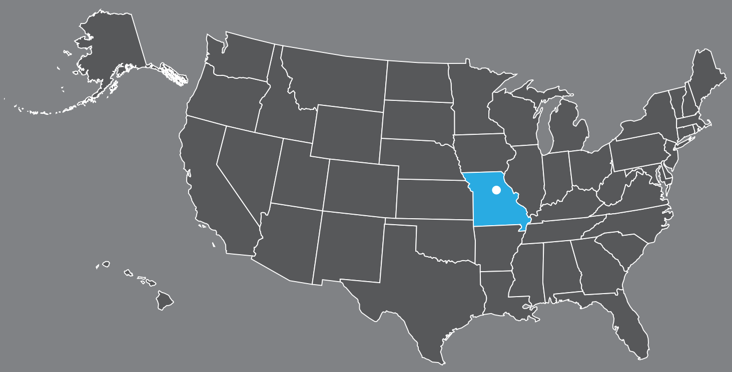
HUD PD&R **Housing Market Profiles**

Columbia, Missouri

Quick Facts About Columbia

- **Current sales market conditions: balanced**
- **Current apartment market conditions: very soft**
- **The University of Missouri, which brings more than 30,000 students to the Columbia metropolitan area, is a major pillar for both employment and economic development in the area.**



By Dillon Garr | As of December 1, 2020

Overview

The Columbia metropolitan area is coterminous with Boone County in central Missouri. The city is on Interstate 70, between Kansas City to the west and St. Louis to the east. Columbia is home to the flagship campus of the University of Missouri system, with an enrollment of more than 30,800 students as of the fall of 2020 (University of Missouri). Two smaller colleges, Columbia College and Stephens College—with a combined student enrollment of 8,975—are also in the city of Columbia. The large student population in the metropolitan area has a significant impact on the local economy and housing market. In 2017, the University of Missouri Columbia campus created $3.9 billion in economic impact for the state of Missouri, including $117 million in tax revenue (Tripp Umbach).

- As of December 1, 2020, the population of the metropolitan area was estimated at 181,700—an average annual increase of 1,775, or 1.0 percent, since April 2010.
- Population growth was relatively slower from 2013 to 2019, averaging 1,575 people, or 0.9 percent, annually, as job

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growth moderated. Population growth was highest from 2001 to 2007, averaging 2,925 people, or 2.0 percent, annually.

- Net in-migration averaged 650 people a year from 2013 to 2019, far fewer than the average of 1,775 people a year from 2004 to 2012, when the metropolitan area had strong job gains. Although the unemployment rate has declined substantially since 2010, net in-migration to the metropolitan area has been tempered, particularly since 2017.

Economy

Economic conditions in the Columbia metropolitan area have weakened because of the effects of the COVID-19 pandemic. Before the onset of the pandemic in March 2020, nonfarm payroll growth was modest, averaging 0.5 percent annually from 2016 through 2019. By comparison, nonfarm payrolls from 2011 through 2015 increased an average of 1.8 percent annually. Job growth had slowed before the pandemic because the labor market was tight; during the 3 months ending November 2019, nonfarm payrolls increased 0.2 percent year-over-year and the unemployment rate averaged 2.0 percent. As the COVID-19 pandemic began, nonfarm payrolls declined and the unemployment rate increased, as restrictions on businesses were put in place to slow the spread of the virus. A countywide stay-at-home order that went into effect in March 2020 and expired in May 2020 caused a sharp increase in the unemployment rate, which peaked in April 2020 at 6.5 percent. Since the expiration of the stay-at-home order, businesses have been allowed to reopen on a limited basis, allowing for a marked recovery in the job market. During the 3 months ending November 2020, the unemployment rate had dropped to an average of 2.7 percent, and nonfarm payrolls had recovered most of the jobs lost at the start of the pandemic. Despite the recent improvement in economic conditions, the unemployment rate during the past 3 months was 0.7 percentage point above the 2.0-percent rate during the same period a year ago and 1.0 percentage point higher than the low of 1.7 percent during the 3 months ending November 2018. Even though the unemployment rate in the Columbia metropolitan area has increased, it remains well below both the state and national averages.

