

HUD PD&R Regional Reports

Region 7: Great Plains

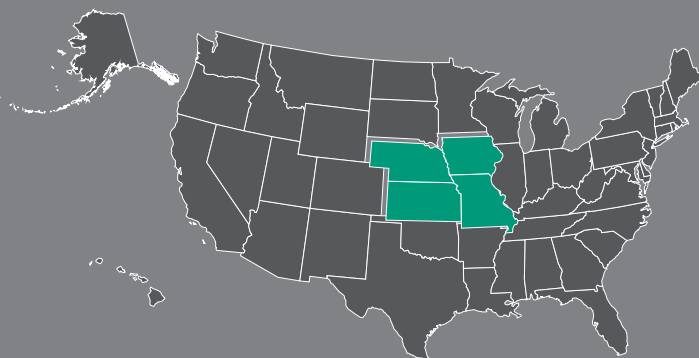


Quick Facts About Region 7

St. Louis, Missouri

By L. David Vertz | 1st Quarter 2021

- **Sales market conditions—**
First quarter 2021: mixed (balanced to tight)
Fourth quarter 2020: mixed (balanced to tight)
First quarter 2020: mixed (balanced to tight)
- **Apartment market conditions—**
First quarter 2021: mixed (balanced to slightly tight)
Fourth quarter 2020: mixed (balanced to tight)
First quarter 2020: mixed (slightly soft to tight)



Overview

Economic conditions in the Great Plains region were weak during the first quarter of 2021 compared with the same period a year ago, due largely to the ongoing effects of COVID-19. Despite weakened conditions, the rate of job loss has slowed for three consecutive quarters since the abrupt decline in the second quarter of 2020. Year-over-year, nonfarm payrolls in the region declined 4.0 percent during the first quarter of 2021, compared with declines of 9.2-, 5.2-, and 4.7-percent during the second, third, and fourth quarters of 2020, respectively. Despite the historic economic downturn, sales housing market conditions ranged from balanced to tight in most metropolitan areas in the region during the first quarter of 2021. Apartment market conditions ranged from balanced to slightly tight throughout the region, with the Omaha and Wichita metropolitan areas having the most substantial rent increase—up 4 percent each from a year ago.

- Home sales increased in the region during the first quarter of 2021; a 6-percent gain in Kansas led that increase. Home sales prices were up in every state in the region, ranging from a 6-percent increase in Iowa to a 10-percent increase in Kansas and Missouri.

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- During the first quarter of 2021, apartment production outpaced absorption in the region for the second consecutive quarter. By comparison, from 2010 through

2020, the number of units absorbed in the region during the first quarter of each year averaged 1,025 (Moody's Analytics REIS).

Economic Conditions

Nonfarm payrolls in the Great Plains region decreased 4.0 percent, or by 277,200 jobs, to 6.61 million jobs during the first quarter of 2021, compared with the number of jobs during the same quarter a year earlier. During the first quarter of 2021, every state in the region lost jobs, year-over-year. As of March 2021, approximately 68 percent of jobs have been recovered since the downturn began in April 2020 (not seasonally adjusted). During the first quarter of 2021, the leisure and hospitality sector accounted for more than one-third of the total payroll decline in the region, down 103,300 jobs—a 16.0-percent decrease from the same quarter a year ago. During the first quarter of 2021, the regional unemployment rate increased to 4.5 percent—up from 3.7 percent during the first quarter of 2020. Although the unemployment rate in the region increased from a year ago, the state of Nebraska recorded a decrease, the only state in the nation to record a decline during the period. In Nebraska, gains in resident employment during the first quarter of 2021 outpaced the change in the labor force during the same period.

