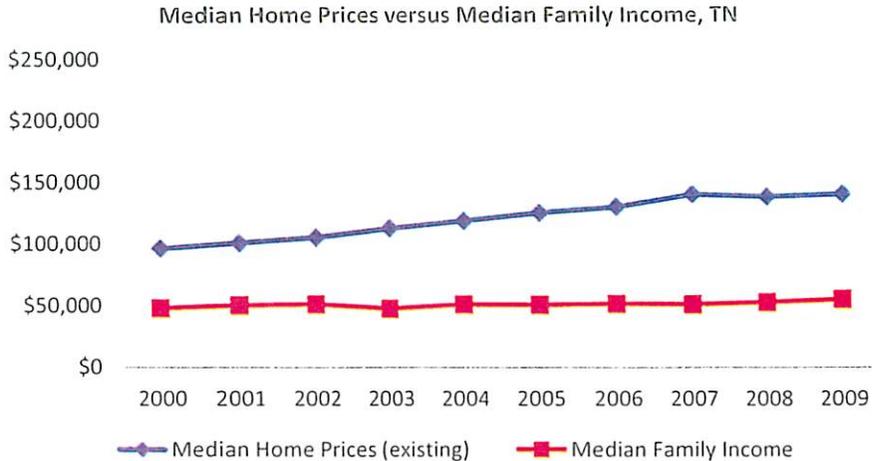
In 2009, median home prices in Tennessee for existing homes increased by one percent compared to the prior year¹. From 2000-2009, home prices increased by 45.5 percent, but median family income increased by just 14.5 percent (see charts on page 3). This caused the gap between median home prices and median family incomes to widen, making the cost of the average home further out of the reach of a median income-earning household. During the same years, the U.S. experienced a similar trend with three differences. First, the gap between median family income and median home prices was wider. Second, national home price increases accelerated from 2003 until 2006 when prices reached a peak and started declining, whereas Tennessee saw the first price decline in 2008. Third, while Tennessee had a slight increase in existing home prices in 2009 compared to 2008, U.S. home prices continued to decline, a 13 percent decline from 2008.



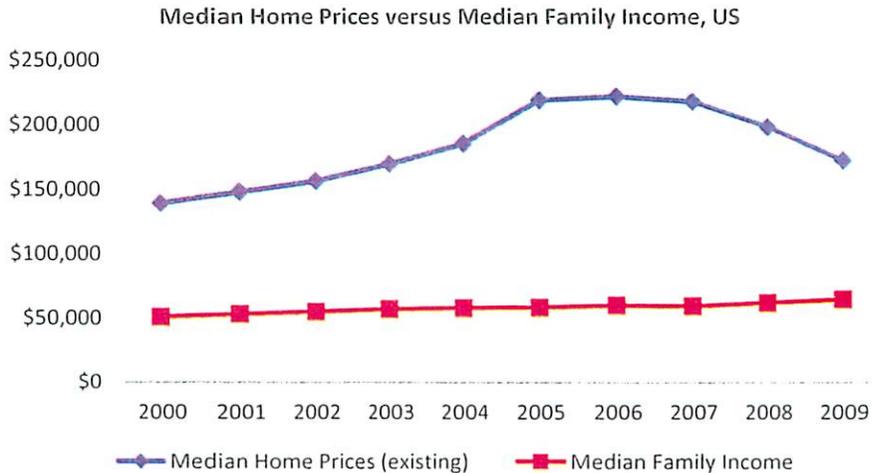
¹There are two sources of home price data used in this book: data from Tennessee Comptroller's office and the Federal Housing Finance Agency's House Price Index (HPI). Based on the data used for different analyses, home prices show a slight increase or slight decrease. The data from the Comptroller's office is presented in two different ways. On this page, THDA tabulates the TN home prices for existing homes sold during the year. On subsequent pages, THDA tabulations combine all sales (new and existing). HPI methodology differs in that data are limited to homes with repeated sales and are more recent.

Home Prices

Home Prices (Existing) vs. Median Income Continued



Source: Tennessee median (existing) home prices - THDA tabulations of data obtained from the Property Assessment Division, Comptroller's Office, State of Tennessee. When the data were collected and calculations were made Roane County data were still not available. Therefore, the State median sales prices do not include Roane. Median Family Income - U.S. Department of Housing and Urban Development (HUD)



Source: U.S. median home prices (existing) - National Association of Realtors® (NAR), Median Family Income - U.S. Department of Housing and Urban Development (HUD)

Home Prices

2009 Single-Family Median Home Prices (New and Existing) in Tennessee Counties

While existing homes increased in price, new and existing homes combined decreased in price by 1.7 percent since last year. Williamson County led Tennessee with a median home price of \$319,300, more than double the Tennessee's median home price of \$147,500 (new and existing). On the other end of the spectrum, 14 counties had median home prices less than half Tennessee's median. Price declines were common for sales across Tennessee. A few of the highest priced counties witnessed a slight increase from 2007 to 2008, only to see prices fall back in 2009. Other highest priced counties saw a decline each year from 2007 – 2009. Among the lowest priced counties, the pattern over three years was more varied.

Forty-five counties experienced an increase in median home prices, and forty-five counties had an annual decline in median home prices. Four counties (Robertson, Bradley, Dyer and Houston) saw relatively no change in median home prices from 2008 to 2009.