During the 3 months ending November 2020—

- Nonfarm payrolls averaged 98,300—a year-over-year loss of 3,700 jobs, or 3.6 percent, which followed a year-over-year decline of 200 jobs, or 0.2 percent, during the 3 months ending November 2019.
- The retail trade subsector added the most jobs, increasing by 1,100 jobs, or 10.5 percent, compared with the 3 months ending November 2019. EatWell, a natural grocery store by Schnuck Markets, Inc., opened a location in the city of Columbia in July 2020, hiring 80 people. A third Schnucks-owned grocery store is slated to open in the city of Columbia in mid-2021, adding another 80 jobs.
- The government sector had the largest contraction, down 1,700 jobs, or 5.6 percent, compared with the 3 months ending November 2019. The bulk of the government sector job loss was in the state government subsector because

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Declines in both goods-producing and service-providing sectors caused total nonfarm payrolls to fall in the Columbia metropolitan area.

	3 Months Ending		Year-Over-Year Change	
	November 2019 (Thousands)	November 2020 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	102.0	98.3	-3.7	-3.6
Goods-Producing Sectors	7.9	7.7	-0.2	-2.5
Service-Providing Sectors	94.1	90.7	-3.4	-3.6
Retail Trade	10.5	11.6	1.1	10.5
Wholesale Trade, Transportation, & Utilities	5.1	5.5	0.4	7.8
Non-Reporting Service Sectors	47.9	44.7	-3.2	-6.7
Government	30.6	28.9	-1.7	-5.6
State Government	21.1	19.5	-1.6	-7.6
Local Government	6.9	6.7	-0.2	-2.9
Federal Government	2.6	2.7	0.1	3.8
Unemployment Rate	2.0%	2.7%		

Notes: Numbers may not add to totals due to rounding. The U.S. Bureau of Labor Statistics does not track all sectors in the metropolitan area, preventing a more detailed breakdown.
Source: U.S. Bureau of Labor Statistics

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the University of Missouri campus closed temporarily and operated with a limited staff.

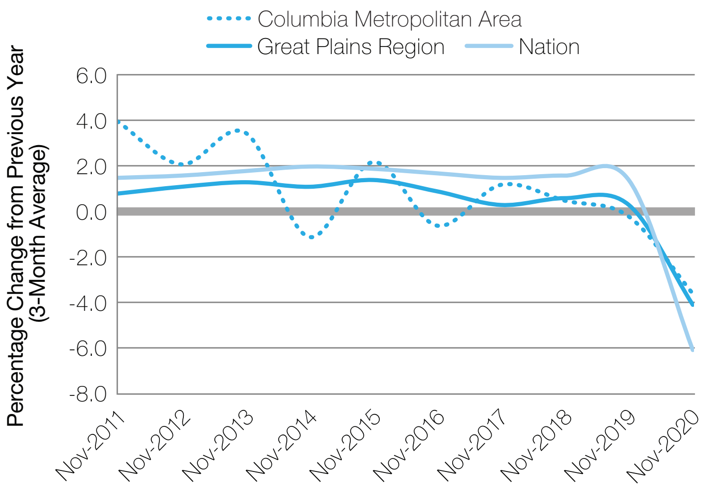
Future economic growth in the next few years in the Columbia metropolitan area will be supported, in part, by the continued growth of the University of Missouri flagship campus. Campus initiatives, including the ongoing construction of the NextGen Precision Health building, continue to bring jobs into the area. NextGen is slated to open in October 2021, with laboratory and office space for new and current faculty and research staff.

Largest Employers in the Columbia Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of Missouri	State Government	8,480
University Hospitals and Clinics	State Government	5,304
Veterans United Home Loans	Finance	2,360

Note: Excludes local school districts.
Source: Regional Economic Development Inc.

Nonfarm payrolls in the Columbia metropolitan area began declining in late 2019, before the state and national payrolls, although the decline was not as sharp.



