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 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.

Economic conditions in the Rocky Mountain region continued to weaken in the second quarter of 2009, a trend that began in mid-2008. For the 12 months ending June 2009, nonfarm employment in the region decreased by 57,100 jobs, or 1.1 percent, to 5.1 million jobs. The loss followed a 2.2-percent growth rate recorded for the previous 12 months, because of job losses or slower growth in most employment sectors during the current period. Most of the job losses were concentrated in Colorado and Utah, which lost 40,100 and 22,000 jobs, respectively, a decline of 1.7 percent in both states. In Montana, nonfarm employment declined by 3,700 jobs, or 0.8 percent, but, in South Dakota, employment was relatively unchanged. Due to relative stability in the energy industry, Wyoming and North Dakota were the only two states in the region to record job growth, up by 3,900 and 5,400 jobs, respectively. For the 12 months ending June 2009, the 1.3-percent employment growth rates recorded in both Wyoming and North Dakota made the states the two fastest growing in the nation. Even so, the overall decline in the number of jobs in the Rocky Mountain region resulted in the average unemployment rate for the region increasing to 5.4 percent during the 12 months ending June 2009, compared with 3.7 percent during the previous 12 months. The state unemployment rates ranged from 3.8 percent in North Dakota to 6.4 percent in Colorado, but all states in the region recorded unemployment rates well below the national average of 7.6 percent.

The construction and manufacturing sectors accounted for most of the employment losses in the region. Construction employment fell in every state except North Dakota due to soft conditions in home sales markets. Because of their relatively larger employment bases, Colorado and Utah accounted for nearly 90 percent of the approximately 36,000 construction jobs lost in the region during the 12 months ending June 2009. During the period, manufacturing employment declined by 21,100 jobs, decreasing in all states in the region. Large renewable-energy projects throughout the region are proceeding more slowly than expected and have not
yet stemmed job losses in the manufacturing sector. During the 12-month period ending June 2009, the professional and business services sector, a source of job growth during the 2001 recession, declined by 20,500 jobs. The financial activities sector lost 9,100 jobs, and the retail trade subsector decreased by 6,900 jobs. On a more positive note, during the past year, regional employment in the education and health services sector increased by 19,900 jobs and employment in the government sector increased by 22,300 jobs. Nearly one-half of the gain in government employment occurred in educational services.

Slower economic growth and tight lending standards in the region continued to weaken single-family home sales activity, albeit at a slower rate, during the first quarter of 2009 [the most recent data available]. According to the NATIONAL ASSOCIATION OF REALTORS®, the annualized rate of existing home sales for the first quarter of 2009 was down 3 percent compared with 10 percent recorded for the fourth quarter of 2008. During the 12 months ending March 2009, the annualized rate of existing home sales totaled 184,000 homes, a decrease of 16 percent compared with the rate recorded during the same period a year ago. During the 12-month period ending March 2009, the largest declines in home sales occurred in Utah and Wyoming, where sales dropped by approximately 25 percent compared with sales volume recorded during the same period in 2008. The decline in home sales in Wyoming followed relatively high sales activity during the previous 12-month period, and the rate of home sales in Utah dropped by approximately 25 percent for the second straight 12-month period after recording strong sales activity during 2005 and 2006. Home sales activity was down by 18 percent in both Montana and North Dakota and down by 12 and 10 percent in Colorado and South Dakota, respectively.

Home sales markets in most of the region’s metropolitan areas softened during the 12 months ending June 2009. According to NewReach, Inc., during the 12-month period ending June 2009, existing single-family home sales in the Salt Lake City metropolitan area were 46 percent below the sales level recorded during the same period a year ago and the average sales price decreased by 5 percent to $259,800. On the positive side, in June 2009, the inventory of unsold homes declined by 25 percent to 6,550 homes. Similarly, home sales in the Ogden-Clearfield metropolitan area declined by 43 percent and the average sales price decreased by 7 percent to $188,700. Because of softening in the existing home sales market, new home sales in the Salt Lake and Ogden-Clearfield areas declined by more than 60 percent and average prices decreased by 19 and 18 percent, respectively, to $323,200 and $279,100. In the Provo-Orem metropolitan area, in contrast with other Utah metropolitan areas, sales of existing single-family homes increased by 7 percent for the 12 months ending June 2009. During the same period, the average sales price declined by 8 percent to $260,000.

