

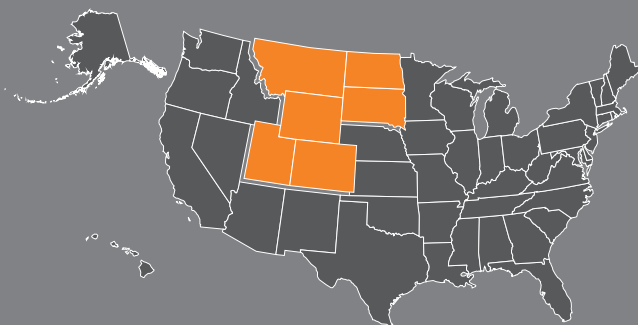
# HUD PD&R Regional Reports

## Region 8: Rocky Mountain



### Quick Facts About Region 8

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



By James Conner | 2nd quarter 2013

### Overview

The economic recovery in the Rocky Mountain region that began in 2010 continued through the second quarter of 2013. Nonfarm payrolls averaged 5.26 million jobs, an increase of 116,500 jobs, or 2.3 percent, from a year earlier, and the unemployment rate declined from 6.6 to 5.7 percent. Sales housing markets strengthened in the past year, and conditions are currently balanced in most areas. Rental housing demand continued its upward trend in the past year, and rental housing market conditions ranged from balanced to tight in most areas during the second quarter of 2013. Residential construction activity was up from a year ago throughout most of the region.

- Nonfarm payrolls in the region increased across nearly all job sectors during the second quarter of 2013.
- Existing home sales and prices rose substantially in some metropolitan areas of the region during the past year. Apartment market conditions were tight in most metropolitan areas.
- Construction of both single-family and multifamily housing was up in the second quarter of 2013 compared with construction totals recorded a year earlier.



PD&R

Payrolls increased in nearly every nonfarm payroll job sector in the Rocky Mountain region.

	Second Quarter		3-Month Change (2012–13)	
	2012 (thousands)	2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	5,140.2	5,256.6	116.4	2.3
Goods-producing sectors	728.9	744.8	15.9	2.2
Mining, logging, and construction	387.8	398.5	10.7	2.8
Manufacturing	341.1	346.3	5.2	1.5
Service-providing sectors	4,411.3	4,511.9	100.6	2.3
Wholesale and retail trade	777.8	799.3	21.5	2.8
Transportation and utilities	189.2	191.7	2.5	1.3
Information	125.0	127.3	2.3	1.8
Financial activities	296.6	302.4	5.8	2.0
Professional and business services	643.1	669.3	26.2	4.1
Education and health services	662.0	679.1	17.1	2.6
Leisure and hospitality	573.2	597.6	24.4	4.3
Other services	190.7	193.2	2.5	1.3
Government	953.6	951.9	-1.7	-0.2

Source: U.S. Bureau of Labor Statistics

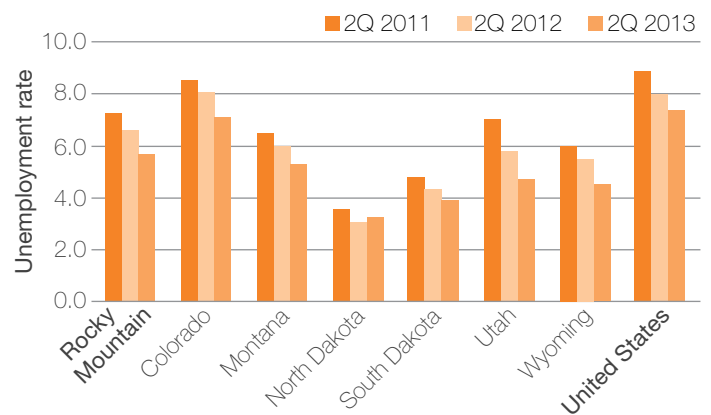
## Economic Conditions

The economy of the Rocky Mountain region began to recover from the recent national recession in early 2010 and continued to expand through the second quarter of 2013. Nonfarm payrolls were up by 116,400 jobs, or 2.3 percent, from the second quarter of 2012. The greatest job gains occurred in the professional and business services, leisure and hospitality, and wholesale and retail trade sectors. The unemployment rate for the region averaged 5.7 percent in the second quarter of 2013, down from 6.6 percent a year earlier. State unemployment rates ranged from 3.2 percent in North Dakota to 7.1 percent in Colorado, but the rates for every state in the region remained less than the 7.4-percent national average.

During the second quarter of 2013—

- North Dakota continued to record the fastest job growth rate in the nation, with nonfarm payrolls increasing 5.9 percent. The mining and logging subsector reported the greatest payroll gains in the state, increasing by 4,700 jobs, or 19.0 percent, a result of continued growth in energy-related activity in the Bakken Formation of western North Dakota.
- Utah had the second fastest growth rate in the nation, with nonfarm payrolls increasing 3.3 percent. The information, financial activities, and leisure and hospitality sectors led the job growth with increases of 10.3, 5.5, and 5.2 percent, respectively.