Source: U.S. Bureau of Labor Statistics

Sales Market Conditions

The sales housing market in the Columbia metropolitan area is balanced. A prolonged period of economic growth before the COVID-19 pandemic caused an increase in the demand for homes and has led to a continued increase in home prices. Approximately 4,175 existing single-family homes, townhomes, and condominiums sold during the 12 months ending November 2020, up 13 percent from the 3,700 existing homes sold during the previous 12 months (Zonda). That increase in demand contributed to a 4-percent increase in the average sales price of an existing home, which rose to $241,500 during the 12 months ending November 2020, up from $233,000 during the previous 12-month period.

During the 12 months ending November 2020—

- New home sales, which accounted for 10 percent of all home sales in the metropolitan area, increased to 440 homes, up 18 percent from the previous 12-month period (Zonda).
- The average sales price of a new home was $334,600, a 12-percent increase from $298,300 during the previous 12 months.
- Distressed sales accounted for 2 percent of all existing home sales, down from 3 percent during the previous 12 months. The average sales price for distressed properties was $158,000, or 53 percent less than the average sales price for all existing homes in the metropolitan area.
- As of October 2020, 1.8 percent of home loans in the metropolitan area were 90 or more days delinquent, in foreclosure, or had transitioned into real estate owned status, up from 0.6 percent a year earlier and the highest level recorded since 2013 (CoreLogic, Inc.).

Balanced market conditions and lower mortgage interest rates led to an increase in single-family home permitting in 2020. During the 12 months ending November 2020, 780 single-family homes were permitted in the Columbia metropolitan area, a 29-percent increase from the 600 homes permitted during the same period in 2019 (preliminary data).

- An average of 1,175 single-family homes were permitted annually in the metropolitan area from 2000 through 2007. Permitting fell significantly during the financial crisis, averaging only 500 units from 2008 through 2011.
- Permitting slowed to 650 units annually from 2017 through 2019 following a modest recovery from 2012 through 2016, when an average of 800 single-family homes were permitted annually.

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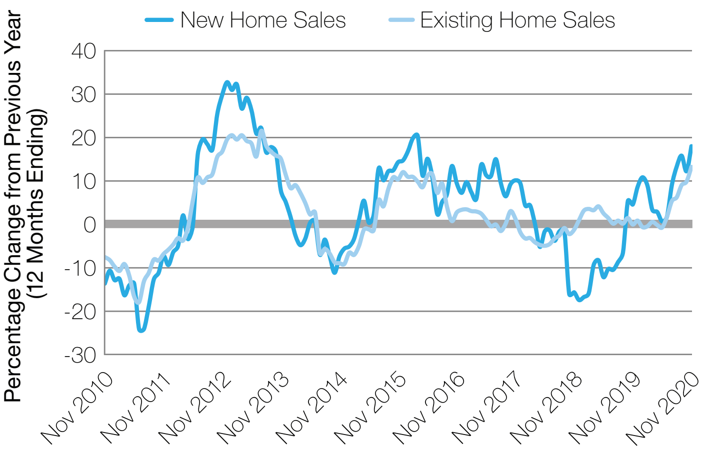
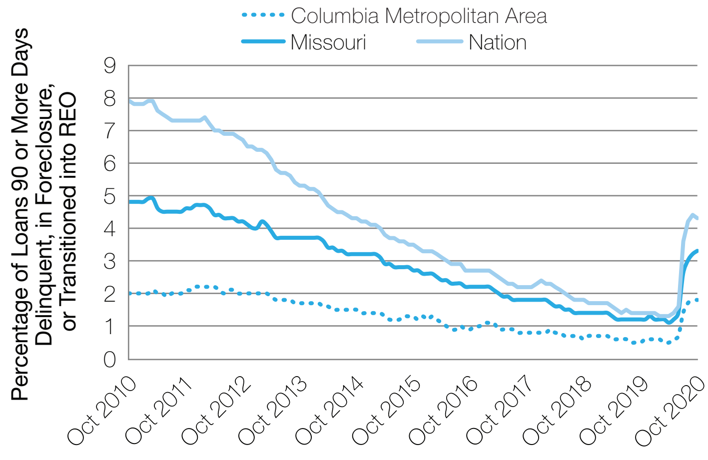
Existing home sales in the Columbia metropolitan area increased in the second half of 2020 after a prolonged period of steadiness, and new home sales also increased steadily through the end of 2020.



