The following summary of the Rocky Mountain 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 Rocky Mountain 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.

After peaking at 5.1 million jobs in late 2008, nonfarm employment in the Rocky Mountain Region continued to decline through the first quarter of 2010. During the 12 months ending March 2010, nonfarm employment in the region decreased by 203,700 jobs, or 4 percent, to 4.9 million jobs. The most significant job losses have been in the goods-producing sectors—the manufacturing and the mining, logging, and construction sectors, including energy-related activities. During the 12 months ending March 2010, the manufacturing sector lost approximately 37,000 jobs, a decline of 10 percent, and the mining, logging, and construction sector lost 74,400 jobs, a 17-percent decline. Some service-providing sectors have lost jobs as well. The professional and business services sector lost 38,900 jobs, or 6.2 percent, and the leisure and hospitality sector lost 17,000 jobs, or 3.1 percent. The only sectors adding jobs in the past 12 months were education and health services, which rose by 14,200 jobs, or 2.4 percent, and government, which increased by 12,900 jobs, or 1.4 percent. Most of the latter growth was in state and local governments, which added 9,100 jobs.

The largest employment declines in the region occurred in Colorado and Utah, which lost 110,800 and 55,100 nonfarm jobs, or 4.7 and 4.4 percent, respectively. In Colorado and Utah, construction employment declined by 33,400 and 16,600 jobs, or 21 and 19 percent, respectively, and mining and logging decreased by 5,500 and 2,200 jobs, or 19 and 17 percent, respectively. Mining and logging employment declined by 16 percent in both Montana and Wyoming, which lost 1,300 and 4,600 jobs, respectively. Total nonfarm employment fell in the remaining states in the region except for North Dakota, where nonfarm employment was relatively unchanged for the 12 months ending March 2010. The number of jobs declined in Wyoming by 14,200, in Montana by 8,400, and in South Dakota by 8,400, or 4.8, 3.2, and 2 percent, respectively. The average unemployment rate in the region increased from 4.9 to 7 percent for the 12 months ending March 2010, with increases in all states. Average unemploy-
ment rates ranged from 4.3 percent in North Dakota to 7.9 percent in Colorado, all below the 9.7-percent national average.

Despite the weaker economy, sales of existing homes in the Rocky Mountain region increased during the fourth quarter of 2009, but markets remain soft in most areas. According to data from the NATIONAL ASSOCIATION OF REALTORS®, home sales in the region during the fourth quarter of 2009 were up 24 percent from a year earlier to a seasonally adjusted annual rate of 215,600 homes sold. This was the highest quarterly sales volume for the region in more than 2 years. The largest increase occurred in Utah, where the annual sales rate was up by 10,400 units, or 39 percent, from a year earlier. Despite the increase in sales volume, according to the housing price index issued by the Federal Housing Finance Agency, quality-controlled sales prices for existing homes in fourth quarter of 2009 were down 4 percent in the region. Continued weakness in the economy has also caused the foreclosure rate in the region to rise. In March 2010, according to Lender Processing Services Mortgage Performance Data, the percent of homes that are either in foreclosure, more than 90 days delinquent, or real estate owned increased in all states in the region to 5.2 percent compared with the 3.4-percent rate recorded in March 2009. State rates for March 2010 ranged from 2.3 percent in North Dakota to 6.5 percent in Utah. Rates in all states were well below the 9-percent national average.

Home sales markets in Utah’s major metropolitan areas remain soft and home prices continue to fall, but increased sales activity and a decline in unsold inventories indicate that markets are beginning to turn around. According to NewReach, Inc., during the 12 months ending March 2010, sales of existing single-family homes in the Ogden-Clearfield metropolitan area were up 26 percent to 4,900 homes sold, the supply of unsold homes fell 18 percent to 7,800 homes, and the average sales price for existing homes was relatively unchanged at $203,500. In the Salt Lake City area, existing home sales were up 40 percent to 9,100 homes sold, the supply of unsold homes declined by 14 percent to 12,100, and the average sales price fell by nearly 8 percent to $255,300. In Provo-Orem, during the 12 months ending March 2010, according to the Utah County Association of REALTORS®, single-family home sales were up 29 percent to 4,550 homes sold, the number of active listings declined by 13 percent to 3,380 homes, and the average sales price fell 10 percent to $241,100.

