

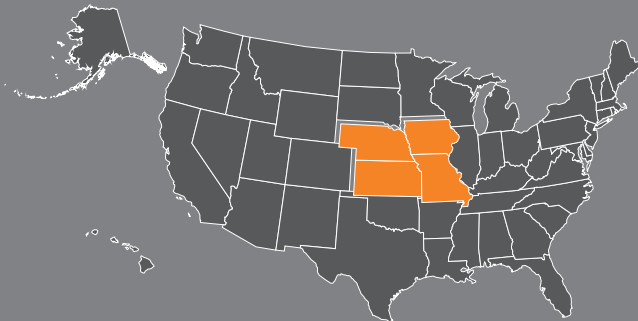
HUD PD&R Regional Reports

Region 7: Great Plains



Quick Facts About Region 7

- **Sales market conditions—**
Second quarter 2013: balanced.
First quarter 2013: balanced.
Second quarter 2012: soft.
- **Apartment market conditions—**
Second quarter 2013: mixed (balanced to tight).
First quarter 2013: mixed (balanced to tight).
Second quarter 2012: mixed (balanced to tight).



By L. David Vertz | 2nd quarter 2013

Overview

Economic growth in the Great Plains region that began in late 2010 continued during the second quarter of 2013, although employment in the region remains approximately 90,000 jobs less than the peak of 6.70 million jobs recorded in the second quarter of 2007. Sales housing market conditions, which were balanced during the second quarter of 2013, improved in every state in the region. Apartment market conditions were balanced to tight throughout the region, with markets in most large metropolitan areas tightening.

- Home sales continue to increase in every state in the region but remain much less than the average level of 194,600 homes sold annually from 2005 through 2008.
- Apartment market conditions continue to tighten, with absorption relatively unchanged from the second quarter of 2012, at 720 units. By comparison, absorption averaged 1,850 units during the second quarters of 2010 and 2011.



Nonfarm payroll growth continued in the Great Plains region.

	Second Quarter		Year-Over-Year Change	
	2012 (thousands)	2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	6,535.7	6,613.3	77.6	1.2
Goods-producing sectors	1,006.1	1,021.6	15.5	1.5
Mining, logging, and construction	289.0	290.9	1.9	0.6
Manufacturing	717.0	730.7	13.6	1.9
Service-providing sectors	5,529.6	5,591.7	62.1	1.1
Wholesale and retail trade	1,011.6	1,025.1	13.5	1.3
Transportation and utilities	264.6	264.6	0.0	0.0
Information	130.6	129.2	- 1.4	- 1.0
Financial activities	410.9	421.1	10.2	2.5
Professional and business services	728.1	741.7	13.5	1.9
Education and health services	956.9	969.4	12.5	1.3
Leisure and hospitality	628.9	645.1	16.2	2.6
Other services	261.0	261.3	0.2	0.1
Government	1,136.9	1,134.2	- 2.7	- 0.2

Source: U.S. Bureau of Labor Statistics

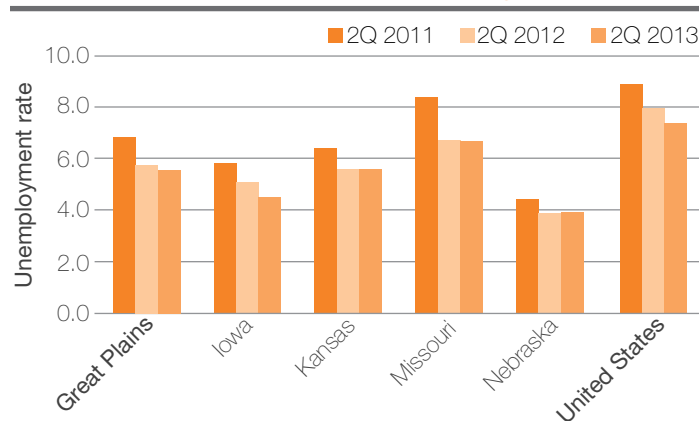
Economic Conditions

Economic growth in the Great Plains region, which began in 2010, continued during the second quarter of 2013. Average nonfarm payrolls increased 1.2 percent, or by 77,600 jobs, to 6.61 million jobs, and every state in the region recorded gains. By comparison, average nonfarm payrolls increased 1.0 percent, or by 63,100 jobs, during the second quarter of 2012. During the past year, the manufacturing and the leisure and hospitality sectors accounted for more than one-third of the job growth in the region. During the second quarter of 2013, the manufacturing sector gained 13,600 jobs, a 1.9-percent increase from a year ago. The leisure and hospitality sector increased by 16,200 jobs, or 2.6 percent, during the same period, and every state in the region recorded increased payrolls in the sector. In addition, strong hiring continued in the wholesale and retail trade, professional and business services, and financial activities sectors, which recorded increases of 1.3, 1.9, and 2.5 percent, respectively, during the past year. Increased hiring during the second quarter of 2013 resulted in a 5.6-percent unemployment rate in the region, an improvement from the 5.7-percent rate recorded during the second quarter of 2012.

