

2016

Tennessee Housing Market
at a Glance




Tennessee Housing
Development Agency



Tennessee Housing Market at a Glance 2016

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Hulya Arik, Ph.D.
Economist

Mapping:

Joseph Speer
THDA Research Specialist

Design and Layout:

Charmaine McNeilly
THDA Publications Coordinator

Tennessee Housing Trends

Annually, THDA takes a look at multiple indicators of the economic strength of the state's housing market, variability across the state's sub-markets, and affordability of rental and homeownership opportunities in the state. This report provides this annual look to examine some trends over time as well as point-in-time observations about housing in Tennessee¹.

In the first half of 2016, the housing markets in Tennessee continued improving. Before the housing market crash, the home prices in Tennessee did not appreciate as much as the rest of the nation, and therefore, when the housing bubble burst, the home price depreciation was not as profound as it was in some other parts of the nation. However, in the last several quarters, home prices in Tennessee are accelerating faster than the nation. In the last quarter of 2015, the house price index (HPI) in Tennessee was nearly two percentage points higher than the HPI in the nation. While outpacing the nation, home price appreciation in Tennessee was still moderate compared to some states such as Oregon, Washington and Colorado, where there were double digit annual appreciations. With annual home price appreciation of 6.1 percent in the second quarter of 2016, Tennessee ranked as 16th in the nation among states with its annual price appreciation.

Housing market recovery varied in different parts of the state. Strong economic recovery compared to the rest of the state and to the nation was the primary contributing factor to the housing market recovery in Nashville. In the Nashville MSA, the home builders responded to the increased demand for housing. In October 2016, the total building permits issued year to date in the Nashville MSA was 15 percent higher than it was in October 2015.

Statewide, in 2015, the median price of single family homes increased by more than five percent compared to 2014. Meanwhile, according to Freddie Mac Primary Mortgage Market Survey (PMMS), the average interest rate a borrower received for a 30-year fixed mortgage was 3.85 in 2015, a decrease from 4.17 percent average rate in 2014. Increasing median prices and decreasing borrowing costs resulted in mixed outcomes across the state in terms of the homeownership cost burden.

¹ In the past, the Housing Market at a Glance was usually completed in the end of September using the second quarter data. This provided a possibility for following and comparing trend for the readers. In 2015, we decided to release the report at the beginning of the year using mostly the last quarter of the previous year's data. However, some data, such as sales price and volume, would not be available for the current year. Therefore, we decided to switch back to our original release date and second quarter data. Since some of the data were not updated yet from the release of 2015 report, in this "Special Release," we only updated the information, charts and tables with the current data. We will go back to regular reporting in September 2017.

According to CoreLogic, at the end of the second quarter of 2016, 5.5 percent of Tennessee mortgage holders were underwater², which means their homes were worth less than the balance of their mortgage. When the near underwater borrowers are also included, it raises the percent to 8.3 percent of Tennessee mortgage holders who may be at a greater risk for foreclosure. A year prior, this figure was 10.1 percent of Tennessee borrowers, with 6.6 percent of borrowers who were underwater and 3.5 percent near underwater.

As of September 2016, 0.4 percent of mortgage loans in Tennessee were in the process of foreclosure³. This was the lowest foreclosure rate in the Southeastern United States, and Tennessee ranked 38th in the nation. In the same period, the number of completed foreclosures in Tennessee declined by 16 percent compared to a year ago (from 14,075 completed foreclosures to 11,796).

2 See <http://www.corelogic.com/research/negative-equity/corelogic-q2-2016-equity-report.pdf> for full report.

3 See "September 2016 National Foreclosure Report from CoreLogic" for national data and comparison at <http://www.corelogic.com/research/foreclosure-report/national-foreclosure-report-september-2016.pdf>.

Home Prices

Median Home Prices (Existing) vs. Median Income

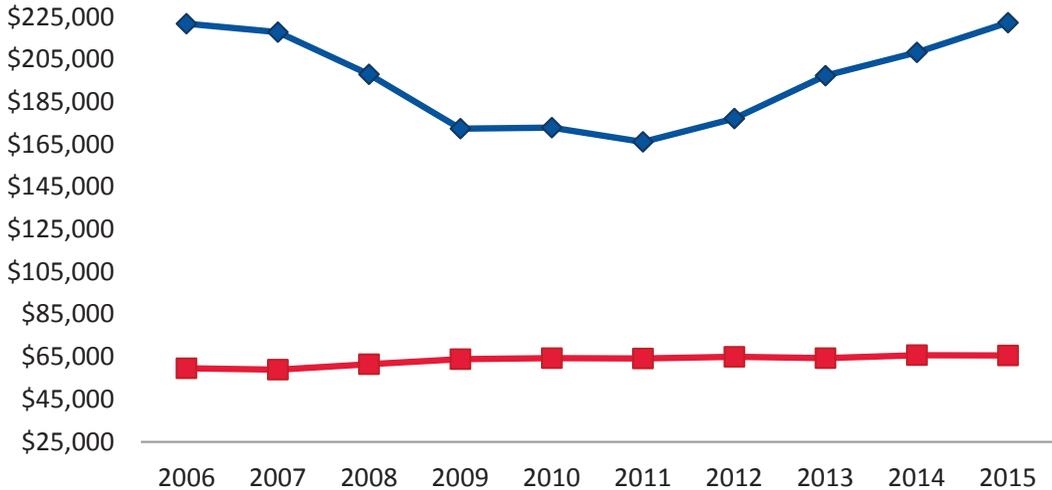
In 2015, median existing home prices in Tennessee increased by 3.8 percent compared to 2014.⁴ In the same period, the median family income of Tennesseans did not change. In the nation, the median existing home prices increased by 6.8 percent compared to 2014, while the median family income slightly declined from the previous year. Compared with the nation, access to homeownership in Tennessee did not deteriorate as much, considering that Tennessee's median home price appreciation was less than the nationwide median home price increase while the median income stayed unchanged. Both in the U.S. and the state, the gap between the median income and the median home price was expanding as the median income increasingly fell behind home price appreciation.

