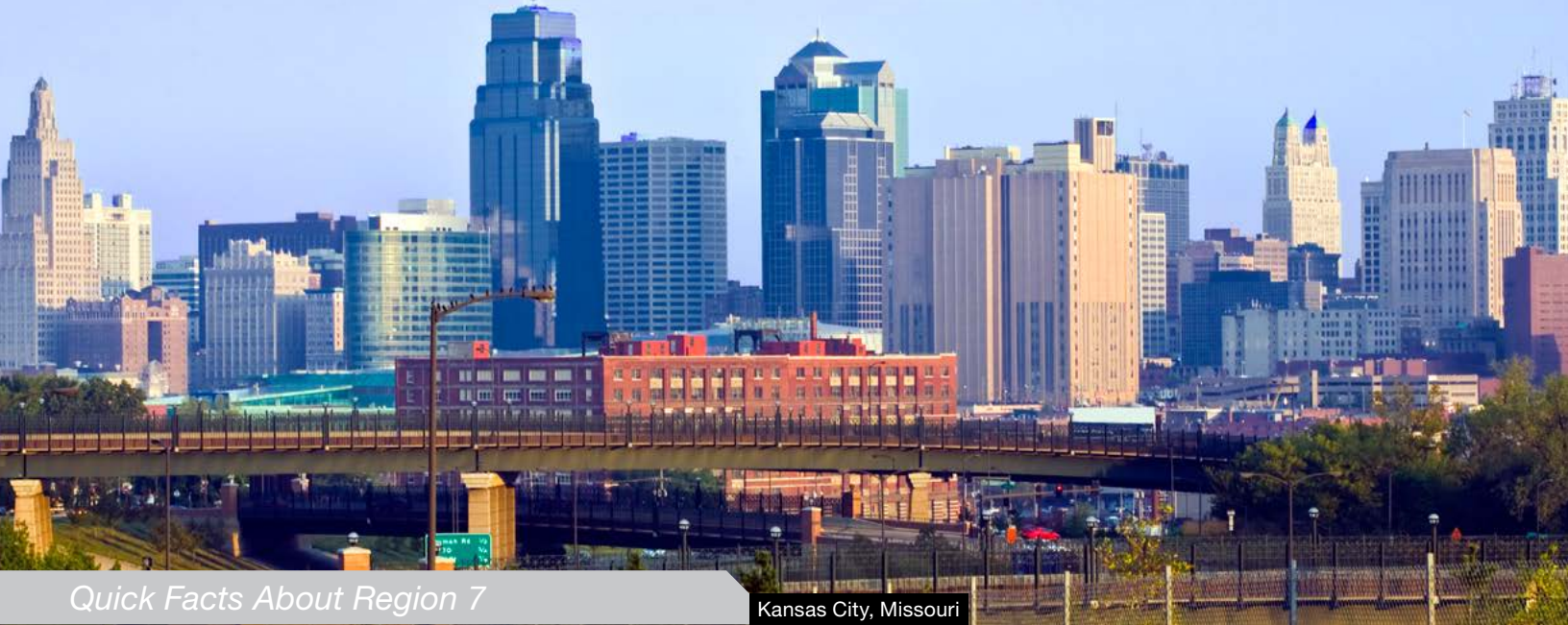


HUD PD&R Regional Reports

Region 7: Great Plains



Kansas City, Missouri

By L. David Vertz | 3rd quarter 2013

Quick Facts About Region 7



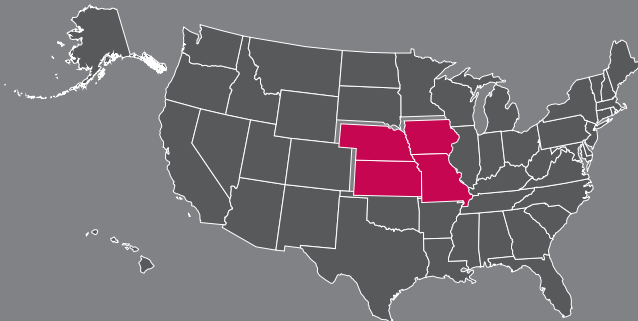
Sales market conditions—

Third quarter 2013: balanced.
Second quarter 2013: balanced.
Third quarter 2012: slightly soft.



Apartment market conditions—

Third quarter 2013: mixed (balanced to tight).
Second quarter 2013: mixed (balanced to tight).
Third quarter 2012: mixed (balanced to tight).



