

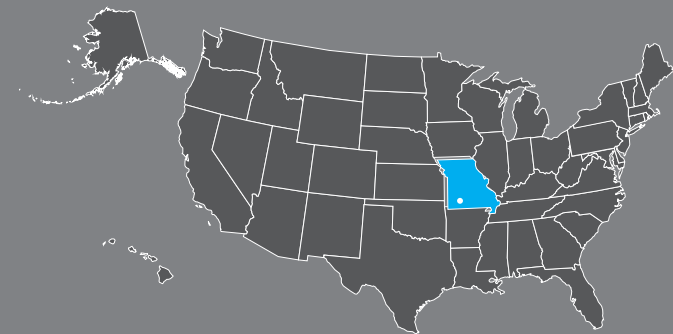
# HUD PD&R Housing Market Profiles

## Springfield, Missouri



### Quick Facts About Springfield

- Current sales market conditions: slightly soft.
- Current apartment market conditions: tight.
- Springfield, the third largest city in Missouri, is known as the “Birthplace of US Route 66.”



By Tim McDonald | As of October 1, 2014

### Overview

The Springfield metropolitan area consists of Christian, Dallas, Greene, Polk, and Webster Counties in southwest Missouri. The city of Springfield is known as the “Queen City of the Ozarks,” because it is the largest city in the Ozark Mountain region of Missouri. About 3 million people visit the metropolitan area annually (Springfield Missouri Convention & Visitors Bureau) to enjoy outdoor recreational activities in the Ozark Mountains and to visit the nearby city of Branson.

- As of October 1, 2014, the estimated population of the metropolitan area was 456,000, which represents an average annual increase of 4,275, or 1.0 percent, since April 2010.
- Population growth was strongest in the metropolitan area from 2002 through 2007; during that time, the population increased by an average of 8,525, or 2.1 percent, annually.
- Since 2010, net in-migration has averaged 2,500 people a year compared with the average annual net in-migration of 6,700 people from 2002 through 2007.



PD&R

The professional and business services sector recorded the greatest percentage increase in nonfarm payrolls in the Springfield area during the third quarter of 2014.

	3 Months Ending		Year-Over-Year Change	
	September 2013 (thousands)	September 2014 (thousands)	Absolute (thousands)	Percent
<b>Total nonfarm payrolls</b>	196.8	200.9	4.1	2.1
Goods-producing sectors	21.9	21.6	- 0.3	- 1.4
Mining, logging, and construction	7.6	7.3	- 0.3	- 3.9
Manufacturing	14.3	14.3	0.0	0.0
Service-providing sectors	174.9	179.2	4.3	2.5
Wholesale and retail trade	34.9	35.2	0.3	0.9
Transportation and utilities	9.7	10.2	0.5	5.2
Information	3.9	3.8	- 0.1	- 2.6
Financial activities	11.8	11.7	- 0.1	- 0.8
Professional and business services	24.4	25.9	1.5	6.1
Education and health services	36.9	38.5	1.6	4.3
Leisure and hospitality	19.3	20.0	0.7	3.6
Other services	7.4	7.0	- 0.4	- 5.4
Government	26.7	26.9	0.2	0.7
	(percent)	(percent)		
Unemployment rate	5.6	5.3		

Note: Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

## Economic Conditions

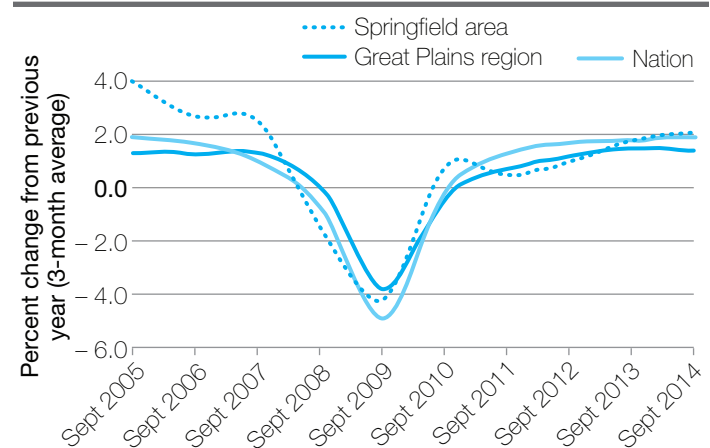
Economic conditions in the Springfield metropolitan area continued to improve during the third quarter of 2014, a trend that began in 2011. Nonfarm payrolls averaged 200,900 jobs for the third quarter of 2014, an increase of 4,100 jobs, or 2.1 percent, surpassing the previous third quarter peak of 200,300 jobs in 2007.