⁴ In 2015, raw data for Knox County from Comptroller's office did not have an identifier for existing or new home purchase. Therefore Tennessee median existing home price does not include the prices of existing homes sold/purchased in Knox County. However, Knox County is included in total home sales and median/average price calculations.

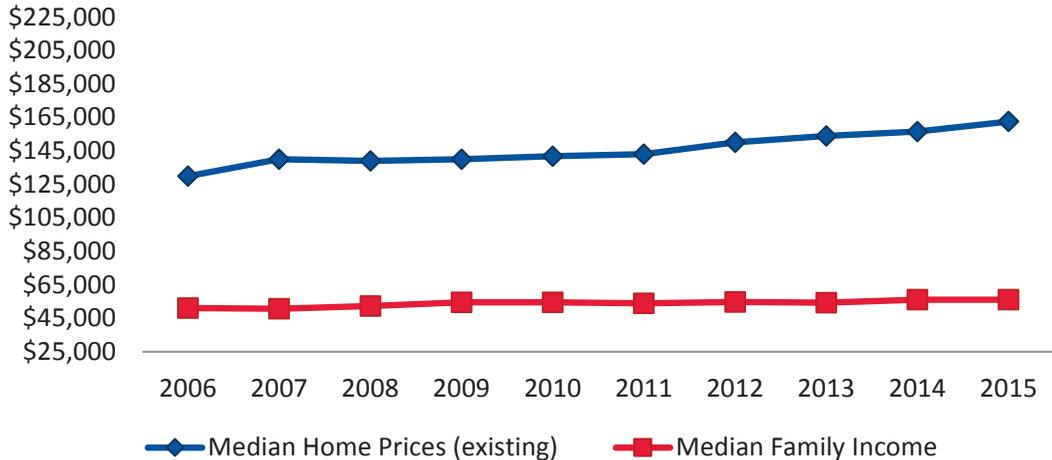
Home Prices

Median Home Prices (Existing) vs. Median Income

Median Home Prices versus Median Family Income, US



Median Home Prices versus Median Family Income, TN



Source: U.S. median (existing) home prices – National Association of Realtors®. Median Family Income, Tennessee median (existing) home prices – THDA tabulations of data obtained from the Property Assessment Division, Comptroller’s Office. Median Family Income (U.S. and Tennessee) – U.S. Department of Housing and Urban Development (HUD)

Home Prices

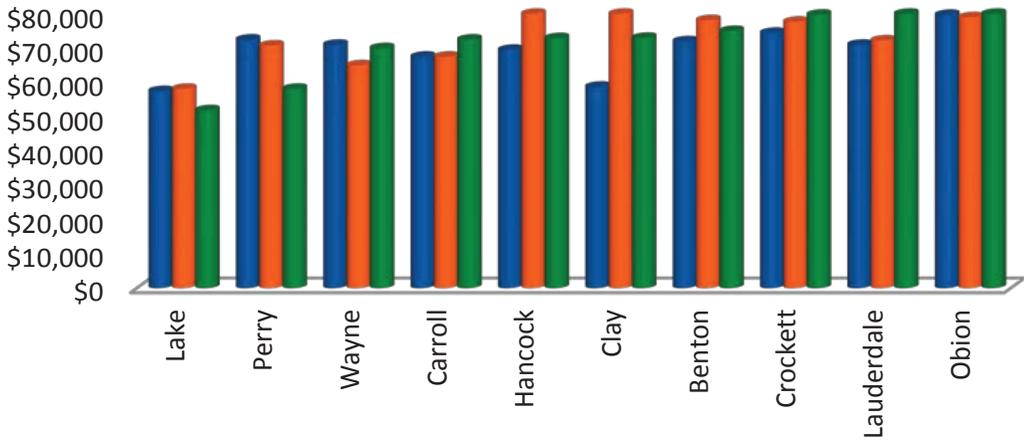
2015 Single-Family Median Home Prices (New and Existing) in Tennessee Counties

The median prices of all homes (new and existing) in Tennessee was \$175,000 in 2015, an increase of 5.4 percent from \$166,000 in 2014. While home prices increased in 70 counties across the state, in 22 mostly rural counties, median home sale prices declined from 2014. Median prices for all homes in Anderson, Hawkins and Sullivan Counties did not change from 2014. Perry County experienced the largest annual home price depreciation, with 18 percent, followed by Clay and Fentress Counties, with 12 percent depreciation.

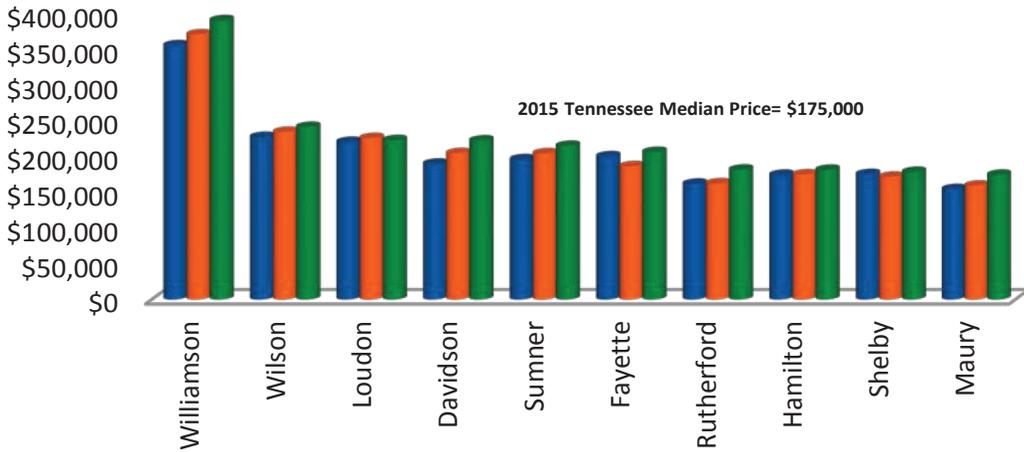
The largest percentage increase in median prices was in Meigs County where the median prices of all homes increased from \$126,500 in 2014 to \$159,500 in 2015, followed by Van Buren and Scott Counties, with 26 percent and 24 percent annual median sales price appreciation, respectively. Median sales price of \$92,700 in Scott County in 2015 was the county's highest median price in the past ten years.