In Colorado, home sales and prices rose in most of the larger metropolitan areas in the first quarter of 2010. According to data from the Colorado Association of REALTORS®, during the first quarter of 2010, sales of single-family homes in the Denver metropolitan area were at 6,700, relatively unchanged from a year earlier. The median price for single-family homes sold during the first quarter of 2010 increased by 18 percent from $190,700 to $224,200. In the Colorado Springs area during the first quarter of 2010, single-family sales volume was up 20 percent to 1,750 homes and the median price increased more than 2 percent to $182,700. In the Boulder metropolitan area, single-family home sales were up 20 percent to 480 homes sold, and the median price increased 10 percent to $360,000. In the Greeley metropolitan area, however, single-family sales were down nearly 8 percent to fewer than 600 units sold, but the median price increased more than 2 percent to $161,900. In Pueblo, single-family home sales were down less than 1 percent to approximately 350 homes sold, and the median sales price was down 2 percent to about $113,000.

Low demand for new homes in the Rocky Mountain region has left homebuilding activity flat compared with activity a year earlier and still down considerably from 2 years earlier. Based on preliminary data for the 12 months ending March 2010, single-family construction activity, as measured by the number of building permits issued, was relatively unchanged at 20,400 homes permitted but 46 percent below the level recorded 2 years earlier. Single-family construction remains well below the peak years of 2004 through 2006, when building activity averaged more than 72,000 homes a year for the region. In Colorado, the number of single-family homes permitted fell by 830, or 10 percent, to 7,700 homes. Single-family units permitted fell by 290 to 1,300 homes in Wyoming and by 120 to 1,300 homes in Montana. Single-family construction in Utah, however, increased by nearly 1,050 homes, or 19 percent, to 6,550 new homes.

Multifamily construction activity, as measured by the number of units permitted, totaled 8,400 units in the Rocky Mountain region during the 12 months ending March 2010, based on preliminary data. This number represents a decline of 3,500 units, or 30 percent, compared with the number permitted during the previous 12 months. Multifamily construction has fallen sharply since the peak years of 2000 to 2002, when nearly 23,000 units a year were permitted in the region. The decrease is partly due to a decline in demand for condominiums, but the slowing economy has also weakened demand for new apartments. The largest decrease occurred in Colorado, where multifamily permits fell by 2,920, or 56 percent, to 2,260 units. Most of the decline in Colorado was concentrated in the Denver metropolitan area, where multifamily building activity decreased by 2,200 units, but Colorado Springs and Fort Collins also had significant declines. Multifamily construction also decreased in Utah, falling by 1,200 units, or 32 percent, to 2,700 units. In contrast, the number of multifamily units permitted increased by nearly 540, or
75 percent, in North Dakota and nearly tripled from 370 to 1,000 units in Wyoming. Most of the increase in Wyoming was because of new apartments permitted in Casper and Cheyenne and in energy-producing areas such as Gillette and Rock Springs.

Rental market conditions remain balanced to soft throughout most of the Rocky Mountain region. The tight rental conditions that existed a year earlier in some areas have eased considerably. According to Reis, Inc., the average apartment vacancy rate in the Salt Lake City area was 7 percent in the first quarter of 2010, up from the 5.4-percent rate recorded a year earlier. During the first quarter of 2010, the average monthly apartment rent declined slightly, from $755 to $749. Because apartment construction has been strong in the Salt Lake City area, with more than 1,500 units permitted in 2008 and another 2,700 permitted in 2009, vacancies have increased. With nearly 2,500 apartments currently under construction, softer market conditions are expected to persist in the area for at least the next 12 months. Rental market conditions in the Fargo metropolitan area have also softened recently. According to Appraisal Services, Inc., as of March 2010, apartment vacancy rates in the area averaged 7.2 percent, up from the 5.4-percent rate recorded a year earlier.

Some rental markets, particularly in Colorado, are beginning to improve to more balanced conditions. According to Apartment Appraisers & Consultants, the apartment vacancy rate in the Denver metropolitan area averaged 6.9 percent in the first quarter of 2010, down from 8.2 percent a year earlier. In the Fort Collins-Loveland metropolitan area, the apartment vacancy rate in the first quarter of 2010 was 5.1 percent, down from 5.7 percent a year earlier, and the average monthly rent was $826, up from $810 a year earlier. Despite recent job losses in both areas, absorption has been strong because of continued population growth. In the Greeley metropolitan area, the apartment vacancy rate for the first quarter of 2010 was 7.9 percent, down from 8.5 percent a year earlier, and average monthly rents fell slightly to $680. In the Boulder metropolitan area, rental market conditions remain balanced, but the vacancy rate increased to 5.5 percent, up from 4.7 percent a year earlier. According to Reis, Inc., the average apartment vacancy rate in the Colorado Springs area was 7.7 percent for the first quarter of 2010, down from 9.4 percent a year earlier. During the first quarter of 2010, the average apartment rent rose by more than 1 percent to $708. The improved rental market resulted mostly from the arrival of 6,000 military transfers to Fort Carson Army Base in 2009.