

# HUD PD&R Regional Reports

## Region 8: Rocky Mountain

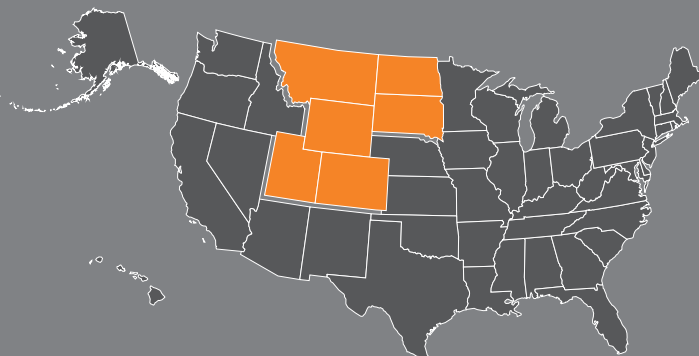


### Quick Facts About Region 8

Sioux Falls, South Dakota

By James Conner | 2nd Quarter 2021

- **Sales market conditions—**  
Second quarter 2021: tight  
First quarter 2021: tight  
Second quarter 2020: balanced
- **Apartment market conditions—**  
Second quarter 2021: mixed (balanced to tight)  
First quarter 2021: mixed (slightly soft to slightly tight)  
Second quarter 2020: balanced



### Overview

The economy in the Rocky Mountain region strengthened in the second quarter of 2021. The COVID-19 pandemic continued receding, and the reopening of businesses in the region led to a strong recovery in jobs. Nonfarm payrolls increased by almost 425,000 jobs, or nearly 8 percent, from a year earlier, when economic conditions were weak in the early months of the pandemic. The leisure and hospitality sector had the strongest rebound in payrolls, increasing by 173,100 jobs, or nearly 38 percent, in the past year, but payrolls in the sector remained 63,000 jobs, or 9 percent, below their level in the second quarter of 2019. The home sales and apartment markets in the region both tightened during the past year, compared with balanced conditions a year ago. Sales markets in the region are now tight, with most metropolitan areas cited in this report having double-digit increases in home prices and sales in the past year. Apartment conditions remained balanced in some areas, however, and apartment market conditions in the region now range from balanced to tight.

- The number of COVID-19 cases in the region declined during the second quarter of 2021. The infection rate

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averaged 7 new cases a day per 100,000 people in the last week of the second quarter of 2021, down from 21 cases a day at the end of the preceding quarter and down from its peak of more than 105 cases a day in November 2020 (Centers for Disease Control and Prevention).

- The decrease in COVID-19 cases and the subsequent reopening of businesses in the region led to a decline in unemployment insurance claims, with a weekly average of about 11,600 initial claims filed during the second quarter

of 2021, down from 59,350 in the second quarter of 2020 but above the weekly average of 4,325 initial claims filed in the second quarter of 2019.

- In response to strong housing demand in the region, permitting of single-family and multifamily homes in the second quarter of 2021 increased 38 and 79 percent, respectively, from a year earlier. Inventories of existing homes for sale declined significantly in most metropolitan areas in the region, however, and for-sale supplies are very low.

## Economic Conditions

The economy in the Rocky Mountain region improved in the second quarter of 2021, and the region has recovered nearly all of the jobs lost during the pandemic. Nonfarm payrolls in the region averaged 5.92 million jobs in the second quarter of 2021, an increase of about 424,900 jobs, or 7.7 percent, compared with the second quarter of 2020, during the early months of the pandemic. From February to April 2020, nonfarm payrolls declined by 660,200 jobs, or 11 percent (not seasonally adjusted), but payrolls began to recover in May 2020. By June 2021, nonfarm payrolls had increased by about 653,400 jobs, accounting for nearly 99 percent of the jobs lost early in the pandemic. The number of nonfarm payrolls in the second quarter of 2021 remained below the number in the second quarter of 2019, however, by 82,700 jobs, or more than 1 percent. Resident employment in the region followed a

similar trend, but its growth was somewhat stronger. (Nonfarm payrolls are based on surveys of businesses, whereas resident employment is based on surveys of households, so the two measures sometimes diverge, particularly during periods of economic volatility.) The number of employed residents in the second quarter of 2021 was up by about 487,400, or 8.5 percent, from the second quarter of 2020 and was above the number during the second quarter of 2019 by 14,800, or 0.2 percent. Labor force growth in the region was stronger still during the past 2 years. The number of people in the labor force in the second quarter of 2021 was up by 166,900, or 2.6 percent, from a year earlier, and up by 151,500, or 2.4 percent, from the second quarter of 2019.