At \$390,000, Williamson County had the highest median price in the state, which was five percent higher compared to 2014. Even though Meigs County had the highest price appreciation among Tennessee counties in 2015, the county ranked 16th among the counties based on median sales prices in 2015, with median price of all homes sold in the county nearly half of the median price of all homes sold in Williamson County.

Lowest Median Income Counties - 2015 (2013-2015)



Highest Median Income Counties - 2015 (2013-2015)



■ 2013 Median Home Price ■ 2014 Median Home Price ■ 2015 Median Home Price

Source: THDA tabulations of home sales based on data obtained from the Property Assessment Division, Comptroller's Office, State of Tennessee. To find median home sales volume and prices for other counties, MSAs and previous years, go to: <http://thda.org/research-planning/home-sales-price-by-county>

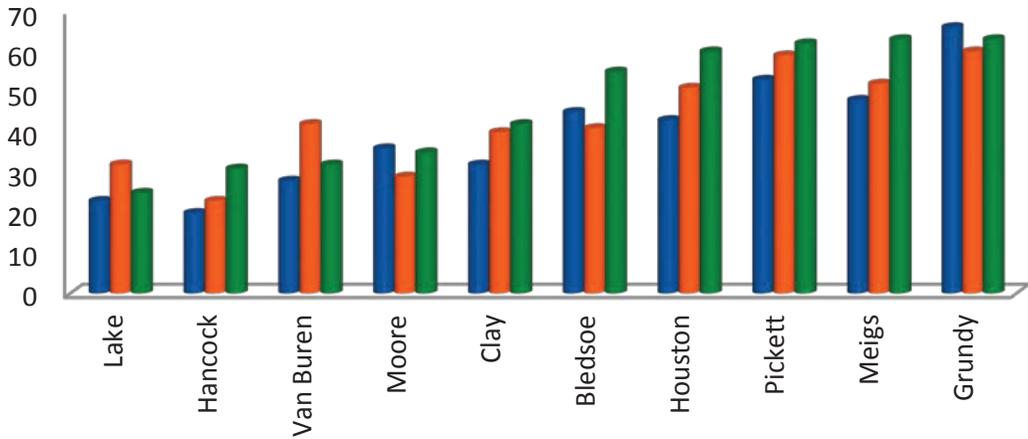
Home Sales

2015 Single-Family Home Sales in Tennessee Counties

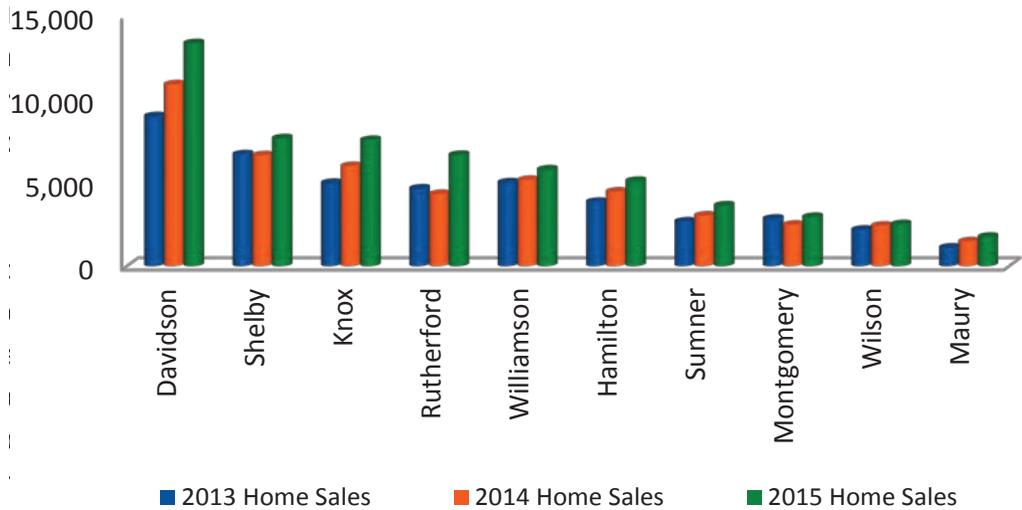
In 2015, single-family home sales in Tennessee increased by 20 percent compared to 2014. Including both new and existing homes, 87,681 homes were sold in 2015. In nine counties, home sales declined from the previous year. The county with the largest percentage year-over-year decline in home sales was Macon County, in which the home sales declined from 486 in 2014 to 266 in 2015, a 45 percent annual decline.

Lake County, with 25 sales, had the fewest homes sold in 2015, and home sales in the county declined by 22 percent compared to the year prior (from 32 homes sold in 2014). Davidson County had the most homes sold in the state with 13,341 single family homes sold during 2015, a 23 percent increase from the previous year.

Counties with the Fewest Single Family Homes Sold - 2015 (2013-2015)



Counties with the Most Single Family Homes Sold - 2015 (2013-2015)



■ 2013 Home Sales ■ 2014 Home Sales ■ 2015 Home Sales

Source: THDA tabulations of home sales based on data obtained from the Property Assessment Division, Comptroller's Office, State of Tennessee. To find median home sales volume and prices for other counties, MSAs and previous years, go to: <http://thda.org/research-planning/home-sales-price-by-county>