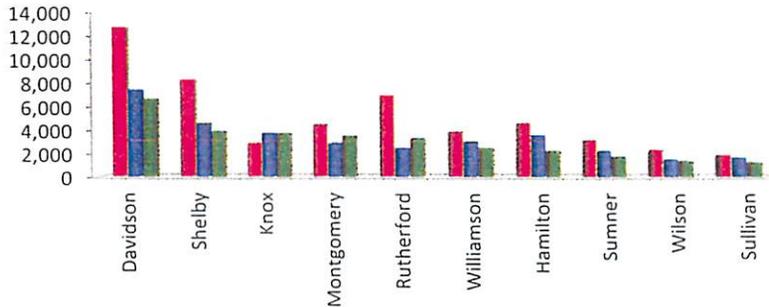
Source: THDA tabulations of home sales based on data obtained from the Property Assessment Division, Comptroller's Office, State of Tennessee. When the data were collected and calculations were made Roane County data were still not available. Therefore, the State median sales prices do not include Roane. To get median home sales volume and prices for other counties, MSAs and previous years, go to: www.thda.org/Research/slesprc.html.

Home Sales

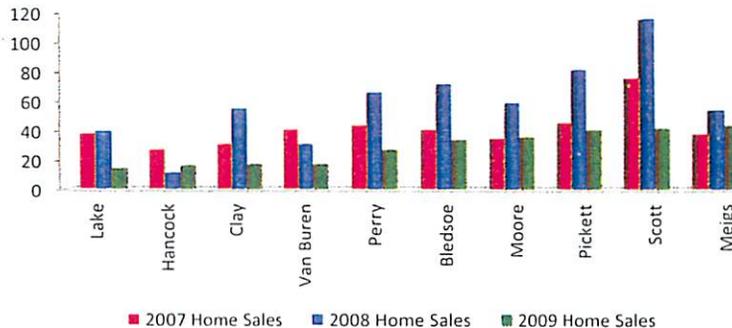
2009 Single Family Home Sales in Tennessee Counties

Statewide, sales of single family homes, including both new and existing, decreased from 58,042 to 49,559, a 15 percent decline from the previous year. Davidson County had the most single family home sales in 2009 with 6,756 homes sold during the year. Declining home sales were common across most of the counties. All but nine counties experienced declines. The largest percentage decline was in Lake County, with a 63 percent decrease in home sales. Among the urban areas, Rutherford County and Montgomery County home sales increased from last year. In Rutherford, single family home sales increased from 2,471 in 2008 to 3,331 in 2009, a 35 percent jump in a year. However, 2009 Rutherford sales are not even half of the county's 2007 volume. In Montgomery, sales increased from 2,888 in 2008 to 3,544 in 2009, a 22.7 percent increase and moving closer to 2007 volume.

Counties with the Most Single Family Homes Sold - 2009
(2007 - 2009)



Counties with the Fewest Single Family Homes Sold - 2009
(2007 - 2009)



Source: THDA tabulations of home sales based on data obtained from the property Assessment Division, Comptroller's Office, State of Tennessee. When the data were collected and calculations were made, Roane County data were not available. Therefore, the sales data do not include Roane. To get median home sales volume and prices for other counties, MSAs and previous years, go to: www.thda.org/Research/slesprc.html.

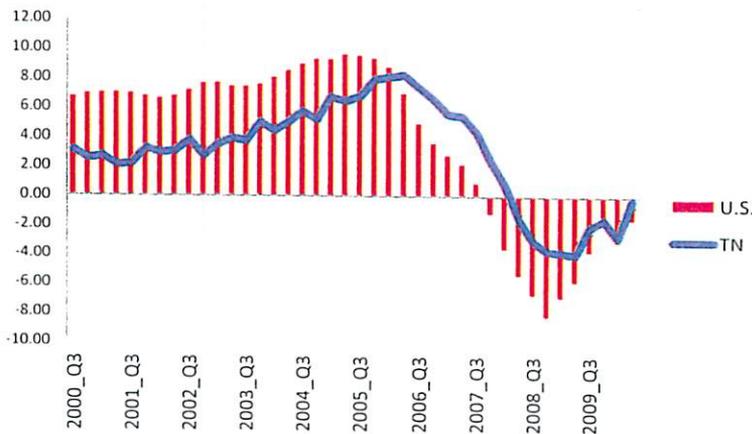
Home Prices

House Price Index (HPI) – Tennessee Compared to the Nation

The House Price Index (HPI) is a measure of single-family house prices. The index can show price trends for various geographic levels and captures roughly 85 percent of all U.S. sales (limited to homes with repeated sales).

- Nationally, there was an annual 1.6 percent decrease in home prices over the year ending in the second quarter 2010. At the same time, Tennessee's price depreciation was 0.26 percent.
- National home prices saw a quarterly increase of 0.9 percent in Q2 2010. During the same quarter, Tennessee saw an increase of 1.45 percent in home prices. Tennessee ranks 15th in the nation for second quarter 2010, (number one, California, had the highest price appreciation). In the same quarter last year (Q2 2009), Tennessee's ranking was 31 with 3.89 percent annual depreciation.
- During the last 10 years, the annual percentage change in the House Price Index for Tennessee was subtler and smoother than the nation's. When home prices were appreciating in the nation, Tennessee also had appreciation, although Tennessee's appreciation was not as high as the nation's. When home price appreciation started to slow around the first quarter of 2006, price increases in Tennessee also started to slow, but at a lesser rate. Tennessee was behind the nation in moving into depreciating housing price territory. However, even when the annual price changes moved to the negative, the Tennessee price declines were less than the nation's.

Percentage Change in House Price Index
United States vs. Tennessee
2000-2010



Source: Federal Housing Finance Agency's seasonally adjusted, purchase only House Price Index (HPI)

Home Prices

House Price Index (HPI) – Tennessee Compared to Highest and Lowest Performing States and to Neighbors

- Forty-states showed depreciating home prices in the year ending in second quarter 2010. However, looking at quarterly change from first quarter to second quarter 2010, the HPI showed home price appreciation in 27 states.
- In the second quarter of 2010, Tennessee's House Price Index (HPI) was 3.16 percentage points lower than the state with the highest annual price increase - California. Tennessee's decline of 0.26 percent was considerably less than the national average of 1.6 percent decline.
- All but two of Tennessee's neighboring states showed annual price depreciation. Of the southern states that were still showing price declines, Tennessee had the lowest decline.
- Idaho had the steepest decline in home prices, with the HPI reflecting a 10.99 percent annual home price depreciation.
- Even with many states still experiencing price declines, the magnitude of the declines compared to 2008 are much smaller. For example, last year Arizona was also ranked 50th in the nation, but with a 21.19 percent decline in contrast to this year's 8.24 percent decline.

