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.

Nonfarm employment continued to decline in the Great Plains region during the second quarter of 2010, a trend that began in April 2007, but the job loss pace has slowed. During the 12-month period ending June 2010, nonfarm employment in the Great Plains region declined by 173,300 jobs, or 2.6 percent, to an average of 6.4 million jobs, compared with a loss of 1.5 percent during the 12-month period ending June 2009. During the 12 months ending June 2010, job declines were greatest in the manufacturing sector, which lost 65,000 jobs, or 8.4 percent. Employment in the construction sector declined by 35,600 jobs, or 11 percent. For the same period, employment gains were most significant in the education and health services and government sectors, which grew by 16,000 jobs, or 1.7 percent, and 13,000 jobs, or 1.1 percent, respectively. During the 12 months ending June 2010, nonfarm employment in Missouri declined by 78,000 jobs, or 2.8 percent, to an average of 2.7 million jobs. In Kansas, nonfarm employment decreased by 45,000 jobs, or 3.3 percent, to an average of 1.3 million jobs and, in Iowa, employment fell by 34,000 jobs, or 2.2 percent, to 1.5 million jobs. During the 12 months ending June 2010 in Nebraska, employment declined by 17,000 jobs, or 1.8 percent, to an average of 940,000 jobs.

As a result of the job losses that occurred during the 12-month period ending June 2010, the regional unemployment rate increased to 7.6 percent, up from the 6.3-percent rate recorded during the 12 months ending June 2009. During the 12-month period ending June 2010, Nebraska had the lowest average unemployment rate at 5 percent compared with 4.4 percent a year earlier. In Iowa, the unemployment rate averaged 6.6 percent compared with 5.1 percent a year earlier. The unemployment rate in Kansas during the 12-month period ending June 2010 increased to 6.8 percent, up from the 5.7-percent rate recorded during the 12-month period ending June 2009. Missouri recorded the greatest increase in the jobless rate, with an average 9.5-percent rate compared with the 7.9-percent rate recorded during the previous 12-month period.
As of the second quarter of 2010, sales housing market conditions were balanced in Iowa, Kansas, and Nebraska, but soft in Missouri. Mainly because of the home buyer tax credit program, the number of home sales during the first quarter of 2010 [most recent data available] marked the first increase in existing home sales since the second quarter of 2006 in the Great Plains region. According to the NATIONAL ASSOCIATION OF REALTORS®, sales of existing single-family homes, apartment condominiums, and cooperatives in the four Great Plains states increased during the first quarter of 2010 [the most recent data available] by 6 percent to an annualized rate of 240,400 from 226,400 homes sold for the same quarter a year earlier. Sales of existing homes increased by more than 2 percent in Kansas and Missouri from annualized rates of 50,400 and 96,400 homes sold in the first quarter of 2009 to 51,600 and 100,800 homes sold in the first quarter of 2010, respectively, and in Iowa, existing homes sales grew by 9 percent from 52,000 to 56,800 homes. In Nebraska, sales of existing homes increased by 13 percent from an annualized rate of 27,600 homes sold during the first quarter of 2009 to 31,200 homes sold in the first quarter of 2010.

In the region’s metropolitan areas, sales housing markets were balanced in Des Moines and Omaha, but soft in Kansas City, Wichita, and St. Louis. According to the Des Moines Area Association of REALTORS®, existing home sales increased 27 percent to 9,310 homes sold during the 12-month period ending June 2010 from 7,350 homes sold a year earlier; the average home sales price fell 5 percent to $156,400; and the inventory of unsold existing homes fell from a 7- to a 6-month supply. During the 12 months ending June 2010, new and existing home sales in Omaha increased to 11,260 homes sold, up 23 percent from the previous 12 months, and the average sales price increased 1 percent to $161,600, according to the Omaha Board of REALTORS®. For the same period, existing home sales increased 21 percent to 9,835 homes and the average price of an existing home sold rose to $151,600, a 3-percent gain. During the 12-month period ending June 2010, new home sales increased by 38 percent to 1,425 homes, but the average new home sales price fell from $260,875 to $230,500 due to builders scaling down newly built homes in both size and amenities.

