

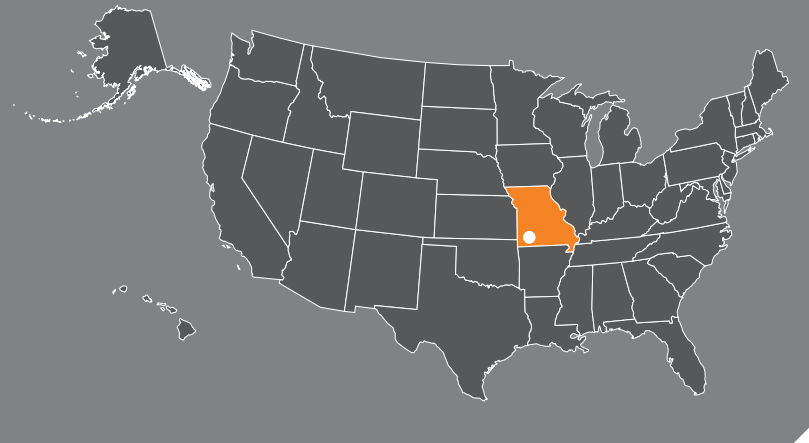
HUD PD&R Housing Market Profiles

Springfield, Missouri



Quick Facts About Springfield

- Current sales market conditions: tight
- Current apartment market conditions: tight
- Springfield is known as the “Birthplace of Route 66” after the cross-country highway was proposed there in 1926. Route 66 was one of the original highways in the United States Numbered Highway System and, until its removal in 1985, connected Los Angeles, California with Chicago, Illinois.



By Jeremy Albright | As of June 1, 2022

Overview

The Springfield metropolitan area consists of Christian, Dallas, Greene, Polk, and Webster Counties in southwest Missouri and is coterminous with the metropolitan statistical area of the same name. The city of Springfield is the third largest city in Missouri. In 2021, approximately 484,000 people traveled to the metropolitan area for business and to visit the Ozark River, Ozark Mountains, and city of Branson, all located within an approximately 1-hour drive of the metropolitan area. The location of the metropolitan area along Interstate 44 and the low corporate income tax rate in Missouri has encouraged many large consumer goods producers to headquarter themselves in the area, including O'Reilly Automotive, Inc. (O'Reilly Auto Parts), BPS Direct, LLC (Bass Pro Shops), and Prime, Inc., a freight transportation and logistics company.

- As of June 1, 2022, the estimated population of the metropolitan area was 487,800, which represents an average annual increase of 5,700, or 1.2 percent, from April 2020.
- By comparison, population growth was moderate following the Great Recession, averaging 3,650 people, or 0.8 percent annually, from 2010 to 2019.

continued on page 2



continued from page 1

- Net in-migration increased in recent years alongside the growing economy, which has attracted job seekers from other metropolitan areas. Net in-migration has been the primary contributor to population growth since April 2020, averaging 5,425 people annually over the period, up from

2,250 from 2010 to 2019. The population increase from net natural change—resident births minus deaths—averaged 1,425 people annually from 2010 to 2019 but fell to an average of 275 annually since April 2020.

Economic Conditions

The economy in the Springfield metropolitan area has continued to improve following a strong recovery from the 2020 downturn during the onset of the COVID-19 pandemic. All of the jobs lost in the metropolitan area, from the prepandemic high of 219,500 jobs in February 2020 to the low of 196,300 in April 2020, were recovered by April 2021 (monthly data, not seasonally adjusted). The rate of recovery in the metropolitan area exceeded the rate in the Great Plains region and the nation. Nonfarm payrolls in the Great Plains region reached the prepandemic high in April 2022, a year later than in the Springfield metropolitan area, and national nonfarm payrolls have yet to recover to prepandemic levels as of March 2022. Historically, the economy of the metropolitan area has been reliant on the education and health services sector, the wholesale and retail trade sector, and the transportation and utilities sector; these sectors include the three largest employers in the area, accounting for nearly a quarter of nonfarm payrolls during the 3 months ending May 2022. The metropolitan area is a regional medical hub, with slightly more than 2,000 total hospital beds and 1 of only 7 nationwide medical centers for federal prisoners (Missouri Department of Health & Senior

Services; Federal Bureau of Prisons). The Springfield campus of Missouri State University (MSU) is another prominent contributor to nonfarm payrolls and the local economy. MSU has nearly 2,775 faculty and staff and spent approximately \$334 million on salaries, benefits, scholarships, and supplies during the 12 months ending July 2021 (Missouri State University).