Annual and Quarterly Percentage Changes in Home Prices

State	National Rank*	Annual Percentage Change (2009 Q2-2010 Q2)	Quarterly Percentage Change (2010 Q1-2010 Q2)
States with the highest annual price increase			
California	1	2.90	0.14
Iowa	2	1.54	0.61
Texas	3	1.43	1.02
Tennessee and its neighbors			
Virginia	8	0.33	1.19
Arkansas	9	0.28	2.08
Tennessee	15	-0.26	1.45
Kentucky	16	-0.33	0.21
Missouri	20	-0.99	0.81
Mississippi	20	-0.99	0.81
Georgia	32	-2.79	0.91
North Carolina	33	-2.96	0.74
Alabama	42	-4.90	-1.07
States with the highest annual price decrease			
Delaware	49	-7.53	-1.13
Arizona	50	-8.24	-1.68
Idaho	51	-10.99	-0.94
U.S. Average	-	-1.60	0.90

* Based on annual price change. Number one indicates the highest appreciation in prices; number 51 represents the lowest.

Source: Federal Housing Finance Agency's (FHFA) seasonally adjusted, purchase only House Price Index (HPI).

Home Prices

House Price Index (HPI) - Metropolitan Statistical Area

Home prices declined in all but one of the Metropolitan Statistical Areas (MSAs) in Tennessee. Clarksville MSA showed a slight increase in home prices. The Tri-Cities area had stronger home prices compared to other Tennessee MSAs and the national ranking of MSAs, even though the two MSAs still had price declines. Johnson City's change in home price ranked the MSA 29th in the country, with a 0.29 percent decline. Morristown MSA had the steepest price declines in the state with a 7.46 percent decline.

Quarterly home price changes show some strength in the Nashville market with a slight increase from Q1 2010 to Q2 2010. Knoxville MSA showed the steepest quarterly decline from Q1 to Q2 2010.

Annual and Quarterly Percentage Changes in Home Prices for Tennessee MSAs

MSAs	National Rank**	Annual Percentage Change (2009 Q2-2010 Q2)	Quarterly Percentage Change (2010 Q1-2010 Q2)
Chattanooga	92	-2.67	-0.57
Clarksville*		0.21	
Cleveland*		-3.23	
Jackson*		-1.16	
Johnson City	29	-0.29	
Kingsport-Bristol	63	-1.62	-0.73
Knoxville	149	-4.03	-1.12
Memphis	189	-5.44	-0.40
Morristown*		-7.46	
Nashville/Davidson - Murfreesboro - Franklin	137	-3.73	0.19

* Federal Housing Finance Agency (FHFA) publishes rankings and quarterly, annual, and five-year rates of changes for the MSAs and Metropolitan Divisions that have at least 15,000 transactions over the prior ten years (303 MSA and Metro Divisions satisfied that criteria for the second quarter 2010). For the remaining areas, MSAs and Divisions, one-year rates of change are provided.

** Rankings based on annual percentage change, for all MSAs containing at least 15,000 transactions over the last ten years.

Source: Federal Housing Finance Agency (FHFA) all-transactions House Price Index (HPI)

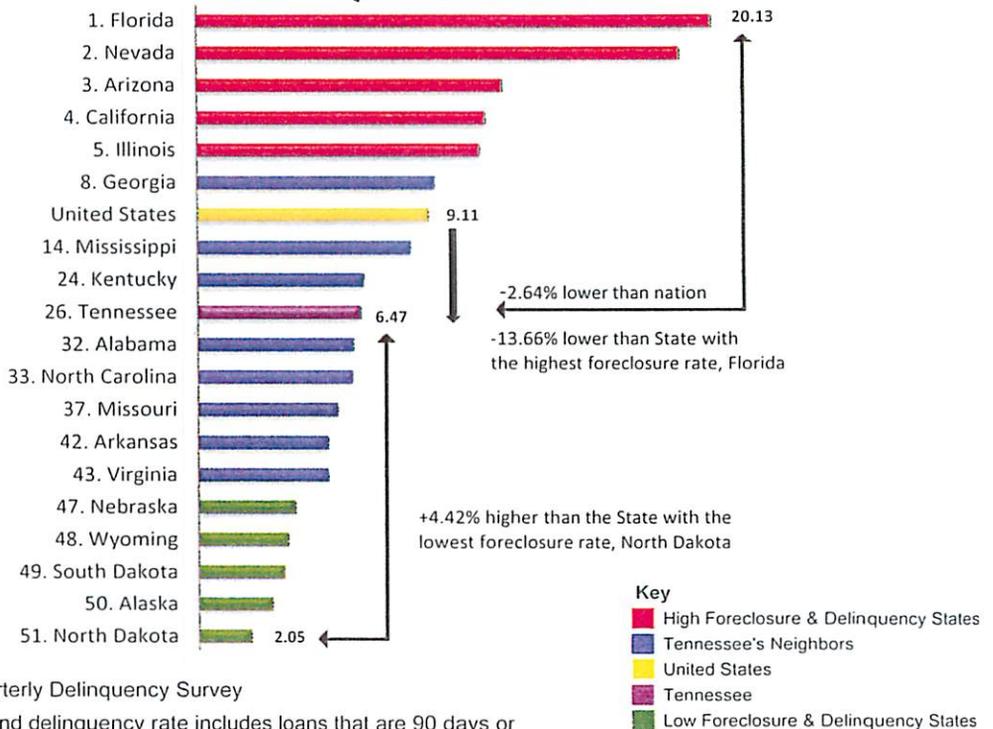
Foreclosure Activity

State & National Comparison - Foreclosure & Delinquency Rate*

The combined Foreclosure & Delinquency rate expresses the percentage of all current home loans that are either 90 days or more delinquent or in the foreclosure inventory at the end of a given quarter.