During the first quarter of 2021 —

- Nonfarm payrolls in Missouri decreased by 115,200 jobs, or 4.0 percent, compared with the number of nonfarm payrolls during the same period a year ago; a decline of 50,600 jobs, or 17.2 percent, in the leisure and hospitality sector led that decrease.
- In Iowa, the leisure and hospitality sector—with a loss of 25,000 jobs, or 18.3 percent—contributed to a decline in total nonfarm payrolls of 73,000 jobs, or 4.7 percent, from the first quarter of 2020.
- Nonfarm payrolls in Kansas decreased by 61,800 jobs, or 4.4 percent, to 1.35 million jobs; 10 of the 11 payroll sectors in Kansas declined. The transportation and utilities sector increased by 2,900 jobs, or 4.4 percent, from a year ago.
- Nonfarm payrolls in Nebraska decreased by 27,200 jobs, or 2.7 percent, compared with the number of nonfarm payrolls

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Nonfarm payrolls in the Great Plains region declined in nearly every sector during the first quarter of 2021, with the lone exception of the transportation and utilities sector, which was up approximately 2 percent from a year ago.

	First Quarter		Year-Over-Year Change	
	2020 (Thousands)	2021 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm	6,886.8	6,609.6	-277.2	-4.0
Goods-Producing Sectors	1,085.4	1,050.7	-34.7	-3.2
Mining, Logging, & Construction	318.4	309.3	-9.1	-2.9
Manufacturing	767.0	741.4	-25.6	-3.3
Service-Providing Sectors	5,801.3	5,558.9	-242.4	-4.2
Wholesale & Retail Trade	996.2	986.9	-9.3	-0.9
Transportation & Utilities	302.5	309.2	6.7	2.2
Information	103.2	93.9	-9.3	-9.0
Financial Activities	437.1	429.0	-8.1	-1.9
Professional & Business Services	807.6	786.6	-21.0	-2.6
Education & Health Services	1,097.9	1,063.7	-34.2	-3.1
Leisure & Hospitality	646.6	543.3	-103.3	-16.0
Other Services	262.0	249.0	-13.0	-5.0
Government	1,148.2	1,097.2	-51.0	-4.4

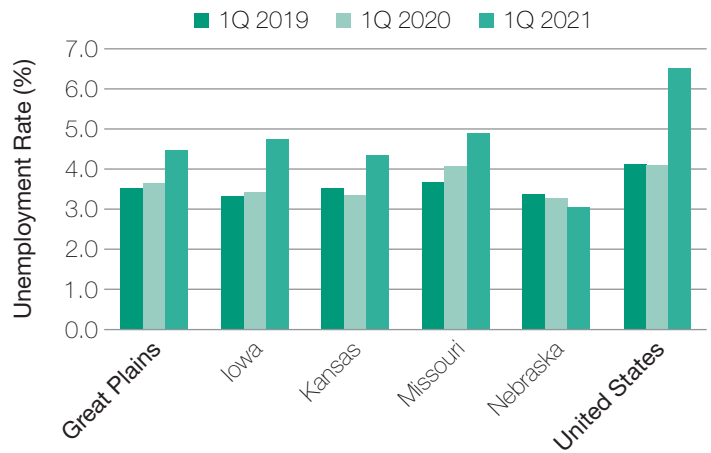
Note: Numbers may not add to totals due to rounding.
Source: U.S. Bureau of Labor Statistics



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during the same period a year ago. The mining, logging, and construction sector was the only sector to increase—up 100 jobs, or 0.3 percent, from the first quarter of 2020.

The unemployment rate in the Great Plains region increased from the first quarter of 2020 despite an improvement in Nebraska, which was the only state in the nation to record a decline during the period.



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

Population

As of April 1, 2020, the population of the Great Plains region was 14.24 million, an average increase of 53,000 or 0.4 percent annually since April 2010 (U.S. Census Bureau). By comparison, population growth from 2000 to 2010 averaged 79,400, or 0.6 percent a year. 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 of the country, resulted in population growth rates of approximately one-half of those of the nation.