## Unemployment in the Rocky Mountain region continued to decline and remain much less than the national average.



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

- Colorado had the greatest total job gain in the region, with nonfarm payrolls rising by 56,300 jobs, or 2.4 percent, led by growth in the professional and business services and the leisure and hospitality sectors.
- Montana and South Dakota reported moderate job growth of 1.7 and 1.0 percent, respectively. In both states, payrolls grew in the education and health services and the leisure and hospitality sectors but declined in the government and the mining, logging, and construction sectors.
- Payrolls in Wyoming were down slightly, by 200 jobs, or 0.1 percent, a result of declines in the government sector, the professional and business services sector, and the mining and logging subsector.



## Sales Market Conditions

Sales housing markets strengthened in the past year and, in the second quarter of 2013, market conditions were balanced in most areas in the region. In Colorado and Utah, during the 12 months ending May 2013, approximately 100,700 and 47,000 existing single-family homes sold, increases of 17.0 and 4.4 percent, respectively (CoreLogic, Inc.). In Wyoming and Montana, existing home sales were up 30.0 and 10.0 percent, to 7,650 and 14,550 homes sold, respectively. Existing home sales declined 2.3 percent in North Dakota, however, to approximately 12,750 homes sold. During the 12 months ending May 2013, average sales prices for existing single-family homes in Utah, Colorado, North Dakota, and Wyoming increased 8.8, 8.2, 7.9, and 7.6 percent, respectively (CoreLogic, Inc. Home Price Index). Existing single-family home prices rose 5.7 percent in Montana and 2.3 percent in South Dakota.

Home prices and the number of homes sold rose significantly in some metropolitan areas in the region. During the 12 months ending May 2013, existing home sales in the Denver and Fort Collins areas in Colorado were up more than 20 percent. Existing home sales in Salt Lake City, Utah, and in Fargo, North Dakota, increased 10 percent or more. Existing home prices increased more than 8 percent in the Denver, Salt Lake City, and Colorado Springs areas and rose more than 6 percent in the Fargo; Billings, Montana; and Casper, Wyoming areas.

The percentage of distressed mortgages decreased during the past year in the region. In June 2013, 3.1 percent of mortgages were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), down from 4.1 percent a year earlier (LPS Applied Analytics). Within the region, distressed mortgage rates ranged from 1.5 percent in North Dakota to 4.1 percent in Utah.

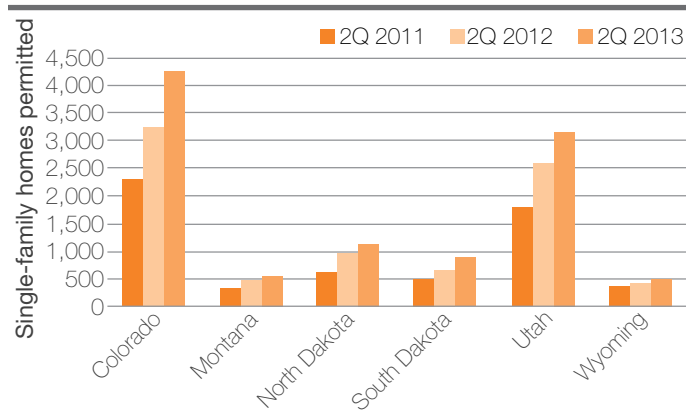
The strengthening sales market led to an increase in home construction in every state in the region, although the number of single-family homes permitted remains much less than prerecession levels.

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

- Single-family construction, as measured by the number of homes permitted, was up 26 percent from the same period a year earlier, to approximately 10,500 homes permitted in the region. During the corresponding periods from 2000 through 2007, single-family permitting averaged nearly 17,000 homes in the region.
- In Colorado and Utah, approximately 4,250 and 3,150 single-family homes were permitted, increases of 31 and 22 percent, respectively. In Colorado, nearly 45 percent of the statewide total, approximately 1,840 homes, were permitted in the Denver area. In Utah, one-third of the state total, 980 homes, were permitted in the Salt Lake City area.

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### Single-family home construction continued to increase in every state in the Rocky Mountain region.



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

### Existing home sales and prices were up significantly in some metropolitan areas in 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)	May	43,050	52,500	22.0	AVG	249,600	279,050	11.8
Salt Lake City (E)	May	19,500	21,975	12.7	AVG	244,850	269,000	9.9
Colorado Springs (E)	May	10,050	11,025	9.7	AVG	200,650	217,550	8.4
Provo (E)	May	8,000	8,175	2.2	AVG	222,800	234,675	5.3
Fort Collins (E)	May	5,450	6,550	20.2	AVG	240,875	252,925	5.0
Fargo (E)	May	3,500	3,850	10.0	AVG	159,925	170,075	6.3
Billings (E)	May	2,675	2,925	9.3	AVG	207,325	220,925	6.6
Casper (E)	May	1,650	1,775	7.6	AVG	202,975	218,475	7.6

AVG = average. E = existing.  
 Note: Single-family homes.  
 Source: CoreLogic, Inc.



