1st Quarter Activity

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.

An economic expansion is under way in the Great Plains region. Nonfarm payrolls increased during the first quarter of 2012, a significant improvement from the economic conditions of a year ago. During the 12 months ending March 2012, average nonfarm payrolls increased 0.4 percent, or 23,400 jobs, to 6.4 million jobs. By comparison, average nonfarm payrolls declined 0.2 percent, or 9,700 jobs, in the 12 months ending March 2011.

The professional and business services sector recorded the largest growth in the region, gaining 19,600 jobs, a 2.8 percent increase. Despite the significant increase, employment levels in the professional and business services sector remain 5,200 jobs below the peak of more than 719,200 jobs recorded in the sector during the third quarter of 2008.

Significant job gains also occurred in the manufacturing sector, which increased by 16,400 jobs, or 2.4 percent, and every state in the region recorded increased payrolls in the sector. During the 12 months ending March 2012, nonfarm payrolls continued to decline in the information sector, which decreased by 4,900 jobs, or 3.6 percent, compared with a decrease of 7,400 jobs, or 5.2 percent, during the 12 months ending March 2011. The government sector, which recorded declines in every state in the region during the 12 months ending March 2012, lost 19,900 jobs, a 1.8 percent decrease.

During the first quarter of 2012, nonfarm payroll gains in Kansas, Iowa, and Nebraska more than offset minimal job losses in Missouri. In Kansas, nonfarm payrolls increased by 11,100 jobs, or 0.8 percent, during the 12 months ending March 2012, led by growth of more than 8,400 jobs, or 5.8 percent, in the professional and business services sector. In Iowa, nonfarm payrolls increased by 9,200 jobs, or 0.6 percent, led by a gain of 8,400 jobs, or 4.2 percent, in the manufacturing sector. Manufacturing jobs in Iowa are predominantly in the food production industry, however, during the past year, job growth was primarily in industrial machinery and fabricated metals. During the
The rental market in Des Moines tightened during the first quarter of 2012, and the average rent increased 2 percent, to $750. The vacancy rate declined from 7.3 percent in the first quarter of 2011 to 6.3 percent for the same period in 2012, representing the first increase in construction activity in the state since January 2011. Rental housing market conditions were balanced to tight in most large metropolitan areas in the Great Plains region during the first quarter of 2012. The apartment market in Wichita was balanced, with a 4.9-percent vacancy rate down from 6.1 percent a year earlier, and the average rent was up 2 percent, to $530, according to Reis, Inc. in Omaha, during the first quarter of 2012, the apartment market was tight, with a 3.8-percent vacancy rate down from 4.4 percent a year earlier, and the average rent was up approximately 2 percent, to $720. Rental markets in the largest metropolitan areas in Missouri improved significantly during the past year. In Kansas City, during the first quarter of 2012, the apartment vacancy rate declined from 7.4 to 5.6 percent, and the average rent increased 1 percent, to $720. In St. Louis, the vacancy rate declined from 7.3 percent in the first quarter of 2011 to 6.3 percent for the same period in 2012, and the average rent increased 2 percent, to $750. The rental market in Des Moines tightened during the
first quarter of 2012, with a 3.7-percent apartment vacancy rate, down from 5.2 percent a year earlier, and the average rent was up about 2 percent, to $720.

Multifamily construction, as measured by the number of multifamily units permitted, increased in the Great Plains region during the past year by 38 percent, to 7,400 units, compared with the number permitted during the 12 months ending March 2011, according to preliminary data. This level is less than one-half of the multifamily construction activity from 2005 through 2008, which averaged 15,850 units permitted annually. During the 12 months ending March 2012, the number of multifamily units permitted in Iowa increased 33 percent, to 1,725 units, representing both the largest numerical increase and the greatest rate of change since August 2010. As rental market conditions improved in Nebraska, during the 12 months ending March 2012, 1,825 multifamily units were permitted, up significantly from 840 during the previous 12 months. In Kansas, permits were issued for 1,600 units, an increase of 760 units, or 91 percent, from a year ago. During 2010 and 2011, weak economic conditions and limited credit availability in the multifamily capital markets reduced construction levels in Missouri. During the 12 months ending March 2012, the number of multifamily units permitted in Missouri declined 5 percent, or 130 units, from the previous year, to 2,250 units.