During the third quarter of 2014—

- The unemployment rate in the metropolitan area was 5.3 percent, down from 5.6 percent a year earlier and the lowest level recorded since 2008.
- The education and health services sector, which includes the two largest employers in the metropolitan area, increased by 1,600 jobs, or 4.3 percent, to lead job gains.
- As the local, state, and national economies improved, tourism to the Springfield metropolitan area increased, and the leisure and hospitality sector benefited, gaining 700 jobs, or 3.6 percent; approximately 85 percent of the additional jobs were in the accommodation and food services subsector.
- The number of travelers using the Springfield-Branson National Airport increased by 25,900 people, or slightly more than 12 percent, from the third quarter of 2013, to 239,000 travelers.

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During the third quarter of 2014, nonfarm payrolls increased more in the Springfield area than in the Great Plains region or the nation.



Note: Nonfarm payroll jobs.

Source: U.S. Bureau of Labor Statistics

## Largest employers in the Springfield area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Mercy Hospital	Education and health services	9,000
CoxHealth	Education and health services	7,900
Wal-Mart Stores, Inc.	Wholesale and retail trade	3,575

Note: Excludes local school districts.

Source: Springfield Business Development Corporation

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O'Reilly Automotive Inc., headquartered in the city of Springfield, is a Fortune 500 company, with more than \$6.6 billion in annual revenue and nearly 1,500 employees in the metropolitan area. The city of Springfield is also home to Missouri State University, which enrolls 24,000 students and is currently undergoing \$65 million worth of construction projects on its campus. Stainless Technology, a division

of ABEC, Inc., recently announced an expansion of its facilities in the city of Springfield that will add 88 manufacturing jobs. Kraft Foods Group, Inc., recently announced a \$100 million expansion of its manufacturing facilities in the city of Springfield, which is scheduled to be complete in 2016.

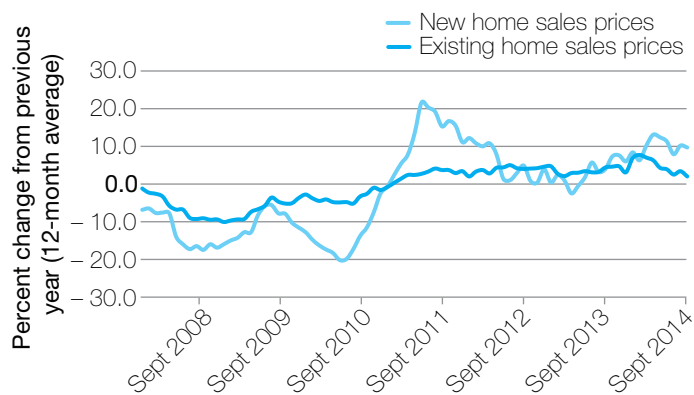
## Sales Market Conditions

Sales market conditions in the Springfield metropolitan area are slightly soft but improving, with a 2.0-percent vacancy rate, down from 2.6 percent during April 2010. New and existing home sales (including single-family homes, townhomes, and condominiums) totaled 9,075 during the 12 months ending September 2014, a decline of 1,175 sales, or 11 percent, from the previous 12 months (Metrostudy, A Hanley Wood Company). The 10,250 new and existing homes sold during the 12 months ending September 2013 was an increase of 10 percent from the 12 months ending September 2012 and the most home sales recorded in the metropolitan area since 2005.

During the 12 months ending September 2014—

- New home sales totaled 400, an increase of 60 sales, or 17 percent, from the previous 12 months, and the average sales price for new homes increased \$18,600, or nearly 10 percent, to \$209,000.
- Existing home sales declined by 1,225, or more than 12 percent, to 8,675 homes sold after reaching a new all-time peak during the previous 12 months, but the average sales price increased by \$3,400, or 2 percent.