Tennessee's foreclosure and delinquency rate was more than two percentage points lower than the national average and 13.66 percentage points lower than the highest ranked state- Florida. Tennessee's rate is higher than most of its neighbors. The State with the lowest rate was North Dakota with just 2.05 percent of loans serviced in delinquency or foreclosure.

State Foreclosure & Delinquency Rate* From a Comparative Perspective Q2 2010



Source: MBA Quarterly Delinquency Survey

* The foreclosure and delinquency rate includes loans that are 90 days or more delinquent and the foreclosure inventory at the end of the quarter.

Note: The numbers to the left of the state name indicates their national rank. Number one had the highest foreclosure and delinquency rate and number 51 had the lowest.

Foreclosure Activity

State & National Comparison - Foreclosure & Delinquency Rate*

In the second quarter of 2010, Tennessee ranked 26th in the nation in foreclosure rates. Tennessee's foreclosure rate did not change substantially from the second quarter last year to the second quarter this year, increasing from 5.87 percent to 6.47 percent. Quarter to quarter changes in 2010 were not large either; compared to last quarter, Tennessee's foreclosure rate declined from 6.87 percent to 6.47 percent.

State Foreclosure & Delinquency Rates* from a Comparative Perspective

	Second Quarter of 2010		First Quarter of 2010		Second Quarter of 2009	
	Total Loans	Percent of Loans Seriously Delinquent	Total Loans	Percent of Loans Seriously Delinquent	Total Loans	Percent of Loans Seriously Delinquent
States with the highest percent of loans seriously delinquent						
Florida	3,394,654	20.13 (1)	3,402,832	20.61 (1)	3,508,954	17.12 (1)
Nevada	533,943	18.89 (2)	538,734	19.6 (2)	557,679	15.62 (2)
Arizona	1,147,544	11.91 (3)	1,148,710	12.81 (3)	1,185,401	11.07 (3)
California	5,790,942	11.27 (4)	5,783,020	12.14 (4)	5,832,097	10.81 (4)
Illinois	1,728,008	11.07 (5)	1,725,173	11.27 (5)	1,726,126	8.62 (6)
Tennessee and its neighbors						
Georgia	1,642,199	9.35 (8)	1,646,321	9.87 (8)	1,665,357	7.50 (11)
Mississippi	251,799	8.43 (14)	250,267	8.76 (14)	249,382	7.39 (12)
Kentucky	430,462	6.59 (24)	429,604	6.78 (25)	429,955	5.70 (25)
Tennessee	859,112	6.47 (26)	852,478	6.87 (24)	858,165	5.87 (23)
Alabama	601,198	6.17 (32)	598,252	6.48 (30)	594,335	5.41 (28)
North Carolina	1,399,462	6.15 (33)	1,394,921	6.41 (32)	1,408,028	4.91 (34)
Missouri	855,577	5.57 (37)	855,981	5.94 (36)	867,338	5.02 (30)
Arkansas	308,817	5.17 (42)	307,751	5.39 (43)	310,339	4.50 (42)
Virginia	1,410,583	5.16 (43)	1,409,968	5.62 (41)	1,413,720	4.81 (37)
States with the lowest percent of loans seriously delinquent						
Nebraska	215,347	3.84 (47)	208,054	4.17 (46)	207,909	3.75 (46)
Wyoming	70,506	3.55 (48)	70,248	3.73 (48)	69,932	2.56 (48)
South Dakota	82,206	3.39 (49)	80,610	3.49 (49)	80,809	2.86 (47)
Alaska	94,630	2.9 (50)	94,200	3 (50)	93,440	2.56 (49)
North Dakota	60,899	2.05 (51)	59,117	2.33 (51)	58,661	2.02 (50)
United States	44,508,533	9.11	44,362,951	9.54	44,721,256	7.97

Note: Numbers in the parentheses present the states' rankings based on delinquency. Original order of "states with the highest and the lowest percentage of seriously delinquent" is determined based on their rates in the second quarter of 2010.

* The foreclosure & delinquency rate includes loans that are 90 days or more delinquent and the foreclosure inventory at the end of the quarter.

Source: MBA Quarterly Delinquency Surveys, various quarters

Foreclosure Activity

Properties with Foreclosure Filings

Tennessee had 11,944 properties with foreclosure filings in the second quarter of 2010. This volume is unchanged from the previous quarter (Q1 2010), and is a 14 percent increase from the same quarter last year (Q2 2009).

The total number of properties with foreclosure filings in Tennessee accounted for 1.33 percent of the 895,521 foreclosure filings in the nation. In Tennessee, counties saw a wide range in the number of filings, from two in Pickett County to 3,708 in Shelby County. Shelby County led the state in foreclosures for both the number of filings and the per housing unit rates, with their total filings translating to one filing for every 108 housing units.