Overview

Economic conditions in the Great Plains region improved during the 3 months ending August 2013 compared with conditions during the same period a year earlier. Missouri and Iowa led job gains, accounting for nearly 70 percent of the growth. Sales housing market conditions, which were balanced during the third quarter of 2013, improved in every state in the region. Apartment housing market conditions were balanced to tight throughout the region, with markets in most large metropolitan areas tightening.

- Home sales continued to increase in every state in the region but remained approximately 25 percent less than the average of 194,600 homes sold annually from 2005 through 2008.
- Apartment market conditions continued to tighten, with absorption relatively unchanged from the third quarter of 2012, at 1,050 units. By comparison, absorption averaged 975 units during the third quarters of 2009 through 2011.



PD&R

Nonfarm payroll growth continued in the Great Plains region.

	3 Months Ending August		Year-Over-Year Change	
	2012 (thousands)	2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	6,486.9	6,570.4	83.5	1.3
Goods-producing sectors	1,020.9	1,039.0	18.1	1.8
Mining, logging, and construction	299.3	308.8	9.5	3.2
Manufacturing	721.7	730.2	8.5	1.2
Service-providing sectors	5,466.0	5,531.4	65.4	1.2
Wholesale and retail trade	1,015.4	1,029.5	14.1	1.4
Transportation and utilities	264.0	266.5	2.5	0.9
Information	130.7	129.4	- 1.3	- 1.0
Financial activities	414.2	424.3	10.1	2.4
Professional and business services	733.5	750.1	16.6	2.3
Education and health services	943.9	956.4	12.5	1.3
Leisure and hospitality	642.8	665.5	22.7	3.5
Other services	261.8	260.9	- 0.9	- 0.3
Government	1,059.7	1,048.8	- 10.9	- 1.0

Note: Data lag 1 month because of data release delays that occurred when the federal government shut down October 1–16, 2013.

Source: U.S. Bureau of Labor Statistics

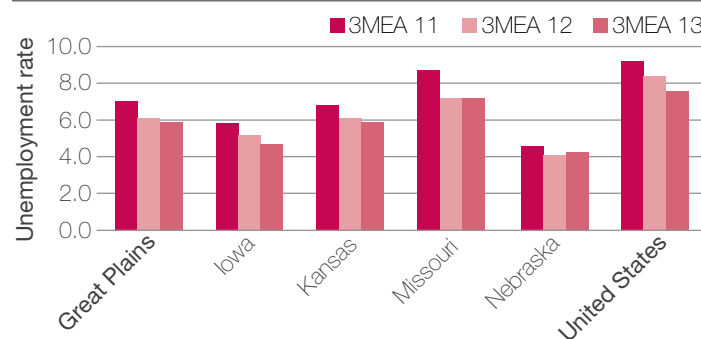
Economic Conditions

Economic growth in the Great Plains region, which began in 2010, continued during the 3 months ending August 2013. Average nonfarm payrolls increased 1.3 percent, or by 83,500 jobs, to 6.57 million jobs, and every state in the region recorded gains. By comparison, average nonfarm payrolls increased 1.1 percent, or by 68,300 jobs, during the 3 months ending August 2012. Employment in the region remains approximately 130,000 jobs fewer than the 6.70 million jobs, a record number of jobs, recorded in the second quarter of 2007. During the past year, the professional and business services and the leisure and hospitality sectors accounted for nearly 50 percent of all job growth in the region. During the 3 months ending August 2013, the professional and business services sector gained 16,600 jobs, a 2.3-percent increase from a year ago. The leisure and hospitality sector increased by 22,700 jobs, or 3.5 percent, during the same period, and every state in the region recorded increased payrolls in the sector. In addition, strong hiring continued in the education and health services, wholesale and retail trade, and financial activities sectors, which recorded increases of 1.3, 1.4, and 2.4 percent, respectively, during the past year. Increased hiring during the 3 months ending August 2013 resulted in a 5.9-percent unemployment rate in the region, an improvement from the 6.1-percent rate recorded during the 3 months ending August 2012.

During the 3 months ending August 2013—

- In Iowa, nonfarm payrolls increased by 20,600 jobs, or 1.4 percent. WebFilings, a software company based in Ames, is expanding

Unemployment rates in the Great Plains region remained less than the national average.



3MEA = 3 months ending August.

Note: Data lag 1 month because of data release delays that occurred when the federal government shut down October 1–16, 2013.

