The following summary of the Great Plains region’s housing market conditions and activities has been prepared by economists in the U.S. Department of Housing and Urban Development’s (HUD’s) field offices. The report provides overviews of economic and housing market trends within the Great Plains region. The report is based on information obtained by HUD economists from state and local governments, from housing industry sources, and from their ongoing investigations of housing market conditions carried out in support of HUD’s programs.

During the 12-month period ending March 2010, nonfarm employment in the Great Plains region declined by 220,000 jobs to an average of 6.3 million jobs, its lowest level since the 12-month period ending March 2005. For the 12-month period ending March 2010, nonfarm employment fell 3.3 percent compared with a loss of 0.5 percent during the 12-month period ending March 2009. During the 12 months ending March 2010, job losses in the manufacturing and construction sectors combined accounted for 82 percent of all nonfarm jobs lost, falling by 84,000 and 95,000 jobs, or 11 and 25 percent, respectively. Job losses occurred in six other employment sectors during the same period, ranging from a decline of 6 percent in the professional and business services sector to 2 percent in the leisure and hospitality sector. Job increases during the period were recorded in the education and health services sector, up 1.8 percent, or 16,400 jobs, marking 5.5 years of annual job growth in excess of 10,000 jobs in this sector. Government sector employment increased by 14,000 jobs, or 1.3 percent. Nonfarm employment in Missouri declined by 101,000 jobs, or 4 percent, to an average of 2.7 million jobs. In Kansas, nonfarm employment decreased by 53,000 jobs, or 4 percent, to an average of 1.3 million jobs and, in Iowa, employment fell by 44,000 jobs, or 3 percent, to 1.5 million jobs. In Nebraska, employment declined by 18,000 jobs, or 2.2 percent, to an average of 928,000 jobs.

Primarily because of the effect of the national economic recession that began in 2008, the regional unemployment rate increased to 7.6 percent during the 12-month period ending March 2010, up from the 5.7-percent rate recorded during the 12 months ending March 2009. During the most recent period, Nebraska had the lowest average unemployment rate at 4.8 percent compared with 4.3 percent a year earlier. In Iowa, the unemployment rate averaged 6.3 percent compared with 4.8 percent a year earlier. The unemployment rate in Kansas during the 12-month period ending March 2010 increased to 6.9 percent, up from the 5-percent rate recorded during the 12-month period.
ending March 2009. Missouri recorded the greatest increase in the jobless rate, with an average of 9.5 percent compared with the 6.9-percent rate recorded during the previous 12-month period.

Sales market conditions in the Great Plains region are soft but improving. According to the NATIONAL ASSOCIATION OF REALTORS®, sales of existing single-family homes, condominiums, and cooperatives in the four Great Plains states decreased during 2009 [the most recent data available] by just 600 homes to 255,100 compared with a decline of 45,300 homes to 255,700 during 2008. Sales of existing homes decreased in Kansas from 60,400 homes sold in 2008 to 56,500 in 2009, a 6-percent decline compared with a decline of 14 percent in 2008. In Missouri, sales decreased from 108,700 homes sold to 105,900, a decline of 3 percent compared with a decline of 12 percent during the previous year. In Iowa, existing homes sales improved slightly during 2009, with 58,000 homes sold compared with 55,700 sold in 2008, an increase of 4 percent. In Nebraska, sales of existing homes increased 12 percent during 2009 compared with a decline of 16 percent in 2008.

In the region’s metropolitan areas, sales housing markets were balanced in Omaha, but in Kansas City, Wichita, Des Moines, and St. Louis they were soft. Mainly because of population growth and the home-buyer tax credit program, existing home sales in Omaha during the 12 months ending March 2010 increased to 9,450, up from 7,950 homes sold during the 12 months ending March 2009, a 19-percent gain, but the average price of a home sold was unchanged at $120,700, and the inventory of unsold existing homes increased 6 percent to 14,800 homes. According to the Omaha Board of REALTORS®, the Kansas City Regional Association of REALTORS® reported that existing home sales increased 4 percent to 23,550 homes, the average price rose 2 percent to $149,500, and the inventory of unsold existing homes increased 6 percent to 14,800 homes. According to the Des Moines Area Association of REALTORS®, existing home sales were unchanged from a year earlier at 7,400 homes, the average price decreased 4 percent to $159,875, and the inventory of unsold homes was unchanged at 5,625. The Wichita Area Association of REALTORS® reported that sales of existing homes declined 9 percent to 8,425 homes, the average price was unchanged at $120,700, and the inventory of unsold homes increased 15 percent to 3,775. According to BlockShopper, existing home sales in St. Louis declined 18 percent to 26,300 during the 12-month period ending March 2010, and Housing-Tracker reported that the average price of a home sold was unchanged at $165,550.