The U.S. saw a four percent decline in the number of foreclosure filings from Q1 2010, and a one percent increase from the previous year. On average, there was one filing for every 144 housing units in the nation. Nevada had the highest foreclosure rates in the nation with one foreclosure filing for every 30 housing units. Tennessee had one foreclosure filing for every 231 housing units, putting the State in 24th place in the nation.**

Total Number of Properties with Foreclosure Filings - Top 15 Tennessee Counties in Number of Filings - Q2 2010

County Name	Second Quarter 2010			Percent Changes		Q1 2010	Q2 2009
	Total Number of Properties with Foreclosure Filings	1/every X Housing Unit (Rate)	Ranking among all counties*	Quarterly Change (from Q1_10)	Annual Change (from Q2_09)	Total Number of Properties with Foreclosure Filings	Total Number of Properties with Foreclosure Filings
Shelby	3,708	108	1	13%	-2%	3,292	3,769
Davidson	1,159	245	21	-14%	30%	1,354	890
Knox	731	269	24	-12%	15%	826	636
Hamilton	595	253	23	-1%	7%	601	556
Rutherford	524	194	10	-13%	31%	603	400
Sevier	324	134	2	1%	15%	320	282
Sumner	279	227	14	-7%	2%	301	274
Williamson	274	229	17	-4%	68%	284	163
Maury	210	172	6	-22%	52%	270	138
Montgomery	202	338	40	-11%	12%	226	180
Bradley	182	228	16	25%	50%	146	121
Wilson	181	242	20	26%	44%	144	126
Madison	173	250	22	0%	15%	173	151
Robertson	145	176	8	12%	88%	130	77
Blount	126	421	61	-6%	73%	134	73
Tennessee**	11,944	231	24	0%	14%	11,970	10,477
United States	895,521	144		-4%	1%	932,234	889,829

* County ranking is based on the rate of foreclosure filings; a rank of one means the county had the highest ratio of foreclosures to housing units.

** Tennessee ranking in the nation among other states; a rank of one means the state had the highest ratio of foreclosures to housing units.

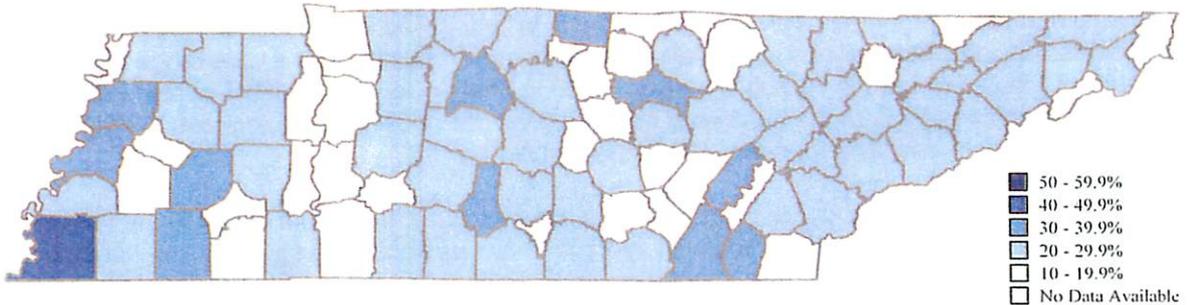
Source: RealtyTrac®

Note: RealtyTrac's report for Tennessee incorporates documents filed in two phases of foreclosure: Auction - Notice of Trustee Sale (NTS); and Real Estate Owned, or REO properties (that have been foreclosed on and repurchased by a bank). Foreclosure filings include both pre-foreclosure properties and foreclosed properties. To get updates of foreclosure trends and foreclosure filings in other counties in Tennessee, please go to: www.lhda.org/Research/fctrends/fctrends.html.

Affordability

Housing Cost Burden

Percentage of All Households (Homeowner and Renter) who are Cost Burdened in Tennessee, by County



Source: American Community Survey (ACS) 2006-2008, U.S. Census

Note: Counties without shading did not meet the population threshold for inclusion in the ACS sample, therefore data are not reported for these counties.

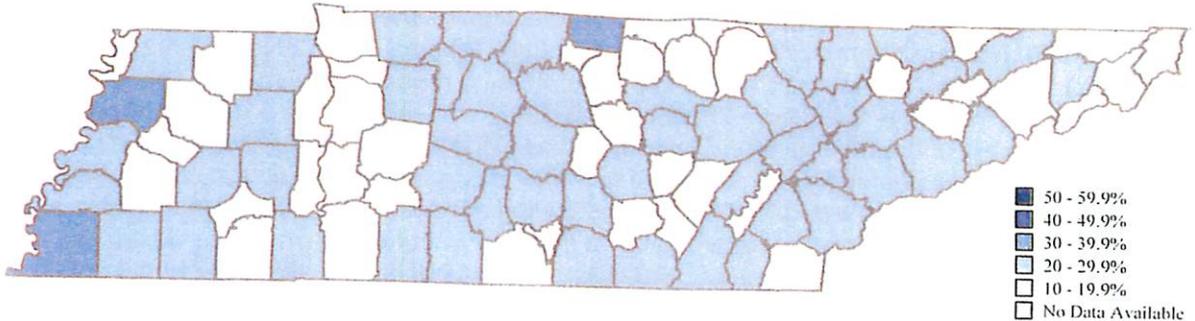
Generally speaking, households who spend more than 30 percent of income on housing are considered housing cost burdened. The percent of households that are housing cost burdened in Tennessee is 30.53 percent, with county rates ranging from 17.23 percent in McNairy County to 40.33 percent in Shelby County. Davidson and Madison Counties are other urban counties with a high percentage of cost burden, with 36.62 percent and 36.65 percent, respectively.

Homeowners and renters show different patterns of cost burden (see maps on page 13). In Tennessee, almost a quarter of all **homeowners** are cost burdened (24.23 percent) and almost half of all **renters** are cost burdened (46.94 percent). For homeowners, McNairy and Shelby Counties again have the lowest and highest extremes, with 12.7 percent and 32.26 percent, respectively, being cost burdened. In contrast, the percentage of cost burdened renters ranges from 30.68 percent in Morgan County to 59.14 percent in Claiborne County. This higher burden for renters does not appear to be confined to rural or urban areas but is more dispersed throughout the state.