Home Prices

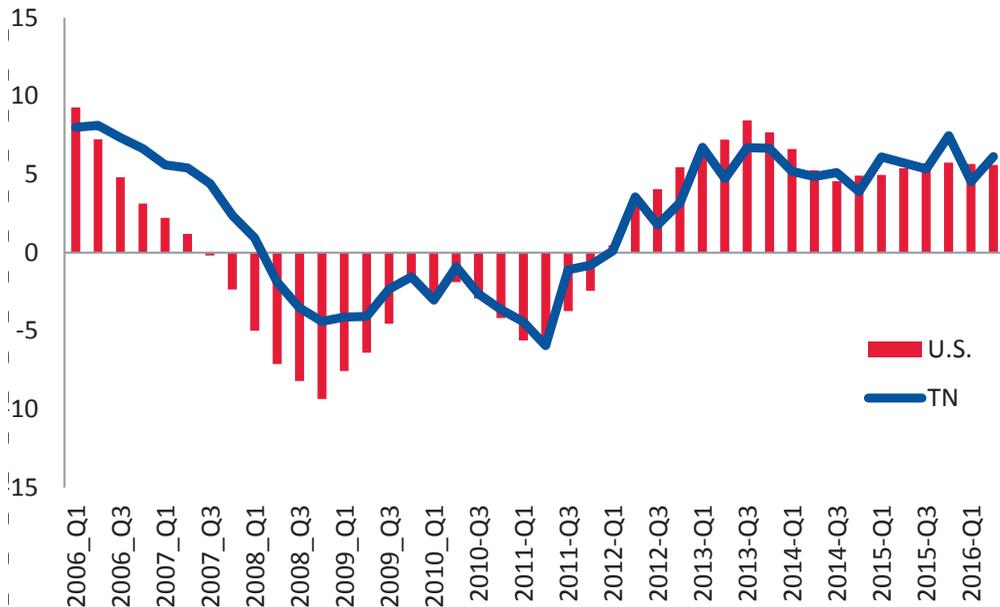
House Price Index (HPI) – Tennessee vs. U.S.

The House Price Index (HPI) is a measure of single-family home prices. The index can show average price change in repeat sales on the same properties for various geographic levels and captures roughly 85 percent of all U.S. sales (limited to homes with repeated sales whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac since January 1975).

In Tennessee, home prices increased by 6.13 percent in the second quarter of 2016 compared to the second quarter of 2015. The U.S. home prices increased by 5.61 percent in the second quarter compared to the same quarter in the previous year. The home prices in Tennessee and in the nation have increased since the first quarter of 2012.

Compared to the previous quarter in 2016, house prices in the second quarter of 2016 appreciated by 1.60 percent in Tennessee and 1.17 percent in the nation.

Annual Percentage Change in House Price Index United States vs. Tennessee 2006-2016



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

Home Prices

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

The seasonally adjusted purchase-only HPI rose in 49 states and in the District of Columbia during the second quarter of 2016 compared to the previous year, and declined only in Vermont. In the second quarter of 2016, Oregon had the highest annual home price appreciation in the nation. Only three states (Mississippi, South Carolina and Connecticut) experienced slight home price depreciation compared to the previous quarter. District of Columbia and West Virginia experienced the highest quarterly house price appreciations. House prices appreciated in the second quarter of 2016 compared to the first quarter of 2016 (quarterly change) by 8.63 percent in District of Columbia and by 4.75 percent in West Virginia.

Annual home price appreciation of 6.13 percent in Tennessee was also quite substantial. Home prices in Tennessee appreciated compared to both the same quarter last year and the previous quarter in 2016. Based on second quarter 2016 figures, Tennessee ranked as 16th in the nation among the states in annual price appreciation. Among the neighboring states, Georgia had the highest annual price appreciation with 6.93 percent in the second quarter of 2016.

Annual and Quarterly Percentage Changes in Home Prices

State	National Rank*	Annual Percentage Change (2015 Q2-2016 Q2)	Quarterly Percentage Change (2016 Q1-2016 Q2)
States with the highest annual price increase			
Oregon	1	11.68	2.65
Washington	2	10.35	2.16
Colorado	3	10.21	2.22
Tennessee and its neighbors			
Georgia	13	6.93	2.09
Tennessee	16	6.13	1.60
North Carolina	18	5.80	1.35
Missouri	20	5.27	0.35
Kentucky	26	4.60	1.27
Virginia	29	4.19	0.53
Alabama	35	3.65	1.85
Arkansas	45	2.72	0.21
Mississippi	48	1.72	-1.90
States with the highest annual price decrease			
Maine	49	0.66	0.22
Connecticut	50	0.14	-0.27
Vermont	51	-0.39	1.44
U.S. Average	-	5.61	1.17

*Based on annual price change

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

Home Prices

House Price Index (HPI) – Metropolitan Statistical Areas, Tennessee

In the second quarter of 2016, home prices appreciated in all Tennessee metro areas. The Nashville/Davidson-Murfreesboro-Franklin Metropolitan Statistical Area (MSA) had a significant year over year change in the house price index. With a 9.83 percent annual price appreciation in the second quarter of 2016, the Nashville/Davidson-Murfreesboro-Franklin MSA ranked as 23rd in the nation among 259 MSAs. The MSA with the highest price appreciation in the nation, Boulder, CO MSA, had a 15 percent home price increase in the same period.

In Tennessee, the Jackson and Morristown MSAs followed the Nashville/Davidson-Murfreesboro-Franklin MSA in house price appreciation with 4.85 percent and 4.55 percent, respectively. The lowest annual home price appreciation among Tennessee metro areas was in the Kingsport-Bristol MSA with 1.89 percent annual increase in the second quarter of 2016.

Annual and Quarterly Percentage Changes in Home Prices for Tennessee MSAs

MSAs	National Rank ^a	Annual Percentage Change (2015 Q2-2016 Q2)	Quarterly Percentage Change (2016 Q1-2016 Q2)
Chattanooga	152	3.90	0.71
Clarksville*		4.33	
Cleveland*		4.26	
Jackson*		4.85	
Johnson City*		2.22	
Kingsport-Bristol	226	1.89	2.65
Knoxville	125	4.51	1.32
Memphis	187	3.03	0.86
Morristown*		4.55	
Nashville/Davidson Murfreesboro-Franklin	23	9.83	3.52

* 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 10 years. For the remaining areas, MSAs and Divisions, one-year rates of change are provided. Estimates use all-transaction HPI, which includes both purchase and refinance mortgages.

^a Rankings based on annual percentage change, for all MSAs containing at least 15,000 transactions over the last 10 years.

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

Foreclosure Activity

Serious Delinquency

According to Market Trends data from CoreLogic®, in the second quarter of 2016, seriously delinquent loans⁵ in Tennessee declined by approximately eight percent compared to the first quarter of 2016, and by 19 percent compared to the same quarter in the previous year, translating into 13 consecutive quarters of loan delinquency declines. This decline in delinquencies was consistent across larger and smaller, urban and rural counties; 82 of Tennessee's 95 counties saw their totals decrease, compared to just nine counties that experienced an increase in delinquency (four counties saw no change). The magnitude of county-level decreases was vastly larger than any of the nine counties that saw an increase.

