

# HUD PD&R Regional Reports

## Region VII: Great Plains



### Quick Facts About Region VII

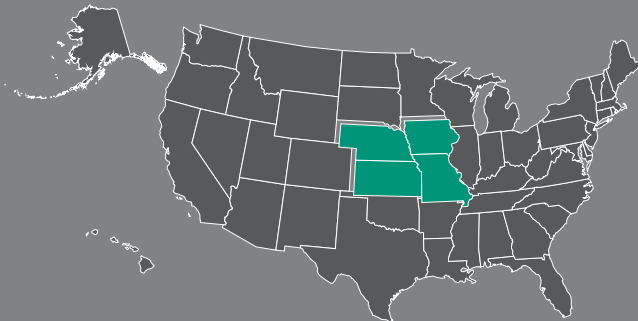
By L. David Vertz | 1st quarter 2013

#### Sales market conditions—

First quarter 2013: balanced.  
Fourth quarter 2012: balanced.  
First quarter 2012: soft.

#### Rental market conditions—

First quarter 2013: mixed (balanced to tight).  
Fourth quarter 2012: mixed (balanced to tight).  
First quarter 2012: mixed (balanced to tight).



### Overview

The economy of the Great Plains region has been growing since the fourth quarter of 2010, although the region remains approximately 250,000 jobs below the peak of 6.70 million jobs recorded in the second quarter of 2007. Sales housing market conditions, which were balanced during the first quarter of 2013, improved in every state in the region. Likewise, rental housing market conditions were balanced throughout the region, with markets in most large metropolitan areas tightening.

- Home sales are beginning to return to the level recorded in 2009 at the onset of the economic downturn, but home sales remain well below the average level of 194,600 units sold annually from 2005 through 2008.
- Rental market conditions continue to tighten, with absorption up approximately 50 percent throughout the region during the past year.



PD&R

Nonfarm payroll growth, a trend that began in the fourth quarter of 2010, continues in the Great Plains region.

	First Quarter		3-Month Change (2012–13)	
	2012 (thousands)	2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	6,391.7	6,449.7	58.0	0.9
Goods-producing sectors	967.0	978.8	11.8	1.2
Mining, logging, and construction	257.2	259.2	2.0	0.8
Manufacturing	709.8	719.6	9.8	1.4
Service-providing sectors	5,424.7	5,470.9	46.2	0.9
Wholesale and retail trade	994.7	1,002.9	8.2	0.8
Transportation and utilities	261.3	262.6	1.3	0.5
Information	131.3	129.2	– 2.1	– 1.6
Financial activities	406.7	414.1	7.4	1.8
Professional and business services	709.6	721.0	11.4	1.6
Education and health services	958.2	968.0	9.8	1.0
Leisure and hospitality	575.5	584.9	9.4	1.6
Other services	257.4	260.2	2.8	1.1
Government	1,130.0	1,128.0	– 2.0	– 0.2

Source: U.S. Bureau of Labor Statistics

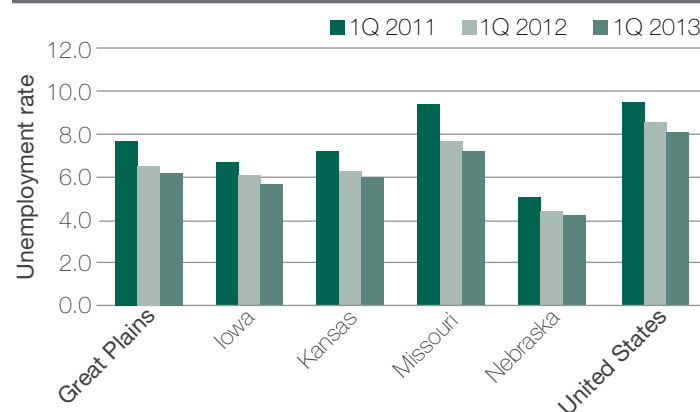
## Economic Conditions

Economic growth in the Great Plains region continued during the first quarter of 2013, albeit at a slower pace. Average nonfarm payrolls increased 0.9 percent, or by 58,000 jobs, to 6.45 million jobs, and every state in the region recorded gains. By comparison, average nonfarm payrolls increased 1.3 percent, or by 81,100 jobs, during the first quarter of 2012. During the past year, the manufacturing and the professional and business services sectors accounted for more than one-third of the job growth in the region. During the first quarter of 2013, the manufacturing sector gained 9,800 jobs, a 1.4-percent increase from a year ago. The professional and business services sector increased by 11,400 jobs, or 1.6 percent, during the same period, and every state in the region recorded increased payrolls in the sector. Increased hiring during the first quarter of 2013 resulted in a 6.2-percent unemployment rate in the region, an improvement from the 6.5-percent rate recorded during the first quarter of 2012.