As of April 1, 2020—

- The population of Nebraska totaled 1.96 million, with an average increase of 13,500, or 0.7 percent, since April 2010, representing the highest growth rate of any state in the region during the period.
- Missouri, the most populous state in the region, recorded the largest numerical gain for population growth, up 166,000, representing an average increase of 16,600, or 0.3 percent, annually since April 2010.

The population growth in the Great Plains region from 2010 to 2020 was lower than the previous decade, with sharp declines recorded in Kansas and Missouri.

	Population (as of April 1)			Percentage Change	
	2000	2010	2020	2000 to 2010	2010 to 2020
United States	281,421,906	308,745,538	331,449,281	0.9%	0.7%
Great Plains Region	12,921,216	13,714,741	14,244,666	0.6%	0.4%
Iowa	2,926,324	3,046,355	3,190,369	0.4%	0.5%
Kansas	2,688,418	2,853,118	2,937,880	0.6%	0.3%
Missouri	5,595,211	5,988,927	6,154,913	0.7%	0.3%
Nebraska	1,711,263	1,826,341	1,961,504	0.7%	0.7%

Source: U.S. Census Bureau

Sales Market Conditions

Home sales increased in the Great Plains region during the 12 months ending March 2021 compared with sales during the same period a year ago. The number of new and existing home

sales in the region (including single-family homes, townhomes, and condominiums) increased 2 percent, to approximately 213,000 home sales, compared with the number of homes sold

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Total home sales in the Great Plains region increased 2 percent during the past year, while home sales prices increased an average of 9 percent.

	12 Months Ending	Number of Homes Sold				Price		
		2020	2021	Percent Change	Average	2020 (\$)	2021 (\$)	Percent Change
Iowa (N&E)	March	35,050	34,400	-2	AVG	\$192,800	\$204,000	6
Des Moines-West Des Moines (N&E)	March	16,400	18,200	11	AVG	\$231,600	\$247,700	7
Kansas (N&E)	March	39,700	42,200	6	AVG	\$188,600	\$206,900	10
Kansas City* (N&E)	March	57,400	59,200	3	AVG	\$264,100	\$297,100	12
Missouri (N&E)	March	118,600	120,700	2	AVG	\$208,900	\$230,600	10
St. Louis** (N&E)	March	53,100	52,900	0	AVG	\$233,700	\$249,300	7
Nebraska (N&E)	March	15,250	15,700	3	AVG	\$196,900	\$210,700	7
Omaha-Council Bluffs*** (N&E)	March	21,100	22,100	5	AVG	\$219,500	\$240,600	10

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

Notes: All data above include single-family homes, townhomes, and condominiums. *Number of homes sold in Kansas City is captured in the states of both Kansas and Missouri. **Data reflect sales in the city of St. Louis and Franklin, Jefferson, St. Charles, and St. Louis Counties only. ***Number of homes sold in Omaha-Council Bluffs is captured in the states of both Nebraska and Iowa.

Sources: Zonda, with adjustments by the analyst

a year ago (Zonda, with adjustments by the analyst). The only decline occurred in Iowa, with home sales down 2 percent from a year ago. During the same period, the average home sales price in the region increased 9 percent to \$220,000.

Sales housing market conditions ranged from balanced to tight in the large metropolitan areas of the region during the first quarter of 2021. In the Kansas City metropolitan area, the sales market was slightly tight during the 12 months ending March 2021. The number of new and existing homes sold increased 3 percent, to 59,200 home sales, compared with the number sold a year earlier; the average home sales price increased 12 percent to \$297,100 (Zonda, with adjustments by the analyst). The sales market was balanced in the St. Louis area (Franklin, Jefferson, St. Louis, and St. Charles Counties and the city of St. Louis). New and existing home sales were relatively unchanged, at 52,900 homes sold, and the average home sales price increased 7 percent, to \$249,300 (Zonda, with adjustments by the analyst). In the Des Moines-West Des Moines metropolitan area, the sales market was slightly tight. New and existing home sales increased 11 percent to 18,200 homes sold, and the average sales price increased 7 percent to \$247,700 (Zonda, with adjustments by the analyst). Sales market conditions in the Omaha-Council Bluffs metropolitan area were tight. Total home sales increased 5 percent to 22,100 homes sold, and the average sales price increased 10 percent, to \$240,600, from the same period a year ago (Zonda, 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 increased during the past year. As of February 2021, 2.9 percent of home loans in the region were seriously delinquent or had transitioned into REO status—up from 1.1 percent a year ago (CoreLogic, Inc.).