The Delinquency Index⁶ in Hardeman County was 262, which means that the foreclosure rate in the county was 2.62 times the delinquency rate of the state. Of the 10 counties at the top of the Delinquency Index, eight (excluding Lauderdale and Lake) saw their delinquency totals decrease in the first quarter, with Hardeman and McNairy County in particular experiencing improvements. For the third consecutive quarter, Williamson County ranked in the bottom five of the Delinquency Index, finishing with a delinquency rate one-fifth of the overall Tennessee rate.

The following table shows the 10 counties with the highest delinquency index in the second quarter of 2016.

5 The number of mortgages delinquent by 90 days or more, includes loans that are in REO or foreclosure.

6 Because the CoreLogic® Market Trends data are proprietary, we cannot publish specific numbers or rates in this report. We follow the methodology used by the Minnesota Housing Finance Agency (<http://www.mnhousing.gov/wcs/Satellite?c=Page&cid=1358904870907&pagename=External%2FPAGE%2FEXTStandardLayout>) and calculate index values for each of the variables. The delinquency index is calculated by dividing each county's delinquency rate (number of seriously delinquent mortgages divided by number total mortgages) by the state rate. For example, delinquency index value of a county with a delinquency rate equal to the state rate will be 100 and in counties with index rates higher than state rate, the delinquency index will be greater than 100.

The 10 Counties with the Highest Delinquency Index Values

	County	Delinquency Index Value	Percent Change from Q1 2016 Index Value	Percent Change from Q2 2015 Index Value	Grand Division
1	Hardeman	262	-4.2%	5.6%	West
2	Lauderdale	257	8.0%	17.9%	West
3	Haywood	245	-2.6%	22.2%	West
4	Lake	199	7.7%	38.1%	West
5	Hancock	178	-7.3%	30.0%	East
6	Shelby	175	1.7%	2.1%	West
7	Henderson	167	0.7%	26.9%	West
8	McNairy	151	-10.2%	-4.5%	West
9	Sequatchie	148	2.2%	16.9%	Middle
10	Crockett	146	-1.0%	-8.9%	West

*State delinquency rate=100. Hardeman County's delinquency rate equals 2.62 times the Tennessee rate.

**A positive value in "percent change" columns reflects an increase in the Index Value, not necessarily an increase in a county's delinquency rate. A county could see its delinquency rate fall, but if the state average falls faster, the county will show positive values in these columns.

Foreclosure Activity

Serious Delinquency

The decline in foreclosure⁷ totals continued in the second quarter of 2016, with a drop of 15 percent from the prior quarter. When compared to the second quarter of 2015, Tennessee has seen a 34 percent reduction in foreclosure inventory.

Although Shelby County fell out of the top 10 of the Foreclosure Index in the first quarter, it returned as number nine in the Index for the second quarter. The Foreclosure Index⁸ in Shelby County was 168, which means that the foreclosure rate in Shelby County was 1.68 times (almost two times) the foreclosure rate of the state. However, Shelby County's raw foreclosure totals continued to decline substantially. Robertson County had a second consecutive quarter of above-average foreclosure decline, while Sequatchie, Henderson, and Union Counties also had strong declines relative to their size.

The 10 Counties with the Highest Foreclosure Index Values

	County	Delinquency Index Value	Percent Change from Q1 2016 Index Value	Percent Change from Q2 2015 Index Value	Grand Division
1	Hancock	296	-41.7%	21.1%	East
2	Benton	263	46.5%	471.1%	West
3	Hardeman	250	13.4%	24.6%	West
4	Stewart	192	46.2%	53.3%	Middle
5	Rhea	172	-1.1%	27.1%	East
6	Cocke	172	13.8%	23.0%	East
7	Fentress	169	102.9%	32.2%	Middle
8	Montgomery	169	0.2%	12.0%	Middle
9	Shelby	168	2.7%	2.8%	West
10	Claiborne	159	-12.1%	-16.6%	East

*State rate=100; Hancock County's value of 296 denotes a foreclosure rate 2.96 times that of the Tennessee overall rate.

**A positive value in "percent change" columns reflects an increase in the Index Value, not necessarily an increase in a county's foreclosure rate. A county could see its foreclosure rate fall, but if the state average falls faster, the county will show positive values in these columns.

7 According to Market Trends data from CoreLogic®. The number of foreclosures are counted as the number of loans that are in the foreclosure process in which an owner's right to a property is terminated, usually due to default.

8 Foreclosure Index is calculated by dividing each county's foreclosure rate (number of mortgages in foreclosure process divided by number total mortgages) by the state rate.

Affordability

Housing Opportunity Index

The National Association of Home Builders (NAHB) developed the housing opportunity index (HOI), a measure of the share of homes sold in an area in a certain time that would have been affordable to a family earning the area median income (AMI), based on standard mortgage underwriting criteria.⁹

We calculated a housing opportunity index for Tennessee counties in 2014 and 2015¹⁰ similar to the NAHB/Wells Fargo HOI. The index ranges from zero to 100. As the value of the index increases so does the number of homes sold in the area that are affordable to a family earning the median income. In 2014, the index values ranged from 27 percent in Williamson County to 99 percent in Chester County.

On average, 75 percent of homes sold in Tennessee would have been affordable to a family earning the median income in 2015, slightly increasing from 74 percent in 2014. Even though the median home price in Williamson County increased in 2015 (from \$370,219 in 2014 to \$390,000 in 2015), declining interest rates and increased median family income led to a slightly higher opportunity index in the county. On average, 27 percent of all homes sold in Williamson County would have been affordable to a family earning median income in 2015, compared to 25 percent affordable in 2014.

In 2015, the housing opportunity index declined in 36 counties compared to 2014. The most significant deterioration in housing affordability was in Lake County where the housing opportunity index declined from 100 percent in 2014 to 88 percent in 2015. The most significant improvement in housing affordability compared to 2014 was in Madison County with a nine percentage point increase in the housing opportunity index.

