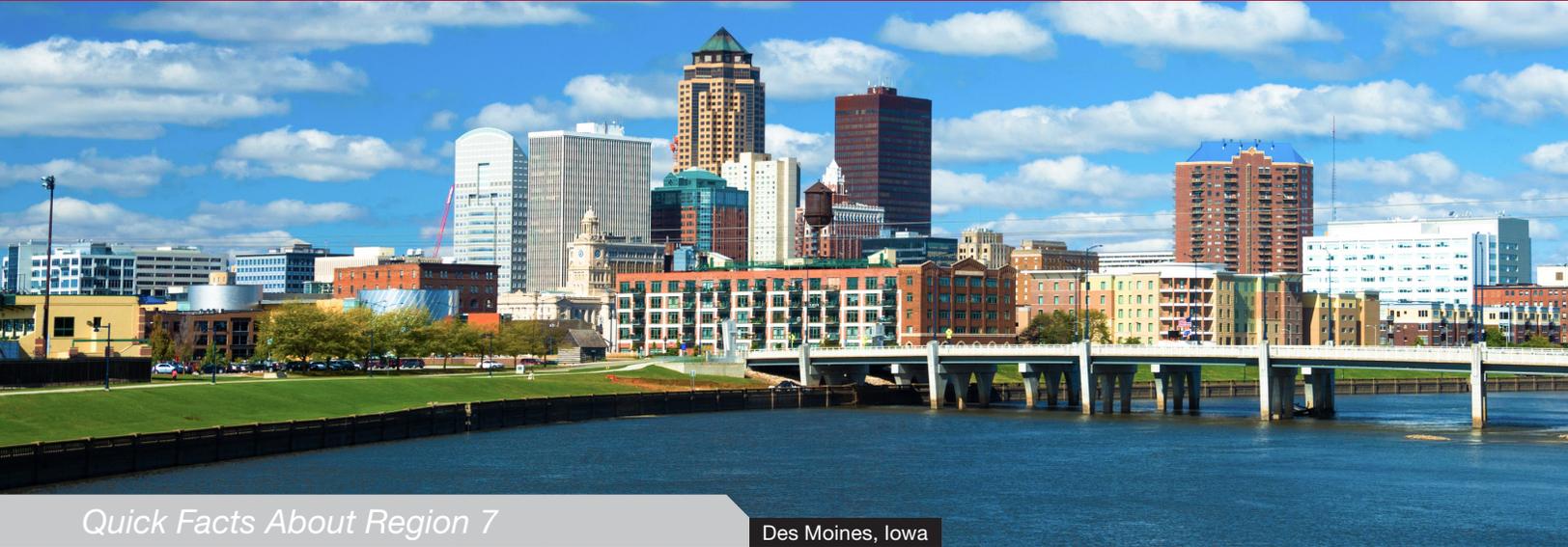


HUD PD&R Regional Reports

Region 7: Great Plains

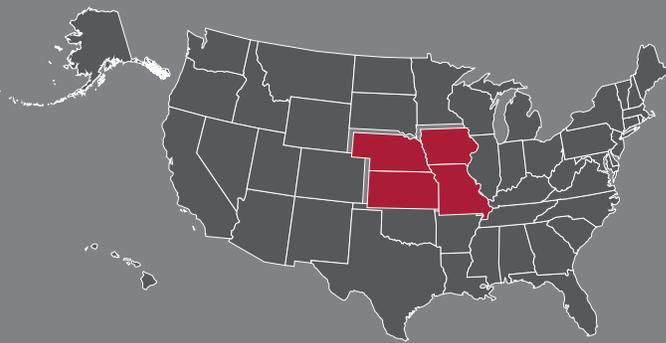


Quick Facts About Region 7

Des Moines, Iowa

By L. David Vertz | 3rd Quarter 2019

- **Sales market conditions—**
Third quarter 2019: mixed (balanced to tight)
Second quarter 2019: mixed (balanced to tight)
Third quarter 2018: mixed (balanced to tight)
- **Apartment market conditions—**
Third quarter 2019: mixed (slightly soft to tight)
Second quarter 2019: mixed (balanced to tight)
Third quarter 2018: mixed (slightly soft to slightly tight)



Overview

Economic growth in the Great Plains region continued during the third quarter of 2019, a trend that began in the fourth quarter of 2010. For the 11th consecutive quarter, Missouri led year-over-year job gains, accounting for approximately 45 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 third quarter of 2019. Apartment market conditions ranged from slightly soft to tight throughout the region, with the Omaha metropolitan area having the largest increase in rent growth, up 7 percent from a year ago.