During the first quarter of 2021 (preliminary data)—

- Single-family homebuilding activity in the region, as measured by the number of homes permitted, rose to approximately 6,825 single-family homes—an increase of 1,775 homes, or 35 percent, compared with the number of homes permitted during the first quarter of 2020.
- In Iowa, the number of single-family homes permitted increased 57 percent, to 1,575 homes, compared with 1,000 homes permitted a year ago. Single-family home permitting in the Des Moines-West Des Moines metropolitan area increased 73 percent, to 1,200 homes, from a year ago.
- In Kansas, single-family home permitting increased 38 percent, to 1,175 homes permitted, from 860 homes permitted a year ago. Single-family homes permitted on the Kansas side of the Kansas City metropolitan area increased by a larger rate—approximately 57 percent—to 740 units permitted.
- In Nebraska, the number of single-family homes permitted increased 30 percent, to 1,300 homes, from 1,000 homes permitted a year ago. Single-family homes permitted in the Omaha-Council Bluffs metropolitan area accounted for more than half the statewide gain—up approximately 25 percent, to 890 homes, from a year ago.

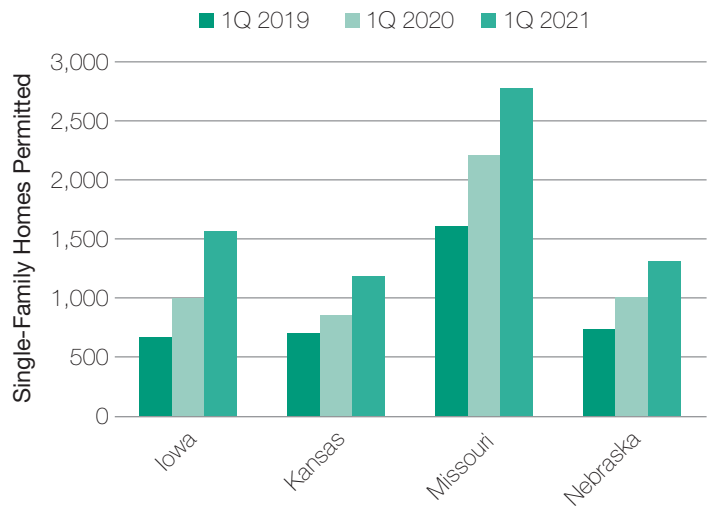
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- In Missouri, single-family home permitting increased 25 percent, to 2,775 homes permitted, from 2,200 homes permitted a year ago because of builders responding to strong gains in home sales prices in the Missouri suburbs of both the Kansas City and St. Louis metropolitan areas.

In the Great Plains region, single-family permitting was up in each state, led by a 57-percent increase in Iowa.



