

# HUD PD&R Regional Reports

## Region 8: Rocky Mountain

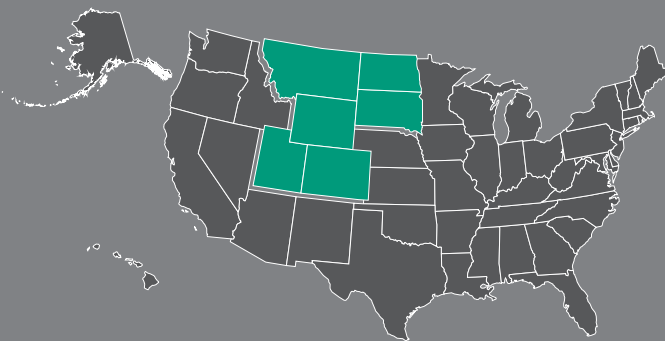


### Quick Facts About Region 8

Salt Lake City, Utah

By James Conner | 1st Quarter 2020

- Sales market conditions—**  
First quarter 2020: mixed (slightly tight to tight)  
Fourth quarter 2019: tight  
First quarter 2019: tight
- Apartment market conditions—**  
First quarter 2020: balanced  
Fourth quarter 2019: mixed (balanced to slightly tight)  
First quarter 2019: mixed (balanced to slightly tight)



### Overview

This report reflects market conditions as of the first quarter of 2020. Much of this period was prior to the COVID-19 outbreak in the United States and therefore most of the data in this report do not reflect the economic and housing market impacts of the actions taken to limit contagion of the virus. At this time, the duration and depth of the economic disruption are unclear, as are the extent and effectiveness of countermeasures. Initial unemployment insurance claims in the Rocky Mountain region rose to 130,416 in the week ending March 28, 2020, compared with 4,427 claims in the same week a year earlier. HUD will continue to monitor market conditions in the region and provide an updated report reflecting conditions during the second quarter of 2020.

The economic expansion in the Rocky Mountain region that began in late 2010 continued in the first quarter of 2020. Nonfarm payrolls in the region increased by 103,700 jobs, or 1.8 percent, from a year earlier to nearly 6 million jobs. The labor market in the region, however, has been tight for the past 4 years, with the unemployment rate in the first quarter of 2020 at 3.5 percent, up from 3.4 percent a year earlier. Resident employment fell in March, causing the first quarter of 2020

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average unemployment rate to increase. In 2019, the population in the region increased 1.1 percent from a year earlier, more than double the national rate, with about one-half of the population increase in the region attributable to net in-migration. Home sales market conditions in the Rocky Mountain region were generally tight in the first quarter of 2020, with many metropolitan areas having a low supply of homes for sale and year-over-year home price increases well above the rate of earnings growth. Apartment market conditions in the region were generally balanced, with most metropolitan areas cited in this report having only modest rent increases and vacancy rates above 4 percent. Residential construction activity in the region in the first quarter of 2020 was well above the levels of a year ago, based on the number of housing units permitted.

During the first quarter of 2020—

- Job growth in the first quarter was led by gains in the government, the professional and business services, the

education and health services, and the leisure and hospitality sectors; combined, those sectors grew by more than 75,000 jobs, or 2.3 percent.

- Average weekly earnings in the region were up nearly 5 percent from a year earlier, but home prices increased at least 6 percent from a year earlier in most of the metropolitan areas cited in this report; nevertheless, home sales were up from a year ago in most of those metropolitan areas.
- Apartment vacancy rates ranged from 4.3 to 6.4 percent in most of the metropolitan areas cited in this report, and most had annual apartment rent increases of 4 percent or less.
- Single-family permitting in the region was up 26 percent from a year ago, with construction activity increasing in every state in the region. Multifamily permitting was up 18 percent, with a decline in multifamily construction in Colorado more than offset by strong increases in all of the other states in the region.