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- In South Dakota, Montana, and Wyoming, approximately 890, 570, and 510 single-family homes were permitted, increases of 34, 24, and 19 percent, respectively, from a year ago.

## Apartment Market Conditions

The improving economy, along with population and household growth, led to rising demand for rental housing. As of the second quarter of 2013, apartment market conditions ranged from balanced to tight in most metropolitan areas in the region. Markets were tight in the Denver and Fort Collins areas, with vacancy rates of 4.3 and 3.0 percent, down from 5.0 and 4.0 percent, respectively, in the second quarter of 2012 (Apartment Insights). The average apartment rent was up 7 percent in the Denver area, to \$1,000, and up 8 percent in the Fort Collins area, to approximately \$1,040. In the Colorado Springs area, apartment conditions were balanced, with a 5.7-percent vacancy rate, and apartment rents were up 2 percent from a year ago, to about \$760.

In Utah, apartment market conditions in the second quarter of 2013 were slightly tight in the Salt Lake City and Ogden-Clearfield areas but balanced in the Provo-Orem area, with vacancy rates of 3.7, 4.4, and 5.6 percent compared with the rates of 4.3, 3.5, and 4.3 percent, respectively, a year earlier (Reis, Inc.). Apartment rents averaged \$810 in the Salt Lake City and Provo-Orem areas and \$740 in the Ogden-Clearfield area, increases of 2.4, 3.7, and 4.2 percent, respectively. Conditions were also tight in the Fargo area. The apartment vacancy rate in Fargo in June 2013 was 2.6 percent, down from 3.1 percent a year earlier (Appraisal Services, Inc.).

Continued growth in rental demand in the region led to increased multifamily construction in most states in the region.

### Metropolitan apartment markets in the Rocky Mountain region ranged from balanced to tight.

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

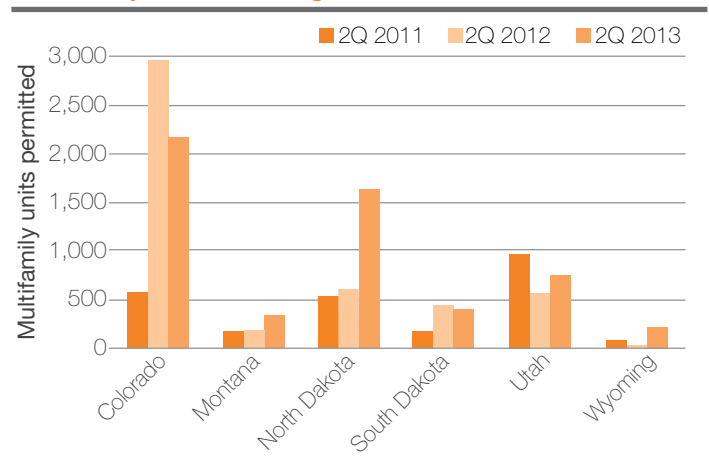
Source: HUD, PD&R, Economic and Market Analysis Division

- In North Dakota, approximately 1,150 single-family homes were permitted, up 17 percent from a year ago. Single-family construction surpassed its previous quarterly peak of approximately 900 homes in the second quarter of 2004.

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

- Multifamily construction, as measured by the number of units permitted, was up 15 percent in the region from the second quarter of 2012, to approximately 5,500 units. The current level of multifamily construction matches its previous peak of early in the past decade. During the corresponding periods from 2000 through 2002, multifamily permitting in the region averaged about 5,500 units.
- In Colorado, multifamily construction decreased 27 percent from a year earlier, to approximately 2,150 units permitted. Nearly 80 percent of the statewide total, 1,720 units, were permitted in the Denver metropolitan area.
- In Utah, multifamily construction was up 33 percent, to approximately 750 units permitted. The two largest metropolitan areas, Salt Lake City and Provo-Orem, accounted for approximately 42 and 35 percent, respectively, of the statewide total.
- Multifamily building activity nearly doubled in Montana from a year earlier, to approximately 340 units permitted. In North Dakota, multifamily construction activity nearly tripled, to about 1,620 units. In Wyoming, multifamily activity increased sixfold, to 220 units. In South Dakota, however, multifamily activity declined 9 percent, to approximately 400 units permitted.

### Multifamily construction activity remained strong in the Rocky Mountain region.



2Q = second quarter.

Note: Based on preliminary data.

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