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 slightly tight in most large metropolitan areas in the Great Plains region during the first quarter of 2021. The apartment market in the Omaha metropolitan area was slightly tight, with a 5.7-percent vacancy rate—up from a year earlier—and the average rent was up 4 percent to \$989 (ALN Apartment Data, Inc.). Apartment market conditions in the largest markets in Missouri were balanced in the first quarter of 2021. In the Kansas City metropolitan area, the vacancy rate increased from 6.1 to 6.9 percent, and the average rent increased 3 percent from a year earlier to \$1,083. In the St. Louis metropolitan area, the

apartment vacancy rate decreased from 7.0 to 6.5 percent, and the average rent increased 3 percent, to \$1,120, from a year earlier. The apartment market was balanced in the Wichita metropolitan area, with a 6.2-percent vacancy rate in the first quarter of 2021—down from 7.6 percent a year earlier—and the average rent increased 4 percent to \$763. In the Des Moines-West Des Moines metropolitan area, the apartment market was balanced during the first quarter of 2021, with a 7.6-percent vacancy rate—up from 7.2 percent a year earlier—and the average rent increased 2 percent to \$982.

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Apartment market conditions ranged from balanced to slightly tight in most major metropolitan areas in the Great Plains region during the first quarter of 2021.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		1Q 2020 (%)	1Q 2021 (%)	Percentage Point Change	1Q 2020 (\$)	1Q 2021 (\$)	Percent Change
Des Moines-West Des Moines	Balanced	7.2	7.6	0.4	966	982	2
Kansas City	Balanced	6.1	6.9	0.8	1,055	1,083	3
Omaha	Slightly Tight	4.7	5.7	1	954	989	4
St. Louis	Balanced	7.0	6.5	-0.5	1,085	1,120	3
Wichita	Balanced	7.6	6.2	-1.4	736	763	4

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



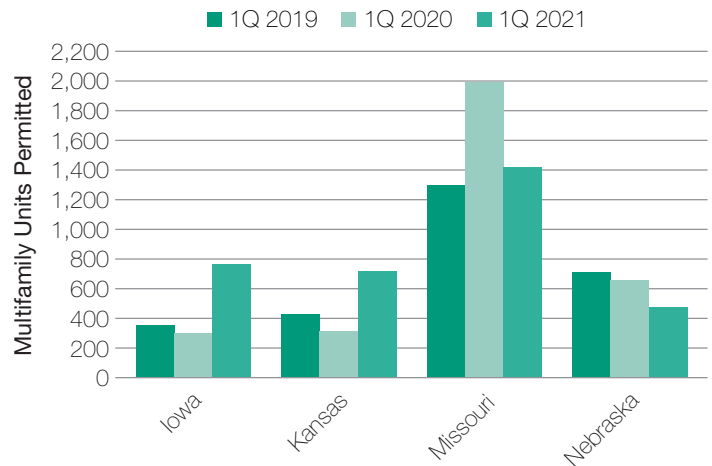
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During the first quarter of 2021 (preliminary data)—

- Multifamily construction—as measured by the number of multifamily units permitted—increased 3 percent in the region, to 3,375 units, from the first quarter of 2020.
- In Iowa, 760 multifamily units were permitted—up from the 300 units permitted during the same period a year ago; approximately 400 units, or 53 percent of the statewide figure, were permitted in the Des Moines-West Des Moines metropolitan area during the first quarter of 2021.
- The number of multifamily units permitted in Kansas more than doubled from 320 units during the first quarter of 2020 to 720 units; approximately 95 percent of the gain occurred on the Kansas side of the Kansas City metropolitan area, where apartment market conditions are currently tight.
- The number of multifamily units permitted in Nebraska decreased 28 percent, to 480 units, from 660 units during the same period a year ago. All of the decline occurred in Madison County, the largest county in the Norfolk micropolitan area, located approximately 100 miles northwest of Omaha.
- In Missouri, 1,425 multifamily units were permitted—down 29 percent from the 2,000 units permitted during the same period a year ago. All of the decline in multifamily building activity occurred on the Missouri side of both the Kansas

City and St. Louis metropolitan areas, offsetting a net gain of approximately 160 multifamily units permitted in Springfield, representing nearly double the number of units permitted in the area during the first quarter of 2020.

Multifamily permitting activity in the Great Plains region increased during the first quarter of 2021 despite declines of nearly 30 percent in both Missouri and Nebraska.



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