## Economic Conditions

The economic expansion in the Rocky Mountain region began in late 2010. In the first quarter of 2020, nonfarm payrolls were up by 103,700 jobs, or 1.8 percent, from a year earlier to 5.99 million jobs. Payroll growth averaged 2.6 percent a year from 2011 through 2015, but in the past 4 years, the growth slowed to 1.9 percent, as labor market conditions tightened and firms encountered difficulties in filling job openings. Payroll gains in the current quarter were greatest in the government, the professional and business services, the education and health services, and the leisure and hospitality sectors, with increases of 21,100, 20,700, 17,700, and 15,700 jobs, or 2.1, 2.7, 2.2, and 2.3 percent, respectively. Average weekly earnings in the region in the first quarter of 2020 were up nearly 5 percent from a year earlier, led by 7-percent increases in Utah and South Dakota.

Most nonfarm payroll sectors in the region added jobs in the current quarter, but the gains were partly offset by declines in the mining and logging subsector, the retail trade subsector, and the manufacturing sector of 4,500, 4,200, and 1,500 jobs, or 5.1, 0.7, and 0.4 percent, respectively. Mining and logging subsector job losses were due to falling energy demand. U.S. oil prices in the first quarter of 2020 averaged about \$46 per barrel, down 16 percent from a year earlier (U.S. Energy Information Administration). Consequently, the number of active drilling rigs in the region declined 24 percent from a year earlier, to about 100 rigs in the first quarter of 2020 (Baker Hughes Co.). Retail trade subsector payrolls have been declining in the region since mid-2019, in part due to increases in online purchasing—partially compensating for those losses, wholesale trade subsector payrolls in the region were up by 3,600 jobs, or 1.6 percent. International trade disputes have impacted the manufacturing sector in the past year throughout the United States.

In the past 4 years, the labor market in the region has been tight, with the unemployment rate averaging 3.1 percent. The regional unemployment rate peaked in the first quarter of 2010 at 8.2 percent, but by the first quarter of 2016 had fallen to 4.0 percent. In the first quarter of 2020, the unemployment rate was 3.5 percent, up from 3.4 percent a year earlier. State unemployment rates in the region ranged from 2.8 percent in North Dakota to 4.2 percent and 4.3 percent in Montana and Wyoming, respectively, in the first quarter of 2020. All states in the region, except Montana and Wyoming, had unemployment rates below the 4.1-percent national average.

During the first quarter of 2020—

- For the third consecutive quarter, Utah had the highest annual nonfarm payroll growth rate in the nation, with an increase of 2.8 percent, or 42,200 jobs. The growth was led by the leisure and hospitality and the government sectors and the construction subsector, with increases of 10,600, 7,500, and 6,300 jobs, or 7.0, 3.0, and 6.1 percent, respectively.
- Nonfarm payrolls in Colorado were up by 50,900 jobs, or 1.9 percent, from a year earlier, led by gains in the professional and business services and the government sectors of 17,700 and 12,000 jobs, or 4.2 and 2.7 percent, respectively. The unemployment rate in Colorado increased, however, from 3.3 percent to 3.5 percent during that period.
- In Montana and South Dakota, nonfarm payrolls were up by 6,600 and 4,000 jobs, or 1.4 and 0.9 percent, respectively. In both states, the education and health services sector payrolls increased by 1,400 jobs, or 1.8 and 1.9 percent, respectively. In Montana, the professional and business services sector payrolls were up by 1,500 jobs, or 3.6 percent. In South

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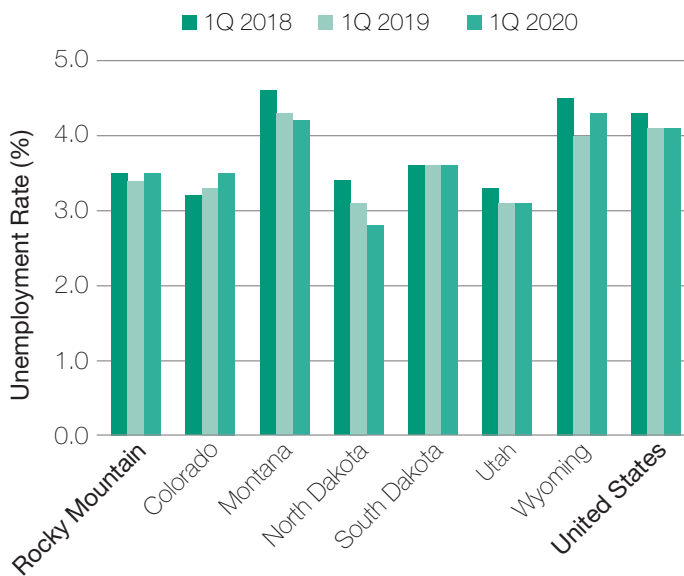
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Payrolls increased from a year ago in most nonfarm sectors in the Rocky Mountain region, led by gains in the professional and business services sector.

