

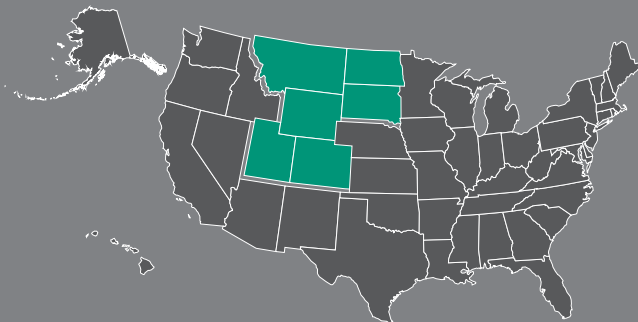
HUD PD&R Regional Reports

Region VIII: Rocky Mountain



Quick Facts About Region VIII

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



By James Conner | 1st quarter 2013

Overview

Economic conditions in the Rocky Mountain region continued to improve during the first quarter of 2013. Nonfarm payrolls were up by 141,500 jobs, or 2.8 percent, compared with the number of jobs recorded during the same quarter a year ago, and the unemployment rate declined from 7.2 to 6.3 percent. Sales housing markets also strengthened in the past year, and conditions were balanced in the first quarter. In addition, because of growth in population and household formation, rental demand increased in the past year. Rental housing market conditions ranged from balanced to tight throughout most of the region. Housing construction—both single-family and multifamily—was up significantly from a year ago.

- Both the volume of home sales and average prices for existing homes increased in the past year, and sales market conditions are currently balanced in most areas of the region.
- Rental market conditions continued to tighten in the past year, and apartment market conditions currently range from balanced to tight in most metropolitan areas of the region.
- Construction of single-family homes, as measured by the number of homes permitted, was up 32 percent during the first quarter of 2013 from the same quarter a year ago. Multifamily construction activity, as measured by the number of units permitted, was up 62 percent.



Job growth occurred in all nonfarm payroll sectors in the Rocky Mountain region.

	First Quarter		3-Month Change (2012-13)	
	2012 (thousands)	2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	5,004.0	5,145.5	141.5	2.8
Goods-producing sectors	687.1	705.8	18.7	2.7
Mining, logging, and construction	351.6	363.0	11.4	3.2
Manufacturing	335.6	342.8	7.2	2.1
Service-providing sectors	4,316.9	4,439.7	122.8	2.8
Wholesale and retail trade	760.3	786.9	26.6	3.5
Transportation and utilities	186.2	192.5	6.3	3.4
Information	124.7	125.3	0.6	0.5
Financial activities	293.5	302.4	8.9	3.0
Professional and business services	617.2	642.9	25.7	4.2
Education and health services	658.9	678.3	19.4	2.9
Leisure and hospitality	550.1	579.7	29.6	5.4
Other services	187.1	190.5	3.4	1.8
Government	939.0	941.0	2.0	0.2

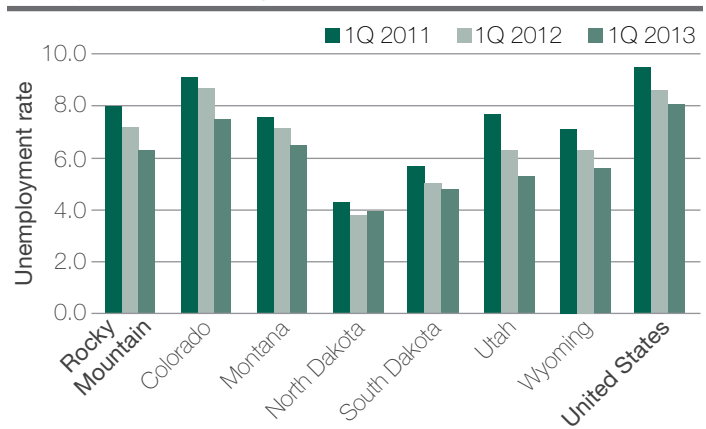
Source: U.S. Bureau of Labor Statistics

Economic Conditions

Economic conditions in the Rocky Mountain region have improved steadily since early 2010. Nonfarm payrolls averaged 5.15 million jobs during the first quarter of 2013, an increase of 141,500 jobs, or 2.8 percent, from the same quarter a year earlier. The leisure and hospitality, wholesale and retail trade, and professional and business services sectors, which increased by 29,600, 26,600, and 25,700 jobs, or 5.4, 3.5, and 4.2 percent, respectively, led job growth. The unemployment rate for the region averaged 6.3 percent during first quarter of 2013, down from 7.2 percent during the same quarter a year earlier. State unemployment rates ranged from 4.0 percent in North Dakota to 7.5 percent in Colorado, but the rates for all states in the region remained less than the national average.