During the 3 months ending May 2022—

- Nonfarm payrolls totaled 222,900 jobs, an increase of 3,900 jobs, or 1.8 percent from the same period a year earlier, and 2,800 jobs above the level during the same period in 2019. By comparison, during the 3 months ending May 2022, nonfarm payrolls in the Great Plains region and the nation rose by 2.3 and 4.5 percent.
- Total payrolls in the leisure and hospitality sector averaged 22,800 jobs, only 200 jobs below the prepandemic high of 23,000 during the 3 months ending May 2019. The sector had the fastest job gains in the metropolitan area during the past year, increasing by 2,100 jobs, or 10.1 percent.

continued on page 3

The leisure and hospitality sector led nonfarm payroll growth in the Springfield metropolitan area during the 3 months ending May 2022.

	3 Months Ending		Year-Over-Year Change	
	May 2021 (Thousands)	May 2022 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	219.0	222.9	3.9	1.8
Goods-Producing Sectors	27.5	28.1	0.6	2.2
Mining, Logging, & Construction	10.0	10.1	0.1	1.0
Manufacturing	17.6	18.1	0.5	2.8
Service-Providing Sectors	191.4	194.8	3.4	1.8
Wholesale & Retail Trade	37.4	38.7	1.3	3.5
Transportation & Utilities	12.8	14.0	1.2	9.4
Information	3.7	3.5	-0.2	-5.4
Financial Activities	11.8	11.6	-0.2	-1.7
Professional & Business Services	24.1	23.1	-1.0	-4.1
Education & Health Services	41.1	41.7	0.6	1.5
Leisure & Hospitality	20.7	22.8	2.1	10.1
Other Services	8.8	9.2	0.4	4.5
Government	31.1	30.4	-0.7	-2.3
Unemployment Rate	3.7%	2.4%		

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

Source: U.S. Bureau of Labor Statistics

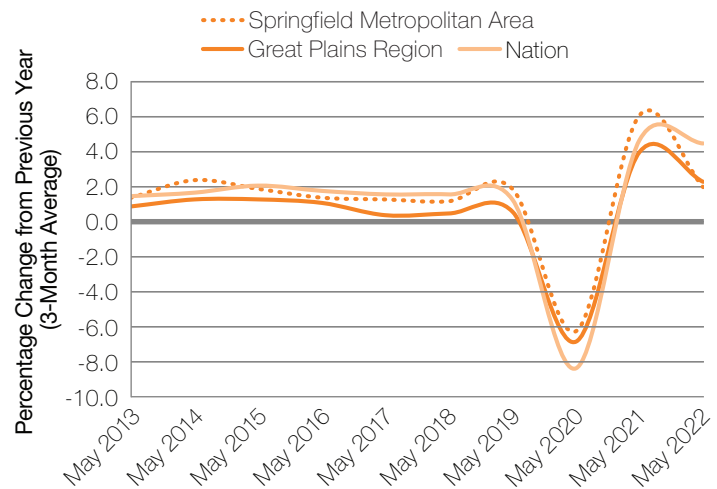


continued from page 2

- Low transmission levels of COVID-19 and the lifting of business restrictions designed to prevent the spread of the virus led to an increase in tourism activity in the metropolitan area, partially contributing to the recent growth in the leisure and hospitality sector. Consumer spending on tourism in the metropolitan area totaled slightly more than \$1 billion during the 12 months ending July 2021, up from \$910 million during the 12 months ending July 2020 (Missouri Division of Tourism). Average monthly hotel room stays during the 3 months ending April 2022 increased 7 percent from a year ago and nearly 30 percent from 2020 (CoStar Group). Likewise, average monthly inbound passengers at the Springfield-Branson National Airport were up 48 percent from a year ago during the 3 months ending April 2022 and up 83 percent from the same period in 2020 (Springfield-Branson National Airport).
- The unemployment rate declined to an average of 2.4 percent, down from 3.7 percent during the same period a year prior, and below the average of 2.6 percent during the same period in 2019.