New home sales in Omaha during the 12-month period ending March 2010 increased 25 percent to 1,220 homes but the average price of a new home sold declined 14 percent to $248,050. In Wichita, new home sales decreased 26 percent to 980 homes, the average price of a new home sold increased 8 percent to $238,500, and the inventory of unsold new homes declined 33 percent to 500 homes. In Kansas City, new homes sales decreased 25 percent to 2,300 homes, the average sales price declined just 2 percent to $296,100, and the inventory of unsold new homes decreased 41 percent to 1,750 homes.

New construction, as measured by the number of building permits issued, rose 6 percent to 18,575 homes permitted compared with a 38-percent decrease in the region during the previous 12 months, based on preliminary data. In Iowa, the number of building permits issued for single-family homes during the 12 months ending March 2010 totaled 5,175, a 12-percent increase compared with the 32-percent decline recorded during the previous 12 months. New single-family construction activity in Kansas fell 9 percent to 3,375 compared with the 36-percent decline that occurred a year earlier. In Missouri, new single-family construction increased 10 percent to 5,925 homes compared with a decline of 50 percent a year earlier. In Nebraska, permits issued for single-family homes increased 6 percent to 4,075 homes compared with the 22-percent decline recorded a year earlier.

According to Lender Processing Services Mortgage Performance Data, the percentage of total loans in foreclosure, 90 days or more delinquent, or in REO (real estate owned) increased in all four states in the region between March 2009 and March 2010. Missouri had the greatest increase, rising from 4.3 percent to 5.9 percent. In Nebraska, the percentage of total loans in foreclosure, 90 days or more delinquent, or in REO increased from 3.1 to 3.9 percent and, in both Iowa and Kansas, it increased from 3.7 to 5.1 percent.

As of the first quarter of 2010, rental apartment markets in the Great Plains region were soft. Kansas City had the highest apartment vacancy rate and asking rents of all the major metropolitan areas in the region. According to Reis, Inc., in the first quarter of 2010, the Kansas City rental apartment vacancy rate increased to 10.3 percent, up from the 8.6-percent rate recorded in the first quarter of 2009, but the average asking rent was unchanged at $700. In Wichita, as of the first quarter of 2010, the rental apartment vacancy rate was 8.2 percent compared with 6.9 percent a year earlier. The average asking rent in Wichita increased during the past year from $510 to $520 and was the lowest among the major metropolitan areas in the region. The rental apartment vacancy rate in the St. Louis area rose to 9 percent in the first quarter of 2010 compared with 8.2 percent a year earlier, but the average asking rent was unchanged at $680.

According Reis, Inc., in the first quarter of 2010, the apartment vacancy rate in Des Moines increased to 7 percent, up from the 5.7-percent rate recorded in the first quarter of 2009, and the average asking rent
increased 1 percent from $685 to $695. In Omaha, the apartment vacancy rate increased to 6.2 percent from 6 percent and the average asking rent was unchanged at $690. At 4.4 percent, Lincoln had the lowest apartment vacancy rate of all the metropolitan areas during the first quarter of 2010, down from the 5-percent rate recorded a year earlier, and the average asking rent during the fourth quarter of 2009 was $660 compared with $665 a year earlier.

Multifamily construction activity, as measured by the number of building permits issued, declined in the Great Plains region during the 12-month period ending March 2010 to 7,160 units, down 21 percent compared with a 24-percent decline a year earlier, based on preliminary data. In Nebraska, during the 12 months ending March 2010, construction activity declined 59 percent to 528 units compared with a decline of 28 percent a year earlier, and in Missouri it decreased 34 percent compared with a 17-percent decline a year earlier. During the 12 months ending March 2010, multifamily construction activity in Kansas increased by 13 percent compared with a 42-percent decline a year earlier. In Iowa, multifamily construction activity increased by 11 percent to 1,890 units compared with a decline of 12 percent during the previous 12 months.