The regional unemployment rate averaged 4.7 percent in the second quarter of 2021, down from 9.9 percent in the second

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The growth in nonfarm payrolls in the second quarter of 2021 reflected a strong rebound from weak economic conditions a year ago.

	Second Quarter		Year-Over-Year Change	
	2020 (Thousands)	2021 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	5,498.4	5,923.3	424.9	7.7
Goods-Producing Sectors	833.5	852.5	19.0	2.3
Mining, Logging, & Construction	461.6	462.5	0.9	0.2
Mining & Logging	69.0	64.9	-4.1	-5.9
Construction	392.6	397.6	5.0	1.3
Manufacturing	371.9	390.0	18.1	4.9
Service-Providing Sectors	4,664.9	5,070.8	405.9	8.7
Wholesale & Retail Trade	795.9	865.7	69.8	8.8
Transportation & Utilities	224.0	240.5	16.5	7.4
Information	130.6	130.6	0.0	0.0
Financial Activities	349.9	360.9	11.0	3.1
Professional & Business Services	765.6	813.0	47.4	6.2
Education & Health Services	757.8	800.7	42.9	5.7
Leisure & Hospitality	456.3	629.4	173.1	37.9
Other Services	196.6	217.9	21.3	10.8
Government	988.1	1,012.2	24.1	2.4

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

Source: U.S. Bureau of Labor Statistics



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quarter of 2020 but above the 2.7-percent rate in the second quarter of 2019, due to labor force growth that outpaced resident employment growth. Unemployment rates declined in all states in the region during the past year, with decreases ranging from 1.7 percentage points in Wyoming to 5.7 percentage points in Colorado and Montana. The national unemployment rate decreased 7.1 percentage points. In the second quarter of 2021, unemployment rates in the region ranged from 2.9 percent in Utah (the third lowest rate in the nation) to 6.1 percent in Colorado. Except for Colorado, unemployment rates for all states in the Rocky Mountain region were below the 5.8-percent national average.

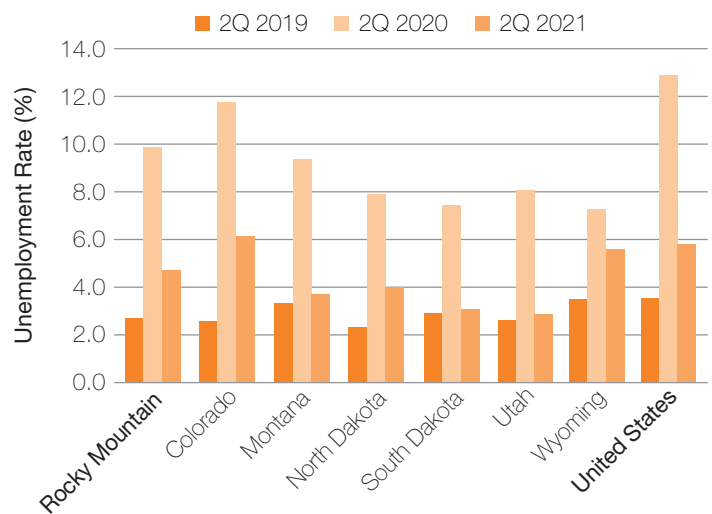
Payrolls in nearly all nonfarm sectors in the region were up from a year ago in the second quarter of 2021, led by increases in the leisure and hospitality, the wholesale and retail trade, and the professional and business services sectors of 173,100, 69,800, and 47,400 jobs, or 37.9, 8.8, and 6.2 percent, respectively. The rebound in jobs was weak in some industries, however. Payrolls in the information sector were flat compared with a year earlier, while the mining and logging and the state government subsectors were down by 4,100 and 7,100 jobs, or 5.9 and 2.5 percent, respectively. The decline in mining and logging payrolls reflected weak demand for exploration and drilling activity, despite rising energy prices in the past year. An average of 41 drilling rigs were active in the region during the second quarter of 2021, up slightly from 38 rigs a year earlier but well below the average of nearly 120 active rigs during the 12 months before the pandemic (Baker Hughes Company). Oil prices averaged about \$66 a barrel in the second quarter of 2021, up strongly from \$28 a year earlier (U.S. Energy Information Administration).