Source: U.S. Bureau of Labor Statistics

at the Iowa State University Research Park. The \$78.2 million project will add 700 jobs during the next 5 years.

- In Kansas, nonfarm payrolls increased by 16,100 jobs, or 1.2 percent, led by a gain of 8,500 jobs, or 5.5 percent, in the professional and business services sector.
- Nonfarm payrolls in Nebraska increased by 10,500 jobs, or 1.1 percent, compared with the number of nonfarm payrolls recorded during the same period a year ago. The trade, transportation, and utilities and the leisure and hospitality sectors accounted for approximately 63 percent of the gain.
- In Missouri, nonfarm payrolls increased by 36,200 jobs, with gains in the wholesale and retail trade, education and health services, financial activities, and leisure and hospitality sectors accounting for nearly 90 percent of the growth.

Sales Market Conditions

Sales housing market conditions in the Great Plains region were balanced during the third quarter of 2013 and improved in every state in the region during the past year. During the 12 months ending September 2013, the number of new and existing homes sold in the region increased 7.5 percent, to 158,800, compared with the number sold a year ago (Metrostudy, A Hanley Wood Company). During the same period, the average sales price in the region increased 4.9 percent, to \$170,400.

Sales market conditions continued to improve in the large metropolitan areas throughout the region during the 12 months ending September 2013. In Kansas City, the number of homes sold increased 12.4 percent, to 28,950, and the average sales price increased 9.9 percent, to \$180,300 (Kansas City Regional Association of REALTORS®; Heartland Multiple Listing Service, Inc.). In Des Moines, home sales increased 15.2 percent, to 9,875 homes, and the average sales price increased 9.0 percent, to \$180,700 (Des Moines Area Association of REALTORS®). The number of home sales in Omaha increased 4.2 percent, to 11,050, and the average sales price of those homes increased 4.6 percent, to \$177,900, from the same period a year ago (Omaha Area Board of REALTORS®).

The percentage of distressed mortgages declined in the third quarter of 2013, in part because of improved economic conditions. As of the third quarter of 2013, 4.1 percent of home loans in the region were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), down from 4.7 percent a year ago (LPS Applied Analytics).

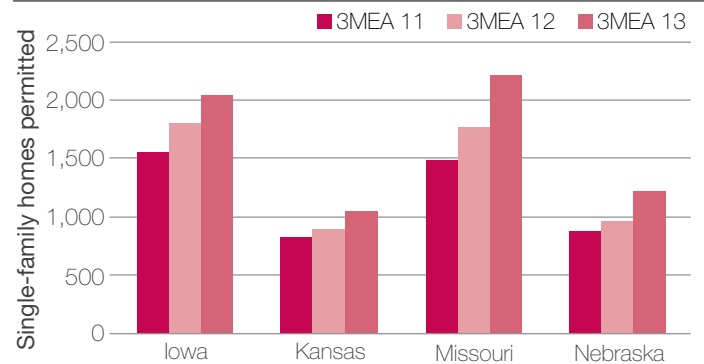
During the 3 months ending August 2013 (preliminary data)—

- As a result of improving sales market conditions, single-family construction activity, as measured by the number of single-family

homes permitted, increased in every state in the region. In the region, 6,525 single-family homes were permitted, an increase of 1,075 homes, or 20 percent, compared with the number permitted during the 3 months ending August 2012.

- The number of single-family homes permitted in Missouri and Nebraska increased 25 percent each, to 2,200 and 1,225, respectively.
- In Iowa, the number of single-family homes permitted increased 13 percent, to 2,050.
- The number of single-family homes permitted in Kansas increased 18 percent, to 1,050, compared with the number permitted a year ago.

Single-family home permitting increased along with home sales in the Great Plains region.



3MEA = 3 months ending August.

Notes: Data lag 1 month because of data release delays that occurred when the federal government shut down October 1–16, 2013. Based on preliminary data.

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

Home sales and prices continued to increase across the Great Plains region.

