

HUD PD&R Regional Reports

Region 7: Great Plains



Quick Facts About Region 7

St. Louis, Missouri

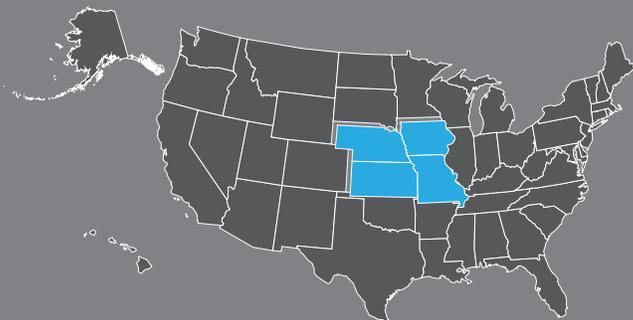
By L. David Vertz | 4th quarter 2018

Sales market conditions—

Fourth quarter 2018: mixed (balanced to tight)
Third quarter 2018: mixed (balanced to tight)
Fourth quarter 2017: mixed (slightly tight to tight)

Apartment market conditions—

Fourth quarter 2018: mixed (slightly soft to slightly tight)
Third quarter 2018: mixed (slightly soft to slightly tight)
Fourth quarter 2017: mixed (slightly soft to balanced)



Overview

Economic growth in the Great Plains region continued during the fourth quarter of 2018, maintaining a trend that began in the fourth quarter of 2010. For the eighth consecutive quarter, Missouri led year-over-year job gains, accounting for approximately 40 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 fourth quarter of 2018. Apartment market conditions ranged from slightly soft to slightly tight throughout the region, with the Kansas City, Omaha, and St. Louis metropolitan areas recording the largest increase in rent growth, up 5 percent each from a year ago.

- Home sales increased in the region during the fourth quarter of 2018, led by a 5-percent increase in Missouri.
- Home sales prices were up in every state in the region, ranging from a 3-percent increase in both Kansas and Missouri to a 7-percent increase in Iowa.
- During the fourth quarter of 2018, apartment absorption in the region decreased to 1,475 units, down from 1,800 units during the fourth quarter of 2017 (Reis, Inc.). By comparison, from 2010 through 2016, the number of units absorbed in the region during the fourth quarter of each year averaged 1,200.



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Economic Conditions

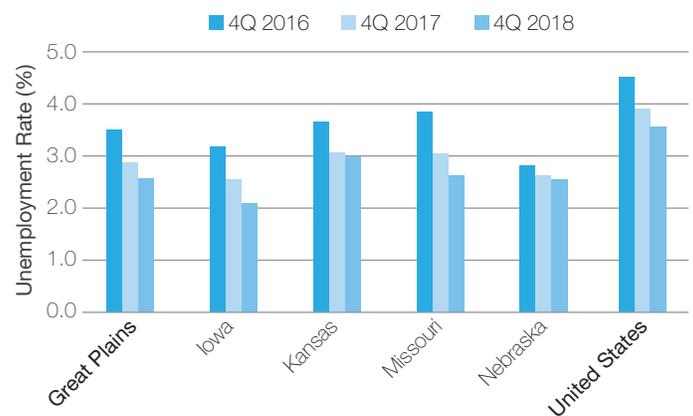
Economic growth in the Great Plains region continued during the fourth quarter of 2018, a trend that began in the fourth quarter of 2010. Nonfarm payrolls increased 1.3 percent, or by 90,200 jobs, compared with the number of jobs during the same quarter a year earlier, to 7.03 million jobs, and every state in the region added jobs. During the fourth quarter of 2018, the manufacturing and the professional and business services sectors combined accounted for nearly one-half of total payroll growth in the region. The manufacturing sector added 22,100 jobs, a 2.9-percent increase from the same quarter a year ago. The professional and business services sector increased by 19,600 jobs, or 2.4 percent, during the same period. Increased hiring during the fourth quarter of 2018 resulted in a 2.6-percent unemployment rate in the region, the lowest regional unemployment rate in the nation, and an improvement from the 2.9-percent rate recorded during the fourth quarter of 2017.

