

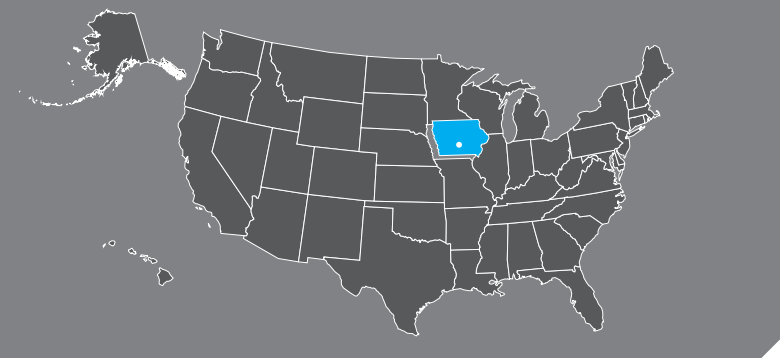
HUD PD&R Housing Market Profiles

Des Moines-West Des Moines, Iowa



Quick Facts About Des Moines-West Des Moines

- **Current sales market conditions: balanced.**
- **Current apartment market conditions: tight.**
- **In 2013, *Forbes* magazine named the city of Des Moines the best place for business and careers in the nation.**



By Tim McDonald | As of December 1, 2013

Overview

The Des Moines-West Des Moines (hereafter, Des Moines) metropolitan area, which encompasses five counties in central Iowa, is the largest metropolitan area in Iowa and is known as a center for the insurance industry because nearly 70 insurance companies are headquartered there. Des Moines, in Polk County, is the largest city in Iowa and the state capital.

- The population of the metropolitan area was approximately 602,000 as of December 1, 2013, about 75 percent of which resided in Polk County.
- Since 2010, the population of the metropolitan area has increased by 8,825, or 1.5 percent, with in-migration averaging 4,675 people, or nearly 53 percent of population growth, annually.
- From 2004 through 2007, the population of the metropolitan area increased by nearly 10,800, or 2.1 percent, annually, with net in-migration averaging 6,125 people, or 57 percent of population growth, annually.



PD&R

Job gains in the financial activities sector led payroll growth in the Des Moines area.

	3 Months Ending		Year-Over-Year Change	
	November 2012 (thousands)	November 2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	330.5	334.4	3.9	1.2
Goods-producing sectors	34.0	34.7	0.7	2.1
Mining, logging, and construction	14.5	14.7	0.2	1.4
Manufacturing	19.5	20.0	0.5	2.6
Service-providing sectors	296.5	299.5	3.0	1.0
Wholesale and retail trade	55.2	55.2	0.0	0.0
Transportation and utilities	9.7	9.7	0.0	0.0
Information	7.4	7.2	- 0.2	- 2.7
Financial activities	51.9	53.9	2.0	3.9
Professional and business services	40.9	42.1	1.2	2.9
Education and health services	44.6	44.9	0.3	0.7
Leisure and hospitality	30.3	31.2	0.9	3.0
Other services	13.4	13.5	0.1	0.7
Government	43.3	41.9	- 1.4	- 3.2
	(percent)	(percent)		
Unemployment rate	4.7	4.1		

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

Economic Conditions

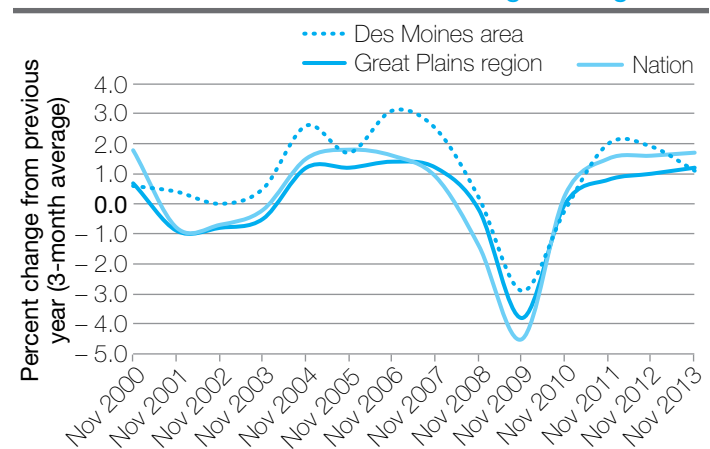
During the 3 months ending November 2013, nonfarm payrolls in the Des Moines metropolitan area increased to 334,400 jobs, up by 3,900 jobs, or 1.2 percent, compared with nonfarm payrolls during the 3 months ending November 2012.