- Home sales decreased slightly in the region during the third quarter of 2019, led by a 4-percent decline in Iowa; home sales prices were up in every state in the region, ranging from a 3-percent increase in Kansas to a 6-percent increase in Iowa.
- During the third quarter of 2019, apartment absorption in the region decreased to 1,250 units, down from 1,750 units absorbed during the third quarter of 2018 (Reis, Inc.). By comparison, from 2010 through 2017, the number of units absorbed in the region during the third quarter of each year averaged 1,300.



Economic Conditions

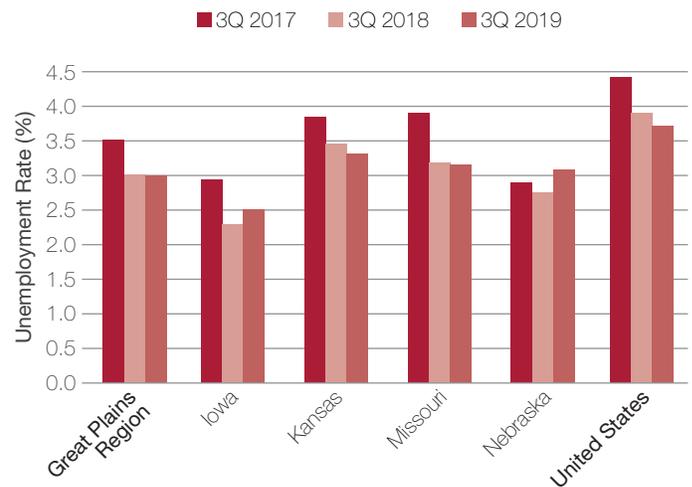
Economic growth in the Great Plains region continued during the third quarter of 2019, a trend that began in the fourth quarter of 2010. Nonfarm payrolls increased 1.1 percent, or by 74,100 jobs, compared with the number of jobs during the same quarter a year earlier, to 6.98 million jobs, and every state in the region added jobs. During the third quarter of 2019, the combined leisure and hospitality and the education and health services sectors accounted for more than 40 percent of total payroll growth in the region. The leisure and hospitality sector added 18,300 jobs, a 2.6-percent increase from the same quarter a year ago. The education and health services sector increased by 15,300 jobs, or 1.4 percent, during the same period. Increased hiring during the third quarter of 2019 resulted in a 3.0-percent unemployment rate in the region, unchanged from the 3.0-percent unemployment rate recorded during the third quarter of 2018.

During the third quarter of 2019—

- In Kansas, the leisure and hospitality sector, with a gain of 6,900 jobs, or 5.3 percent, led an increase in nonfarm payrolls of 20,200 jobs, or 1.4 percent, from the third quarter of 2018.
- Nonfarm payrolls in Missouri increased by 33,000 jobs, or 1.1 percent, compared with the number of nonfarm payrolls during the same period a year ago. The education and health services and leisure and hospitality sectors combined accounted for approximately 60 percent of total payroll growth statewide.
- In Iowa, the manufacturing sector, with a gain of 5,600 jobs, or 2.5 percent, led an increase in nonfarm payrolls of 12,300 jobs, or 0.8 percent.

- Nonfarm payrolls in Nebraska increased by 8,600 jobs, or 0.8 percent, compared with the number of nonfarm payrolls during the same period a year ago. The construction subsector, which added 2,400 jobs, or 4.3 percent, had both the largest numerical gain and the fastest rate of growth in the state from the third quarter of 2018.

Despite small increases in both Iowa and Nebraska from a year ago, the unemployment rate in the Great Plains region was unchanged during the third quarter of 2019.



3Q = third quarter.
Source: U.S. Bureau of Labor Statistics

The leisure and hospitality sector, which added 18,300 jobs during the third quarter of 2019, led job growth in the Great Plains region.

	Third Quarter		Year-Over-Year Change	
	2018 (Thousands)	2019 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	6,904.6	6,978.7	74.1	1.1
Goods-Producing Sectors	1,110.3	1,128.9	18.6	1.7
Mining, Logging, & Construction	345.0	353.7	8.7	2.5
Manufacturing	765.3	775.2	9.9	1.3
Service-Providing Sectors	5,794.3	5,849.7	55.4	1.0
Wholesale & Retail Trade	1,028.6	1,021.5	-7.1	-0.7
Transportation & Utilities	296.5	301.8	5.3	1.8
Information	108.4	106.3	-2.1	-1.9
Financial Activities	435.9	437.6	1.7	0.4
Professional & Business Services	833.7	844.5	10.8	1.3
Education & Health Services	1,059.0	1,074.3	15.3	1.4
Leisure & Hospitality	693.3	711.6	18.3	2.6
Other Services	262.2	267.3	5.1	1.9
Government	1,076.6	1,084.8	8.2	0.8

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



Sales Market Conditions

Home sales decreased in the Great Plains region during the 12 months ending September 2019 compared with sales during the same period a year ago. During the 12 months ending September 2019, the number of new and existing home sales in the region (including single-family homes, townhomes, and condominiums) decreased 1 percent to approximately 203,500 compared with the number sold a year ago (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). A small gain in Missouri was offset by a 4-percent decrease in homes sales in Iowa and a 2-percent decrease in Kansas; home sales were unchanged in Nebraska. During the same period, the average home sales price in the region increased 5 percent to \$202,500.