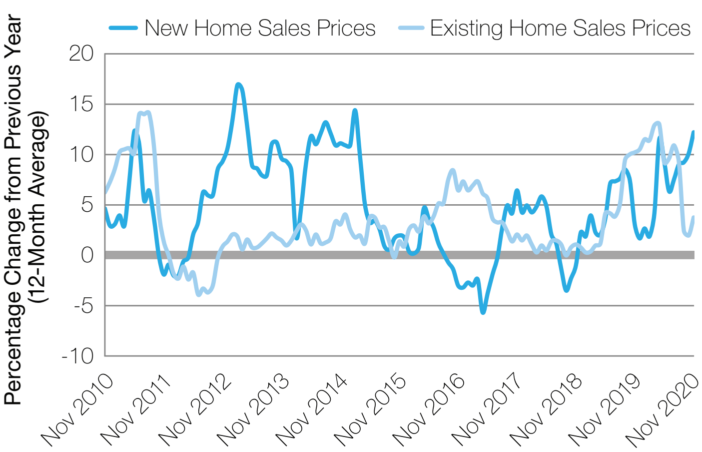
Note: Includes single-family homes, townhomes, and condominiums.
Source: Zonda

In the Columbia metropolitan area, the percentage of mortgages 90+ days delinquent, in foreclosure, or recently transitioned to REO status has remained well below both the state and national averages.



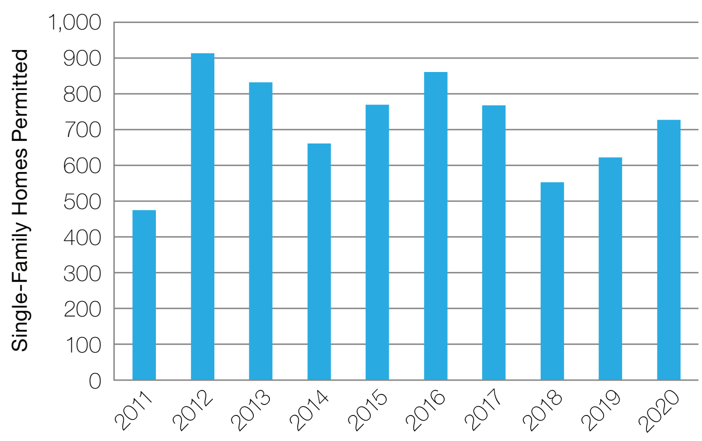
REO = real estate owned.
Source: CoreLogic, Inc.

The average sales price of an existing home in the Columbia metropolitan area increased more than 10 percent in 2019.



Note: Includes single-family homes, townhomes, and condominiums.
Source: Zonda

The number of single-family homes permitted in the Columbia metropolitan area has fallen since 2016.



Note: Includes preliminary data from January 2020 through November 2020.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

Apartment Market Conditions

The apartment market in the Columbia metropolitan area is currently very soft. A combination of recent job losses, an elevated level of supply entering the market during the past few years, and fewer students seeking apartments led to a large increase in the vacancy rate from a year ago. The rapidly increasing vacancy rate led to a sharp decline in the average rent, causing asking rents to fall to their lowest level since 2017.

During the third quarter of 2020—

- The apartment vacancy rate was 12.4 percent, among the highest in the nation and more than doubling from 6.1 percent during the third quarter of 2019.
- The average monthly rent was $783, a 2.8-percent decrease from $806 a year earlier and the lowest recorded average monthly rent since the first quarter of 2017 (Moody's Analytics REIS).

