

New Residential Permit Trends in Southern Indiana

Four counties (Clark, Floyd, Harrison and Washington) of southern Indiana belong to the Louisville Metropolitan Statistical Area (metro). Trends in new housing permits are analyzed in the following article for southern Indiana’s metro counties and compared to regional and state data for July 2006, but supplemented with more recent August data. In addition, both short and long term trends are discussed.

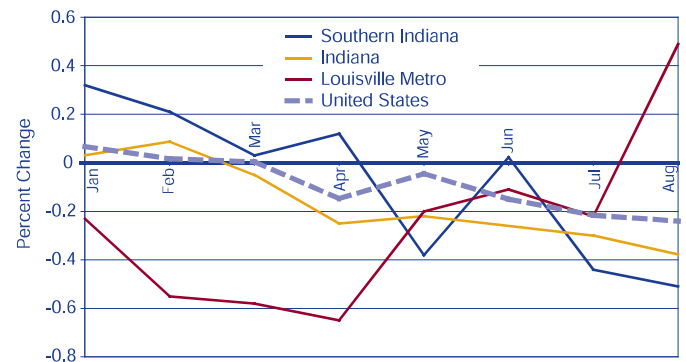
Southern Indiana Metro Counties

Based on new residential housing permits issued from January to July, the new construction market in southern Indiana fared better than state and regional trends. **Table 1** shows housing permit change by geographic region from January to July for 2005 and 2006. The four southern Indiana metro counties saw a slight decline (-4.9 percent) in housing permits the first seven months of the year. This compares to a 17 percent drop for Indiana and a 38 percent drop for the Louisville metro. Removing the four Indiana counties that comprise the Louisville metro, Louisville and the surrounding Kentucky counties

experienced a 46 percent decline in new residential permits.

Floyd County housing permits were actually above state and regional trends (see **Table 1**). However, the numbers are somewhat deceiving. Even though permits increased 9 percent in Floyd County, January saw an unusually high number of issued permits. Housing permits in January were about double typical January levels. As a result, the first quarter for Floyd County was very strong, compared to last year’s first quarter. Unlike Floyd County, the other three Indiana counties experienced declines in issued permits. Clark and Washington counties saw the largest declines. Clark county permits were down 8 percent from July 2005 to July 2006, and Washington County actually observed the steepest percentage decline at 26 percent. Harrison County saw the smallest decline in July at only 3 percent.

FIGURE 1: CHANGE IN PERMITS FROM PREVIOUS YEAR, 2005 TO 2006



Source: State of the Cities Data Systems

Figure 1 displays the housing permit changes from 2005 to 2006 for January to August. Since the beginning of 2006, southern Indiana counties performed better than Indiana and the Louisville metro in most of the months. However, the declines in May, July and August for southern Indiana were steeper than in the United States, Indiana and the Louisville metro.

This large decline for July permits in southern Indiana is evident in the August data. **Table 2** provides housing permit change by geographic region from January to August for 2005 and 2006. The new August data point to a larger decline in southern Indiana, and a slight improvement in the overall decline for the Louisville metro. August data indicate that southern Indiana permits are down 13 percent the first eight months of 2005 compared to the first eight months of 2006. Floyd County continues to show an increase in permits from August 2005 to August 2006. Trends observed in July for Clark, Washington and Harrison counties continued in August. The recently released August data on new residential permits point to further declines in all three counties. Clark County experienced a larger decline than indicated in July. The August 2005 to August 2006 permit change now

TABLE 1: PERCENT CHANGE IN HOUSING PERMITS BY GEOGRAPHIC REGION, JANUARY THROUGH JULY, 2005 TO 2006

Geographic Area	Percent Change
Indiana	-16.8
Louisville metro	-37.5
Southern Indiana counties	-4.9
Louisville metro (Kentucky portion)	-45.8
Floyd	9.3
Floyd Unincorporated	9.2
Clark	-7.8
Clark Unincorporated	-21.9
Harrison	-2.9
Washington	-26.3

Source: State of the Cities Data Systems

TABLE 2: PERCENT CHANGE IN HOUSING PERMITS BY GEOGRAPHIC REGION, JANUARY THROUGH AUGUST, 2005 TO 2006

Geographic Area	Percent Change
United States	-8.7
Indiana	-19.9
Louisville metro	-30.7
Nonmetro Southern Indiana	-36.5
Southern Indiana	-13.0
Clark	-18.0
Floyd	9.4
Harrison	-16.1
Washington	-27.4

Source: State of the Cities Data Systems