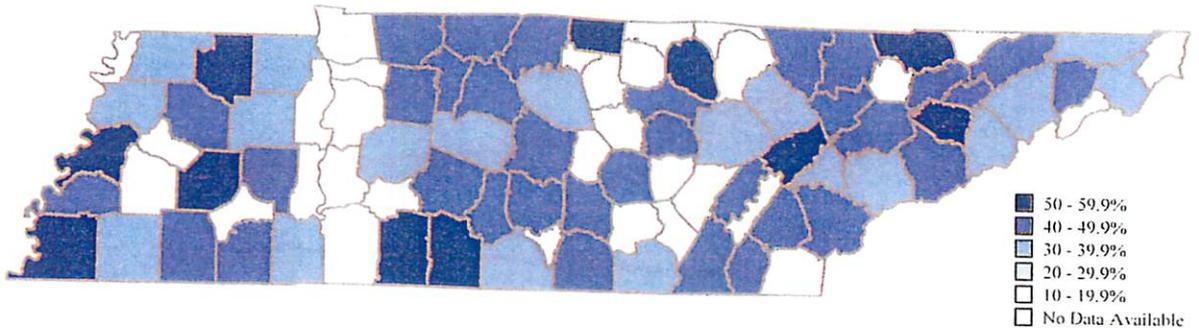
Affordability

Housing Cost Burden

Percentage of Owner-Occupied Households who are Cost Burdened in Tennessee, by County



Percentage of Renter Households who are Cost Burdened in Tennessee, by County



Source: American Community Survey (ACS) 2006-2008, U.S. Census

Note: Counties without shading did not meet the population threshold for inclusion in the ACS sample, therefore data are not reported for these counties.

Workforce Housing Affordability – 2009 - 2010

Housing Affordability for Home Buyers and Renters Selected Occupations in Tennessee and Metropolitan Statistical Areas (MSAs)

From 2009 to 2010, affordability of the median priced home in Tennessee increased while the median priced rental unit decreased. In 2010, a renter household in Tennessee needed an annual income of \$28,040 in order for a two-bedroom rental unit at the Fair Market Rent to be affordable compared with \$26,720 in 2009. Affordability implies that a household does not pay more than 30 percent of annual income on housing costs. At least \$35,329 in annual earnings would be required for a Tennessee household to purchase a median priced home. This is a reduction in the income needed from 2009, when \$37,825 was required for a median priced home purchase. In none of the Metropolitan Statistical Areas (MSAs), can a single wage earner wait staff, cashier or retail person household afford to rent or buy a median priced home or apartment. Registered nurses were able to afford renting and buying a median priced home in all MSAs and in the state overall. Educators can afford to buy a home in all but the Nashville-Davidson MSA. Police officers were better off than other occupations in terms of finding affordable rental options.

In most MSAs, the overall median wage affords someone a median priced rental unit. In the Jackson MSA, the median wage across all occupations allows for the purchase of a median priced home. In the Memphis and Nashville-Davidson MSAs, the median wage across all occupations does not allow for the purchase or renting of a median priced home.

Income needed to afford median priced housing in Tennessee, 2007 - 2009



Workforce Housing Affordability - 2009 - 2010

Housing Affordability for Home Buyers and Renters Selected Occupations in Tennessee and Metropolitan Statistical Areas (MSAs)

In 2010, housing affordability improved in some of the Metropolitan Statistical Areas (MSAs) compared to 2009. More people in different occupations were able to afford the purchase of a single family home. Compared to the prior year, the wage required to buy a median priced home in 2009 went down. Part of the improvement in affordability was the result of declining home prices while lower mortgage interest rates also helped. Still, single wage earner households working in service sector jobs such as wait staff, cashiers and retail sales persons could not afford to buy or rent a home. The affordability noticeably improved for registered nurses, educators and police officers.

Updated 2009

Metropolitan Statistical Areas (MSAs)	Median Home Price	Wage Needed to Buy	2-BDRM Aptmnt Monthly Rent	Wage Needed to Rent	Education*	Median Hourly Wage by Occupation 2009					
						Registered Nurse	Police	Wait person	Cashier	Retail Salesperson	All Occupations
Chattanooga	\$145,500	\$17.94	\$666	\$12.81	\$19.51	\$25.79	\$16.27	\$7.21	\$7.48	\$9.66	\$14.06
Clarksville	\$141,000	\$17.38	\$649	\$12.48	\$21.59	\$25.32	\$17.19	\$7.07	\$7.63	\$8.90	\$13.25
Cleveland	\$129,900	\$16.02	\$601	\$11.56	\$18.25	\$25.55	\$19.71	\$7.30	\$7.75	\$9.55	\$12.90
Jackson	\$115,500	\$14.24	\$678	\$13.04	\$20.12	\$23.63	\$18.72	\$7.43	\$7.21	\$9.25	\$13.27
Johnson City	\$137,500	\$16.95	\$570	\$10.96	\$18.36	\$26.51	\$17.12	\$7.33	\$7.25	\$8.67	\$12.56
Kingsport-Bristol	\$124,000	\$15.29	\$557	\$10.71	\$17.99	\$23.11	\$16.47	\$7.42	\$7.38	\$9.10	\$12.95
Knoxville	\$159,900	\$19.71	\$667	\$12.83	\$19.91	\$24.71	\$17.65	\$7.14	\$7.74	\$9.57	\$13.91
Memphis	\$158,898	\$19.59	\$746	\$14.35	\$19.48	\$28.85	\$17.72	\$7.30	\$7.69	\$9.63	\$14.20
Morristown	\$131,500	\$16.21	\$539	\$10.37	\$16.93	\$25.95	\$14.92	\$7.07	\$7.17	\$9.92	\$12.33
Nashville/Davidson-Murfreesboro-Franklin	\$172,000	\$21.21	\$761	\$14.63	\$19.27	\$28.36	\$21.41	\$7.47	\$7.90	\$9.36	\$15.00
TENNESSEE	\$147,500	\$18.19	\$668	\$12.85	\$19.07	\$26.88	\$17.54	\$7.30	\$7.55	\$9.34	\$13.94