- In North Dakota—which has had the fastest rate of job growth in the nation for the past 2 years—nonfarm payrolls were up 5 percent. The mining and logging subsector led job gains because of energy-related activity in the western part of the state.
- Colorado gained the most jobs in the region, with nonfarm payrolls increasing by 62,600 jobs, or 1.8 percent, led by growth in the leisure and hospitality, professional and business services, and education and health services sectors.
- In Utah, nonfarm payrolls grew by 44,600 jobs, or 3.7 percent, led by gains in the leisure and hospitality, wholesale and retail trade, and professional and business services sectors.

Unemployment rates declined in most states in the Rocky Mountain region.



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

- Montana and South Dakota had moderate job growth of 2.1 and 1.3 percent, respectively. Payrolls increased in the leisure and hospitality and the education and health services sectors, but declines in the mining, logging, and construction sector partially offset these gains in both states.
- In Wyoming, payrolls were down by 600 jobs, or 0.2 percent, led by declines in the leisure and hospitality sector and the mining and logging subsector.



Sales Market Conditions

As the economy improved throughout most of the region in the past year, sales housing markets strengthened. Conditions were balanced in most areas during the first quarter of 2013. In Colorado and Utah, approximately 94,200 and 45,850 existing homes sold during the 12 months ending January 2013, increases of 17 and 8 percent, respectively (CoreLogic, Inc.). In Wyoming, Montana, and North Dakota, 6,700, 13,650, and 12,300 existing homes sold, increases of 18, 12, and 4 percent, respectively. Home prices also increased in the region. Average sales prices for existing single-family homes during the 12 months ending February 2013 increased 7 percent from a year earlier in Colorado, Utah, and North Dakota. In Montana, Wyoming, and South Dakota, prices rose 5 percent (CoreLogic, Inc. Home Price Index).

Home prices and the number of homes sold were up in most metropolitan areas in the region. In the Denver, Salt Lake City, Fargo, and Billings areas, existing home sales were up 22.0, 14.6, 14.7, and 17.2 percent, respectively, from a year ago, and existing home prices were up 10.1, 6.8, 0.8, and 7.3 percent, respectively.

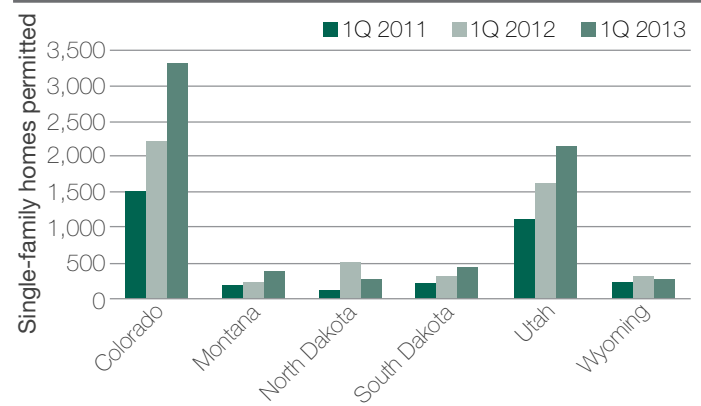
The rate of distressed mortgages has also decreased; 3.4 percent of mortgages in the region were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) as of March 2013, down from 4.2 percent a year earlier and much less than the national average of 7.0 percent (LPS Applied Analytics). Within the region, distressed mortgage rates ranged from 1.6 percent in North Dakota to 4.7 percent in Utah.

The improved sales market led to increased home construction, although the number of single-family homes permitted remains much less than prerecession levels.

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

- Single-family construction, as measured by the number of homes permitted, was up 32 percent from the same quarter a year earlier in the region, to approximately 6,850 homes permitted. By comparison, from 2000 through 2007, single-family construction during the first quarter of each year averaged nearly 12,900 homes in the region.
- Approximately 275 single-family homes were permitted each in North Dakota and Wyoming, decreases of 43 and 8 percent, respectively, from the same quarter a year ago. In Montana, Colorado, South Dakota, and Utah, single-family construction was up 67, 50, 39, and 33 percent from the same quarter a year ago, to about 375, 3,325, 450, and 2,150 homes permitted, respectively.

Construction of single-family homes increased in most states in the Rocky Mountain region.



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

Home sales and prices increased in metropolitan areas throughout the Rocky Mountain region.