⁹ More information about NAHB/Wells Fargo Housing Opportunity Index (HOI) and historical HOI for metropolitan areas can be found at <http://www.nahb.org/en/research/housing-economics/housing-indexes/housing-opportunity-index.aspx>

¹⁰ We used the sales price and volume data we receive from the Property Assessment Division, Comptroller's Office for the prices of homes purchased during the year. We assumed 10 percent downpayment and average fixed interest rate for a 30-year mortgage as reported by Freddie Mac Primary Mortgage Market Survey http://www.freddiemac.com/pmms/pmms_archives.html. We added insurance and property tax payments to find monthly principal, interest, tax and insurance (PITI) payments. We compared the monthly PITI for each homes purchased to the monthly area median family income (following NAHB methodology, we assumed that a family paying 28 percent of its income for PITI will not be cost burdened). Median family income is from U.S. Department of Housing and Urban Development (HUD).

In some counties, wide fluctuations in the index values were related to the small number of home sales. The highest deterioration in affordability among the counties with 500 or more home sales was in Bradley County where the housing opportunity index declined from 83 percent in 2014 to 76 percent in 2015, a seven percentage point decline.

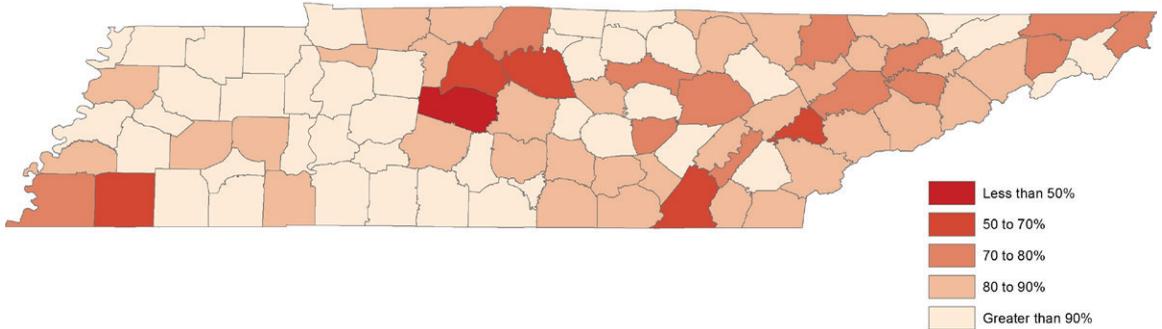
The maps on the following page show the housing opportunity index in Tennessee counties and the change in affordability from 2014 to 2015. The county level housing opportunity index values for 2014 and 2015 can be found in Appendix A.

Affordability

Housing Opportunity Index

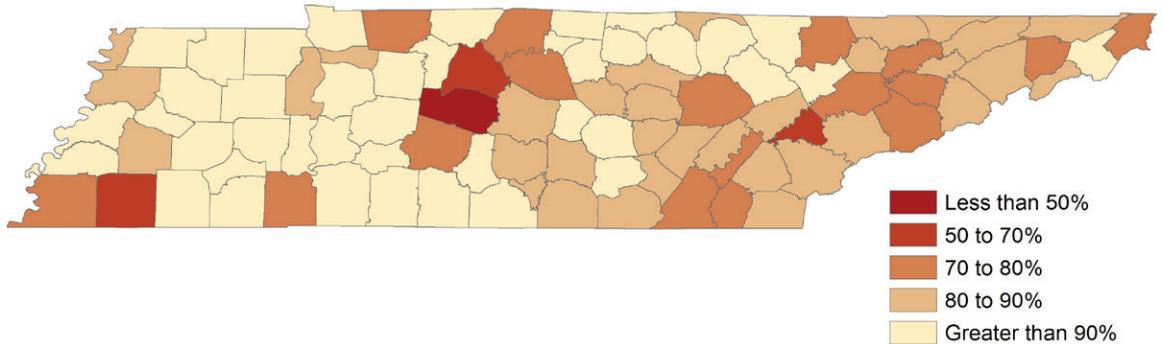
Percent of Homes Sold in the County that were Affordable to a Family Earning AMI

2014 Housing Opportunity Index



Source: Tennessee home prices – THDA tabulations of data obtained from the Property Assessment Division, Comptroller's Office. Median Family Income – U.S. Department of Housing and Urban Development (HUD)

2015 Housing Opportunity Index



Workforce Housing Affordability –2014 and 2015

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

As the previously presented analysis showed, buying a home in some counties in 2015 became less affordable for a family earning the area median income compared to 2014. Housing affordability continued to be a challenge for single-wage earner households working at various occupations. Registered nurses, police officers and educators earning the median wage were generally able to purchase or rent a median-priced home without being cost burdened in most MSAs and in the state as a whole in 2014 and 2015. None of the single wage earners in selected occupations experienced improvement in their housing cost burdens in 2015 compared to 2014, except police officers in the Morristown MSA. A slight increase in the median hourly wages of Morristown MSA police officers helped them afford to buy a median priced home even though the median home price in the MSA increased by three percent compared to the previous year. Possibly, the lower cost of borrowing compensated for the increasing median price and led to an improved affordability in the Morristown MSA.

Homeownership was out of reach for many single-wage earner households when the median hourly wage rate for all occupations was considered, except in the Jackson MSA. In 2015, the average worker who earned a \$14.57 median hourly wage in the Jackson MSA could buy a home and afford to rent a two-bedroom house at the fair market rent. The median home price in the Jackson MSA was the lowest in the state among the MSAs both in 2014 and 2015 even though it increased by four percent. In 2015, housing affordability worsened in the Cleveland, Kingsport-Bristol and Memphis MSAs. Single-wage earner households in these MSAs were not able to buy a median priced home or afford to rent a two-bedroom apartment at the fair market rent, while they could at least rent affordably in 2014.

Housing affordability deterioration in the Kingsport-Bristol MSA was even more evident considering that, in 2014, the single family wage earner households were able to both buy and rent affordably. In 2015, the single family wage earner households with an average salary could afford to buy a median priced home but could not rent a two-bedroom apartment affordably at fair market rent. The fair market rent in the Kingsport-Bristol MSA increased by 25 percent in 2015 compared to 2014, which made renting unaffordable for an average single wage earner household in the MSA.