Sales housing market conditions ranged from balanced to tight in the large metropolitan areas in the region during the third 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 5 percent during the 12 months ending September 2019, to 38,750, compared with the number sold a year earlier; the average home sales price increased 6 percent to \$247,700 (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 decreased 3 percent to 51,300 homes sold, and the average existing home sales price increased 3 percent to \$231,800 (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 9 percent to 15,900 homes sold, and the average sales price increased 6 percent to \$228,900 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). Sales market conditions in the Omaha-Council Bluffs metropolitan area were tight. Total home sales decreased 3 percent to 20,150 homes sold, and the average sales price increased 2 percent to \$211,400 from the same period a year ago (Metrostudy, A Hanley Wood Company, with adjustments by the analyst.)

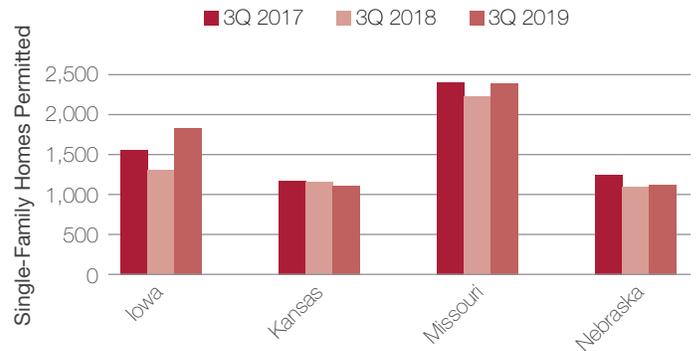
The percentage of seriously delinquent mortgage loans (loans that are 90 or more days delinquent or in foreclosure) and real estate owned (REO) properties in the region declined during the past year, in part because of improved economic conditions. As of August 2019, 1.2 percent of home loans in the region were seriously delinquent or had transitioned into REO status, down from 1.3 percent a year ago (CoreLogic, Inc.).

During the third quarter of 2019 (preliminary data)—

- Single-family homebuilding activity, as measured by the number of homes permitted, increased in the region to approximately 6,450 single-family homes, an increase of 670 homes, or 12 percent, compared with the number of homes permitted during the third quarter of 2018.
- In Iowa, the number of single-family homes permitted increased 40 percent to 1,825 homes, compared with 1,300 permitted a year ago. Single-family homes permitted in the Des Moines-

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Single-family permitting activity increased in every state in the Great Plains region from the third quarter of 2018, with the exception of Kansas.



3Q = third quarter.
 Note: Based on preliminary data.
 Source: U.S. Census Bureau, Building Permits Survey

Total home sales in the Great Plains region decreased slightly during the past year, while home sales prices increased an average of 5 percent.

	12 Months Ending	Number of Homes Sold			Price			
		2018	2019	Percent Change	Average or Median	2018 (\$)	2019 (\$)	Percent Change
Iowa (N&E)	September	35,650	34,200	-4	AVG	181,400	192,100	6
Des Moines-West Des Moines (N&E)	September	17,400	15,900	-9	AVG	215,400	228,900	6
Kansas (N&E)	September	40,200	39,250	-2	AVG	181,600	187,000	3
Kansas City* (N&E)	September	40,950	38,750	-5	AVG	234,700	247,700	6
Missouri (N&E)	September	114,200	114,900	1	AVG	201,600	212,500	5
St. Louis** (E)	September	52,850	51,300	-3	AVG	225,100	231,800	3
Nebraska (N&E)	September	15,150	15,150	0	AVG	184,000	191,400	4
Omaha-Council Bluffs*** (N&E)	September	20,800	20,150	-3	AVG	207,400	211,400	2

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

Notes: All data above include single-family homes, townhomes, and condominiums. * Homes sold in Kansas City are captured in both the states of Kansas and Missouri. **Data reflect 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.

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



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- West Des Moines metropolitan area increased more than 60 percent, or by 540 homes from a year ago.
- In Missouri, single-family home permitting increased 8 percent to 2,400 homes permitted from 2,225 a year ago because of strong gains in home sales prices and slightly tight sales market conditions in the Missouri suburbs of the Kansas City metropolitan area.