During the second quarter of 2021 –

- In Utah, nonfarm payrolls were up by 126,000 jobs, or 8.6 percent, from a year earlier, to 1.60 million jobs, and during the current quarter, payrolls surpassed their previous peak of 1.59 million jobs in the fourth quarter of 2019. The leisure and hospitality, the wholesale and retail trade, and the professional and business services sectors led the growth, increasing by 35,300, 22,000, and 19,400 jobs, or 31.8, 10.5, and 8.8 percent, respectively.
- In Colorado, payrolls were up by 201,100 jobs, or 8.0 percent, from a year earlier, to 2.71 million jobs, but payrolls remained nearly 4 percent below their peak of 2.82 million jobs in the fourth quarter of 2019. The growth in the current quarter was led by the leisure and hospitality, the wholesale and retail trade, and the education and health services sectors, with increases of 93,500, 34,300, and 24,100 jobs, or 45.0, 9.9, and 7.5 percent, respectively.

- In Montana and South Dakota, nonfarm payrolls were up by 34,200 and 29,700 jobs, or 7.6 and 7.3 percent, to 483,000 and 438,700 jobs, respectively; however, Montana and South Dakota payrolls remained 1.8 and 1.4 percent below their previous peaks, respectively, in the third quarter of 2019. The leisure and hospitality sector led the growth in both states, increasing by 16,000 and 9,900 jobs, or 32.9 and 29.1 percent, respectively. In addition, the wholesale and retail trade sector in Montana was up by 4,100 jobs, or 5.8 percent, and the government sector in South Dakota was up by 6,500 jobs, or 8.8 percent, which included a gain of 5,400 jobs, or 11.7 percent, in the local government subsector.
- In North Dakota and Wyoming, nonfarm payrolls increased by 23,500 and 10,500 jobs, or 5.9 and 4.0 percent, from a year earlier, to 419,000 and 274,300 jobs, respectively; however, North Dakota payrolls remained nearly 6 percent below their previous peak in the fourth quarter of 2019, and Wyoming payrolls were nearly 8 percent below their peak in the third quarter of 2019. The leisure and hospitality sectors in North Dakota and Wyoming increased by 9,300 and 9,000 jobs, or 32.7 and 33.7 percent, respectively. In addition, the government sector in North Dakota increased by 5,000 jobs, or 6.5 percent, and the professional and business services sector in Wyoming increased by 1,200 jobs, or 6.6 percent; however, the mining and logging subsectors in North Dakota and Wyoming declined by 200 and 1,300 jobs, or 1.4 and 7.9 percent, respectively.

Unemployment rates were down significantly in the second quarter from a year earlier in all states in the Rocky Mountain region and in the nation overall.



2Q = second quarter.  
Source: U.S. Bureau of Labor Statistics



## Sales Market Conditions

Home sales markets in the Rocky Mountain region tightened during the past year, and market conditions in most metropolitan areas in the region in the second quarter of 2021 were tight. By contrast, in the second quarter of 2020, in the early months of the pandemic, most markets in the region were balanced, with home sales nearly unchanged and home prices up only moderately from a year earlier. During the past year, the pandemic has contributed to rising demand for sales housing, reflected in higher home sales and prices and a reduced supply of existing homes for sale. New home demand was also strong in the second quarter of 2021, resulting in increased production, with single-family permitting in the region up significantly from a year earlier. In part because of very low inventories, home prices increased strongly in all nine metropolitan areas in the region cited in this report, ranging from 7 percent in Casper to 19 percent in Colorado Springs. Notwithstanding the low inventories, home sales were also up strongly in all nine areas, with increases ranging from 9 percent in Ogden-Clearfield to 33 percent in Fargo. The strong sales demand led to significant declines in for-sale inventories. In the Denver, Colorado Springs, Fort Collins, and Grand Junction metropolitan areas, the active listings in June 2021 represented 0.3, 0.3, 0.4, and 0.5 months of supply at the current sales rate, down from 1.0, 0.9, 1.3, and 1.0 months of supply, respectively, a year earlier (Colorado Association of Realtors®). In the Salt Lake City, Provo-Orem, and Ogden-Clearfield metropolitan areas, the number of active listings in June 2021 declined 50, 49, and 47 percent, respectively, from a year earlier (Realtor.com). In the Billings, Rapid City, Cheyenne, and Bismarck metropolitan areas, the active home listings in June 2021 were down 60, 60, 59, and 53 percent, respectively.