During the fourth quarter of 2018—

- In Kansas, the professional and business services sector, with a gain of 5,300 jobs, or 2.9 percent, led an increase in nonfarm payrolls of 20,600 jobs, or 1.4 percent, from the fourth quarter of 2017.
- Nonfarm payrolls in Missouri increased by 37,800 jobs, or 1.3 percent, compared with the number of nonfarm payrolls during the same period a year ago. The education and health services and the leisure and hospitality sectors combined accounted for nearly two-thirds of total payroll growth statewide.

- Nonfarm payrolls in Nebraska increased by 13,700 jobs, or 1.3 percent, compared with the number of nonfarm payrolls during the same period a year ago.
- In Iowa, the manufacturing sector, with a gain of 8,600 jobs, or 3.9 percent, led an increase in nonfarm payrolls of 18,100 jobs, or 1.1 percent.

The unemployment rate declined in the Great Plains region from the fourth quarter of 2017, remaining below the national rate during the fourth quarter of 2018, and was lowest in Iowa, at 2.1 percent.



4Q = fourth quarter.
Source: U.S. Bureau of Labor Statistics

The manufacturing sector, which added 22,100 jobs during the fourth quarter of 2018, led job growth in the Great Plains region.

	Fourth Quarter		Year-Over-Year Change	
	2017 (thousands)	2018 (thousands)	Absolute (thousands)	Percent
Total Nonfarm Payrolls	6,939.0	7,029.2	90.2	1.3
Goods-Producing Sectors	1,077.3	1,107.2	29.9	2.8
Mining, Logging, & Construction	326.7	334.5	7.8	2.4
Manufacturing	750.6	772.7	22.1	2.9
Service-Providing Sectors	5,861.6	5,922.0	60.4	1.0
Wholesale & Retail Trade	1,048.8	1,043.7	-5.1	-0.5
Transportation & Utilities	300.9	310.0	9.1	3.0
Information	110.6	107.4	-3.2	-2.9
Financial Activities	435.7	443.2	7.5	1.7
Professional & Business Services	833.0	852.6	19.6	2.4
Education & Health Services	1,060.5	1,076.8	16.3	1.5
Leisure & Hospitality	661.6	676.6	15.0	2.3
Other Services	260.3	256.7	-3.6	-1.4
Government	1,150.3	1,155.0	4.7	0.4

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



Sales Market Conditions

Home sales increased in the Great Plains region during the 12 months ending December 2018 compared with sales during the same period a year ago. During the 12 months ending December 2018, the number of new and existing home sales in the region (including single-family homes, townhomes, and condominiums) increased 4 percent to approximately 206,000 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 4 percent to \$196,100.

Sales housing market conditions ranged from balanced to tight in the large metropolitan areas in the region during the fourth quarter of 2018. In the Kansas City metropolitan area, the sales market was slightly tight, with the number of new and existing homes sold higher during the 12 months ending December 2018, to 40,350, compared with the number sold a year earlier; the average home sales price increased 6 percent to \$238,500 (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 3 percent to 49,100 homes sold, and the average existing home sales price was relatively unchanged at \$231,400 (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 4 percent to 16,150 homes sold, and the average sales price increased

4 percent to \$220,700 (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 6 percent to 13,650 homes sold, and the average sales price increased 7 percent to \$230,100 from the same period a year ago (Omaha Area Board of Realtors®). The decrease in home sales in the Omaha-Council Bluffs metropolitan area is partially attributed to a continued decline in the number of active residential listings, a trend that began during the first quarter of 2012. During the first quarter of 2012, the number of active residential listings averaged 5,100. By comparison, during the fourth quarter of 2018, the number of active residential listings averaged 2,275.