- In Nebraska, the number of single-family homes permitted increased 3 percent to 1,125 homes from 1,110 a year ago. Single-family homes permitted in the Omaha-Council Bluffs metropolitan area increased by a similar rate, approximately 4 percent, to 750 homes.
- In Kansas, single-family home permitting decreased 5 percent to 1,100 homes permitted from 1,150 a year ago.

Apartment Market Conditions

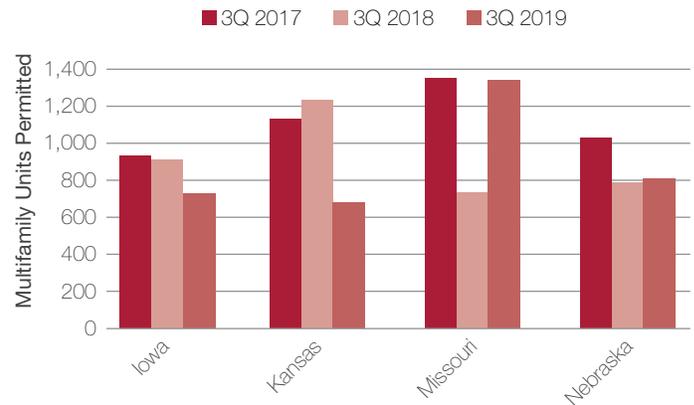
Apartment market conditions ranged from slightly soft to tight in most of the large metropolitan areas in the Great Plains region during the third quarter of 2019. In the Omaha metropolitan area, the apartment market was tight, with a 5.3-percent vacancy rate, up from 4.6 percent a year earlier, and the average rent was up 7 percent to \$944 (ALN Apartment Data, Inc.). Apartment market conditions in the largest markets in Missouri ranged from balanced to slightly tight in the third quarter of 2019. In the Kansas City metropolitan area, conditions remained slightly tight; the vacancy rate decreased from 5.8 to 5.6 percent, and the average rent increased 3 percent from a year earlier to \$1,037. In the St. Louis metropolitan area, conditions were balanced; the apartment vacancy rate decreased from a year earlier to 7.1 percent, and the average rent increased 4 percent to \$1,049. In the Wichita metropolitan area, the apartment market was balanced, with a 6.5-percent vacancy rate in the third quarter of 2019, down from the 7.9-percent rate a year earlier, and the average rent increased 3 percent to \$727. In the Des Moines-West Des Moines metropolitan area, the apartment market was slightly soft during the third quarter of 2019, with a 7.8-percent vacancy rate, up from 7.2 percent a year earlier, and the average rent increased 1 percent to \$967.

During the third quarter of 2019 (preliminary data)—

- Multifamily construction, as measured by the number of multifamily units permitted, decreased 3 percent in the region from the third quarter of 2018 to 3,550 units, the lowest number of multifamily units permitted in the third quarter since 2013.
- In Missouri, 1,350 multifamily units were permitted, up 83 percent from the 730 units permitted during the same period a year ago. Approximately 50 percent of the increase in multifamily building activity is attributed to growth on the Missouri side of the Kansas City metropolitan area.

- In Nebraska, 810 multifamily units were permitted, up 3 percent from the 790 units permitted during the same period a year ago.
- The number of multifamily units permitted in Iowa decreased 20 percent to 730 units from the same period a year ago because of softening apartment market conditions in the Des Moines-West Des Moines metropolitan area, where more than 1,000 apartment units have come online during the past year. The number of multifamily units permitted in Kansas decreased 45 percent to 680 units from 1,225 during the same period a year ago.

Multifamily permitting activity in the Great Plains region was mixed during the third quarter of 2019 with gains in Missouri and Nebraska offset by declines in Iowa and Kansas.



3Q = third quarter.
 Note: Based on preliminary data.
 Source: U.S. Census Bureau, Building Permits Survey

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

	Market Condition	Vacancy Rate			Average Monthly Rent		
		3Q 2018 (%)	3Q 2019 (%)	Percentage Point Change	3Q 2018 (\$)	3Q 2019 (\$)	Percent Change
Des Moines-West Des Moines	Slightly Soft	7.2	7.8	0.6	955	967	1
Kansas City	Slightly Tight	5.8	5.6	-0.2	1,005	1,037	3
Omaha	Tight	4.6	5.3	0.7	879	944	7
St. Louis	Balanced	7.7	7.1	-0.6	1,008	1,049	4
Wichita	Balanced	7.9	6.5	-1.4	708	727	3

3Q = third quarter.
 Source: Market condition—Economic and Market Analysis Division; vacancy rate and average monthly rent—ALN Apartment Data, Inc.