Mortgage delinquencies increased in the region since the start of the pandemic due to a greater reliance on mortgage forbearance by homeowners. The rate of mortgages that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned (REO) status was 1.9 percent in May 2021, up from 0.7 percent a year earlier and up from its recent low of 0.5 percent in March 2020 (CoreLogic, Inc.). The rate previously peaked in February 2010 at 5.1 percent, following the last recession, but fell steadily in the subsequent 10 years. In May 2021, approximately 1,125 mortgages in the region were in foreclosure or had transitioned into REO status, down 64 percent from 1,850 mortgages a year earlier. The number of mortgages 90 days or more delinquent was up about three-fold during the same period, from fewer than 10,200 mortgages past due in May 2020 to about 31,100 past due in May 2021. Nationally, the rate of mortgages that were seriously delinquent or had transitioned into REO status increased from 1.6 percent in May 2020 to 3.3 percent in May 2021. Loans in foreclosure or REO status in the nation declined from about 129,800 to 98,000, or 24 percent, but the number of mortgages 90 days or more delinquent was up more than three-fold, from about 473,300 to 1.35 million mortgages past due in May 2021.

The strong sales demand led to an increase in homebuilding activity. During the second quarter of 2020, in the early months of the pandemic, single-family permitting in the region was down 7 percent from a year earlier, to about 11,925 homes, but building activity rebounded significantly in the past 9 months.

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**Home sales and average sales prices were both up strongly from a year ago in markets throughout the Rocky Mountain region during the 12 months ending June 2021.**

	12 Months Ending	Number of Homes Sold			Average	Price		
		2020	2021	Percent Change		2020 (\$)	2021 (\$)	Percent Change
Casper (N&E)	June	2,275	2,550	12	AVG	\$256,200	\$273,700	7
Colorado Springs (N&E) <sup>a</sup>	June	16,950	19,600	16	AVG	\$364,600	\$432,800	19
Denver (N&E) <sup>a</sup>	June	53,650	65,200	22	AVG	\$481,900	\$561,600	17
Fargo (N&E)	June	5,050	6,725	33	AVG	\$253,600	\$276,300	9
Fort Collins (N&E) <sup>a</sup>	June	6,950	8,600	24	AVG	\$444,500	\$500,600	13
Missoula (N&E)	June	2,800	3,150	13	AVG	\$333,700	\$391,400	17
Ogden-Clearfield (N&E)	June	17,600	19,200	9	AVG	\$338,300	\$397,300	17
Salt Lake City (N&E)	June	30,000	34,400	15	AVG	\$396,300	\$448,100	13
Sioux Falls (N&E) <sup>b</sup>	June	5,000	5,575	12	AVG	\$247,900	\$270,900	9

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

Sources: (a) Colorado Association of Realtors®; (b) Realtor® Association of the Sioux Empire, Inc.; all other areas: Zonda, with adjustments by the analyst

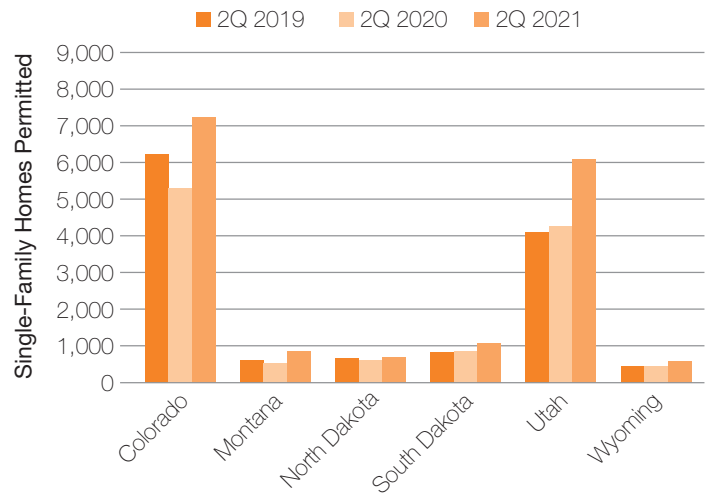


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During the second quarter of 2021 —