During the 3 months ending November 2013—

- The financial activities sector, which increased by 2,000 jobs, or 3.9 percent, to 53,900 jobs, led employment growth.
- The leisure and hospitality, professional and business services, and manufacturing sectors also recorded strong job gains, of 900, 1,200, and 500 jobs, or 3.0, 2.9, and 2.6 percent, respectively.
- Employment in the government sector declined by 1,400 jobs, or 3.2 percent.
- The unemployment rate in the metropolitan area declined to 4.1 percent from 4.7 percent during the same period a year ago.

The financial activities sector, one of the main drivers of the local economy, is the second largest employment sector in the metropolitan area, with 53,900 jobs, or 16.0 percent of all nonfarm payroll jobs, significantly more than the national average of 5.8 percent. Wells Fargo & Company, the largest employer in the metropolitan area, with 13,500 employees, broke ground on a \$100 million expansion of the corporate campus in the spring of 2013. When complete, in 2016, the expansion is expected to bring in an additional 1,800 jobs to the metropolitan area.

Nonfarm payroll growth in the Des Moines area slowed to less than the national average during 2013.



Note: Nonfarm payroll jobs.
Source: U.S. Bureau of Labor Statistics

Largest employers in the Des Moines area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Wells Fargo & Company	Financial activities	13,500
Mercy Medical Center	Education and health services	7,100
Principal Financial Services, Inc.	Financial activities	6,125

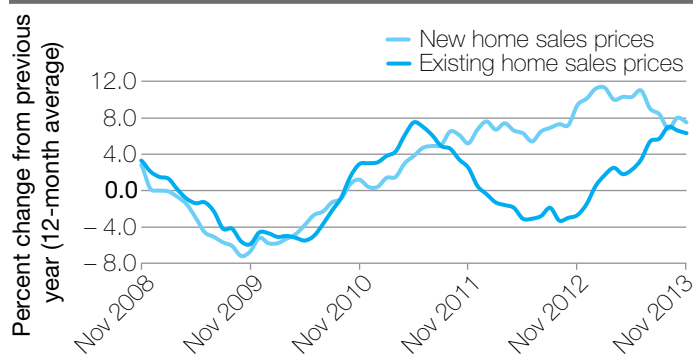
Note: Excludes local school districts.
Source: Greater Des Moines Partnership

Sales Market Conditions

The sales housing market in the Des Moines metropolitan area is balanced, with an estimated vacancy rate of 1.6 percent as of December 1, 2013, down from 2.4 percent as of April 2010. Recent employment and population growth in the metropolitan area contributed to increased sales demand for single-family homes. During the 12 months ending November 2013, new and existing home sales increased by 1,400 homes, or nearly 19 percent, to 8,825 homes, but sales remained 5,750 homes, or 39 percent, less than during the peak years of 2005 and 2006, when an average of 14,550 homes sold annually (Metrostudy, A Hanley Wood Company).

