

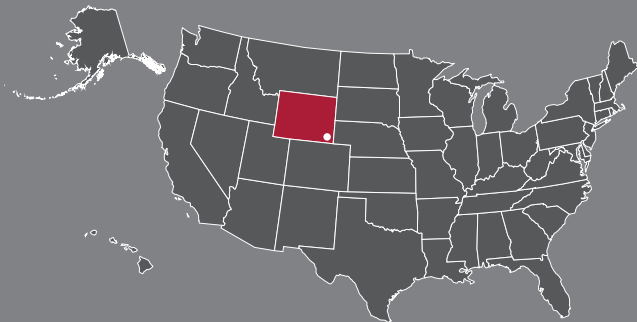
HUD PD&R Housing Market Profiles

Cheyenne, Wyoming



Quick Facts About Cheyenne

- Current sales market conditions: balanced
- Current rental market conditions: balanced
- The Cheyenne metropolitan area is home to one of the largest outdoor rodeos in the United States, called Cheyenne Frontier Days, which opened in 1897 and is known as the “Daddy of ‘em All.” Approximately 543,700 people attended the event in 2018, a 2-percent increase from the previous year. An economic impact study conducted in 2015 estimated visitor spending at \$28 million, an increase from \$25 million in 2012 (*Wyoming Tribune Eagle*, July 31, 2018).



By Antonio Purcell de Ogenio | As of October 1, 2018

Overview

The Cheyenne metropolitan area is coterminous with Laramie County in southeastern Wyoming. The metropolitan area is home to the state capital Cheyenne and is the largest metropolitan area in the state. The State of Wyoming is the largest employer, with more than 4,100 employees, followed by F.E. Warren Air Force Base (AFB), with approximately 4,025 employees. F.E. Warren AFB is one of three strategic missile bases in the United States and one of the oldest continuously active military installations. The base was initially established by the U.S. Army as Fort David Allen Russell in 1867. The oil and gas industry contributes high paying jobs to the Cheyenne metropolitan area, but energy prices' volatility also leads to unpredictable swings in energy-related activity.

As of October 1, 2018, the population of the Cheyenne metropolitan area is estimated at 98,700, reflecting an average annual increase of 810, or 0.9 percent, since April 2010.

- Net in-migration averaged 680 people a year from 2005 to 2010, but since 2010, net in-migration has declined by more than one-half, to approximately 310 people a year. Net natural change (resident births minus resident deaths) averaged 500 people annually, since 2010. Net in-migration was strong from 2011 to 2014, averaging about 670 people a year, partly in

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response to economic growth. Since 2014, the net in-migration has averaged approximately 250 people a year.

- The Cheyenne metropolitan area also attracts retirees as a result of its relatively low cost of housing and low taxes compared with the rest of the nation. From 2011 to 2017, the population aged 55 and older increased an average of 3 percent annually, compared with average annual growth of 0.2

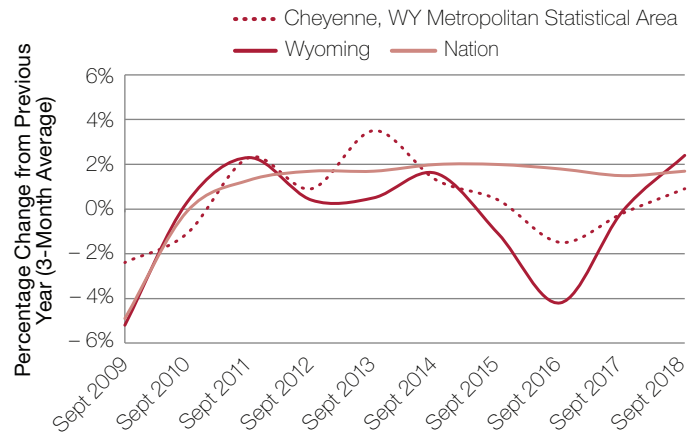
percent for the population below age 55 (American Community Survey 1-year data).

- The workforce in the area is impacted by the volatile nature of energy jobs leading to significant changes in the labor force as workers frequently relocate to different areas around the country. The labor force decreased by 2.5 percent during the 12 months ending September 2018.

Economic Conditions

In the Cheyenne metropolitan area, nonfarm payrolls increased in the third quarter of 2018, despite an overall decrease of 0.1 percent during the 12 months ending September 2018. The payroll decline began in 2016 and was primarily due to falling energy prices. During 2016 and 2017, nonfarm payrolls declined by an average of 400 jobs, or 0.7 percent, annually, led by job losses in the mining, logging, and construction sector, decreasing by an average of 150 jobs, or 3.9 percent, annually. By comparison, nonfarm payroll growth averaged 800 jobs, or 1.7 percent, annually from 2011 through 2015. The Cheyenne metropolitan area is subject to fluctuations in energy prices, and as prices improve, so does the economy. In the 12 months ending September 2018, the professional and business services and the education and health services sectors both increased by 100 jobs, or 2.8 and 3.2 percent respectively. Major nonresidential construction projects underway in the metropolitan area include a new terminal for the Cheyenne Regional Airport and an expansion of a Microsoft data center (*Wyoming Tribune Eagle*). The new airport terminal, with

Nonfarm payroll growth in the Cheyenne area was lower than the growth rate of the state and the nation for the past year.



Note: Nonfarm payroll jobs.
Source: U.S. Bureau of Labor Statistics

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Growth in the mining, logging, and construction sector offset declines in the wholesale and retail trade, the information, and the government sectors in the Cheyenne area.

	3 Months Ending		Year-Over-Year Change	
	September 2017 (Thousands)	September 2018 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	46.9	47.3	0.4	0.9%
Goods-Producing Sectors	5.1	5.4	0.3	5.9%
Mining, Logging, & Construction	3.8	4.1	0.3	7.9%
Manufacturing	1.3	1.3	0.0	0.0%
Service-Providing Sectors	41.8	41.9	0.1	0.2%
Wholesale & Retail Trade	6.6	6.5	-0.1	-1.5%
Transportation & Utilities	3.6	3.7	0.1	2.8%
Information	1.1	1.0	-0.1	-9.1%
Financial Activities	2.2	2.2	0.0	0.0%
Professional & Business Services	3.7	3.8	0.1	2.7%
Education & Health Services	4.5	4.6	0.1	2.2%
Leisure & Hospitality	5.0	5.0	0.0	0.0%
Other Services	1.6	1.6	0.0	0.0%
Government	13.7	13.6	-0.1	-0.7%
	(Percent)	(Percent)		
Unemployment Rate	3.4%	3.7%		

Source: U.S. Bureau of Labor Statistics



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an estimated construction cost of \$10.5 million, will include a 200-passenger waiting area and generated construction jobs for approximately 25 subcontractors. Construction on the Microsoft data center, with an expected cost of more than \$200 million, will add more than 50 permanent jobs.

During the 3 months ending September 2018—

- Nonfarm payrolls averaged 47,300 jobs, an increase of 400 jobs, or 0.9 percent from the same period in 2017, but this was below the growth rates of the state, the Rocky Mountain region, and the nation, at 2.4, 2.8, and 1.7 percent a year, respectively. Due to a higher concentration of energy jobs, the state of Wyoming experiences greater boom and bust cycles than the Cheyenne metropolitan area economy.
- The mining, logging, and construction sector added the most jobs in total with an increase of 300 jobs, or 7.9 percent, compared with a year earlier. This growth reflects a substantial increase in oil production in the Cheyenne metropolitan area (Wyoming Center for Business and Economy Analysis).
- Oil industry job growth was partially offset by payrolls declines in the wholesale and retail trade, the information, and the government sectors, all down by 100 jobs, or 1.5, 9.1, and 0.7 percent, respectively.

Sales Market Conditions

The sales housing market in the Cheyenne metropolitan area is balanced, with an estimated sales vacancy rate of 1.8 percent, down slightly from 2.0 in April 2010. The balanced market reflects strong employment growth, including growth in the oil and gas industry, and occurred despite a decline in both the labor force and net in-migration. During September 2018, a 2.3-month supply of homes was available for sale, down from 2.8 months of supply during September 2017 as economic growth resumed (Cheyenne Board of Realtors®, with adjustments by the analyst). During the 12 months ending August 2018, the average sales price of new and existing homes increased nearly 2 percent from a year ago to \$247,700. The improved sales market led to a decline in the number of seriously delinquent (90 or more days delinquent or in foreclosure) mortgages. During August 2018, 0.8 percent of home loans in the metropolitan area were seriously delinquent or had transitioned into real estate owned (REO) status, down from 1.3 percent a year earlier (CoreLogic, Inc.). By comparison, nearly 1.2 percent of home loans in Wyoming and 1.8 percent of home loans nationally were seriously delinquent or had transitioned into REO status during August 2018.

During the 12 months ending August 2018—

- New home sales (including single-family homes, townhomes, and condominiums) totaled 270, up 7 percent from 250 home sales a year earlier (CoreLogic, Inc., with adjustments by the analyst). New home sales have averaged about 250 a year since 2008, below the average of 470 homes sold annually from 2003 through 2007.

Largest Employers in the Cheyenne Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
State of Wyoming	Government	4,100
F.E. Warren Air Force Base	Government	4,025
Cheyenne Regional Medical Center	Education & Healthcare Services	1,900

Note: Excludes local school districts. Data includes approximately 3,300 military personnel, who are generally not included in nonfarm payroll survey data.

Source: The Cheyenne-Laramie County Corporation for Economic Development

- The unemployment rate averaged 3.7 percent, up from 3.4 percent during the same period a year earlier but remained near the low of 3.2 percent for the 3 months ending September 2007.

During the first half of 2018, oil production was up 35 percent from a year earlier, an increase of approximately 185,500 barrels, with the number of active wells increasing by 18 percent, to 330 wells (Wyoming Center for Business and Economic Analysis). The oil and gas industry contributes high paying jobs, and partially accounted for an increase in average weekly earnings in September 2018 to about \$837, compared with \$794 the previous year (Wyoming Dept. of Administration & Information).

- The average sale price for a new home was \$326,700, down more than 5 percent from the recent peak of \$345,300 a year ago. The average sales price for a new home increased approximately 5 percent a year from 2010 through 2017.
- Existing home sales totaled 2,775, up 0.5 percent from a year earlier. Since reaching a recent low of 1,850 homes sold in 2010, existing home sales increased by an average of 6 percent annually through 2017.
- The average sales price for an existing home was \$241,700, a 3-percent increase from a year earlier. In 2009, after the Great Recession, the average sale price for an existing home reached a low of \$166,800, but prices increased at an average annual rate of 5 percent through 2017.

Single-family home construction, as measured by the number of single-family homes permitted, reached a peak in 2016 of 430 homes permitted. In 2017, single-family permitting declined 10 percent, after 2 years of growth during 2015 and 2016.

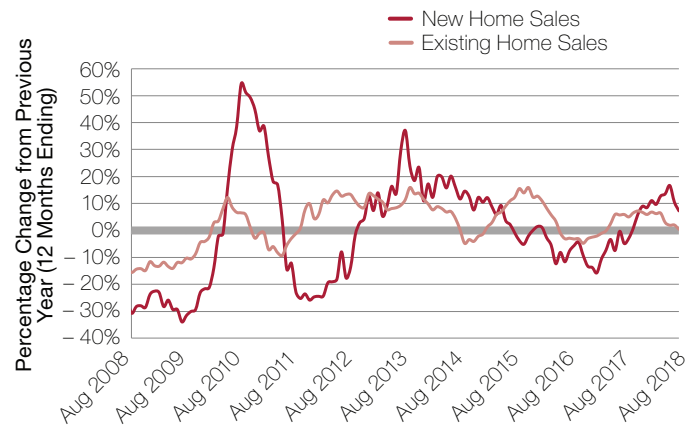
- The number of single-family homes permitted totaled 360 during the 12 months ending September 2018, down 5 percent from the 380 homes permitted a year earlier (preliminary data, with adjustments by the analyst).
- Single-family home permitting increased from 2010 through 2013 by 25 percent annually to 410 homes, declined in 2014 to 305 homes and then averaged 400 from 2015 through 2017.

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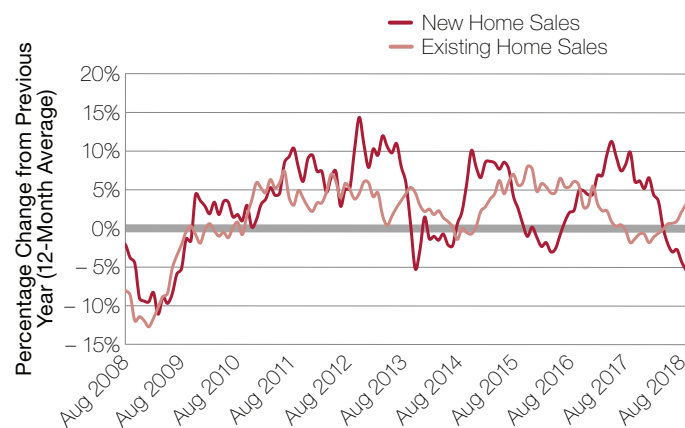
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New home sales have increased since late 2017 in the Cheyenne area, but existing home sales have slowed.



Note: Includes single-family, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst

Existing home sales prices increased in the Cheyenne area during the past year, but new home sales prices slowed.



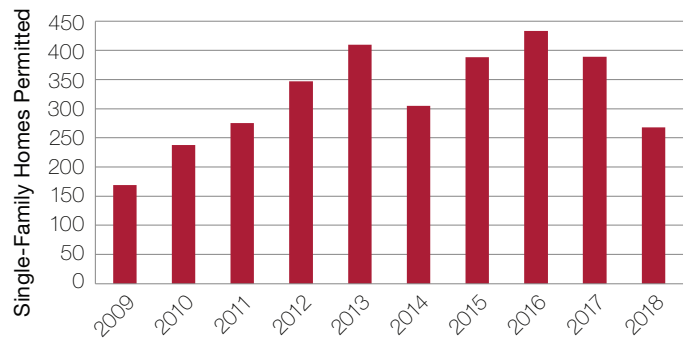
Note: Includes single-family, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst

- A single-family home development currently under construction is Thomas Heights, in the northeastern part of Cheyenne, which will

Apartment Market Conditions

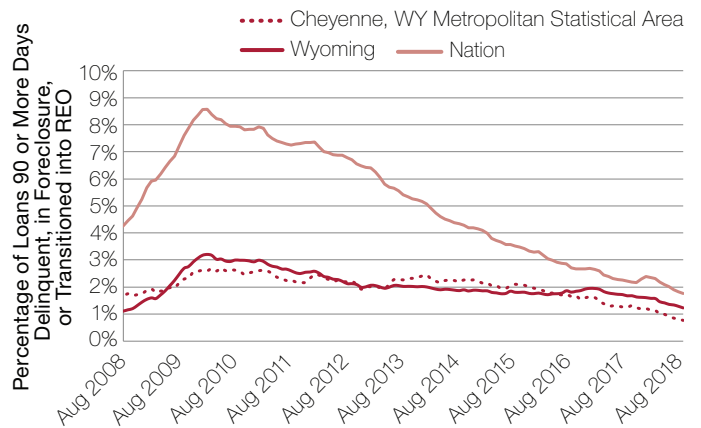
Apartment market housing conditions in the Cheyenne metropolitan area are currently balanced, despite a decline in average rents, due in part to the completion of many new income-restricted units in the past 2 years. Renter households accounted for 31.3 percent of all households in 2017 (Wyoming Community Development Authority), slightly lower than the 2010 rate of 32 percent (2010 Census). The military presence in the metropolitan area provides a stable source of rental demand, consisting of an approximately 1,500 military households. Approximately one-half of the military households in the metropolitan area reside off-base, with more

Single-Family home construction in the Cheyenne area has moderated since its peak in 2016.



Note: Includes preliminary data from January 2018 through September 2018. Source: U.S. Census Bureau, Building Permits Survey

The percentage of seriously delinquent mortgages and REO properties in the Cheyenne area has been consistently lower than the national rate.



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

have approximately 200 homes at buildout. The community has approximately 130 homes completed with more than 120 sold. Home sales prices start at \$290,000 with the average sale price at \$367,500 as of September 2018 (www.cheyennehomes.com).

than 95 percent being renter households (F.E. Warrant AFB Family Housing Office).

- In June 2018 (the most recent data available), the apartment vacancy rate was 4.3 percent, up from 3.8 percent from a year earlier, and the rental vacancy rate for single-family homes was 2.5 percent, up from 1.4 percent a year earlier (Wyoming Community Development Authority semi-annual survey).
- The average monthly apartment rent was \$752 in June 2018, down nearly 11 percent from a year earlier. For single-family

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homes, the average monthly rent was \$1,116, down less than 1 percent from a year earlier.

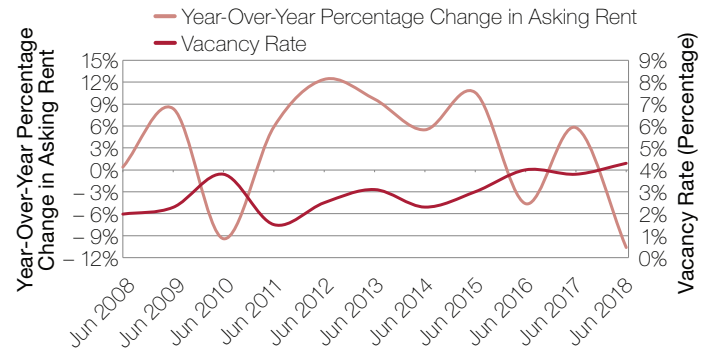
- Monthly apartment rents on June 2018 averaged \$633 for one-bedrooms, \$763 for two-bedrooms, \$907 for three-bedrooms, and \$1,079 for four-bedrooms, up 9 and nearly 1 percent, respectively, for one- and two-bedroom units, and down 2 and 10 percent, for three- and four-bedrooms, respectively. Single-family monthly rents averaged \$661 for one-bedroom, \$914 for two-bedrooms, \$1,157 for three-bedrooms, \$1,394 for four-bedrooms, and \$1,613 for five-bedrooms, down 5 and less than 1 percent, respectively, for one- and two-bedrooms, up 2 and 3 percent, respectively, for three- and four-bedrooms, and down by 1 percent for five-bedrooms.

Multifamily construction activity, as measured by the number of units permitted, averaged about 120 units a year in the Cheyenne metropolitan area from 2013 through 2017. About one-half of all multifamily units completed since 2014 have been income-restricted units (McGraw-Hill Construction Pipeline database).

During the 12 months ending September 2018—

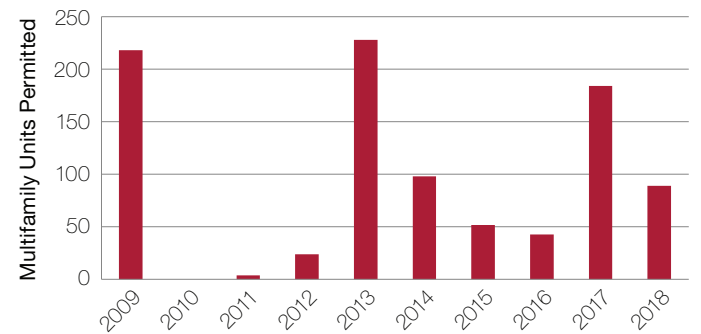
- Approximately 170 multifamily units were permitted in the metropolitan area, up by 55 units, or 50 percent from a year earlier (preliminary data).
- Mission Village of Cheyenne, an 82-unit market-rate development, is currently under construction in northwest Cheyenne and is expected to be completed by mid-2019.
- One of the largest recent market-rate developments is Sundance Apartments, Phase I, with 216 units, and Phase II, with 156 units. The apartments are in the southern part of Cheyenne, and Phases I and II were completed in 2010 and 2014, respectively. The asking rents for a one-, two-, and three-bedroom apartments start at \$815 to \$915, \$1,010 to \$1,060, and \$1,120 to \$1,170, respectively.

Recent completions of affordable units in the Cheyenne area has led to a drop in average apartment rents during the past year.



Source: Wyoming Community Development Authority

Multifamily permitting in the Cheyenne area has increased from the low levels from 2010 through 2012.



Note: Includes preliminary data from January 2018 through September 2018. Source: U.S. Census Bureau, Building Permits Survey