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 in the past year, in part because of improved economic conditions. As of December 2018, 1.4 percent of home loans in the region were seriously delinquent or had transitioned into REO status, down from 1.7 percent a year ago (CoreLogic, Inc.).

During the fourth quarter of 2018 (preliminary data)—

- Single-family homebuilding activity, as measured by the number of homes permitted, decreased in the region to approximately 4,925 single-family homes, a decline of 630 homes, or 11 percent, compared with the number of homes permitted during the fourth quarter of 2017.

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Homes sales and homes sales prices increased in every state in the Great Plains region during the fourth quarter of 2018.

	12 Months Ending	Number of Homes Sold			Price			
		2017	2018	Percent Change	Average or Median	2017 (\$)	2018 (\$)	Percent Change
Iowa (N&E)	December	34,700	35,550	2	AVG	173,500	185,200	7
Des Moines-West Des Moines (N&E)	December	16,750	16,150	-4	AVG	211,800	220,700	4
Kansas (N&E)	December	39,200	40,400	3	AVG	176,300	182,400	3
Kansas City* (N&E)	December	39,750	40,350	2	AVG	225,400	238,500	6
Missouri (N&E)	December	109,600	115,000	5	AVG	199,100	205,900	3
St. Louis** (E)	December	47,700	49,100	3	AVG	231,000	231,400	0
Nebraska (N&E)	December	14,600	15,150	4	AVG	176,900	185,600	5
Omaha-Council Bluffs*** (N&E)	December	14,500	13,650	-6	AVG	214,100	230,100	7

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

Notes: Data include single-family homes, townhomes, and condominiums. *Homes sold in Kansas City are captured in data for the states of both 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 data for the states of both Nebraska and Iowa.

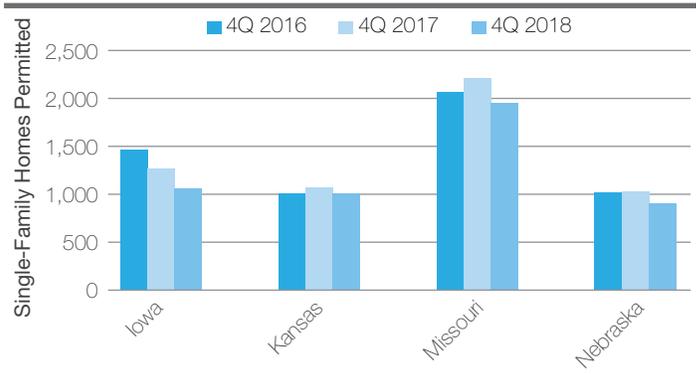
Sources: Kansas City Regional Association of Realtors® and Heartland Multiple Listing Service, Inc.; Omaha Area Board of Realtors®; all others—Metrostudy, A Hanley Wood Company, with adjustments by the analyst



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- In Kansas, the number of single-family homes permitted decreased 6 percent to 1,000 homes from a year ago.
- In Nebraska, the number of single-family homes permitted decreased 11 percent to 900 from 1,025 a year ago despite strong gains in homes sales prices in Omaha-Council Bluffs.
- In Missouri, single-family home permitting decreased 11 percent to 1,950 homes permitted. Single-family permitting decreased 10 percent on the Missouri side of the St. Louis area, where the homes sales price remained unchanged from a year ago.
- In Iowa, the number of single-family homes permitted decreased 16 percent to 1,050 homes compared with the number permitted a year ago.

Single-family permitting activity decreased in every state in the Great Plains region from the fourth quarter of 2017, with the largest decline recorded in Missouri.