	First Quarter		Year-Over-Year Change	
	2019 (Thousands)	2020 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	5,886.3	5,990.0	103.7	1.8
Goods-Producing Sectors	838.2	845.7	7.5	0.9
Mining, Logging, & Construction	452.0	461.0	9.0	2.0
Mining & Logging	88.8	84.3	-4.5	-5.1
Construction	363.2	376.7	13.5	3.7
Manufacturing	386.2	384.7	-1.5	-0.4
Service-Providing Sectors	5,048.2	5,144.3	96.1	1.9
Wholesale & Retail Trade	854.7	854.1	-0.6	-0.1
Transportation & Utilities	226.8	238.4	11.6	5.1
Information	135.5	137.2	1.7	1.3
Financial Activities	350.4	355.9	5.5	1.6
Professional & Business Services	765.0	785.7	20.7	2.7
Education & Health Services	801.9	819.6	17.7	2.2
Leisure & Hospitality	670.3	686.0	15.7	2.3
Other Services	218.7	221.5	2.8	1.3
Government	1,024.7	1,045.8	21.1	2.1

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

The unemployment rate in the region was up from a year ago in the first quarter of 2020 but remained below the national average.



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

Dakota, construction subsector payrolls were up by 1,500 jobs, or 7.4 percent.

- In North Dakota, nonfarm payrolls were up by 1,300 jobs, or 0.3 percent, from a year earlier, but in Wyoming, payrolls were down by 1,300 jobs, or 0.5 percent. In North Dakota, construction subsector payrolls increased by 1,800 jobs, or 7.9 percent, but the mining and logging subsector payrolls were down by 1,600 jobs, or 7.5 percent. In Wyoming, payrolls decreased or remained flat in 7 of 11 nonfarm payroll sectors, led by a decline of 1,000 jobs, or 2.4 percent, in the mining, logging, and construction sector.

In January and February 2020, the non-seasonally adjusted unemployment rate in the region averaged 3.1 percent, down from 3.5 percent during the same period in 2019, but in March 2020, the unemployment rate jumped to 4.2 percent, up from 3.2 percent in March 2019. Resident employment in the region (non-seasonally adjusted) decreased by 138,700 from February to March 2020, compared with an increase of 10,300 from February to March 2019. The largest decline in the region was in Colorado, where employment in March 2020 decreased by 117,200 from the previous month, compared with an increase of 1,300 a year earlier.



## Population

In 2019, the population in the Rocky Mountain region was estimated at 12.26 million, an increase of about 139,100, or 1.1 percent, from a year earlier, slightly below the 1.2-percent growth during the preceding 12 months (U.S. Census Bureau population estimates as of July 1). Nationally, the population increased by 1.55 million, or 0.5 percent, during the same period, to 328.24 million. Net in-migration in the six states in the region totaled approximately 69,950 people, down from 77,900 people a year earlier, and accounted for slightly more than 50 percent of the population gain. Net natural change (resident births minus resident deaths) totaled approximately 68,850 people in the region, down from 69,600 people a year earlier.

During the 12 months ending July 1, 2019—

- Colorado, with the largest population in the region, also had the greatest population gain, with an increase of about 67,450 people, or 1.2 percent, but this was below the 1.4-percent growth a year earlier. Compared with the preceding 12 months, net in-migration slowed from about 53,200 to 41,850 people, and net natural change decreased slightly, from 26,000 to 25,400 people.
- The population of Utah grew by about 52,400 people, or 1.7 percent, virtually unchanged from the increase of 52,500, or 1.7 percent, a year earlier. Net in-migration slowed from 21,850 to

21,150 people, but net natural change increased from 30,650 to 31,200 people. In 2019, Utah continued to have the highest birth rate in the nation at 15.3 births per 1,000 people.

