

HUD PD&R Housing Market Profiles

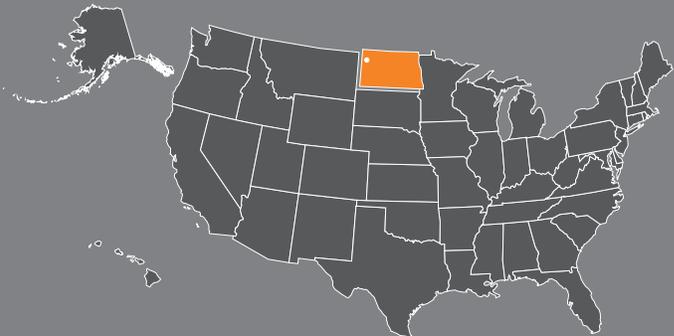
Minot-Williston, North Dakota



Photo courtesy of U.S. Geological Survey

Quick Facts About Minot-Williston

- **Current sales market conditions: tight.**
- **Current rental market conditions: very tight.**
- **The U.S. Geological Survey released a 2013 assessment that estimated oil reserves of 7.4 billion barrels in the Bakken Oil Shale Formation, more than double the 2008 estimate of 3.6 billion barrels.**

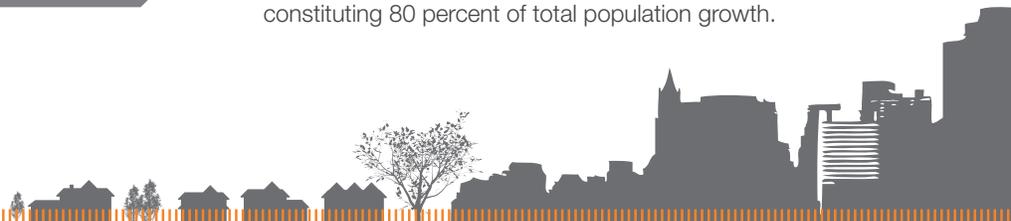


By Sam Young | As of May 1, 2013

Overview

The Minot-Williston Housing Market Area (HMA), in northwestern North Dakota atop the Bakken Oil Shale Formation, consists of Mountrail, Ward, and Williams Counties. The three-county HMA produced more than 9.4 million barrels of oil during April 2013, up 13 percent from the 8.3 million barrels produced a year earlier. This figure represents approximately 40 percent of total oil production in North Dakota.

- The population, which has grown quickly in the HMA in recent years, largely because of increased oil exploration and production, was estimated to be 103,400 as of May 1, 2013.
- As oil production expanded, annual net in-migration increased from 2,025 people in 2009 to 2,650 people in 2012. By comparison, annual net out-migration averaged 430 people from 2000 through 2006.
- Since 2010, the population of the HMA increased by an average of 3,775, or 3.9 percent, annually, with net in-migration constituting 80 percent of total population growth.



Recent covered payroll growth in the Minot-Williston HMA was led by gains in the mining, logging, and construction sector.

	3 Months Ending		Year-Over-Year Change	
	September 2011 (thousands)	September 2012 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	61.6	77.8	16.2	26.3
Goods-producing sectors	18.0	26.8	8.8	48.9
Mining, logging, and construction	15.8	24.2	8.4	53.2
Manufacturing	1.1	1.4	0.3	27.3
Service-providing sectors	36.7	44.0	7.3	19.9
Trade, transportation, and utilities	15.3	20.0	4.7	30.7
Information	0.7	0.7	0.0	1.1
Financial activities	3.4	3.7	0.3	9.7
Professional and business services	3.7	4.3	0.6	15.3
Education and health services	6.3	6.4	0.1	1.6
Leisure and hospitality	5.5	6.9	1.4	26.1
Other services	1.6	1.8	0.1	8.4
Government	6.9	7.0	0.1	1.4
Unemployment rate	2.1%	2.2%		