During the second quarter of 2013—

- In Iowa, nonfarm payrolls increased by 20,400 jobs, or 1.3 percent. Microsoft recently announced plans to build a \$700 million data center in West Des Moines during the next year, which is expected to keep employment opportunities in the area strong.
- In Kansas, nonfarm payrolls increased by 12,400 jobs, or 0.9 percent, led by a gain of 7,600 jobs, or 5.0 percent, in the professional and business services sector.

Unemployment rates in the Great Plains region remained less than the national average.



2Q = second quarter.

Source: U.S. Bureau of Labor Statistics

- Nonfarm payrolls in Nebraska increased by 7,400 jobs, or 0.8 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 51 percent of the gain.
- In Missouri, nonfarm payrolls increased by 37,500 jobs, with gains in the wholesale and retail trade, education and health services, financial activities, and leisure and hospitality sectors accounting for more than 85 percent of the growth.
- The state unemployment rates ranged from 3.9 percent in Nebraska to 6.7 percent in Missouri. Iowa and Kansas recorded rates of 4.5 and 5.6 percent, respectively.



Sales Market Conditions

Sales housing market conditions in the Great Plains region were balanced during the second quarter of 2013 and improved in every state in the region during the past year. During the 12 months ending June 2013, the number of new and existing homes sold in the region increased 7.2 percent, to 150,800, compared with the number sold a year ago (Hanley Wood, LLC). During the same period, the average sales price in the region increased 3.6 percent, to \$162,200.

Sales market conditions continued to improve in the large metropolitan areas throughout the region during the 12 months ending June 2013. In Kansas City, the number of homes sold increased 12.3 percent, to 27,800, and the average sales price increased 9.1 percent, to \$174,700 (Kansas City Regional Association of REALTORS®; Heartland Multiple Listing Service, Inc.). In Des Moines, home sales increased 11.1 percent, to 9,275 homes, and the average sales price increased 6.4 percent, to \$175,200 (Des Moines Area Association of REALTORS®). The number of home sales in Omaha increased 2.4 percent, to 10,750 homes sold, and the average sales price of those homes increased 5.8 percent, to \$175,500, 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 second quarter of 2013, 4.2 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 4.9 percent a year ago (LPS Applied Analytics).

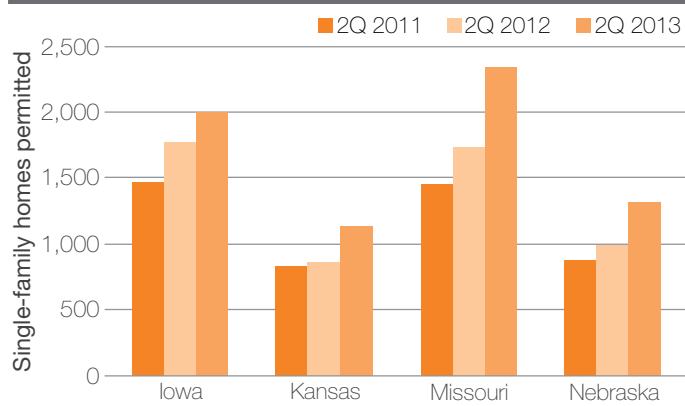
Based on preliminary data, during the second quarter of 2013—

- As a result of improving sales market conditions, single-family construction activity, as measured by the number of single-family

homes permitted, increased in every state in the region. A total of 6,800 single-family homes were permitted, an increase of 1,450 homes, or 27 percent, compared with the number permitted during the second quarter of 2012.

- The number of single-family homes permitted in Kansas and Nebraska increased 33 percent each, to 1,150 and 1,325 homes, respectively.
- In Iowa, the number of single-family homes permitted increased 13 percent, to 2,000 homes.
- The number of single-family homes permitted in Missouri increased 36 percent, to 2,350 homes, compared with the number permitted a year ago.

Single-family building permitting increased in the Great Plains region.