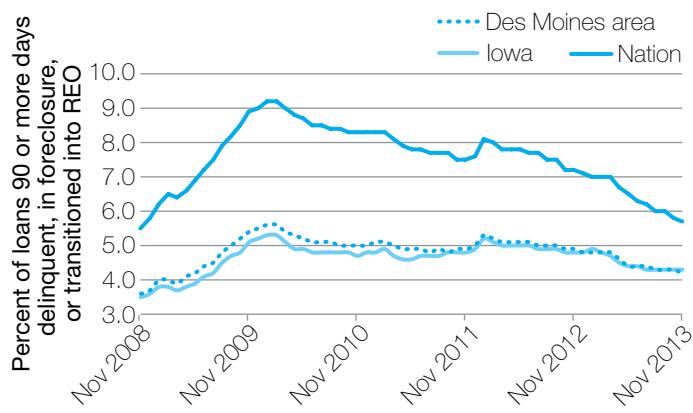
- New single-family home sales increased by 120 homes, or nearly 11 percent, during the 12 months ending November 2013, to 1,225 homes; the average new home sales price increased by \$18,200, or 8 percent, to \$261,300.

Existing home sales prices in the Des Moines area started to increase in 2013, whereas new home prices have been steadily increasing since October 2010.



Note: Includes only single-family homes.
Source: Metrostudy, A Hanley Wood Company

Foreclosures in the Des Moines area have remained much less than the national average since 2008.

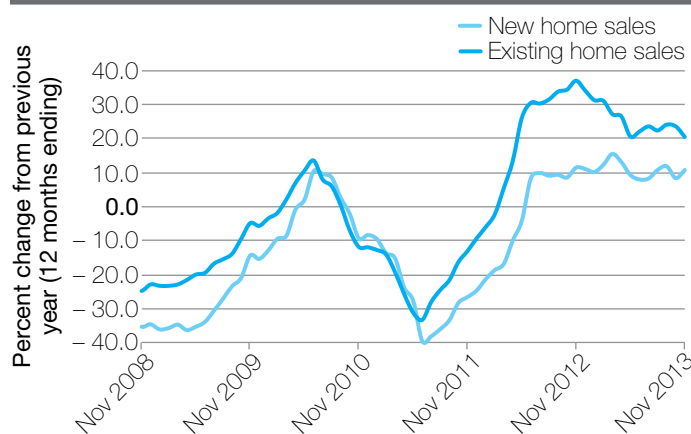


REO = Real Estate Owned.
Source: Black Knight Financial Services, Inc.

- Existing single-family home sales increased by 1,300 homes, or nearly 21 percent, during the 12 months ending November 2013, to 7,600 homes; the average existing home sales price increased by \$10,300, or 6 percent, to \$174,000.
- In November 2013, 4.2 percent of all mortgage loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), down from 4.9 percent in November 2012 and less than the state average of 4.3 percent (Black Knight Financial Services, Inc.).
- The unsold inventory is a 4.5-month supply, down from a 6.2-month supply 1 year earlier (Simply Des Moines Real Estate and the Des Moines Area Association of REALTORS®).

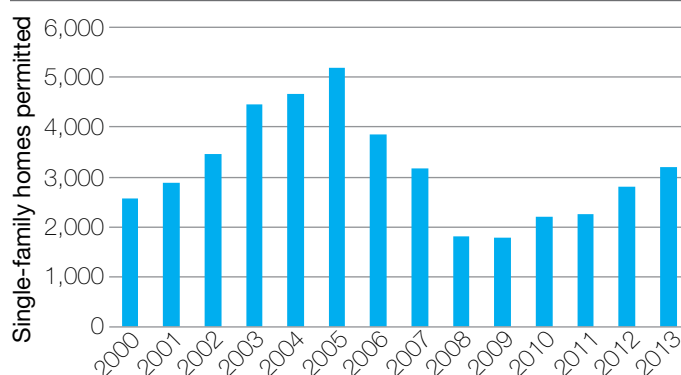
continued on page 4

Existing single-family home sales in the Des Moines area began increasing early in 2012, and new home sales began increasing several months later.



Note: Includes only single-family homes.
Source: Metrostudy, A Hanley Wood Company

Single-family home construction has increased each year since 2009 as economic conditions have improved in the Des Moines area.



Note: Includes preliminary data from January 2013 through November 2013.
Source: U.S. Census Bureau, Building Permits Survey

continued from page 3

The construction of single-family homes in the Des Moines metropolitan area is at its highest level since 2007.