- In Montana and South Dakota, the population grew by about 8,100 and 5,950 people, or 0.8 and 0.7 percent, respectively, with the growth rates in both states unchanged from a year earlier. In Montana, net in-migration increased slightly, from about 6,300 to 6,350 people, but net natural change decreased from 1,875 to 1,750 people. In South Dakota, net in-migration increased from 1,175 to 1,375 people, but net natural change decreased slightly, from 4,650 to 4,575 people.
- In North Dakota, the population increased by about 3,975 people, or 0.5 percent, which was up slightly from the 0.4-percent growth in the previous 12 months. Net natural change decreased from 4,425 to 4,275 people, but net out-migration (a negative contribution to population growth) decreased significantly, from about 1,300 to 325 people.
- In Wyoming, the population increased by about 1,150 people, or 0.2 percent, which was a reversal from the decline of 1,325, or 0.2 percent, during the preceding 12 months. Net natural change decreased from 1,975 to 1,625 people, but net out-migration also decreased, from about 3,300 to 475 people.

**Population growth slowed slightly in the Rocky Mountain region, but its growth rate remained well above the national average.**

	Population Estimate (as of July 1)			Percentage Change	
	2017	2018	2019	2017 to 2018	2018 to 2019
United States	324,985,539	326,687,501	328,239,523	0.5	0.5
Rocky Mountain Region	11,972,150	12,119,881	12,258,952	1.2	1.1
Colorado	5,611,885	5,691,287	5,758,736	1.4	1.2
Montana	1,052,482	1,060,665	1,068,778	0.8	0.8
North Dakota	754,942	758,080	762,062	0.4	0.5
South Dakota	872,868	878,698	884,659	0.7	0.7
Utah	3,101,042	3,153,550	3,205,958	1.7	1.7
Wyoming	578,931	577,601	578,759	-0.2	0.2

Source: U.S. Census Bureau

## Sales Market Conditions

Home sales market conditions in the Rocky Mountain region ranged from slightly tight to tight in the first quarter of 2020. The inventory of active listings in March 2020 in most metropolitan areas in the region ranged from a 1.0- to a 3.0-month supply of homes for sale, and in six of the nine metropolitan areas cited in this report, the year-over-year home price increases ranged from 6 to 11 percent.

Sales demand was strong in the Denver metropolitan area, with approximately 73,100 new and existing single-family homes, townhomes, and condominiums sold during the 12 months ending March 2020, up 7 percent from a year earlier (Colorado Association of Realtors®). The sales market was slightly tight in the metropolitan area. New and existing home prices averaged about \$481,000 during the 12 months ending March 2020, up

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Home sales markets were generally tight in the region, with yearly price increases of 7 percent or more in some metropolitan areas.

	12 Months Ending	Number of Homes Sold				Price		
		2019	2020	Percent Change	Average	2019 (\$)	2020 (\$)	Percent Change
Bismarck (N&E)	Mar-20	2,575	2,750	7	AVG	264,100	267,800	1
Casper (N&E)	Mar-20	2,100	2,300	10	AVG	232,200	257,000	11
Colorado Springs (N&E) <sup>a</sup>	Mar-20	17,750	18,450	4	AVG	334,900	358,800	7
Denver (N&E) <sup>b</sup>	Mar-20	68,150	73,100	7	AVG	462,800	481,000	4
Fargo (N&E)	Mar-20	4,950	4,975	1	AVG	236,300	250,800	6
Missoula (N&E)	Mar-20	2,650	2,775	5	AVG	302,600	321,800	6
Ogden (N&E) <sup>c</sup>	Mar-20	9,775	10,350	6	AVG	304,900	334,500	10
Rapid City (N&E) <sup>d</sup>	Mar-20	1,700	1,850	9	AVG	254,200	257,900	1
Salt Lake City (N&E) <sup>c</sup>	Mar-20	17,750	18,200	3	AVG	366,700	396,900	8

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

Note: Salt Lake City metropolitan area data includes Salt Lake County only.