During the first quarter of 2013—

- In Iowa, nonfarm payrolls increased by 19,900 jobs, or 1.3 percent, led by the growth of more than 6,900 jobs, or 3.4 percent, in the manufacturing sector, which was primarily because of growth in the industrial machinery and fabricated metals industries.
- In Kansas, nonfarm payrolls increased by 14,900 jobs, or 1.1 percent, led by a gain of 6,700 jobs, or 4.5 percent, in the professional and business services sector.

First quarter unemployment rates in the Great Plains region reached their lowest point in 5 years.



1Q = first quarter.

Source: U.S. Bureau of Labor Statistics

- Nonfarm payrolls in Nebraska increased by 5,500 jobs, or 0.6 percent, compared with the number of nonfarm payrolls recorded during the same period a year ago. The manufacturing and the education and health services sectors accounted for approximately 50 percent of the gain.
- In Missouri, nonfarm payrolls increased by 17,800 jobs, with gains in the wholesale and retail trade, professional and business services, financial activities, and leisure and hospitality sectors accounting for more than 70 percent of the growth.
- The unemployment rates ranged from 4.2 percent in Nebraska to 7.2 percent in Missouri. Iowa and Kansas recorded rates of 5.6 and 5.9 percent, respectively.

## Sales Market Conditions

Sales housing market conditions in the Great Plains region were balanced during the first quarter of 2013 and improved in every state in the region during the past year. During the 12 months ending March 2013, the number of new and existing homes sold in the region increased 6.4 percent, to 144,600, compared with the number sold a year ago (Hanley Wood, LLC). During the same period, the average sales price in the region increased 3.1 percent, to \$160,000.

Sales market conditions continued to improve in the large metropolitan areas throughout the region during the 12 months ending March 2013. The number of homes sold in Kansas City increased 14.2 percent, to 27,050, and the average sales price increased 8.8 percent, to \$170,400 (Kansas City Regional Association of REALTORS®; Heartland Multiple Listing Service, Inc.). In Des Moines, home sales increased 12.6 percent, to 9,000 homes, and the average sales price increased 5.6 percent, to \$171,500 (Des Moines Area Association of REALTORS®). The number of home sales in Omaha increased 5.8 percent, to 10,800 homes sold, and the average sales price increased 5.6 percent, to \$173,400, from the same period a year ago (Omaha Area Board of REALTORS®).

Improving economic conditions in the region resulted in a decrease in distressed mortgages. As of the first quarter of 2013, 4.5 percent of home loans in the region were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), down from the 4.9-percent rate recorded a year ago (LPS Applied Analytics).

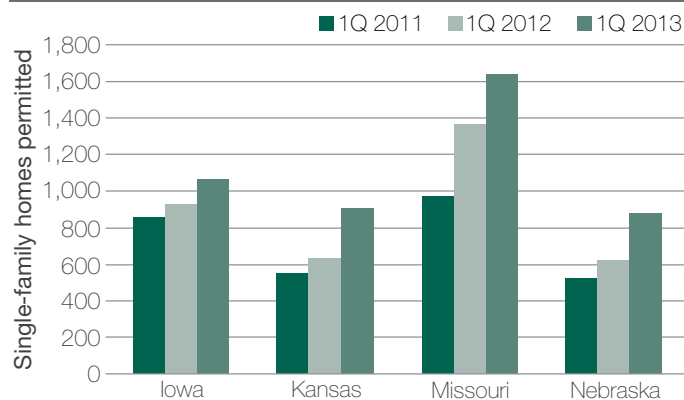
Based on preliminary data, during the first quarter of 2013—

- As a result of improving sales conditions, single-family construction activity, as measured by the number of single-family homes permitted, increased in every state in the region. In total, 4,475

single-family homes were permitted, an increase of 930 homes, or 26 percent, compared with the number permitted during the first quarter of 2012.

- The number of single-family homes permitted in Kansas increased 44 percent, to 900 homes.
- In Nebraska and Iowa, the number of single-family homes permitted increased 40 and 15 percent, to 870 and 1,075 homes, respectively.
- The number of single-family homes permitted in Missouri increased 20 percent, to 1,625 homes, compared with the number permitted a year ago.

### Single-family building permitting increased along with home sales in the Great Plains region.



1Q = first quarter.

Note: Based on preliminary data.