- Most new home construction is occurring west of the city of Des Moines, along the Interstate 35 (I-35)/I-80 corridor, or north of the city of Des Moines, near the city of Ankeny.

Apartment Market Conditions

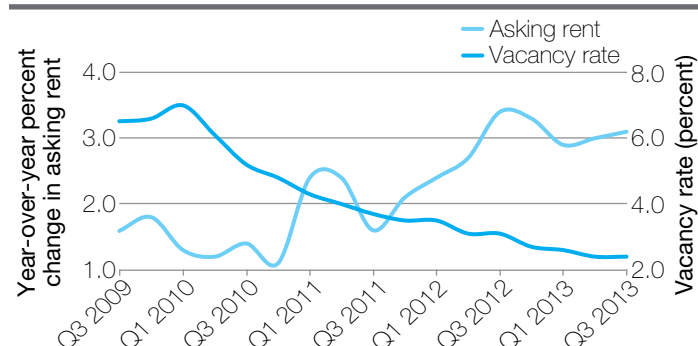
The apartment market in the Des Moines metropolitan area tightened significantly during the past 3 years.

During the third quarter of 2013—

- The apartment vacancy rate in the metropolitan area was 2.4 percent, down from 3.1 percent during third quarter of 2012 (Reis, Inc.).
- The apartment market in the downtown Des Moines submarket was even tighter, with a vacancy rate of less than 2 percent.
- The average apartment rent increased to \$760, up by \$20, or 3 percent, from the third quarter of 2012.
- The average asking rents for one-, two-, and three-bedroom units were \$680, \$790, and \$990, respectively.

During the past 2 years, multifamily construction activity, as measured by the number of units permitted, reached its highest ever 2-year total in the metropolitan area.

The apartment market in the Des Moines area has tightened considerably since the start of 2010, but rent increases did not exceed 2 percent until 2011.

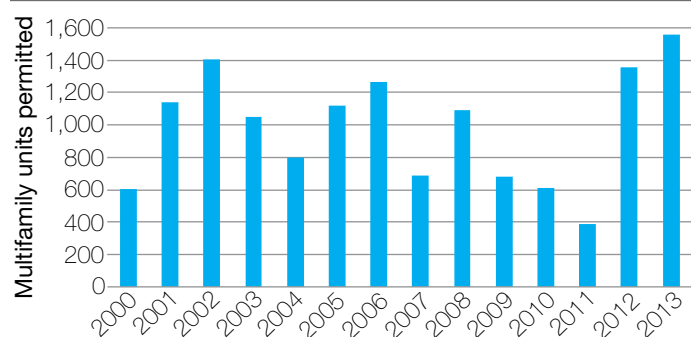


Source: Reis, Inc.

- Single-family homebuilding activity, as measured by the number of single-family homes permitted, totaled 3,350 homes during the 12 months ending November 2013, an increase of 470 homes, or more than 16 percent, from 1 year earlier (preliminary data).
- Single-family permitting increased by 670 homes, or 30 percent, during the 12 months ending November 2012.

- During the 12 months ending November 2013, 1,625 multifamily units were permitted, up 275 units, or 20 percent, from the previous 12 months (preliminary data).
- The number of units permitted in 2013, through November, was 1,550, nearly 11 percent more than were permitted during the entire peak year of 2002.
- The average of 1,475 units permitted annually during the past 24 months was 500 units, or 51 percent, more than the average annual number of units permitted from 2000 through 2009.
- The second phase of Broadmoor at Jordan Creek, under way in the city of West Des Moines, will include 250 units when complete in the spring of 2014.
- The conversion of the 19-story Equitable Building in downtown Des Moines into 146 apartment units is expected to be complete in 2015.

Builders elevated levels of multifamily construction in the Des Moines area the past 2 years after 3 years of minimal construction when the apartment market tightened significantly.



Note: Includes preliminary data from January 2013 through November 2013.

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