Estimated 2010

Metropolitan Statistical Areas (MSAs)	Median Home Price*	Wage Needed to Buy	2-BDRM Aptmnt Monthly Rent	Wage Needed to Rent	Education**	Median Hourly Wage by Occupation 2010					
						Registered Nurse	Police	Wait person	Cashier	Retail Salesperson	All Occupations
Chattanooga	\$141,615	\$16.97	\$669	\$12.87	\$19.80	\$25.80	\$17.60	\$7.60	\$7.55	\$9.35	\$14.30
Clarksville	\$141,296	\$16.93	\$664	\$12.77	\$22.15	\$26.10	na	\$7.45	\$7.85	\$8.85	\$13.70
Cleveland	\$125,704	\$15.06	\$620	\$11.92	\$18.60	\$25.35	\$19.35	\$7.80	\$7.70	\$8.90	\$12.90
Jackson	\$114,160	\$13.68	\$700	\$13.46	\$20.50	\$24.25	\$17.35	\$7.95	\$7.40	\$9.00	\$13.75
Johnson City	\$137,101	\$16.43	\$588	\$11.31	\$17.35	\$26.90	na	\$7.65	\$7.45	\$8.50	\$12.65
Kingsport-Bristol	\$121,991	\$14.62	\$571	\$10.98	\$18.70	\$23.35	\$16.95	\$7.75	\$7.70	\$8.65	\$13.30
Knoxville	\$153,456	\$18.39	\$732	\$14.08	\$19.25	\$25.25	\$17.55	\$7.50	\$7.90	\$9.35	\$14.10
Memphis	\$150,253	\$18.00	\$783	\$15.06	\$21.15	\$28.70	\$22.80	\$7.65	\$7.90	\$9.65	\$14.60
Morristown	\$121,690	\$14.58	\$556	\$10.69	\$16.85	\$26.15	\$15.65	\$7.85	\$7.40	\$9.35	\$12.70
Nashville/Davidson-Murfreesboro-Franklin	\$165,584	\$19.84	\$807	\$15.52	\$19.50	\$28.70	\$22.45	\$8.10	\$8.10	\$9.25	\$15.15
TENNESSEE	\$141,762	\$16.99	\$701	\$13.48	\$19.50	\$26.85	\$19.00	\$7.70	\$7.70	\$9.20	\$14.15

can afford to buy and rent
can afford to only rent
cannot afford to buy or rent

*Median Home Price for 2010 is estimated using 2009 median home sales prices from THDA tabulations and annual percentage change in House Price Index (HPI) in Q2 2010 from Q2 2009

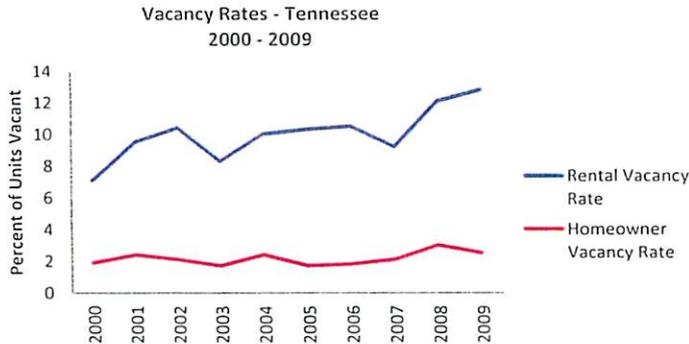
** "Education" represents education, training and library occupations.

Source: "Median Home Price" is from THDA calculations based on data from the Property Assessment Division, Comptroller's Office, State of Tennessee, "2-bedroom Apartment Rent" is Fair Market Rent (FMR) by room size from US Department of Housing and Urban Development (HUD), and "Median Hourly Wages" are from Tennessee Department of Labor and Workforce Development.

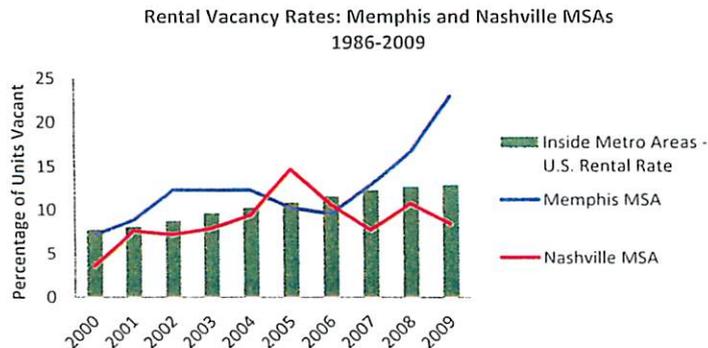
Vacancy Rates

Homeowner and Rental Vacancy Rates

Overall vacancy rates in Tennessee increased in the past five years from 11.7 in 2005 to 13.4 in 2009. Increased vacancy rates show a softening of the housing market that may be due to several converging components, including: overbuilding in the prior decade, loss and reduction of income that may lead to shared housing arrangements, and foreclosures among owner-occupied and rental properties.



The Nashville and Memphis MSAs have seen sharp increases in the rental vacancy rates and some increase in the homeowner vacancy rate. Nashville MSA shows a pattern a bit more consistent with the national metropolitan pattern for most of the decade, with a decrease in vacancy rates over the most recent few years. The Memphis MSA rental housing market is suffering from steep increases in the rental vacancy rate. Based on the 2009 data, a little more than one in five rental units in Shelby County are vacant. In the long run, higher vacancy rates may help with affordability of rental housing in these areas. However, in the short run, analysis at the national level shows that vacancy rates for affordable rental units are much smaller, suggesting that the high vacancy rates may be driven by the higher end of the market².