- Approximately 16,450 single-family homes were permitted in the Rocky Mountain region, up 38 percent from a year earlier. Permitting increased in every state in the region, with the largest increases in Colorado and Utah.
- In Colorado, about 7,225 homes were permitted, a 36-percent increase from a year earlier. In the Denver, Colorado Springs, and Greeley metropolitan areas, permitting was up 46, 9, and 54 percent, to about 3,600, 1,225, and 875 homes, respectively.
- In Utah, about 6,075 homes were permitted, up 43 percent from a year earlier. In the Salt Lake City, Provo-Orem, and Ogden-Clearfield metropolitan areas, permitting increased 53, 33, and 34 percent, to about 1,775, 2,075, and 1,050 homes, respectively.
- In Montana and Wyoming, permitting was up 67 and 35 percent from a year earlier, to about 850 and 575 homes, respectively. In Missoula and Cheyenne, permitting increased 49 and 22 percent, to about 130 and 125 homes, respectively, and in Billings, single-family construction more than doubled, from about 85 to 205 homes permitted.
- In North Dakota and South Dakota, single-family permitting was up 13 and 25 percent, to about 675 and 1,075 homes,

Single-family home permitting in the second quarter of 2021 increased from a year ago in every state in the Rocky Mountain region.



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

respectively. In the Fargo, Rapid City, and Sioux Falls metropolitan areas, permitting increased 15, 42, and 22 percent, to about 440, 245, and 575 homes, respectively.

## Apartment Market Conditions

Apartment market conditions in the Rocky Mountain region ranged from balanced to tight in the second quarter of 2021, compared with balanced conditions a year earlier. Apartment vacancies declined from a year ago in all nine metropolitan areas cited in this report, and year-over-year rent changes ranged from a decrease of less than 1 percent to an increase of nearly 16 percent. In the Denver metropolitan area, apartment conditions were tight, with a 4.9-percent vacancy rate, down from 6.4 percent a year earlier, and the average rent was up 7 percent, to \$1,593 (*Apartment Insights*). Apartment demand was strong, and the number of apartments absorbed during the second quarter of 2021 in the Denver metropolitan area was the highest quarterly total in the 17 years *Apartment Insights* has surveyed the market, at about 4,950 units, far surpassing the previous record of 3,950 units. Likewise, apartment absorption in the second quarter of 2021 surpassed previous records in the Colorado Springs metropolitan area and the northern Colorado market, which includes the Fort Collins and Greeley metropolitan areas. The strong demand was partly a result of people relocating to Colorado in recent months. Conditions were more balanced in the Salt Lake City and Provo-Orem metropolitan areas, where apartment vacancies were down 0.7 and 0.4 percentage points

from a year ago, to 5.3 and 3.9 percent, respectively (Moody's Analytics REIS). The average rent was up less than 1 percent from a year earlier in Salt Lake City and down less than 1 percent in Provo-Orem. Conditions were mixed in the northern states in the region. The market in Billings was tight; the vacancy rate declined from 5.4 to 1.7 percent in the past year, and rents were up 14 percent, to \$1,199 (Real Page, Inc.). Here again, the strong demand growth was partly attributable to people relocating to Montana. The Cheyenne and Rapid City apartment markets were slightly tight, with rent increases of 6 and 5 percent, respectively. The Fargo apartment market was balanced, with a 4.3-percent vacancy rate, down from 4.9 percent a year earlier, and rent growth of less than 3 percent.

Apartment construction, as measured by the number of multifamily units permitted, declined in the early months of the pandemic but rebounded in the past 9 months, and permitting of multifamily units in the second quarter of 2021 was up strongly from a year ago. In part due to the disruption in construction, however, the number of multifamily units completed in the region during the 12 months ending June 2021 was down 24 percent from a year earlier to about 18,850 units (Dodge Data & Analytics LLC).