Sources: (a) Pikes Peak Association of Realtors®; (b) Colorado Association of Realtors®; (c) Utah Association of Realtors®; (d) Coldwell Banker Black Hills Legacy Real Estate; all other metropolitan areas—Metrostudy, A Hanley Wood Company, with adjustments by the analyst

4 percent from a year earlier. The number of active listings in March 2020 represented a 1.5-month supply of homes for sale, down from a 2.1-month supply a year earlier. In the Colorado Springs metropolitan area, market conditions were tight, with a 1.0-month supply of homes for sale in March 2020, down from a 1.1-month supply a year earlier, and prices in the 12 months ending March 2020 were up 7 percent from a year earlier, to \$358,800 (Pikes Peak Association of Realtors®). Despite the low supply of listings, sales in the 12 months ending March 2020 were up 4 percent from a year earlier, to about 18,450 homes sold. In the Salt Lake City and Ogden metropolitan areas, home sales market conditions were also tight, with the active listings in March 2020 representing 1.7 and 1.8 months of supply, respectively, down from 2.2 months of supply in both areas a year earlier (Utah Association of Realtors®). Home prices in the Salt Lake City and Ogden metropolitan areas averaged \$396,900 and \$334,500 in the 12 months ending March 2020, increases of 8 and 10 percent, respectively, from a year earlier. Home sales were up 3 and 6 percent from a year earlier in the Salt Lake City and Ogden metropolitan areas, to about 18,200 and 10,350 homes sold, respectively.

Sales demand was strong and market conditions were somewhat tight in metropolitan areas in the northern states in the region. Home sales in the Rapid City metropolitan area during the 12 months ending March 2020 were up nearly 9 percent from a year

earlier, to about 1,850 homes sold (Coldwell Banker Black Hills Legacy Real Estate). The active listings represented a 3.0-month supply of homes for sale in March 2020, down from a 3.7-month supply a year earlier; nevertheless, prices during the 12 months ending March 2020 were up only 1 percent from a year earlier, to about \$257,900. In the Fargo, Missoula, and Casper metropolitan areas, home prices were up 6, 6, and 11 percent from a year earlier, to \$250,800, \$321,800, and \$257,000, respectively, and sales were up 1, 5, and 10 percent, to 4,975, 2,775, and 2,300 homes sold, respectively (Metrostudy, A Hanley Wood Company, with adjustments by the analyst).

The strong sales demand and rising home prices in the Rocky Mountain region contributed to a decline in the rate of seriously delinquent mortgages (loans 90 or more days delinquent or in foreclosure) and real estate owned (REO) properties in the past year. In February 2020, the share of mortgages in the region that were seriously delinquent or had transitioned into REO status was 0.5 percent, down from 0.7 percent a year earlier (CoreLogic, Inc.). The rates were down from a year ago in every state in the region and ranged from 0.4 percent in Colorado, to 0.9 percent in North Dakota and Wyoming in February 2020. All states in the Rocky Mountain region had rates below the U.S. average, and during the past year, the U.S. rate declined from 1.7 to 1.3 percent.

Single-family homebuilding activity, as measured by the number of homes permitted, in the region was up strongly from a year ago.

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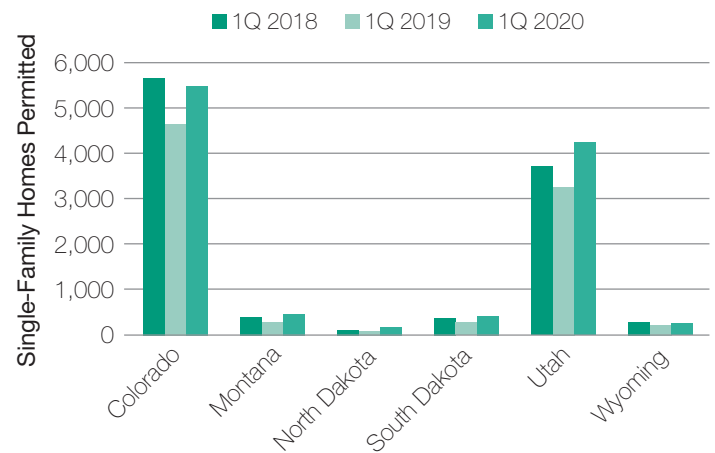
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During the first quarter of 2020 (preliminary data)—