	12 Months Ending	Number of Homes Sold			Price			
		2012	2013	Percent Change	Average or Median	2012 (\$)	2013 (\$)	Percent Change
Denver (E)	January	39,950	48,750	22.0	AVG	243,925	268,675	10.1
Salt Lake City (E)	January	18,175	20,825	14.6	AVG	241,750	258,300	6.8
Colorado Springs (E)	January	10,000	10,425	4.3	AVG	196,275	212,850	8.4
Provo (E)	January	7,750	7,900	1.9	AVG	220,500	226,150	2.6
Fort Collins (E)	January	5,225	6,125	17.2	AVG	238,025	249,350	4.8
Fargo (E)	January	3,125	3,600	15.2	AVG	164,250	165,500	0.8
Billings (E)	January	2,350	2,775	18.1	AVG	200,525	215,200	7.3
Casper (E)	January	1,600	1,800	12.5	AVG	195,750	212,525	8.6

AVG = average. E = existing.
 Source: CoreLogic, Inc.



Rental Market Conditions

Rental housing markets in the region continued to tighten during the past year, and conditions currently range from balanced to tight in most areas. The market is slightly tight in the Denver metropolitan area, with a 4.9-percent apartment vacancy rate in the first quarter of 2013, down from the 5.4-percent rate recorded during the same quarter a year earlier (Apartment Insights). The Colorado Springs market was balanced, with a 5.8-percent apartment vacancy rate, down from the 7.0-percent rate of the same quarter a year earlier. Average apartment rents in the Denver and Colorado Springs areas were up 6 and 2 percent, to approximately \$970 and \$750, respectively. Conditions in the Salt Lake City metropolitan area were tight in the first quarter of 2013, with a 3.8-percent apartment vacancy rate, down from a 4.5-percent rate during the same quarter a year earlier, while and with average rents up 3 percent, to approximately \$810 (Reis, Inc.). In December 2012, the Fargo area had a 2.9-percent apartment vacancy rate, down from the 4.3-percent rate of a year earlier (Appraisal Services, Inc.). The apartment vacancy rate in the Sioux Falls area was 3.6 percent in January 2013, down from 5.6 percent a year earlier (South Dakota Multi-Housing Association).

Apartment market conditions range from balanced to tight throughout the Rocky Mountain region.

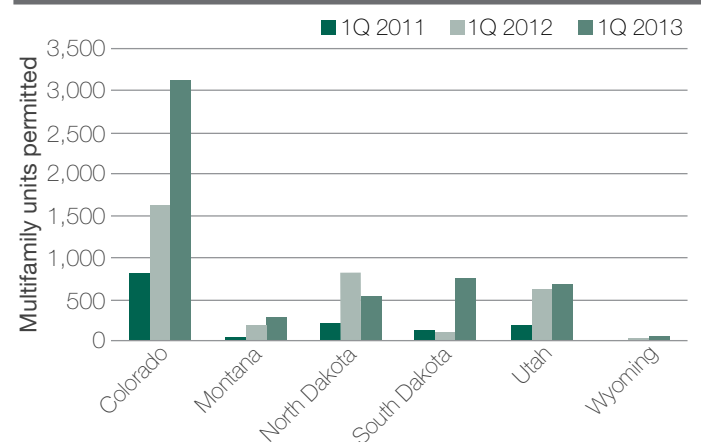
Metropolitan Area	Market Condition
Billings	Balanced
Cheyenne	Tight
Colorado Springs	Balanced
Denver	Slightly tight
Fargo	Tight
Provo	Tight
Salt Lake City	Tight
Sioux Falls	Tight

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

Strong rental demand in most areas of the region led to increased multifamily construction. Based on preliminary data, during the first quarter of 2013—

- Approximately 5,475 multifamily units were permitted in the Rocky Mountain region, a 62-percent increase from the same quarter a year earlier.
- Multifamily building activity nearly doubled in Colorado, to approximately 3,125 units permitted, with approximately 2,500 units, or 81 percent of the statewide total, permitted in the Denver area.
- In South Dakota, multifamily construction activity increased nearly eightfold, to about 775 units permitted. In Utah, Montana, and Wyoming, multifamily building activity was up 13, 52, and 93 percent from the same quarter a year earlier, to approximately 700, 300, and 55 units permitted, respectively.
- In North Dakota, however, multifamily permitting activity was down 34 percent, to approximately 550 units permitted.

Construction of multifamily housing units increased in most states in the Rocky Mountain region.



1Q = first quarter.

Note: Based on preliminary data.

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