During the 3 months ending May 2022, nonfarm payrolls in the wholesale and retail trade sector grew by 1,300 jobs, or 4 percent, compared with a year before. Nonfarm payrolls in the transportation and utilities sector grew by 1,200 jobs, or 9 percent, over the same period. This growth partially reflects increased consumer spending, which has risen sharply during the economic recovery from the COVID-19 pandemic. Estimates by the Department of Commerce indicate a 39 percent increase in monthly retail sales in the state of Missouri during April 2021 relative to the same period during the previous year (U.S. Department of Commerce). To accommodate the increased retail sales volume, SRC Logistics, Inc., a logistics company for consumer and manufacturing goods and one of the top 15 largest employers in the metropolitan area, expanded its

Following relatively modest job losses during the COVID-19 pandemic, the subsequent recovery in the Springfield metropolitan area exceeded the pace in the Great Plains region and nation.



Source: U.S. Bureau of Labor Statistics

Major Employers in the Springfield Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
CoxHealth	Education & Health Services	12,150
Mercy Hospital Springfield	Education & Health Services	8,200
BPS Direct, LLC (DBA: Bass Pro Shops)	Wholesale & Retail Trade	3,125

Notes: As of Spring 2021. Excludes local school districts.

Source: Springfield Area Chamber of Commerce

warehouse capacity by more than 300,000 square feet since the start of 2021 with additional increases totaling 1.1 million square feet planned for the next 10 years (SRC Logistics, Inc.).

Sales Market Conditions

The sales housing market in the Springfield metropolitan area is tight, with an estimated vacancy rate of 0.6 percent, down from 2.6 percent in April 2010, when the market was soft. Since the economic recovery began following the recession caused by the COVID-19 pandemic, net in-migration of remote workers seeking affordable homes and workers looking to fill high-paying jobs in the fastest growing sectors of the metropolitan area has increased sales demand. New and existing home sales totaled 14,300 during the 12 months ending April 2022, approximately equal to total sales during the previous 12 months. However, home sales may be constrained due to a shortage of home inventory. The months of available for-sale inventory was

estimated at 1.6 in January 2021 and has remained low since, with the most recent estimate indicating 1.7 months of available for-sale inventory in April 2022.

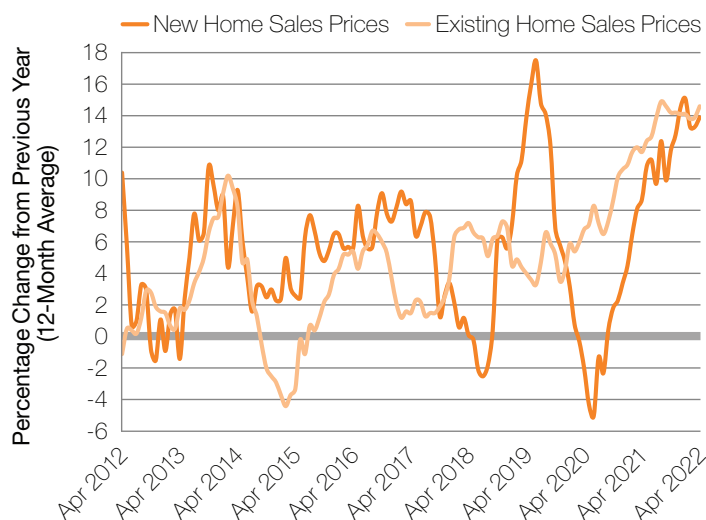
The percentage of home loans in the Springfield metropolitan area that were seriously delinquent—90 or more days delinquent or in foreclosure—or transitioned into REO status was 1.1 percent in April 2022, down from the 2.2-percent rate a year ago, significantly higher than the prepandemic rate of 0.8 percent in April 2019 (CoreLogic, Inc.). The rate of delinquent loans, foreclosures, and REO properties has also remained below the statewide and national average during the past

continued on page 4

continued from page 3

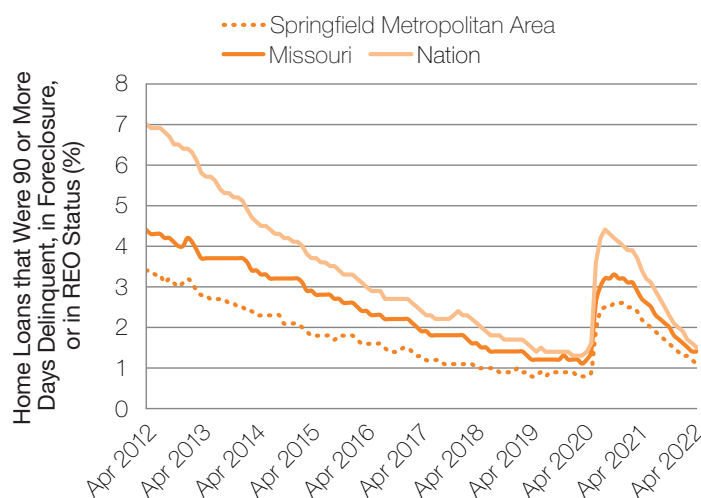
decade. The rates for the state and the nation were 1.4 and 1.5 percent, respectively, during April 2022. Partly because of the increased availability of mortgage forbearance for borrowers, provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the number of foreclosures declined 39 percent from April 2019 to April 2021. Foreclosures increased

Home sales price growth has accelerated in the Springfield metropolitan area due in part to rising demand from increased net in-migration since the onset of the COVID-19 pandemic.



Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

The percentage of home loans 90 or more days delinquent, in foreclosure, or REO status in the Springfield metropolitan area remained below the statewide and national average throughout the past decade.



REO = real estate owned.
Source: CoreLogic, Inc.

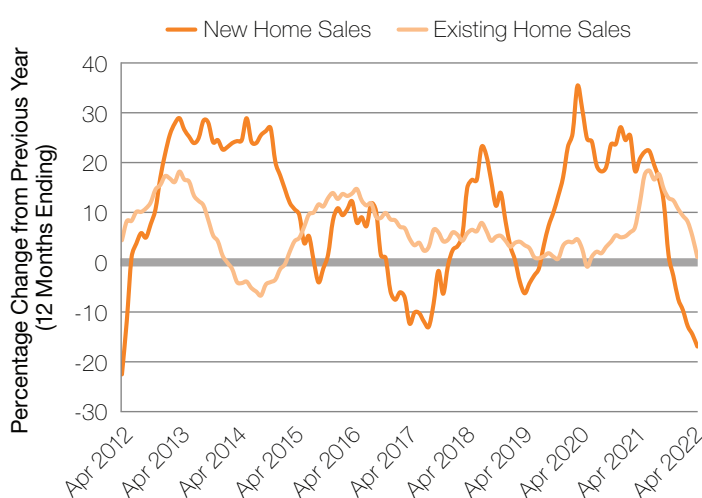
during April 2022 to nearly the level observed in April 2019 because many forbearance programs have expired.

During the 12 months ending April 2022 —

- New home sales decreased to 800 homes, down 160, or 17 percent, from 960 during the 12 months ending April 2021, partially reflecting the limited supply of homes for sale caused by supply chain bottlenecks that have restricted developers from bringing additional new units to market. Despite the decline during the past year, the number of new home sales remains relatively elevated. The number of new homes sold during the 12 months ending April 2021 was nearly equal to the highest annual level observed during the past 10 years, with the exception of the previous 12 months.
- Existing home sales increased by 130 homes, or approximately 1 percent, from a year earlier to 13,500. Existing home sales growth has been strong following the recovery from the recession caused by the COVID-19 pandemic, reaching a peak sales volume during the 12 months ending August 2021 of 14,000 homes.
- The average sales price for new homes rose to \$317,400, an increase of 14 percent from a year earlier. By comparison, year-over-year increases in new home sales prices averaged 6 percent annually from 2013 through 2019.
- The average sales price for existing homes increased to \$254,000, up 15 percent from a year earlier. By comparison, year-over-year increases in existing home prices averaged 4 percent from 2013 through 2019.

continued on page 5

After accelerating during 2020, the number of new home sales declined in the Springfield metropolitan area during the past year, partially due to limited supply.



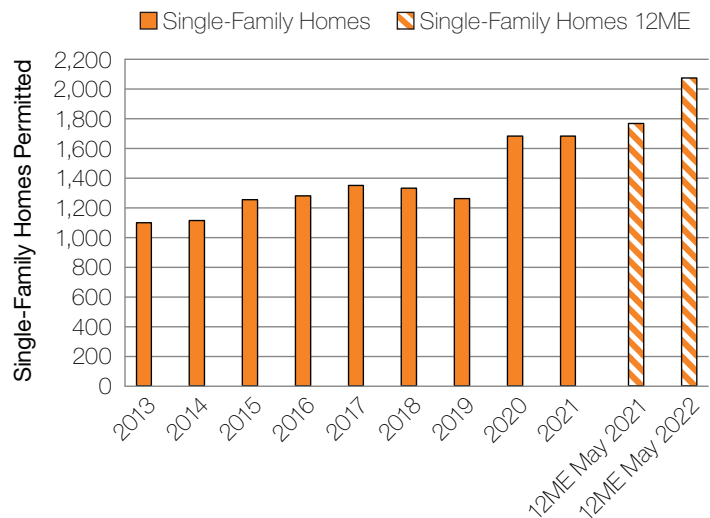
Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

continued from page 4

Single-family building activity, as measured by the number of units permitted, remained flat from 2013 through 2019. Building activity accelerated sharply in 2020 as demand increased due to rising net in-migration of new workers.