Educators and police officers in Nashville earning the median wage could not afford to buy at the median price, but they could afford to rent in 2014 and 2015. Wait staff, cashiers, and retail sales persons could not afford to buy or rent a median-priced home in any MSA in either 2014 or 2015.

2015

Median Hourly Wage by Occupation 2015

Metropolitan Statistical Areas (MSAs)	Median Home Price	Wage Needed to Buy	2-BDRM Apartment Monthly Rent	Wage Needed to Rent	Education**	Registered Nurse	Police	Wait Person	Cashier	Retail Sales-person	All Occupations
Chattanooga	\$180,000	\$19.27	\$714	\$13.73	\$21.37	\$26.98	\$18.20	\$8.81	\$8.84	\$9.85	\$14.92
Clarksville	\$168,000	\$17.99	\$781	\$15.02	\$25.18	\$27.76	\$19.62	\$8.62	\$8.77	\$10.06	\$14.62
Cleveland	\$149,900	\$16.05	\$683	\$13.13	\$20.92	\$17.52	\$19.83	\$8.71	\$8.78	\$11.00	\$13.06
Jackson	\$120,000	\$12.85	\$678	\$13.04	\$22.09	\$24.23	\$21.39	\$8.72	\$8.83	\$9.68	\$14.57
Johnson City	\$142,670	\$15.27	\$729	\$14.02	\$21.05	\$16.90	\$19.68	\$8.55	\$8.75	\$10.26	\$14.02
Kingsport-Bristol	\$128,500	\$13.76	\$774	\$14.88	\$20.86	\$24.33	\$18.77	\$8.82	\$8.65	\$9.58	\$14.82
Knoxville	\$169,000	\$18.09	\$658	\$12.65	\$20.69	\$26.08	\$19.09	\$8.72	\$8.89	\$9.63	\$15.05
Memphis^	\$176,500	\$18.90	\$832	\$16.00	\$22.51	\$29.09	\$24.42	\$8.62	\$8.82	\$10.77	\$15.59
Morristown	\$134,000	\$14.35	\$593	\$11.40	\$18.47	\$16.10	\$14.58	\$8.62	\$8.70	\$10.88	\$13.86
Nashville/Davidson-Murfreesboro-Franklin^	\$220,000	\$23.55	\$850	\$16.35	\$21.38	\$28.28	\$21.53	\$8.64	\$8.98	\$10.46	\$16.72
TENNESSEE	\$165,900	\$17.76	\$749	\$14.40	\$21.10	\$27.33	\$20.34	\$8.65	\$8.86	\$10.22	\$15.30

2014

Median Hourly Wage by Occupation 2014

Metropolitan Statistical Areas (MSAs)	Median Home Price	Wage Needed to Buy	2-BDRM Apartment Monthly Rent	Wage Needed to Rent	Education**	Registered Nurse	Police	Wait Person	Cashier	Retail Sales-person	All Occupations
Chattanooga	\$174,000	\$19.36	\$679	\$13.06	\$21.02	\$27.72	\$18.20	\$8.61	\$8.81	\$9.74	\$14.65
Clarksville	\$158,000	\$17.58	\$767	\$14.75	\$24.15	\$27.69	\$19.19	\$8.53	\$8.83	\$9.69	\$14.43
Cleveland	\$144,900	\$16.12	\$649	\$12.48	\$20.70	\$25.20	\$20.19	\$8.50	\$8.87	\$10.23	\$12.72
Jackson	\$115,000	\$12.80	\$685	\$13.17	\$22.62	\$23.83	\$19.90	\$8.58	\$8.96	\$9.35	\$14.62
Johnson City	\$145,000	\$16.13	\$646	\$12.42	\$20.27	\$26.43	\$18.34	\$8.47	\$8.80	\$10.40	\$13.88
Kingsport-Bristol	\$128,573	\$14.31	\$617	\$11.87	\$20.55	\$23.99	\$18.09	\$8.69	\$8.69	\$9.53	\$14.59
Knoxville	\$167,350	\$18.62	\$774	\$14.88	\$21.03	\$26.11	\$18.69	\$8.56	\$8.85	\$9.98	\$14.95
Memphis^	\$171,000	\$19.03	\$780	\$15.00	\$22.56	\$28.32	\$23.25	\$8.55	\$8.81	\$10.48	\$15.27
Morristown	\$130,000	\$14.47	\$637	\$12.25	\$16.69	\$16.35	\$14.40	\$8.46	\$8.71	\$10.81	\$13.78
Nashville/Davidson-Murfreesboro-Franklin^	\$207,000	\$23.03	\$851	\$16.37	\$20.88	\$28.30	\$21.26	\$8.56	\$8.99	\$10.35	\$16.47
TENNESSEE	\$165,900	\$18.46	\$729	\$14.02	\$20.77	\$27.10	\$19.75	\$8.55	\$8.87	\$10.09	\$15.02

*Tennessee represents the whole state, not the balance of the state.

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

^"Licensed Practical and Licensed Vocational Nurses" category is used for "Registered Nurse" category."