2Q = second quarter.
 Note: Based on preliminary data.
 Source: U.S. Census Bureau, Building Permits Survey

Home sales and prices increased across the Great Plains region.

	12 Months Ending	Number of Homes Sold			Average or Median	Price		
		2012	2013	Percent Change		2012 (\$)	2013 (\$)	Percent Change
Iowa (N&E)	June	24,350	26,550	9.0	AVG	144,100	151,500	5.1
Des Moines-West Des Moines, IA MSA* (N&E)	June	8,350	9,275	11.1	AVG	164,600	175,200	6.4
Kansas (N&E)	June	25,350	27,350	7.9	AVG	150,900	155,700	3.2
Kansas City (N&E)	June	24,750	27,800	12.3	AVG	160,200	174,700	9.1
Missouri (N&E)	June	79,500	84,100	5.8	AVG	164,300	169,500	3.2
St. Louis, MO-IL MSA** (E)	June	14,300	15,800	10.5	AVG	175,400	183,600	4.7
Nebraska (N&E)	June	11,500	12,750	10.9	AVG	143,600	151,700	5.6
Omaha-Council Bluffs, NE-IA MSA (N&E)	June	10,500	10,750	2.4	AVG	165,900	175,500	5.8

AVG = average. E = existing. MSA = metropolitan statistical area. 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.

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



Apartment Market Conditions

Apartment market conditions were balanced to tight in most large metropolitan areas in the Great Plains region during the second quarter of 2013. The apartment market in Wichita was balanced to tight, with a 4.4-percent vacancy rate, down from the 5.2-percent rate a year earlier, and the average rent was up more than 3 percent, to \$550 (Reis, Inc.). In Omaha, the apartment market was tight, with a 3.0-percent vacancy rate, down from the 4.1-percent rate a year earlier, and the average rent was up approximately 2 percent, to \$740. Rental housing markets in the largest metropolitan areas in Missouri are currently mixed. In Kansas City, during the second quarter of 2013, the apartment vacancy rate declined to 4.4 percent compared with the rate of 5.5 percent recorded during the second quarter of 2012, and the average rent increased 2 percent, to \$740. In St. Louis, from the second quarter of 2012 to the second quarter of 2013, the vacancy rate declined from 6.2 to 5.1 percent, and the average rent increased 2 percent, to \$770. The apartment market in Des Moines tightened during the second quarter of 2013, with a 2.4-percent apartment vacancy rate, down from the 3.1-percent rate a year earlier, and the average rent was up 3 percent, to \$750.

Apartment market conditions in the Great Plains region were strong.

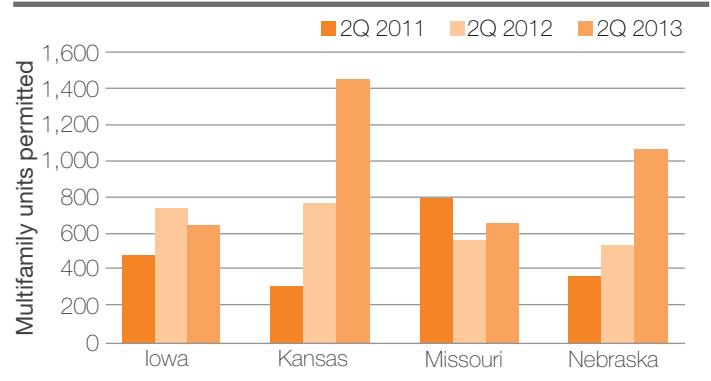
Metropolitan Area	Market Condition
Des Moines-West Des Moines	Tight
Kansas City	Tight
Omaha-Council Bluffs	Tight
St. Louis	Balanced
Wichita	Balanced to tight

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

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

- Multifamily construction, as measured by the number of multifamily units permitted, increased to 3,800 units permitted in the region, up 48 percent compared with the number permitted during the second quarter of 2012.
- Tightening apartment market conditions, primarily in Kansas City and St. Louis, resulted in a 19-percent increase in the number of multifamily units permitted in Missouri.
- The number of multifamily units permitted in Iowa decreased 13 percent, to 640 units, a continuation of the decline in permitting that began in the first quarter of 2013.
- Conversely, the number of units permitted in Nebraska doubled, to 1,050, after rapid absorption in the first quarter of 2013.
- Similarly, in Kansas, permits were issued for 1,450 units, nearly twice the number of units permitted during the second quarter of 2012.

Multifamily permitting was mixed in the Great Plains region, despite continued improvements in occupancy rates.



2Q = second quarter.

Note: Based on preliminary data.

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