**The average home sales price in the Springfield area has been trending upward since February 2011.**



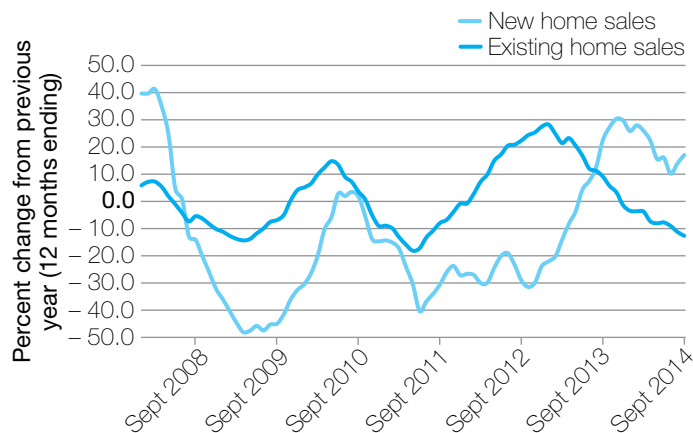
Note: Includes single-family homes, townhomes, and condominiums.  
Source: Metrostudy, A Hanley Wood Company

- The percentage of mortgage loans in the metropolitan area that were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) status decreased to 2.7 percent in September 2014 from 3.1 percent in September 2013 and the peak of 4.9 percent in January 2010 (Black Knight Financial Services, Inc.).

Increased new home sales in the Springfield metropolitan area led to an increase in homebuilding activity, as measured by the number of single-family homes permitted during the 12 months ending September 2014.

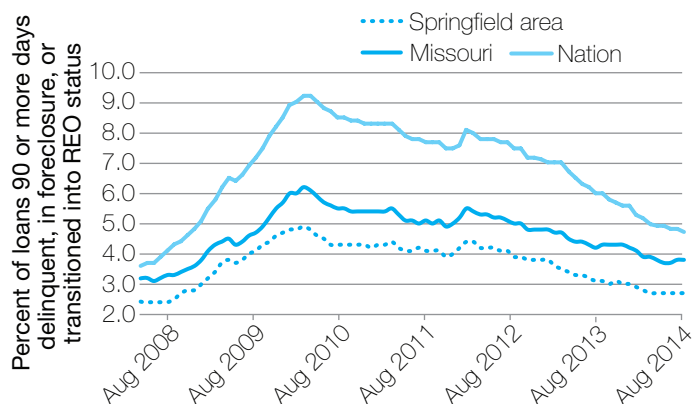
- The number of single-family homes permitted increased by 40, or 5 percent, to 810 homes permitted during the 12 months ending September 2014 (preliminary data).
- The 1,100 single-family homes permitted in 2013 were the most since 2007 but remained 2,625 homes, or 70 percent, less than the peak level of 3,725 homes permitted in 2005.
- Slightly more than 60 percent of all single-family homes permitted in the metropolitan area since 2010 have been permitted in Greene County, which includes the city of Springfield.

**In the Springfield area, new home sales began to increase in June 2013 and existing home sales began to decline in 2014 after reaching an all-time high in 2013.**



Note: Includes single-family homes, townhomes, and condominiums.  
Source: Metrostudy, A Hanley Wood Company

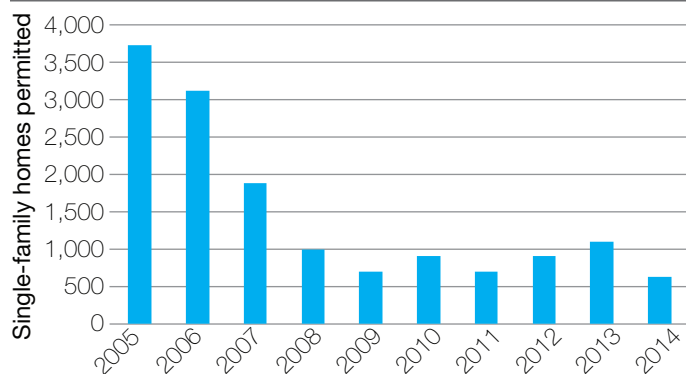
The distressed loan rate in the Springfield area was well below the averages in Missouri and the nation.