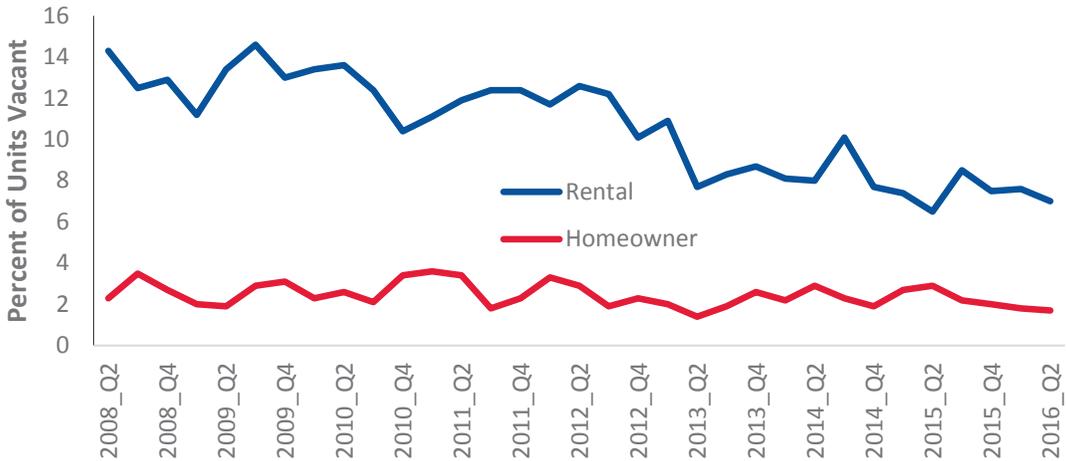
- can afford to buy and rent
- can afford to buy, but not rent
- can afford to only rent
- cannot afford to buy or rent

Source: "Median Home Price" is 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). "Median Hourly Wages" are from Bureau of Labor Statistics (BLS) Occupational Employment Statistics.

Vacancy rates

Homeowner and Rental Vacancy Rates

Quarterly Vacancy Rates, Tennessee 2008-2016



Source: Census Bureau, Housing Vacancies and Homeownership (CPS/HVS) www.census.gov/housing/hvs/data/rates.html

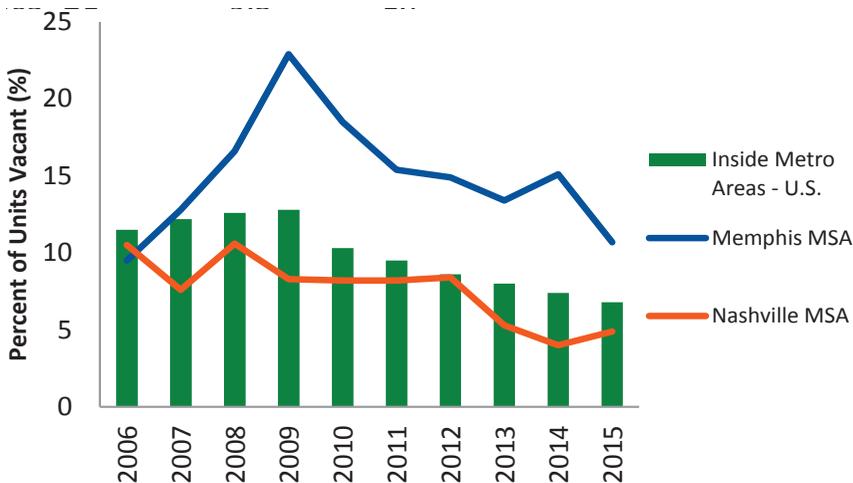
Statewide vacancy rates in the second quarter of 2016 were seven percent for rental housing and 1.7 percent for homeowner housing. These vacancy rates were comparable to the national vacancy rates of 6.7 percent for rental housing and 1.7 percent for homeowner housing. The rental vacancy rate was slightly higher than the rate of 6.5 percent in the same quarter of the previous year. The homeowner vacancy rate of 1.7 percent was lower than the homeowner vacancy rate of 2.9 percent in the second quarter of 2015.

Tennessee’s two largest MSAs have very different patterns with regards to rental and homeowner vacancy. In the Memphis MSA, both rental and homeowner vacancy rates decreased in 2015 compared to 2014¹¹. Although the rental vacancy rate was higher than the vacancy rate of metro areas across the nation, the homeowner vacancy rate was slightly lower than the average of metro areas in the nation. The Memphis MSA rental vacancy rates declined from 15.1 in 2014 to 10.7 in 2015. In the Nashville MSA, the rental vacancy rate declined in 2014, but the homeowner vacancy rate increased more than one percentage point compared to 2013. In the Nashville MSA, the rental vacancy rate increased from four percent in 2014 to 4.9 in 2015, and during the same

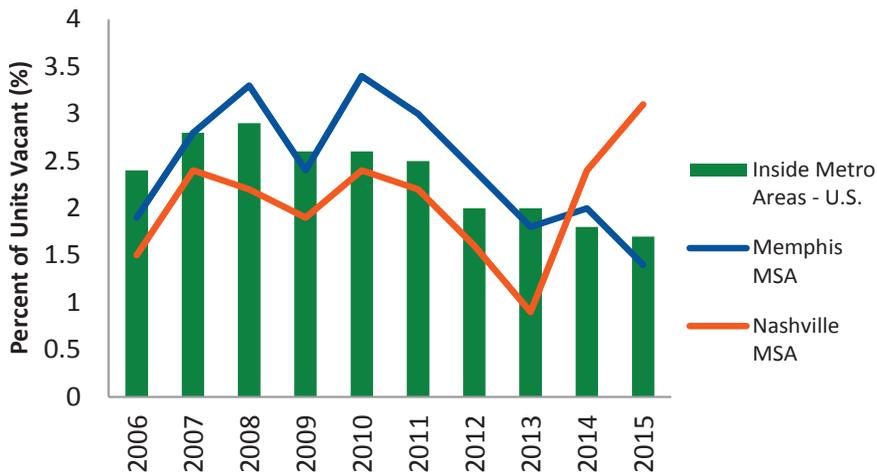
11 The most recent available data for the metropolitan areas.

time period, rental vacancy rates in metro areas across the nation declined from 7.4 percent to 6.8 percent. Even though the rental vacancy rate in the Nashville MSA was lower than the nationwide average rate across all metro areas, it still contradicts the increasing rental demand in the metro area. One possible explanation could be that the rental housing built in recent years is catching up with the demand pressure.

Rental Vacancy Rates: Memphis and Nashville MSAs 2006-2015



Homeowner Vacancy Rates: Memphis and Nashville MSAs 2006-2015



Source: Rental and homeowner vacancy rates by Metro Areas are from U.S. Census Bureau, Housing Vacancies and Homeownership (CPS/HVS) <https://www.census.gov/housing/hvs/data/ann15ind.html>

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.

Tennessee Housing Development Agency • 502 Deaderick St.,
Nashville, TN 37243 • 615-815-2200 • www.thda.org