The Kansas City Regional Association of REALTORS® reported that new and existing home sales increased nearly 10 percent to 27,045 homes and that the average sales price fell from $162,075 to $161,250 during the 12 months ending June 2010. Existing home sales increased 12 percent to 24,670 homes sold, the average price of an existing home rose 2 percent to $144,000, and the inventory of unsold existing homes increased from a 6- to a 7-month supply. New home sales decreased 12 percent to 2,380 homes, the average sales price declined 1 percent to $298,325 for a new home, and the inventory of unsold new homes decreased from a 10- to a 6-month supply because of decreased new construction activity.

The Wichita Area Association of REALTORS® reported that sales of new and existing homes increased by less than 2 percent from 8,660 to 8,800 homes during the 12-month period ending June 2010, and that the average price fell 2 percent to $133,000. For the same period, existing home sales increased by 5 percent from 7,450 to 7,800 homes, the average existing home sales price fell 1 percent to $121,600, and the unsold existing home inventory was unchanged at a 5-month supply. During the 12-month period ending June 2010, new home sales decreased 14 percent to 1,000 homes, the average new home sales price increased 2 percent to $223,575, and the inventory of unsold new homes declined from a 6- to a 4-month supply. According to HousingTracker, existing home sales in St. Louis declined 10 percent to 25,360 homes during the 12-month period ending June 2010, and the median sales price fell to $160,800 in June 2010 from $170,700 a year earlier, a decline of nearly 6 percent.

New single-family home construction in the Great Plains region, as measured by the number of single-family building permits issued, rose 9 percent to 18,180 homes, during the 12-months ending June 2010, compared with a 32-percent decrease recorded during the previous 12 months, based on preliminary data. In Iowa, the number of single-family building permits issued during the 12 months ending June 2010 totaled 5,230 homes, a 16-percent increase compared with the 26-percent decline recorded during the previous 12 months. During the 12 months ending June 2010, new single-family home construction activity in Kansas fell 4 percent to 3,340 homes compared with the 32-percent decline that occurred a year earlier. In Missouri, single-family home construction increased 23 percent to 5,960 homes compared with a decline of 46 percent a year earlier, and in Nebraska, permits issued for single-family homes decreased 7 percent to 3,650 homes compared with the 14-percent decline recorded a year earlier.

Lender Processing Services Mortgage Performance Data for June 2010 show that 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 June 2009 and June 2010. Missouri had the greatest increase, rising from 4.7 to 5.5 percent, and in Nebraska, the percentage of total loans in the three categories increased from 3.4 to 3.7 percent, and in both Iowa and Kansas, it increased from 4.1 to 4.8 percent.

As of the second quarter of 2010, the Great Plains metropolitan area rental markets were soft. According to Reis, Inc., as of the second quarter of 2010, the Kansas
City rental apartment vacancy rate increased to 9.4 percent from the 8.6-percent rate recorded in the second quarter of 2009 and the average rent was unchanged at $704. In Wichita, as of the second quarter of 2010, the rental apartment vacancy rate was up to 7.8 percent from the 7.5-percent rate 1 year earlier. The average rent in Wichita increased during the past year from $510 to $513. The rental apartment vacancy rate in the St. Louis area was 8.8 percent in the second quarter of 2010, unchanged from a year earlier, as was the average rent of $726—the highest rent level among the metropolitan areas in the Great Plains region.

Multifamily construction activity, as measured by the number of units permitted, declined in the Great Plains region during the 12-month period ending June 2010 to 7,000 units, down 14 percent compared with a 28-percent decline a year earlier, based on preliminary data. In Nebraska, during the 12 months ending June 2010, multifamily construction activity declined 50 percent to 550 units compared with a decline of 40 percent a year earlier, and in Missouri it decreased 29 percent to 2,615 units compared with a 27-percent decline a year earlier. During the 12 months ending June 2010, multifamily construction activity in Kansas remained relatively unchanged at 1,830 units. In Iowa, multifamily construction activity increased by 35 percent to 2,000 units compared with a decline of 19 percent during the previous 12 months.