In Colorado metropolitan areas, sales market conditions for existing homes were soft, but declines in home prices began to moderate in the second quarter of 2009. According to the Boulder Area REALTOR® Association, the average price of an existing single-family home in the Boulder metropolitan area declined by 4 percent between the second quarters of 2008 and 2009. This reduction is lower than the 7-percent rate of decline posted for the 12 months ending June 2009. The Genesis Group reported that, during the second quarter of 2009, the average sales price of an existing single-family home in the Denver metropolitan area declined by 3 percent, to $270,700, and sales were down by 20 percent. During the same period, active listings of homes for sale in the Boulder metropolitan area were relatively unchanged from the number recorded during the second quarter of 2008, but listings in the Denver metropolitan area were down by 20 percent. Inventories in Denver have subsided because of reductions in homebuilding and an increased number of sellers keeping homes off the market until prices have stabilized. During the second quarter of 2009, homes priced less than $250,000 in most submarkets in the Denver metropolitan area and less than $400,000 in the city of Boulder and the immediate surrounding areas were in short supply.

In response to reduced demand for homes, homebuilding activity in the region continued its 3-year decline in the second quarter of 2009. During the 12 months ending June 2009, single-family construction activity, as measured by the number of building permits issued, decreased by 15,600 homes, or 42 percent, to 22,000 homes permitted. This level of activity is well below the 57,900 homes permitted in the region during the same period ending June 2007. In Colorado, 8,780 single-family homes were permitted, a decline of 7,380 homes, or 46 percent, compared with the number permitted during the previous 12 months. In Utah, single-family permits declined by 4,980 homes, or 45 percent, to 6,170 homes permitted. Because of the higher levels of construction in Colorado and Utah, the declines in these states accounted for 80 percent of the regional decline in single-family construction activity. Single-family activity was down by 1,100 homes in both Montana and South Dakota, or approximately 40 and 32 percent, respectively, to 1,600 and 2,370 homes permitted. New home construction activity was off by 34 and 17 percent to 1,450 and 1,570 homes permitted in Wyoming and North Dakota, respectively.

In the Rocky Mountain region, for the 12 months ending June 2009, multifamily construction activity, as measured by the number of units permitted, totaled 11,600 units, a decrease of 22 percent from the number permitted during the same period a year ago. Declines in Colorado,
Montana, and Wyoming more than offset gains in North Dakota, South Dakota, and Utah. In Colorado, multifamily building activity decreased by 55 percent, or 4,890 units, to 3,900 units permitted. The large drop in Colorado was due to continued softness in the condominium sales market and recent weakening in the rental housing market. As a result, builders delayed or withdrew plans to begin construction during the first two quarters of 2009. The number of multifamily units permitted was down 52 percent in Montana and 11 percent in Wyoming. The large decrease in Montana was due to a slowdown in condominium development in the state’s resort areas. During the 12 months ending June 2009, Utah recorded the largest increase among states in the region in the number of multifamily units permitted, with 1,490 units added, an increase of 47 percent. Much of this activity was due to growth in apartment construction. During the past 12 months, condominium production accounted for an estimated 40 percent of multifamily units permitted in the region compared with 60 percent during the previous 12 months.

During the second quarter of 2009, rental housing market conditions were balanced to soft throughout the Rocky Mountain region. Tight conditions that prevailed a year ago eased considerably due to job losses, especially during the first two quarters of 2009. According to Apartment Realty Advisors, the average vacancy rate in the Salt Lake City area increased to 7.8 percent during the second quarter of 2009, up from 5.3 percent recorded during the second quarter of 2008. During the second quarter of 2009, the average asking rent was relatively unchanged at $760, but the average rent concession increased by 10 percent. During the same period, in the Provo-Orem area, the apartment vacancy rate increased from 4.9 to 6.7 percent. During the second quarter of 2009, the apartment vacancy rate in Denver increased to 8.3 percent compared with 6 percent during the second quarter of 2008, according to Apartment Insights, published by Apartment Appraisers & Consultants. The average effective rent was down 6 percent to $780, a further indication of a softer market. With a large number of apartment units under construction, the softening trends in the Salt Lake City and Denver areas are expected to continue for the next 12 months. The Boulder rental market is more balanced, with a second quarter 2009 average apartment vacancy rate of 6.1 percent, up from 5.6 percent recorded during the second quarter of 2008, and an average effective rent of $900, relatively unchanged from the second quarter of 2008. An Appraisal Services, Inc., survey for the Fargo-Moorhead, North Dakota metropolitan area indicated the rental vacancy rate was 5.9 percent for the second quarter of 2009, down from 6.3 percent for the same quarter a year ago.