- Approximately 11,100 single-family homes were permitted in the Rocky Mountain region, a 26-percent increase from the 8,800 homes permitted in the first quarter of 2019. The largest gains were in Colorado and Utah, but all states in the region had increases in homebuilding activity.
- In Colorado, single-family construction increased by 850 homes, or 18 percent, from a year earlier, to nearly 5,500 homes permitted. In the Colorado Springs and Fort Collins metropolitan areas, permitting increased 48 and 85 percent, or by 380 and 310 homes, to about 1,175 and 675 homes permitted, respectively. In the Denver-Aurora-Lakewood metropolitan area, single-family construction was up 4 percent, to nearly 2,400 homes permitted.
- In Utah, construction was up by 990 homes, or 30 percent, to about 4,250 single-family homes permitted. Homebuilding increased in all the metropolitan areas in Utah, led by the Provo-Orem and Ogden-Clearfield metropolitan areas, with increases of 31 and 42 percent, to about 1,575 and 820 homes permitted, respectively. In the Salt Lake City metropolitan area, construction increased 27 percent from a year earlier, to about 1,175 homes permitted.
- In Montana and South Dakota, single-family permitting was up 56 and 54 percent to about 470 and 430 homes, respectively. In the Billings metropolitan area, permitting increased from 50 to 120 homes, and in the Sioux Falls metropolitan area, permitting increased from 140 to nearly 220 homes permitted.

- In Wyoming, single-family construction increased 11 percent, from about 230 to 260 homes permitted, and in North Dakota, single-family construction more than doubled, from 85 to 180 homes permitted. In the Bismarck metropolitan area, single-family construction increased from about 30 to 60 homes permitted, and in the Fargo metropolitan area, homebuilding increased from 30 to 95 homes permitted.

**Single-family homebuilding activity in the region was up strongly from a year ago, led by sizeable gains in Colorado and Utah.**



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

**Apartment Market Conditions**

Apartment market conditions were balanced throughout the Rocky Mountain region in the first quarter of 2020. Eight of the nine metropolitan areas in the region cited in this report had average apartment vacancy rates ranging from 4.3 to 6.4 percent, and seven of the nine markets had year-over-year rent increases of 4 percent or less. Many metropolitan areas in the region had tight market conditions as recently as 2016, but apartment construction activity was strong in the past 4 years, and the supply has generally kept pace with the growth in rental demand.

The Denver-Aurora-Lakewood and Colorado Springs metropolitan areas had average apartment vacancy rates of 6.2 and 6.4 percent in the first quarter of 2020, up from 6.1 and 5.8 percent, respectively, a year earlier (*Apartment Insights*). The average rents increased 4 and 7 percent from a year earlier, to \$1,505 and \$1,147, respectively. The increases in vacancies and rents in the Colorado Springs metropolitan area were partially due to apartment deliveries, including many new class A units, which contributed to an increase in the average rent calculation.

In 2019, approximately 1,600 new apartments were completed in the metropolitan area, or roughly double the number completed in 2018.

In the Salt Lake City and Provo-Orem metropolitan areas, apartment rents averaged \$1,107 and \$1,018, respectively, increases of 4 percent from a year earlier in both areas (Reis, Inc). Apartment vacancies declined from 6.3 to 4.3 percent in the Provo-Orem metropolitan area but increased from 5.7 to 6.0 percent in the Salt Lake City metropolitan area. In the Sioux Falls, Fargo, and Missoula metropolitan areas, apartment vacancies declined in the past year, but market conditions remained balanced. The Sioux Falls, Fargo, and Missoula metropolitan areas had average vacancy rates of 5.9, 5.2, and 5.0 percent, down from 8.0, 6.8, and 7.0 percent, respectively, a year earlier (Axiometrics, Inc.). The average apartment rent was up 1 percent in the Sioux Falls metropolitan area, and essentially unchanged in the Fargo metropolitan area, but rents increased 6 percent from a year earlier in the Missoula metropolitan area.