	12 Months Ending	Number of Homes Sold			Average or Median	Price		
		2012	2013	Percent Change		2012 (\$)	2013 (\$)	Percent Change
Iowa (N&E)	September	25,500	27,650	8.4	AVG	145,400	153,900	5.8
Des Moines-West Des Moines* (N&E)	September	8,575	9,875	15.2	AVG	165,800	180,700	9.0
Kansas (N&E)	September	28,600	30,450	6.5	AVG	154,100	160,100	3.9
Kansas City (N&E)	September	25,750	28,950	12.4	AVG	164,100	180,300	9.9
Missouri (N&E)	September	81,650	87,350	7.0	AVG	166,800	175,200	5.0
St. Louis** (E)	August	14,800	16,000	8.1	AVG	177,700	188,600	6.1
Nebraska (N&E)	September	11,950	13,400	12.1	AVG	146,200	152,000	4.0
Omaha-Council Bluffs (N&E)	September	10,600	11,050	4.2	AVG	170,000	177,900	4.6

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

*Data reflect sales in Dallas, Polk, and Warren Counties only. **Data reflect sales in the city of St. Louis and St. Louis County only.

Sources: Des Moines Area Association of REALTORS®; Hanley Wood, LLC; Heartland Multiple Listing Service, Inc.; Kansas City Regional Association of REALTORS®; Omaha Area Board of REALTORS®; St. Louis Association of REALTORS®

Apartment Market Conditions

Apartment market conditions were balanced to tight in most large metropolitan areas in the Great Plains region during the third quarter of 2013. The apartment market in Wichita was balanced to tight, with a 4.4-percent vacancy rate, down from the 4.8-percent rate a year earlier, and an average rent up more than 3 percent, to \$550 (Reis, Inc.). In Omaha, the apartment market was tight, with a 3.1-percent vacancy rate, down from the 3.7-percent rate a year earlier, and an average rent up approximately 3 percent, to \$750. Apartment markets in the largest metropolitan areas in Missouri are currently mixed. In Kansas City, the apartment market is tight. During the third quarter of 2013, the apartment vacancy rate declined to 4.2 percent compared with the rate of 5.1 percent recorded during the third quarter of 2012, and the average rent increased 2 percent, to \$750. In St. Louis, from the third quarter of 2012 to the third quarter of 2013, the apartment vacancy rate declined from 5.9 to 5.0 percent, resulting in balanced market conditions, and the average rent increased 2 percent, to \$770. The apartment market in Des Moines remained tight during the third quarter of 2013, with a 2.4-percent apartment vacancy rate, unchanged from a year earlier, and an average rent up 1 percent, to \$760.

Apartment market conditions in the Great Plains region were strong.

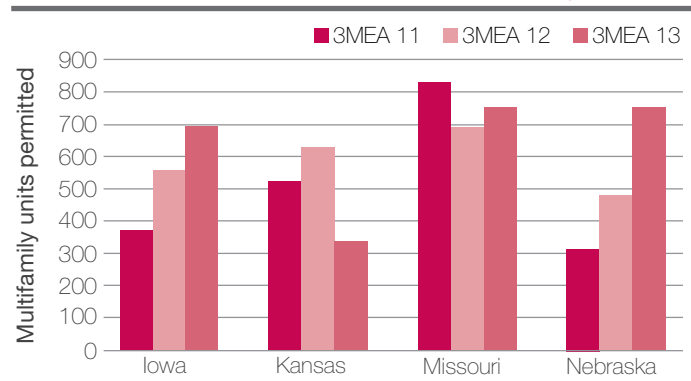
Metropolitan Area	Market Condition
Des Moines-West Des Moines	Tight
Wichita	Balanced to tight
Kansas City	Tight
St. Louis	Balanced
Omaha-Council Bluffs	Tight

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

During the 3 months ending August 2013 (preliminary data)—

- Multifamily construction, as measured by the number of multifamily units permitted, decreased 7 percent compared with the number permitted during the 3 months ending August 2012, to 2,525 units permitted.
- The number of multifamily units permitted in Kansas decreased 47 percent, to 340 units, the fewest permits recorded since the first quarter of 2012. The level of permitting declined drastically during the past 3 months because of the record-high issuance of 1,200 permits in April 2013.
- Tightening apartment market conditions, primarily in Kansas City and St. Louis, resulted in a 9-percent increase in the number of multifamily units permitted in Missouri, to 750.
- Also because of tightening market conditions, in Iowa, permits were issued for 690 units, a 24-percent increase compared with the number permitted during the same period a year ago.
- The number of units permitted in Nebraska increased nearly 60 percent, to 750, as apartment market conditions remained tight in the Lincoln and Omaha metropolitan area.

Multifamily permitting fell substantially in Kansas but increased elsewhere in the Great Plains region.



3MEA = 3 months ending August.

Notes: Data lag 1 month because of data release delays that occurred when the federal government shut down October 1–16, 2013. Based on preliminary data.

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