- The number of single-family homes permitted was approximately 2,075 during the 12 months ending May 2022, an increase of 310 homes, or 17 percent, from the previous 12 months. By comparison, an average of 1,675 homes were permitted annually during 2020 and 2021, up from an average of 1,250 homes a year from 2013 through 2019.
- A portion of single-family development is built for rent and does not contribute to the sales housing inventory. Since 2010, 380 single-family rental units have been built in the metropolitan area (Dodge Data & Analytics LLC).
- One of the largest single-family home developments currently under construction in the Springfield metropolitan area is Auburn Hills in the city of Republic, which has 120 lots on 35.3 acres (Dodge Data & Analytics LLC). Bussell Building, Inc. began construction of the first phase of the development in February of 2021, with approximately 60 homes already completed (Bussell Building, Inc.). For-sale homes are listed for an average of \$359,600.
- Single-family development has historically been concentrated in Greene County, which includes the city of Springfield. In recent years, however, single-family development has shifted to Christian County, which is south of Greene County and contains the city of Ozark. In 2010, approximately 67 percent

In response to increased sales demand, the number of single-family homes permitted in the Springfield metropolitan area during the past 12 months rose to the highest level since 2007.



12ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2013–21—final data and analyst estimates; past 24 months of data—preliminary data and estimates by the analyst

of the single-family units permitted in the metropolitan area were in Greene County, and 29 percent were permitted in Christian County. In 2021, the share of units permitted in Greene County fell to 50 percent, and the share of units permitted in Christian County rose to 43 percent.

Apartment Market Conditions

The apartment market in the Springfield metropolitan area is currently tight. The strong economic recovery from the recession caused by the COVID-19 pandemic has contributed to increased net in-migration of renter households since 2020. Concurrently, rising construction costs have limited new apartment development. These factors have contributed to the declining apartment vacancy rate during the past year, continuing a trend that began in the late 2010s. Declining numbers of single-family rental units, which traditionally accounted for a large portion of the rental inventory in the metropolitan area, have further limited the supply of rental units. The precipitous rise in single-family sales prices likely disincentivized many owners from transitioning single-family homes to rental units, instead encouraging them to sell those homes.

- The apartment vacancy rate in the Springfield metropolitan area during the first quarter of 2022 was 0.7 percent, down

from 2.4 percent a year ago and far below the average first quarter vacancy rate of 5.7 percent from 2014 to 2019 (RealPage, Inc.).

- The average apartment rent in the Springfield metropolitan area during the first quarter of 2022 was \$835, up 13 percent from a year ago and up more than 32 percent from \$632, the average rent for the first quarters of 2014 to 2019.
- Single-family homes are an important component of the rental inventory in the metropolitan area and meet some of the rental unit demand. These units made up nearly 48 percent of the occupied rental inventory as of 2019, compared with approximately 27 percent nationally (2019 American Community Survey, 1-year data). Single-family rental units have historically had higher vacancy rates and rents than units in the apartment market. During the first

continued on page 6

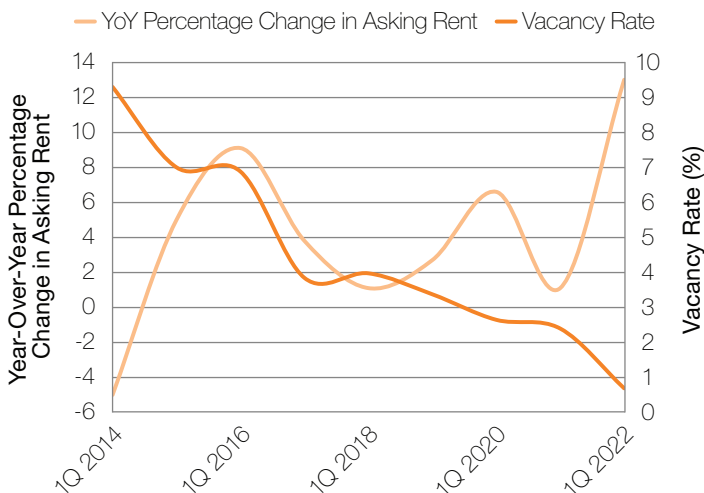
continued from page 5

quarter of 2022, the average vacancy rate for single-family rental units was 2.5 percent, and the average rental price was \$1,181 (CoreLogic, Inc.).