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Apartment markets tightened throughout the Rocky Mountain region during the second quarter of 2021, but conditions remained balanced in a few metropolitan areas.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		2Q 2020 (%)	2Q 2021 (%)	Percentage Point Change	2Q 2020 (\$)	2Q 2021 (\$)	Percent Change
Billings	Tight	5.4	1.7	-3.7	1,049	1,199	14
Boulder <sup>a</sup>	Tight	6.1	4.2	-1.9	1,600	1,712	7
Cheyenne	Slightly Tight	2.2	1.4	-0.8	885	934	6
Colorado Springs <sup>a</sup>	Tight	6.3	3.8	-2.5	1,158	1,342	16
Denver <sup>a</sup>	Tight	6.4	4.9	-1.5	1,489	1,593	7
Fargo	Balanced	4.9	4.3	-0.6	786	809	3
Provo-Orem <sup>b</sup>	Balanced	4.3	3.9	-0.4	1,010	1,006	0
Rapid City	Slightly Tight	3.6	1.9	-1.7	1,000	1,050	5
Salt Lake City <sup>b</sup>	Balanced	6.0	5.3	-0.7	1,119	1,123	0

2Q = second quarter.

Sources: Market condition—Economic and Market Analysis Division; vacancy rate and average monthly rent—(a) *Apartment Insights*, (b) Moody's Analytics REIS; all other metropolitan areas—Real Page, Inc.

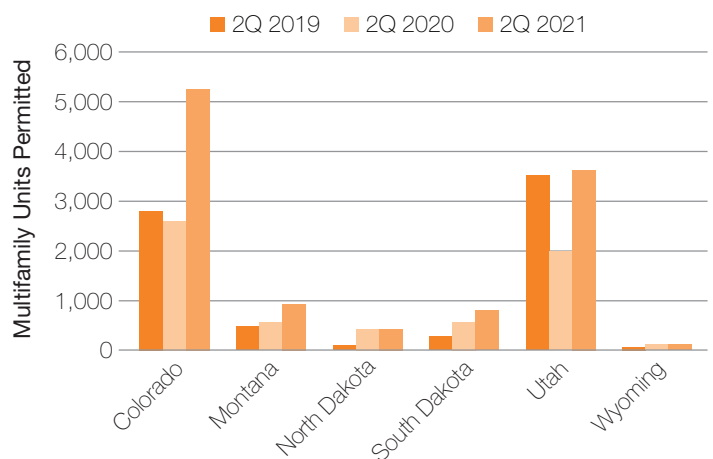
During the second quarter of 2021 (preliminary data)—

- Approximately 11,100 multifamily units were permitted in the region, up 79 percent from a year earlier; however, permitting in the second quarter of 2020 was down 13 percent from a year earlier, led by a 43-percent decline in Utah. Multifamily permitting in the second quarter of 2021 was up strongly from a year ago in Colorado, Montana, South Dakota, and Utah but was essentially flat in North Dakota and Wyoming.
- In Colorado, multifamily permitting more than doubled, from fewer than 2,600 to nearly 5,250 units. In the Denver metropolitan area, permitting nearly tripled, increasing from about 1,475 to nearly 4,100 units; in Colorado Springs, permitting increased from about 260 to 390 units; in Fort Collins, permitting increased from 75 to 255 units; and in Greeley, permitting increased from 35 to 270 units.
- In Utah, multifamily permitting was up 82 percent from a year earlier to about 3,625 units, led by the Provo-Orem metropolitan area, where permitting increased nearly six-fold, from 260 to 1,475 units, and the Ogden-Clearfield metropolitan area, where permitting increased nearly four-fold, from 205 to 745 units. In the Salt Lake City metropolitan area, permitting was up 14 percent, from about 1,175 to 1,325 units.
- In Montana and South Dakota, permitting increased 66 and 40 percent, to about 925 and 800 units, respectively. In the Sioux Falls metropolitan area, permitting was up

50 percent, to 670 units, and in Missoula, permitting increased from about 45 to 435 units.

- In North Dakota and Wyoming, multifamily permitting was unchanged from a year earlier, at about 425 and 100 units, respectively. Permitting increased from about 180 to 195 units in the Fargo metropolitan area, from 25 to 170 units in the Bismarck metropolitan area, and from 50 to 80 units in the Casper metropolitan area; however, permitting was unchanged or down from a year earlier in other parts of the two states.

Multifamily permitting in the region was up strongly from a year ago in the second quarter of 2021, led by gains in Colorado and Utah.



2Q = second quarter.

Note: Based on preliminary data.

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