4Q = fourth quarter.
 Note: Based on preliminary data.
 Source: U.S. Census Bureau, Building Permits Survey

Apartment Market Conditions

Apartment market conditions ranged from slightly soft to slightly tight in most of the large metropolitan areas in the Great Plains region during the fourth quarter of 2018. In the Omaha metropolitan area, the apartment market was slightly tight, with a 4.9-percent vacancy rate, up from 4.8 percent a year earlier, and the average rent was up 5 percent to \$883 (ALN Apartment Data, Inc.). Apartment market conditions in the largest markets in Missouri ranged from balanced to slightly tight in the fourth quarter of 2018. In the Kansas City metropolitan area, conditions remained slightly tight; the vacancy rate decreased from 6.4 to 6.0 percent, and the average rent increased 5 percent from a year earlier to \$1,008. In the St. Louis metropolitan area, conditions were balanced; the apartment vacancy rate increased from a year earlier to 8.2 percent, and the average rent increased 5 percent to \$1,016. In the Wichita metropolitan area, the apartment market was slightly soft, with an 8.1-percent vacancy rate in the fourth

quarter of 2018, down from the 8.6-percent rate a year earlier, and the average rent increased 2 percent to \$713. In the Des Moines-West Des Moines metropolitan area, the apartment market was balanced during the fourth quarter of 2018, with a 7.5-percent vacancy rate, up from 6.6 percent a year earlier, and the average rent increased 3 percent to \$954.

During the fourth quarter of 2018 (preliminary data)—

- Multifamily construction, as measured by the number of multifamily units permitted, decreased 24 percent in the region from the fourth quarter of 2017 to 3,500 units permitted.
- In Kansas, 1,050 multifamily units were permitted, up 44 percent from the 740 units permitted during the same period a year ago. The increase in multifamily building activity is attributed almost entirely to two developments in Lawrence, KS: The Collegiate at Lawrence and The Links at Lawrence Phase II.

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During the fourth quarter of 2018, apartment market conditions ranged from slightly soft to slightly tight in most of the major metropolitan areas in the Great Plains region.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		4Q 2017 (%)	4Q 2018 (%)	Percentage Point Change	4Q 2017 (\$)	4Q 2018 (\$)	Percent Change
Des Moines-West Des Moines	Balanced	6.6	7.5	0.9	930	954	3
Kansas City	Slightly Tight	6.4	6.0	-0.4	962	1,008	5
Omaha	Slightly Tight	4.8	4.9	0.1	841	883	5
St. Louis	Balanced	7.4	8.2	0.8	966	1,016	5
Wichita	Slightly Soft	8.6	8.1	-0.5	699	713	2

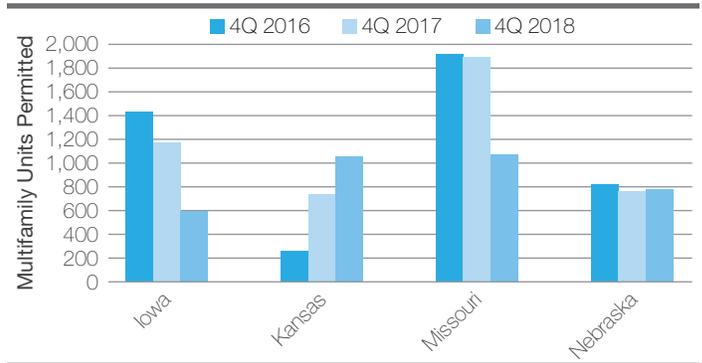
4Q = fourth quarter.
 Sources: Market Condition—Economic and Market Analysis Division; Vacancy Rate and Average Monthly Rent—ALN Apartment Data, Inc.



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- The number of multifamily units permitted in Nebraska totaled 780, up slightly from the 770 units permitted during the fourth quarter of 2017. In Missouri, 1,075 units were permitted, down 44 percent from the 1,900 units permitted a year ago.
- The number of multifamily units permitted in Iowa decreased 50 percent to 590 units from the same period a year ago. Nearly 75 percent of the statewide decline in multifamily units permitted occurred in the Des Moines-West Des Moines metropolitan area despite balanced apartment market conditions.

Multifamily permitting in the Great Plains region was down from a year ago, led by a substantial decline in Iowa, where permitting decreased by one-half.



4Q = fourth quarter.
 Note: Based on preliminary data.
 Source: U.S. Census Bureau, Building Permits Survey