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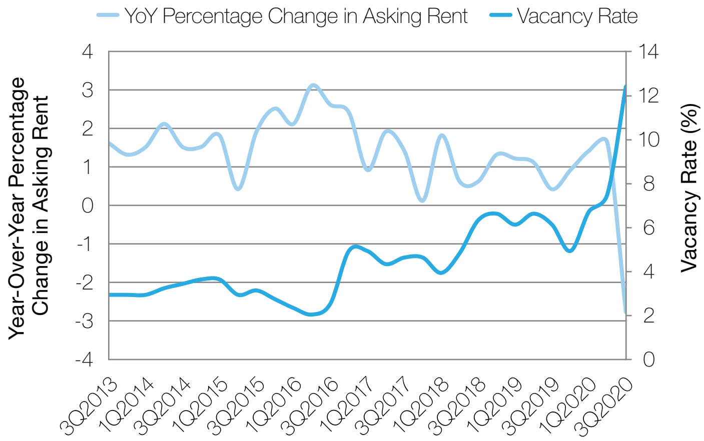
- University of Missouri student housing had 11,300 beds occupied of 12,650 available beds during the 2019–2020 academic year. The average asking rent for student housing during the 2019–2020 academic year was $546 per bed, down 1 percent from the same period a year ago.
- The 384-unit Kelly Farms Apartments opened in September 2020. This property consists of one- and two-bedroom units, with rents that range from $890 to $1,495 per month.

From 2011 through 2017, the supply of rental units climbed steadily as developers built more multifamily units. Multifamily building permitting activity since 2018 has been subdued as the increase in supply during the previous period has accommodated most of the new demand.

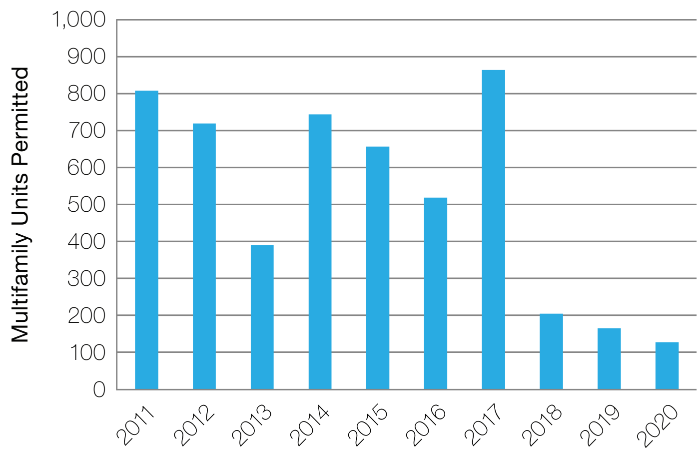
- During the 12 months ending November 2020, 280 multifamily units were permitted, up from 12 units during the previous year (preliminary data).
- The number of multifamily units permitted averaged just 150 annually from 2008 through 2010 as the Columbia metropolitan area dealt with the repercussions of the financial crisis. Multifamily units permitted increased dramatically, to 670 units annually from 2011 through 2017 as the local economy underwent a sustained period of growth. The increase in permits led to a significant increase in the supply of multifamily housing units, causing a decline in permitting activity in the most recent period: 2018 and 2019 had only 210 and 170 multifamily units permitted, respectively.
- In the city of Columbia, The Westbury Senior Living facility is currently under construction and will have 135 units upon completion, which is expected by the summer of 2021. When complete, the apartment property will offer 91 independent living units, including 15 studio units, 43 one-bedroom units, and 33 two-bedroom units. This facility will also include 44 assisted-living units, including 24 studio units, 16 one-bedroom units, and 4 double-occupancy units.

The average vacancy rate in the Columbia metropolitan area increased sharply in the third quarter of 2020, leading to a similar decline in the average asking rent.



3Q = third quarter. YoY = year-over-year.
Source: Moody's Analytics REIS

Multifamily home permitting in the Columbia metropolitan area has slowed since 2017.



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Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst