

HUD PD&R Regional Reports

Region 7: Great Plains



Quick Facts About Region 7

Kansas City, Missouri

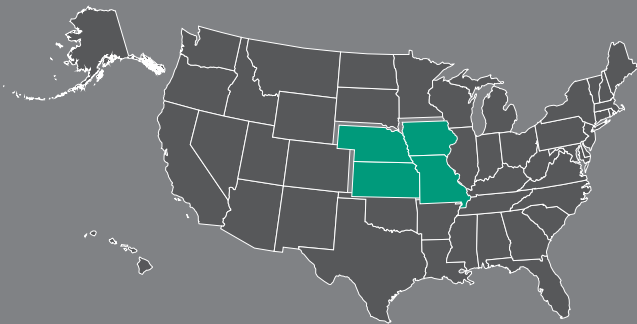
By L. David Vertz | 1st Quarter 2019

Sales market conditions—

First quarter 2019: mixed (balanced to tight)
Fourth quarter 2018: mixed (balanced to tight)
First quarter 2018: mixed (slightly tight to tight)

Apartment market conditions—

First quarter 2019: mixed (balanced to tight)
Fourth quarter 2018: mixed (slightly soft to slightly tight)
First quarter 2018: mixed (slightly soft to slightly tight)



Overview

Economic growth in the Great Plains region continued during the first quarter of 2019, a trend that began in the fourth quarter of 2010. For the ninth consecutive quarter, Missouri led year-over-year job gains, accounting for approximately 50 percent of nonfarm payroll growth in the region. Sales housing market conditions ranged from balanced to tight in most metropolitan areas in the region during the first quarter of 2019. Apartment market conditions ranged from balanced to tight throughout the region, with the Omaha metropolitan area having the largest increase in rent growth, up 8 percent from a year ago.

- Home sales increased in the region during the first quarter of 2019, led by a 3-percent increase in both Iowa and Nebraska; home sales prices were up in every state in the region, ranging from a 4-percent increase in both Missouri and Nebraska to an 8-percent increase in Iowa.
- During the first quarter of 2019, apartment absorption in the region decreased to 610 units, the lowest first quarter absorption level since 2010 (Reis, Inc.). By comparison, from 2011 through 2018, the number of units absorbed in the region during the first quarter of each year averaged 1,125.



Economic Conditions

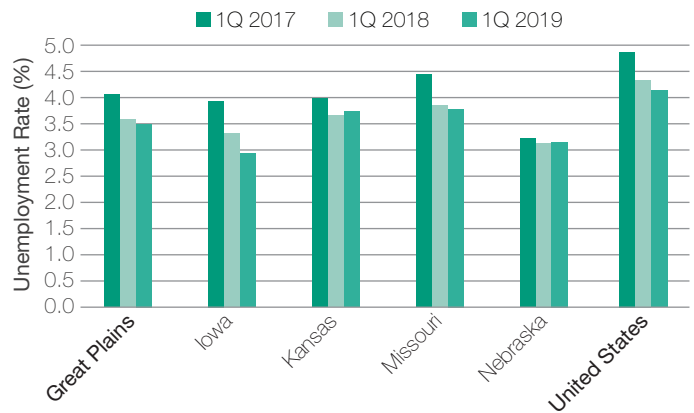
Economic growth in the Great Plains region continued during the first quarter of 2019, a trend that began in the fourth quarter of 2018. Nonfarm payrolls increased 0.6 percent, or by 39,700 jobs, compared with the number of jobs during the same quarter a year earlier, to 6.85 million jobs, and every state in the region added jobs. During the first quarter of 2019, the manufacturing and the education and health services sectors combined accounted for nearly 85 percent of total payroll growth in the region. The manufacturing sector added 19,600 jobs, a 2.6-percent increase from the same quarter a year ago. The education and health services sector increased by 14,100 jobs, or 1.3 percent, during the same period. Increased hiring during the first quarter of 2019 resulted in a 3.5-percent unemployment rate in the region, an improvement from the 3.6-percent rate recorded during the first quarter of 2018.

During the first quarter of 2019—

- In Kansas, the manufacturing sector, with a gain of 4,300 jobs, or 2.6 percent, led an increase in nonfarm payrolls of 8,400 jobs, or 0.6 percent, from the first quarter of 2018.
- Nonfarm payrolls in Missouri increased by 19,800 jobs, or 0.7 percent, compared with the number of nonfarm payrolls during the same period a year ago. The education and health services and manufacturing sectors combined accounted for nearly 90 percent of total payroll growth statewide.

- Nonfarm payrolls in Nebraska increased by 3,100 jobs, or 0.3 percent, compared with the number of nonfarm payrolls during the same period a year ago.
- In Iowa, the manufacturing sector, with a gain of 8,300 jobs, or 3.8 percent, led an increase in nonfarm payrolls of 8,400 jobs, or 0.5 percent.

The unemployment rate declined in the Great Plains region from the first quarter of 2018, remaining below the national rate during the first quarter of 2019.



1Q = first quarter.
Source: U.S. Bureau of Labor Statistics

The manufacturing sector, which added 19,600 jobs during the first quarter of 2019, led job growth in the Great Plains region.

	First Quarter		Year-Over-Year Change	
	2018 (Thousands)	2019 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	6,809.5	6,849.2	39.7	0.6
Goods-Producing Sectors	1,050.2	1,066.2	16.0	1.5
Mining, Logging, & Construction	300.8	297.2	-3.6	-1.2
Manufacturing	749.4	769.0	19.6	2.6
Service-Providing Sectors	5,759.3	5,783.0	23.7	0.4
Wholesale & Retail Trade	1,019.5	1,013.0	-6.5	-0.6
Transportation & Utilities	291.9	296.5	4.6	1.6
Information	109.3	107.1	-2.2	-2.0
Financial Activities	430.5	430.9	0.4	0.1
Professional & Business Services	809.3	815.6	6.3	0.8
Education & Health Services	1,065.7	1,079.8	14.1	1.3
Leisure & Hospitality	639.6	645.8	6.2	1.0
Other Services	258.6	256.4	-2.2	-0.9
Government	1,135.0	1,138.0	3.0	0.3

Note: Numbers may not add to totals due to rounding.
Source: U.S. Bureau of Labor Statistics



Population

As of July 1, 2018, the population of the Great Plains region was estimated to be 14.12 million, a 0.3-percent increase from a year earlier, unchanged from the average annual rate of growth since 2010 (Census Bureau population estimates as of July 1). By comparison, population growth from 2000 to 2010 averaged 0.6 percent a year, compared with 0.9-percent growth nationwide (Census Bureau). Population growth in the region peaked at 0.7 percent in 2006 but began to slow in late 2007 and early 2008 because of the national recession. Since 2010, a gradual economic recovery in the region, which has lagged the recovery in many other regions in the nation, resulted in population growth rates approximately one-half of those of the nation.

During the 12 months ending July 1, 2018—

- The overall population growth in the region totaled 42,850, entirely the result of net natural change (resident births

minus resident deaths). Net out-migration in the region has occurred each year since 2016.

- The population of Nebraska, which had the highest population growth rate of any state in the region, was up 0.6 percent to 1.93 million, with approximately 10 percent of the growth because of net in-migration. Nebraska is the only state in the region to record net in-migration each year since 2010.
- Among the 41 states nationwide that recorded an increase in population during the past year, Kansas recorded the smallest gain, up approximately 820 people from a year ago. Population gains in Kansas have been slower than other states in the region because of a large out-migration from the state, a trend that began in 2013.

The population growth rate in the Great Plains region was unchanged during 2018 and has averaged 0.3 percent annually since 2010.

	Population Estimate			Percentage Change	
	2016	2017	2018	2016 to 2017	2017 to 2018
United States	323,071,342	325,147,121	327,167,434	0.6	0.6
Great Plains Region	14,036,175	14,080,513	14,123,370	0.3	0.3
Iowa	3,131,785	3,143,637	3,156,145	0.4	0.4
Kansas	2,911,263	2,910,689	2,911,505	0.0	0.0
Missouri	6,087,203	6,108,612	6,126,452	0.4	0.3
Nebraska	1,905,924	1,917,575	1,929,268	0.6	0.6

Note: The population estimates are as of July 1.
Source: U.S. Census Bureau

Sales Market Conditions

Home sales increased in the Great Plains region during the 12 months ending March 2019 compared with sales during the same period a year ago. During the 12 months ending March 2019, the number of new and existing home sales in the region (including single-family homes, townhomes, and condominiums) increased 2 percent to approximately 202,900 compared with the number sold a year ago (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). During the same period, the average home sales price in the region increased 5 percent to \$199,600.

Sales housing market conditions ranged from balanced to tight in the large metropolitan areas in the region during the first quarter of 2019. In the Kansas City metropolitan area, the sales market was slightly tight, with the number of new and existing homes sold down 2 percent, to 39,500, during the 12 months ending

March 2019; compared with the number sold a year earlier, the average home sales price increased 5 percent to \$239,700 (Kansas City Regional Association of Realtors®; Heartland Multiple Listing Service, Inc.). In the St. Louis area (Franklin, Jefferson, St. Louis, and St. Charles Counties and the city of St. Louis), where the sales market was balanced, existing home sales increased 1 percent to 44,100 homes sold, and the average existing home sales price was relatively unchanged at \$238,800 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). In the Des Moines-West Des Moines metropolitan area, the sales market was balanced. New and existing home sales decreased 8 percent to 16,100 homes sold, and the average sales price increased 8 percent to \$223,600 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). Sales market conditions in the Omaha-Council Bluffs metropolitan area

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Home sales and home sales prices increased in every state in the Great Plains region during the 12 months ending March 2019 despite slowing homes sales in several of the major metropolitan areas.

	12 Months Ending	Number of Homes Sold				Price		
		2018	2019	Percent Change	Average or Median	2018 (\$)	2019 (\$)	Percent Change
Iowa (N&E)	March	34,250	35,400	3	AVG	175,100	188,500	8
Des Moines-West Des Moines (N&E)	March	17,450	16,100	-8	AVG	206,100	223,600	8
Kansas (N&E)	March	39,600	39,800	1	AVG	176,900	184,900	5
Kansas City* (N&E)	March	40,250	39,500	-2	AVG	227,700	239,700	5
Missouri (N&E)	March	110,300	112,600	2	AVG	201,900	210,200	4
St. Louis** (E)	March	43,450	44,100	1	AVG	236,000	238,800	1
Nebraska (N&E)	March	14,650	15,150	3	AVG	179,400	187,200	4
Omaha-Council Bluffs*** (N&E)	March	21,150	20,350	-4	AVG	202,600	210,600	4

AVG = average. E = existing. N&E = new and existing.

*Homes sold in Kansas City are captured in both the states of Kansas and Missouri.

**Data reflects sales in the city of St. Louis, Franklin County, Jefferson County, St. Charles County, and St. Louis County only.

***Homes sold in Omaha-Council Bluffs are captured in both the states of Nebraska and Iowa.

Note: All data above include single-family homes, townhomes, and condominiums.

Sources: Kansas City Regional Association of Realtors®; Heartland Multiple Listing Service, Inc.; all others—Metrostudy, A Hanley Wood Company with adjustments by the analyst

were tight. Total home sales decreased 4 percent to 20,350 homes sold, and the average sales price increased 4 percent to \$210,600 from the same period a year ago (Metrostudy, A Hanley Wood Company, with adjustments by the analyst).

The percentage of seriously delinquent mortgage loans (loans that are 90 or more days delinquent or in foreclosure) and real estate owned (REO) properties in the region declined during the past year, in part because of improved economic conditions. As of February 2019, 1.3 percent of home loans in the region were seriously delinquent or had transitioned into REO status, down from 1.6 percent a year ago (CoreLogic, Inc.).

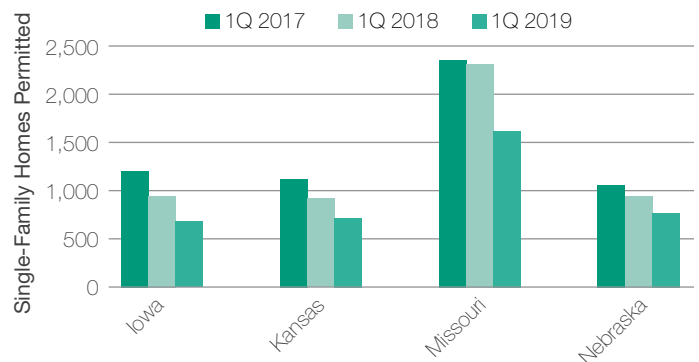
During the first quarter of 2019 (preliminary data)—

- Single-family homebuilding activity, as measured by the number of homes permitted, decreased in the region to approximately 3,750 single-family homes, a decline of 1,350 homes, or 26 percent, compared with the number of homes permitted during the first quarter of 2018.
- In Nebraska, the number of single-family homes permitted decreased 19 percent to 760 homes from 940 a year ago.
- In Kansas, the number of single-family homes permitted decreased 23 percent to 710 from 920 a year ago.
- In Iowa, the number of single-family homes permitted decreased 29 percent to 680 homes compared with 950

permitted a year ago despite strong gains in home sales prices in the Des Moines-West Des Moines metropolitan area.

- In Missouri, single-family home permitting decreased 30 percent to 1,625 homes permitted from 2,300 a year ago. Single-family permitting decreased nearly 50 percent on the Missouri side of the Kansas City metropolitan area from a year ago.

Single-family permitting activity decreased in every state in the Great Plains region from the first quarter of 2018.



1Q = first quarter.

Note: Based on preliminary data.

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



Apartment Market Conditions

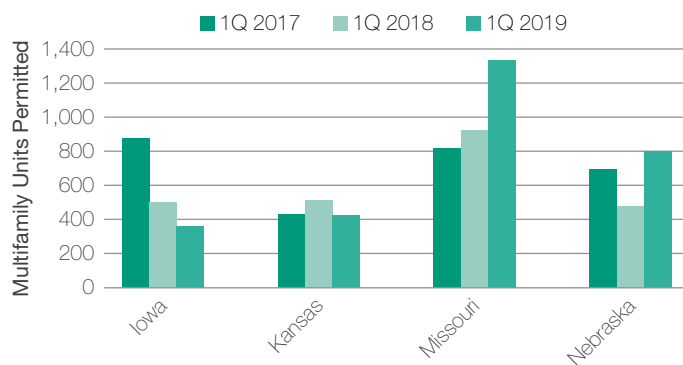
Apartment market conditions ranged from balanced to tight in most of the large metropolitan areas in the Great Plains region during the first quarter of 2019. In the Omaha metropolitan area, the apartment market was tight, with a 4.8-percent vacancy rate, down from 4.9 percent a year earlier, and the average rent was up 8 percent to \$929 (ALN Apartment Data, Inc.). Apartment market conditions in the largest markets in Missouri ranged from balanced to slightly tight in the first quarter of 2019. In the Kansas City metropolitan area, conditions remained slightly tight; the vacancy rate was unchanged at 6.0 percent, and the average rent increased 4 percent from a year earlier to \$1,012. In the St. Louis metropolitan area, conditions were balanced; the apartment vacancy rate increased from a year earlier to 8.0 percent, and the average rent increased 4 percent to \$1,016. In the Wichita metropolitan area, the apartment market was balanced, with a 7.8-percent vacancy rate in the first quarter of 2019, down from the 8.7-percent rate a year earlier, and the average rent increased 3 percent to \$719. In the Des Moines-West Des Moines metropolitan area, the apartment market was balanced during the first quarter of 2019, with a 7.4-percent vacancy rate, up from 6.1 percent a year earlier, and the average rent increased 3 percent to \$960.

During the first quarter of 2019 (preliminary data)—

- Multifamily construction, as measured by the number of multifamily units permitted, increased 21 percent in the region from the first quarter of 2018 to 2,950 units permitted.
- In Missouri, 1,350 multifamily units were permitted, up 44 percent from the 930 units permitted during the same period a year ago.

- The number of multifamily units permitted in Nebraska totaled 800, up from the 490 units permitted during the first quarter of 2018. The increase in multifamily building activity is attributed almost entirely to increased production in the Omaha metropolitan area where the apartment market is tight.
- In Kansas, 430 units were permitted, down 16 percent from the 510 units permitted a year ago. The number of multifamily units permitted in Iowa decreased 28 percent to 370 units from 510 during the same period a year ago. Approximately 70 percent of the statewide decline in multifamily units permitted occurred in the Des Moines-West Des Moines metropolitan area.

Multifamily permitting in the Great Plains region was up from a year ago, led by a 66-percent increase in Nebraska.



1Q = first quarter.
 Note: Based on preliminary data.
 Source: U.S. Census Bureau, Building Permits Survey

Apartment market conditions during the first quarter of 2019 ranged from balanced to tight in most of the major metropolitan areas in the Great Plains region.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		1Q 2018 (%)	1Q 2019 (%)	Percentage Point Change	1Q 2018 (\$)	1Q 2019 (\$)	Percent Change
Des Moines-West Des Moines	Balanced	6.1	7.4	1.3	933	960	3
Kansas City	Slightly Tight	6.0	6.0	0.0	970	1,012	4
Omaha	Tight	4.9	4.8	-0.1	864	929	8
St. Louis	Balanced	7.7	8.0	0.3	973	1,016	4
Wichita	Balanced	8.7	7.8	-0.9	700	719	3

1Q = first quarter.
 Sources: Market condition—Economic and Market Analysis Division; vacancy rate and average monthly rent—ALN Apartment Data, Inc.