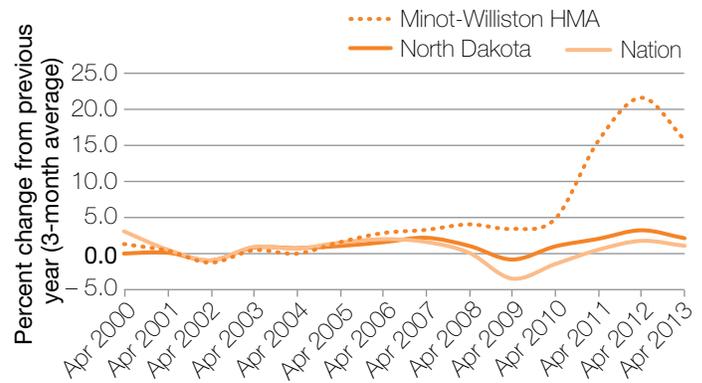
Notes: Most recent data available for covered payrolls. Unemployment rate is for the 3 months ending April 2012 and April 2013.
Source: U.S. Bureau of Labor Statistics

Economic Conditions

Resident employment growth in the Minot-Williston HMA averaged nearly 18 percent annually from April 2010 through April 2013, the fastest rate of employment growth in the country. The strong rate of growth was a result of increased oil production in the HMA, which surpassed 2 million barrels per month in August 2008 and increased rapidly to average 3 million barrels per month in 2009.

- During the 3 months ending April 2013, resident employment increased by 10,750 people, or 15.7 percent, from the same period a year ago, to average 79,000 people.
- Covered payroll growth was strong in the mining, logging, and construction and the trade, transportation, and utilities sectors. During the 3 months ending September 2012 (the most recent data available), payrolls in those sectors increased by 8,400 and 4,700 jobs, or 53.2 and 30.7 percent, respectively, from a year earlier, as oil production in the HMA continued to increase.
- The unemployment rate during the 3 months ending April 2013 averaged 2.2 percent, a slight increase from 2.1 percent a year ago but still less than the 4.0-percent statewide average.
- The North Dakota legislature recently approved \$91.4 million in funding for state roads, emergency and police services, and other infrastructure for the energy-impacted communities of Dickinson, Minot, and Williston to handle the increased pressure of oil activity.

Resident employment in the Minot-Williston HMA has increased sharply since 2010.



Note: Resident employment.
Source: U.S. Bureau of Labor Statistics

Largest employers in the Minot-Williston HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Trinity Health	Education and health services	2,000
Halliburton Energy Services, Inc.	Mining, logging, and construction	900
Nabors Drilling USA, LP	Mining, logging, and construction	700

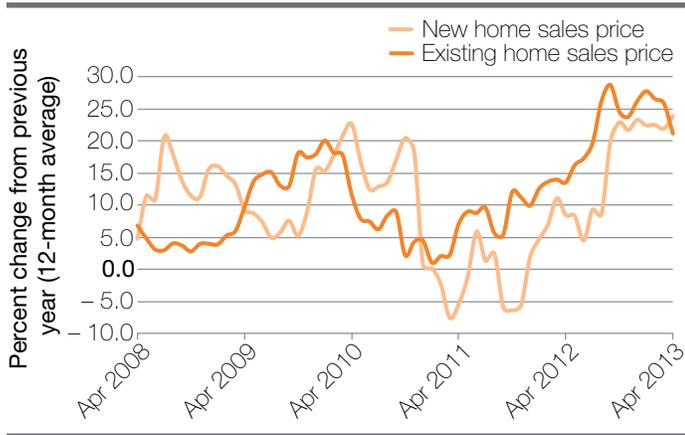
Note: Excludes local school districts.
Source: North Dakota State Government