- Rental demand in the metropolitan area is supported by the presence of students enrolled at MSU. Approximately 9,750 of the 13,750 students enrolled for in-person learning at the Springfield campus live off-campus each year, representing roughly 4 percent of all renter households in the metropolitan area, with most of them concentrated near the campus in the city of Springfield. Privately owned apartment rentals within 3 miles of MSU have historically had slightly higher rents and lower vacancy rates than the metropolitan area as a whole. During the first quarter of 2022, the average vacancy rate of these units was 0.4 percent and the average rental price was \$836 (RealPage, Inc.). MSU recently completed a 400-bed dormitory that is expected to accommodate enrollment increases in the coming years (Missouri State University).

Relatively muted net in-migration contributed to generally soft conditions during much of the early and mid-2010s. The apartment market tightened notably in 2017 as excess inventory was absorbed, however, and multifamily permitting rose in the late 2010s. Since 2020, rising net in-migration and constrained multifamily construction due to supply chain bottlenecks have contributed to the further tightening of the apartment market. Nationally, the price of net inputs to residential construction, as

Apartment market conditions tightened during the past decade and became particularly tight following the onset of COVID-19, with the year-over-year change in asking rent exceeding 10 percent during the first quarter of 2022.

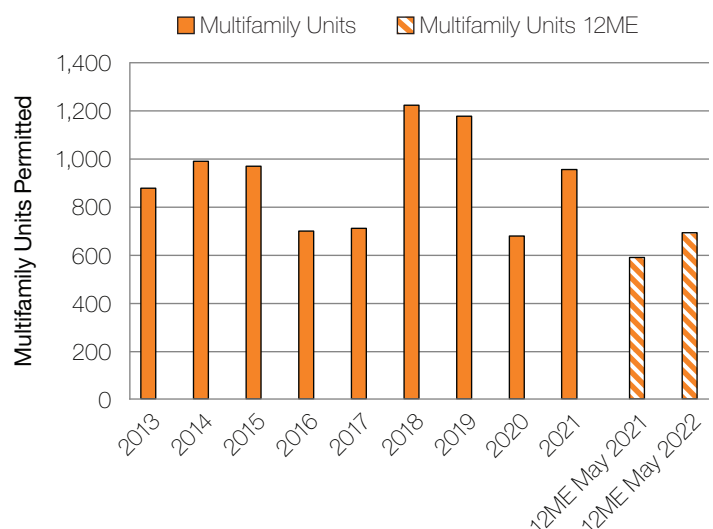


1Q = first quarter. YoY = year-over-year.
Source: RealPage, Inc.

measured by the Producer Price Index, rose 36 percent from April 2019 to April 2022, and unfilled appliance orders more than tripled during the same period (U.S. Census Bureau; U.S. Bureau of Labor Statistics Producer Price Index).

- During the 12 months ending May 2022, approximately 690 multifamily units were permitted in the Springfield metropolitan area, up by 100 units, or 18 percent, from a year earlier (preliminary data).
- Annual multifamily permitting surged in 2018 and 2019, increasing to an average of 1,200 units, up 71 percent from the 2 years previous. This period of expansion coincided with above average payroll growth in the core sectors of education and health services and transportation and utilities.
- The majority of multifamily units in the metropolitan area have been permitted in the city of Springfield, which accounted for 86 percent of all multifamily units permitted in 2021. Within the city of Springfield, apartment construction has been concentrated near MSU (Moody's Analytics REIS). One of the largest construction projects completed during the last year in the Springfield metropolitan area is the 5o5 apartment complex in the city of Springfield. The private development consists of 194 studio, one-, two-, three-, and four-bedroom units, ranging in rent from \$899 to \$2,500; it is marketed to young professionals and MSU students. (Dodge Data & Analytics LLC; CoStar Group).

The number of multifamily units permitted annually in the Springfield metropolitan area since 2020 fell below annual totals during the late 2010s, contributing to tight market conditions.



12ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2013–21—final data and analyst estimates; past 24 months of data—preliminary data and estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Building Permits	Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Existing Home Sales	Includes resales, short sales, and REO sales.
Home Sales/Home Sales Prices	Includes single-family, townhome, and condominium sales.
Net Natural Change	Resident births minus resident deaths.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Resales	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	The HUD Great Plains Region includes Kansas, Iowa, Missouri, and Nebraska.