By **Marisa Palmieri** / Editor

On the mend

Slow but steady improvements in key indicators reveal a housing marketing recovery is taking place.

A poor restate market affects the entire economy—and the Green Industry in particular. There's the obvious impact: Fewer new homes means fewer new lawns and landscapes to install and maintain. Steven Fine further explains the predicament in his area.

"What you have is zero equity in homes," says the manager of marketing and business development for Reno, Nev.-based Signature Landscapes. "That's a motivation not to spend money on your home." Including your outdoor space.

Although Fine's not lucky enough to have his region on the list of improving housing markets across the country, contractors in 99 other markets are as of September, according to the National Association of Home Builders (NAHB)/First American Improving Markets Index (IMI). This is up from 80 metropolitan areas that were listed as improving in August and only 12 that were on the list last September. (See "Number of improving housing markets nationwide" on page S11.)

The housing market certainly isn't back to its pre-recession level, but key reports like the IMI show a slow, steady housing recovery is taking place. "More metros across the country are experiencing a sustained uptick in house prices, employment and new building activity, as rising consumer confidence in local market conditions pushes more people to consider a new-home purchase," says NAHB Chief Economist David Crowe.

The IMI identifies metropolitan areas that have shown improvement from their respective troughs in housing permits, employment and house prices for at least six consecutive months. It includes representatives from 33 states as well as Washington, D.C. Markets added to the list in September include such geographically diverse locations as Tucson, Ariz.; Jacksonville, Fla.; Springfield, Ill.; Greenville, N.C.; and Bend, Ore.

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Builder confidence up

Also improving is builder confidence. The NAHB/Wells Fargo Housing Market Index (HMI) shows builder confidence in the market for newly built, single-family homes rose for a fifth consecutive month in September to a level of 40. This latest three-point gain brings the index to its highest reading since June 2006.

"Builders across the country are expressing a more positive outlook on current sales conditions, future sales prospects and the amount of consumer traffic they are seeing through model homes than they have in more than five years," Crowe says. "However, against the improving demand for new homes, concerns are now rising about the lack of building lots in certain markets and the rising cost of building materials. Given the fragile nature of the housing and economic recovery, these are significant red flags."

Builder confidence also rose across every region of the country in September. Looking at the three-month moving average for each region, the Midwest and West each registered five-point gains, to 40 and 43, respectively, while the South posted a four-point gain to 36 and the Northeast posted a two-point gain to 30.

Existing home sales rise

Existing U.S. home sales rose in August, marking the 14th consecutive year-over-year increase in home sales, according to the National Association of Realtors (NAR). The median home sales price in August was $187,400, slightly down from the previous month ($187,800), but above last August's price of $171,200 by nearly 10 percent.

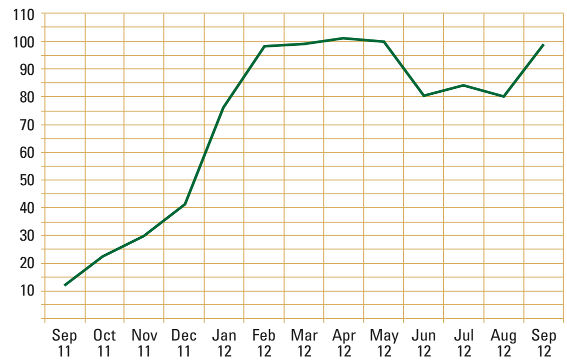
"The last time there were six back-to-back monthly price increases from a year earlier was from December 2005 to May 2006," NAR says. "The August increase was the strongest since January 2006 when the median price rose 10.2 percent from a year earlier."

Another positive sign from the September report, according to University of Michigan-Flint economist Mark Perry, includes a decrease in the median marketing time from 92 days in August 2011 to 70 days in August 2012 (almost one-third of homes sold in August were on the market for less than a month).

Multifamily market uptick

Through the second quarter of 2012, the NAHB's Multifamily Production Index (MPI) improved for the eighth consecutive quarter with an index level of 54, rising from 51 in the first quarter. It's the highest reading since the second quarter of 2005. The MPI measures builder and developer sentiment about current conditions in the apartment and condominium market on a scale of 0 to 100.

Number of improving housing markets nationwide



Source: NAHB/First American Improving Markets Index

"The strength of the MPI suggests that multifamily production is likely to increase somewhat going forward," says Crowe.

"Multifamily production has already recovered substantially from a historic low of about 110,000 starts a year in 2009 and 2010 to the current annual rate of a little over 200,000. However, prior to the downturn multifamily starts remained about 300,000 per year for 12 consecutive years, so there is room for further improvement before apartment and condo production return to normal, sustainable levels." LM

At a glance: **HOUSING**

GOOD Many housing markets are showing signs of life, with prices and single-family starts rising.

BAD Builder concerns are rising about the lack of building lots in certain markets and the rising cost of building materials.

UGLY Multifamily production is improving, but is still 30 percent off the pre-recession level of 300,000 starts per year.