Sales Market Conditions

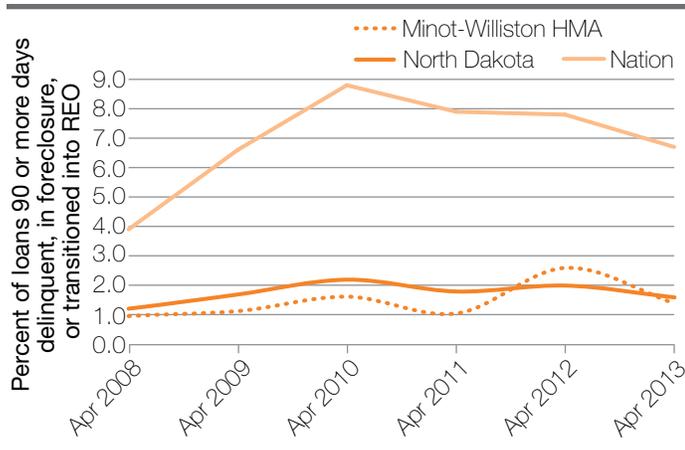
The sales housing market in the Minot-Williston HMA is currently tight, primarily because of strong net in-migration and a shortage of available homes for sale. During the 12 months ending April 2013, existing home sales (including single-family homes, townhomes, and condominiums) decreased 2 percent, to approximately 2,350 homes sold, from the previous 12 months (Hanley Wood, LLC). During the same period, the average existing single-family home price increased 21 percent, to \$241,700. From 2008 through 2010, existing home sales averaged 1,775 annually, and the average sales price was \$157,900. By comparison, an average of 1,450 existing homes sold annually from 2005 through 2007, at an average price of \$126,700.

Home sales prices have increased since 2011 as available inventory declined in the Minot-Williston HMA.



Note: Includes single-family homes, townhomes, and condominiums. Source: Hanley Wood, LLC

The distressed loan rate is low in the Minot-Williston HMA.

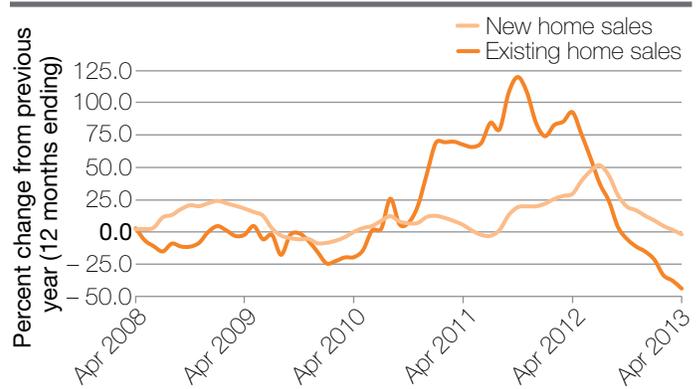


REO = Real Estate Owned. Source: LPS Applied Analytics

- Foreclosure activity in the HMA is minimal because of the strong labor market and increasing home prices.
- In April 2013, 1.4 percent of home loans in the HMA were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) status, down from 2.6 percent a year earlier and much less than the 6.7-percent national rate (LPS Applied Analytics).
- During the 12 months ending April 2013, new single-family home sales decreased 44 percent from a year earlier, to 130 homes sold, and the average new home sales price increased 24 percent, to \$288,000, because of a lack of available inventory (Hanley Wood, LLC).

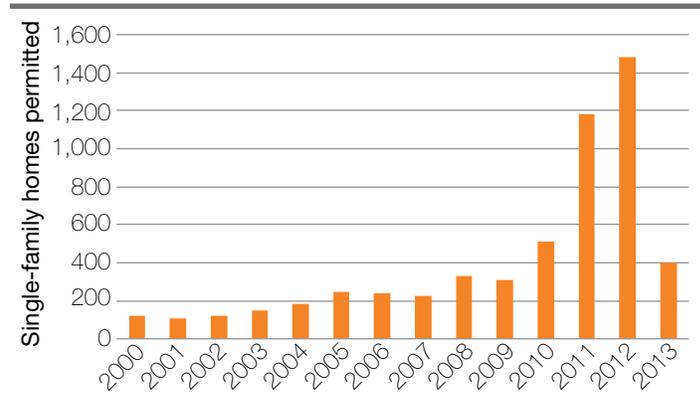
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Home sales declined in the Minot-Williston HMA because of a lack of available inventory.



Note: Includes single-family homes, townhomes, and condominiums. Source: Hanley Wood, LLC

Single-family home construction in the Minot-Williston HMA has increased dramatically since 2009.



Note: Includes data through April 2013. Source: U.S. Census Bureau, Building Permits Survey



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- Local infrastructure improvements, such as roads and water and sewer additions, may remove some obstacles to permitting and allow more single-family homes to be built.

Single-family home construction in the HMA increased in the past 2 years in response to tight sales market conditions.