REO = Real Estate Owned.

Source: Black Knight Financial Services, Inc.

Single-family permitting has been increasing in the Springfield area since 2011 but remained well below the levels recorded from 2005 through 2007.



Note: Includes preliminary data from January 2014 through September 2014.

Source: U.S. Census Bureau, Building Permits Survey

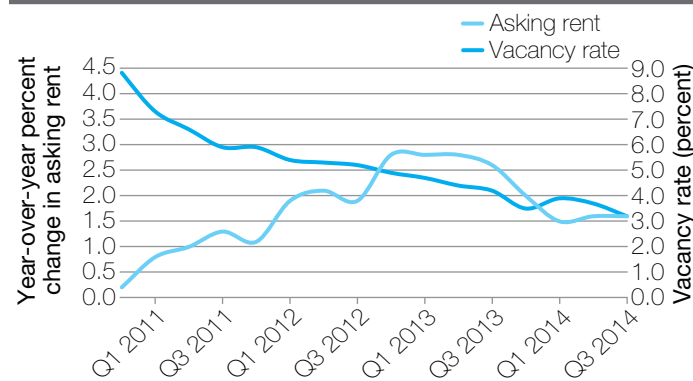
## Apartment Market Conditions

The apartment market in the Springfield metropolitan area is currently tight, with a 3.2-percent vacancy rate for the third quarter of 2014, which is down from 4.2 percent during the third quarter of 2013 (Reis, Inc.). The apartment market has been tightening since 2010. Single-family homes constitute one-half of all rental units in the metropolitan area (2013 American Community Survey 1-year data).

During the third quarter of 2014—

- The average apartment rent in the metropolitan area increased to \$570, up \$10, or 2 percent, from the third quarter of 2013.
- The average rents for apartments by number of bedrooms were \$500, \$610, and \$780 for one-, two-, and three-bedroom units, respectively.

Since the fourth quarter of 2010, the declining vacancy rate in the Springfield area has put upward pressure on apartment rents.



Source: Reis, Inc.

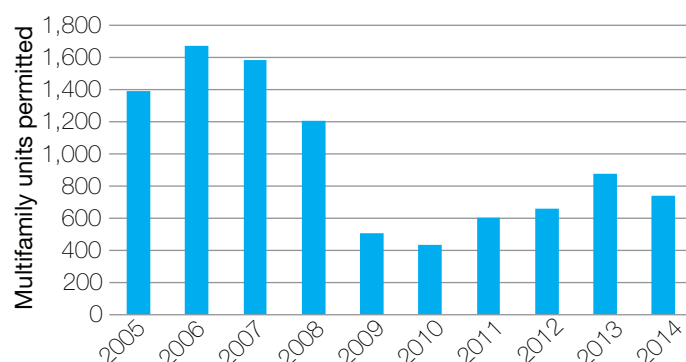
- Students at Missouri State University occupied about 20 percent of the apartment market in the metropolitan area.
- The apartment market on the south side of the city of Springfield, near Mercy Hospital and Battlefield Mall, is tighter than in the metropolitan area overall, with a 2.4-percent vacancy rate and an average rent of \$600.

Multifamily construction activity, as measured by the number of units permitted, increased during the past 12 months as builders responded to increased rental housing demand.

- During the 12 months ending September 2014, approximately 980 multifamily units were permitted, an increase of 160 units, or 20 percent, from the previous 12-month period.

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Multifamily construction remained much less than the 2005-through-2008 average in the Springfield area.



Note: Includes preliminary data from January 2014 through September 2014.

Source: U.S. Census Bureau, Building Permits Survey

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- Multifamily permitting activity averaged 510 units annually from 2009 through 2011.
- Most of the 1,200 units currently under construction in the metropolitan area are concentrated in the city of Springfield.
- The Woodruff Building in downtown Springfield, which was originally built in 1910 as an office building, is undergoing a \$15 million renovation; when complete in early 2015, the project will have 96 apartment units.
- Further development downtown includes the Heer's Building, which was built in 1915 and has been vacant since 1995. It is undergoing a \$16 million renovation and will have 85 multifamily rental units when it opens in September 2015.