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

### Home sales and prices increased across the Great Plains region.

		Number of Homes Sold			Price			
	12 Months Ending	2012	2013	Percent Change	Average or Median	2012 (\$)	2013 (\$)	Percent Change
Iowa (N&E)	March	23,452	25,586	9.1	AVG	141,465	150,031	6.1
Des Moines* (N&E)	March	7,984	8,992	12.6	AVG	162,306	171,461	5.6
Kansas (N&E)	March	24,712	26,000	5.2	AVG	149,816	154,488	3.1
Kansas City (N&E)	March	23,675	27,046	14.2	AVG	156,597	170,445	8.8
Missouri (N&E)	March	77,037	81,230	5.4	AVG	163,174	166,610	2.1
St. Louis** (E)	March	13,733	15,293	11.4	AVG	174,429	178,129	2.1
Nebraska (N&E)	March	10,687	11,754	10.0	AVG	142,086	149,584	5.3
Omaha (N&E)	March	10,205	10,798	5.8	AVG	164,117	173,371	5.6

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

\*Data reflect sales in Dallas, Polk, and Warren Counties only. \*\*Data reflect sales in the city of St. Louis and St. Louis County only.

Note: Average prices are for the 12 months ending March.

Sources: Hanley Wood, LLC; Des Moines Area Association of REALTORS®; Kansas City Regional Association of REALTORS®; Heartland Multiple Listing Service, Inc.; St. Louis Association of REALTORS®; Omaha Area Board of REALTORS®

## Rental Market Conditions

Rental housing market conditions were balanced to tight in most large metropolitan areas in the Great Plains region during the first quarter of 2013. The apartment market in Wichita was balanced, with a 5.0-percent vacancy rate, down from the 5.2-percent rate a year earlier, and the average rent was up 3 percent, to \$550 (Reis, Inc.). In Omaha, the apartment market was tight, with a 3.1-percent vacancy rate, down from the 4.0-percent rate a year earlier, and the average rent was up approximately 2 percent, to \$730. Rental markets in the largest metropolitan areas in Missouri improved significantly during the past year. In Kansas City, the apartment vacancy rate declined from 5.6 percent during the first quarter of 2012 to 4.7 percent during the first quarter of 2013, and the average rent increased 2 percent, to \$740. In St. Louis, from the first quarter of 2012 to the first quarter of 2013, the vacancy rate declined from 6.3 to 5.4 percent, and the average rent increased 3 percent, to \$760. The rental market in Des Moines tightened during the first quarter of 2013, with a 2.6-percent apartment vacancy rate, down from the 3.5-percent rate a year earlier, and the average rent was up 1 percent, to \$750.

### Most metropolitan apartment markets in the Great Plains region are tight.

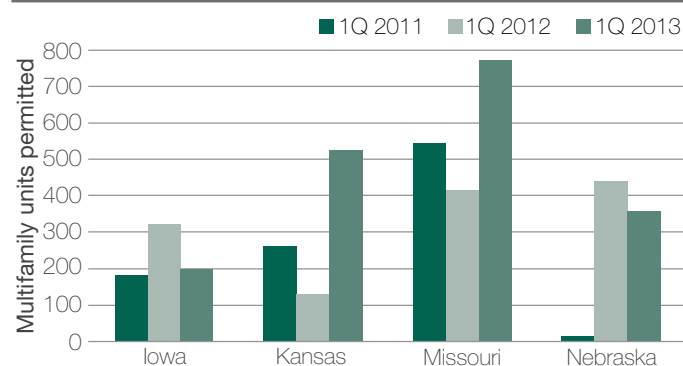
Metropolitan Area	Market Condition
Des Moines	Tight
Kansas City	Tight
Omaha	Tight
St. Louis	Tight
Wichita	Balanced

Source: HUD, PD&R, Economic and Market Analysis Division

Based on preliminary data, during the first quarter of 2013—

- Multifamily construction, as measured by the number of multifamily units permitted, increased to 1,850 units permitted in the region, up 41 percent compared with the number permitted during the first quarter of 2012.
- Improved apartment market conditions, primarily in Kansas City and St. Louis, resulted in an 87-percent increase in the number of multifamily units permitted in Missouri.
- The number of multifamily units permitted in Iowa decreased 38 percent, to 200 units, in part because a large number of multifamily units were permitted in the third and fourth quarters of 2012.
- Similarly, the number of units permitted in Nebraska declined 20 percent, to 350, partially because of the 620 units permitted during the fourth quarter of 2012, the greatest quarterly total recorded since the fourth quarter of 2007.
- Conversely, in Kansas, permits were issued for 390 units, nearly three times more than the number of permits issued during the first quarter of 2012, as apartment market conditions in Lawrence and Topeka continued to improve.

### Multifamily permitting was mixed despite rapidly improving rental markets in the Great Plains region.



1Q = first quarter.

Note: Based on preliminary data.

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