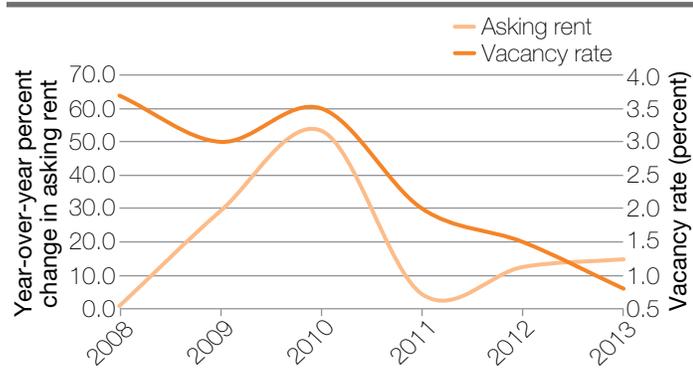
- The number of single-family homes authorized by permits remained relatively stable during 2011 and 2012, averaging 1,180 homes annually.

Rental Market Conditions

The rental housing market in the Minot-Williston HMA is currently very tight, with an estimated overall vacancy rate of less than 1 percent.

- The tight rental market and rising rents led the U.S. Department of Housing and Urban Development (HUD) to increase the estimated Fair Market Rents (FMRs) sharply in the HMA from 2012 to 2013, based on a HUD-funded local area survey of rents.
- The 2012 Mountrail, Ward, and Williams County FMRs for 2-bedroom units were \$668, \$686, and \$605, respectively. In 2013, the FMRs increased 56, 58, and 70 percent, to \$1,041, \$1,087, and \$1,026, respectively.
- Since 2010, the rental housing inventory has increased by 1,100 units, but the number of renter households has increased by 2,025, leading the rental vacancy rate to decline from 3.5 percent in 2010 to less than 1 percent currently.
- Williams County issued a moratorium on new temporary housing (such as “man camps”) in late 2012 because of infrastructure concerns, limiting housing options for workers in the energy industries.

Market rents increased and vacancy rates declined dramatically in the Minot-Williston HMA after 2009.



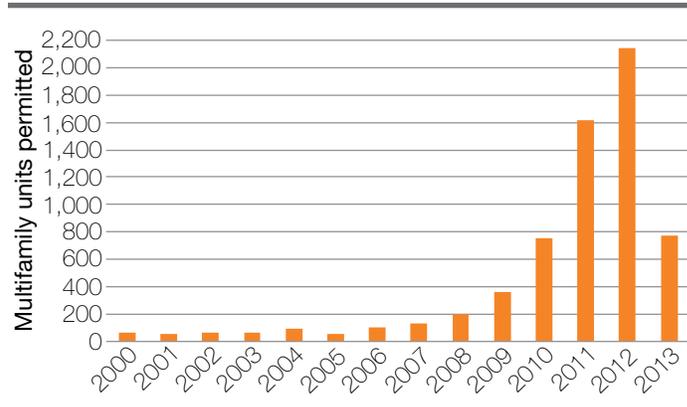
Source: Estimates by analyst

- That permitting level was more than triple the average annual production of 380 homes reported from 2008 through 2010 and nearly 10 times the average annual number of homes permitted from 2000 through 2007.
- New developments currently under construction include the Statesboro subdivision in the community of Minot, with three-bedroom duplex units priced from \$219,900.

Builders have responded to the increased demand for rental units.

- During 2012, approximately 2,350 apartment units were permitted in the HMA, an increase of 750 units, or 47 percent, from 2011.
- An average of 90 apartment units was permitted annually from 2000 through 2008, before building activity increased sharply to average 560 units annually in 2009 and 2010 in response to strong net in-migration as the Bakken Oil Shale Formation began to be developed.
- Approximately 850 apartment units are currently under construction in the HMA, and more than 250 units are in various stages of planning.
- One development under construction is Confluence at Harvest Hills, a 270-unit corporate rental project in Williston offering 30- to 120-day leases or longer term leases of up to 5 years.
- The expected range of rents at Confluence at Harvest Hills is \$2,700 for one-bedroom units, \$3,500 for two-bedroom units, and \$4,500 for three-bedroom units.

Apartment construction in the Minot-Williston HMA has increased dramatically since 2009.



Note: Includes data through April 2013.

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