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Apartment markets were balanced throughout the Rocky Mountain region, with only moderate rent growth in most metropolitan areas.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		1Q 2019 (%)	1Q 2020 (%)	Percentage Point Change	1Q 2019 (\$)	1Q 2020 (\$)	Percent Change
Cheyenne	Balanced	2.2	2.9	0.7	846	875	3
Colorado Springs <sup>a</sup>	Balanced	5.8	6.4	0.6	1,071	1,147	7
Denver <sup>a</sup>	Balanced	6.1	6.2	0.1	1,443	1,505	4
Fargo	Balanced	6.8	5.2	-1.6	788	785	0
Fort Collins <sup>a</sup>	Balanced	4.9	5.2	0.3	1,344	1,389	3
Missoula	Balanced	7.0	5.0	-2.0	1,013	1,074	6
Provo <sup>b</sup>	Balanced	6.3	4.3	-2.0	981	1,018	4
Salt Lake City <sup>b</sup>	Balanced	5.7	6.0	0.3	1,063	1,107	4
Sioux Falls	Balanced	8.0	5.9	-2.1	885	897	1

1Q = first quarter.

Sources: Market condition—Economic and Market Analysis Division; vacancy rate and average monthly rent—(a) Apartment Insights, (b) Reis, Inc.; all other areas—Axiometrics, Inc.

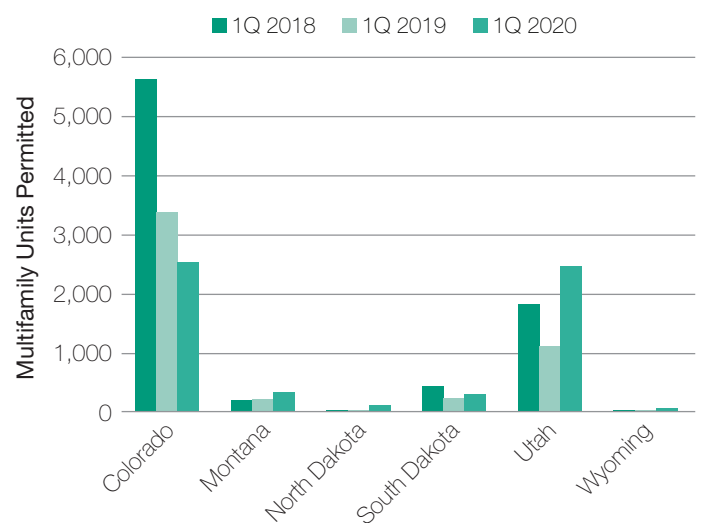
Multifamily development activity remained strong in most of the Rocky Mountain region.

During the first quarter of 2020 (preliminary data)—

- Approximately 5,775 multifamily units were permitted in the region, up 18 percent from a year earlier. A decline in construction activity in Colorado was more than offset by increases in all other states in the region, particularly in Utah.
- In Colorado, multifamily permitting declined 25 percent, to about 2,525 units. Permitting was down or unchanged from a year ago in all metropolitan areas in the state except Greeley, where permitting increased from 110 to 485 units. In the Denver-Aurora-Lakewood metropolitan area, multifamily permitting was down 40 percent, to less than 1,200 units.
- In Utah, multifamily construction more than doubled from about 1,100 to 2,450 units permitted. In the Salt Lake City metropolitan area, permitting increased from 625 to 1,675 units, and in the Provo-Orem metropolitan area, permitting increased from less than 50 to 275 units; however, building activity declined in the Ogden-Clearfield metropolitan area, from about 340 to 280 units permitted.
- In Montana, multifamily permitting increased from about 200 to 330 units, and in South Dakota, permitting increased from 215 to 290 units. In Missoula, permitting decreased from 85 to 10 units, but elsewhere in Montana construction was up strongly, including an increase from 40 to 140 units permitted in the Bozeman micropolitan area. Multifamily permitting decreased from 150 to 50 units in the Sioux Falls metropolitan area but increased from 50 to 200 units in the Rapid City-Spearfish metropolitan area.

- Multifamily permitting increased in North Dakota and Wyoming from very low levels in both states a year ago. In North Dakota, about 105 units were permitted, compared with no units permitted a year earlier; the statewide total included 90 units permitted in the Fargo metropolitan area. In Wyoming, permitting increased from 15 to 55 units, including an increase from 0 to 45 units in the Cheyenne metropolitan area.

A decline in multifamily construction in Colorado was more than offset by increases in Utah and other states in the region.



1Q = first quarter.

Note: Based on preliminary data.

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