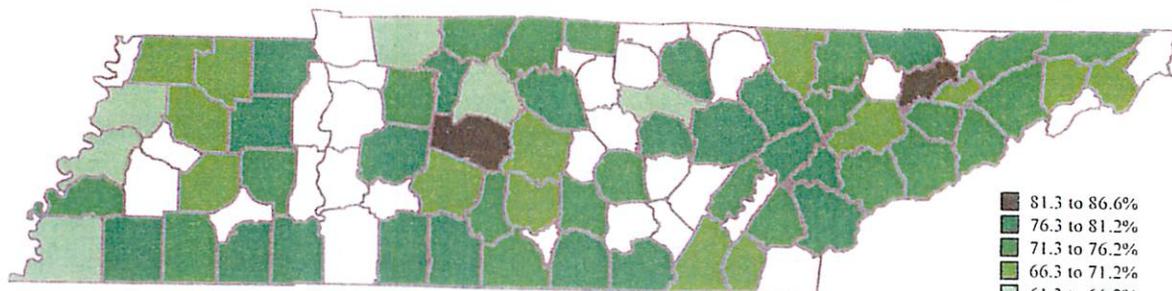


² See Collinson, R. and Winter, B. (January, 2010). *U.S. Rental Housing Characteristics: Supply, Vacancy and Affordability*. U.S. Department of Housing and Urban Development, PD&R Working Paper, 10-01. Retrieved on January 28, 2010 from www.huduser.gov/publications.

Homeownership

Homeownership Rates in Tennessee

Percentage of Owner-Occupied Households in Tennessee By County



Source: American Community Survey (ACS) 2006-2008, U.S. Census

Note: Counties without shading did not meet the population threshold for inclusion in the ACS sample, therefore data are not reported for these counties.

Homeownership rates in Tennessee tend to be higher in suburban counties, with the largest concentration of high rates found in the Nashville-Davidson County MSA. Grainger County had the highest homeownership rate where 86.55 percent of housing units are owner-occupied. Davidson and Shelby Counties have the lowest percentages of homeownership at 61.39 percent and 62.7 percent, respectively.

Tennessee's homeownership rate is higher than the national rate. Using annual survey data from the American Community Survey (ACS), homeownership rates in Tennessee increased each year from 2005-2007 to 70.1 percent, but dipped in 2008 to 69.8 percent, returning to 70.02 percent in 2009. This trend is reflective of the national homeownership rates which increased from 2005-2007 to 67.3 percent, with a decrease in 2008 to 66.6 percent and a recent increase to 67.1 percent in 2009.

THDA Programs

Housing Solutions for Tennessee

In addition to THDA programs that have been in operation for several years, new programs have been implemented based on identified needs across Tennessee and as a part of federal housing and economic recovery acts. Our ongoing as well as our recovery programs are listed below.

Program	Families/Housing Units	Dollars
Mortgage Products: Great Start, Great Advantage, Great Rate, New Start, Great Save and Preserve	2,411 mortgages	\$253 million
<i>Stimulus Second Mortgage</i>	<i>687 second mortgages</i>	<i>\$2.75 million</i>
Multi-Family Bond Authority	1,054 apartments	\$41.97 million
Low-Income Housing Tax Credit (LIHTC)*	3,445 apartments	\$21.59 million
<i>Section 1602 (Grants in Lieu of Tax Credits)</i>	<i>696 rental units</i>	<i>\$40.21 million</i>
<i>Tax Credit Assistance Program (TCAP)</i>	<i>356 rental units</i>	<i>\$4.13 million</i>
HOME	344 homes and apartments	\$17.88 million
Section 8 Housing Choice Vouchers	6,130 households	\$34.41 million
Section 8 Project Based Assistance	30,255 households	\$142.41 million
Homebuyer's Education	882 families	\$196,000
Foreclosure Prevention Counseling	4,329 families	\$1.47 million
BUILD	29 families	\$650,000
Community Investment Tax Credit**	1017 families	\$1.37 million
Emergency Shelter Program	--	\$1.62 million
Housing Trust Fund - RAMPS	117 wheelchair ramps	\$81,073
Housing Trust Fund - Rural Housing Repair	145 households	\$562,729
Housing Trust Fund - Emergency Repair	282 elderly households	\$1.5 million
<i>Neighborhood Stabilization Program</i>		<i>\$49.4 million</i>
<i>Homelessness Prevention and Rapid Re-housing</i>	<i>639 individuals</i>	<i>\$6.39 million</i>

* LIHTC figures represent the annual credit received for each of ten years.

** CITC totals are underestimated; they do not include "annual credits" that can vary from year to year.

Programs listed in italics are funded by one of two Recovery laws: Housing and Economic Recovery Act (HERA) and American Recovery and Reinvestment Act (ARRA)

Units and Dollars listed are for calendar year 2009.

Tennessee Housing Market at a Glance 2010



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Notes

THDA is a political subdivision of the State of Tennessee. THDA is the state's housing finance agency, responsible for selling tax exempt mortgage revenue bonds to offer affordable mortgage funds to homebuyers of low and moderate incomes through local lenders, and to administer various housing programs targeted to households of very low-, low- and moderate-incomes.

THDA, established in 1973, is entirely self-supporting, providing affordable fixed rate mortgages to over 100,000 households without using state tax dollars. THDA issues between \$250 and \$300 million in mortgage revenue bonds annually for its first-time homebuyer program.

More information about THDA is available on-line at www.thda.org.

Additional county-by-county data is available
on our website at www.thda.org.

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