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.

In the second quarter of 2010, the economy of the Rocky Mountain region continued the decline that began in late 2008. Nonfarm employment for the 12 months ending June 2010 averaged about 4.9 million jobs, a decrease of 160,500 jobs, or 3.2 percent, from the previous 12 months. This loss followed a 1.7-percent decline during the 12 months ending June 2009. The steepest declines during the 12 months ending June 2010 occurred in the goods-producing sectors. The manufacturing sector lost about 30,000 jobs, a decrease of nearly 9 percent, with most of the losses concentrated in durable-goods manufacturing. Construction sector employment fell by nearly 51,000 jobs, or 16 percent, because of a decline in residential and commercial building activity. Based on data from Torto-Wheaton Research, during the 12 months ending May 2010, spending on commercial construction projects was down 60 percent from a year earlier. Mining and logging sector employment in the region fell by about 12,000 jobs, or 13 percent. Falling energy prices during the past 2 years have led to a decline in energy exploration within the mining subsector. Partly offsetting these declines, the education and health services sector added 14,100 jobs, a 2-percent increase, and government sector employment grew by 10,500 jobs, or 1 percent, helped by a temporary increase in jobs related to the 2010 Decennial Census.

Within the Rocky Mountain region, during the 12 months ending June 2010, Colorado and Utah had the largest employment declines, with 94,100 and 37,000 jobs lost, a decrease of 4.1 and 3 percent, respectively. In both states, nearly one-third of the job losses occurred in the construction sector. In Colorado, during the 12 months ending June 2010, the professional and business services sector lost more than 18,000 jobs, a 5.3-percent decline, and employment in the mining and logging sector fell by 4,800 jobs, or 17 percent. Many of those losses were in the energy-intensive western areas of Colorado. For the same period, employment in Wyoming fell by 12,900 jobs, or 4.4 percent.
percent, with a large share of the losses occurring in the mining and logging sector, which declined by 3,900 jobs, or 14 percent. During the 12-month period ending June 2010, employment in Montana and South Dakota fell by 11,700 and 6,600 jobs, or 2.4 and 1.6 percent, respectively. By contrast, for the same period, employment in North Dakota increased by 700 jobs, or 0.2 percent, led by strong growth in the government and the education and health services sectors. North Dakota has been among the top states in the country for job growth since the recession began. The unemployment rate for the Rocky Mountain region during the 12 months ending June 2010 averaged 7 percent, up from 5.7 percent a year earlier. During the 12-month period ending June 2010, unemployment rates ranged from 4.1 percent in North Dakota to 7.8 percent in Colorado, but all states in the region were below the national average of 9.7 percent.

Despite the weaker economy, home sales in the Rocky Mountain region have increased in the first quarter of 2010, but home sales markets remain soft in most places. According to data from the NATIONAL ASSOCIATION OF REALTORS®, home sales for the region in the first quarter of 2010 (the most recent data available) were up 10 percent from a year earlier, to a seasonally adjusted annual rate of 185,200 homes sold. The largest increases occurred in Utah, Wyoming, and North Dakota, where home sales were up by 20 percent or more. The pending expiration of the homebuyer tax credit in April 2010 helped increase sales. Despite the increase in sales volume, sales prices for existing homes in the region were down 5 percent in the first quarter of 2010, according to the Federal Housing Finance Agency house price index. The steepest decline occurred in Utah, where prices fell 10 percent from a year earlier, but home prices were also down by more than 4 percent in Colorado, Montana, and Wyoming. The weak economy has also resulted in rising mortgage defaults and foreclosures throughout the region. According to Lender Processing Services Mortgage Performance Data, in June 2010, the number of home loans in foreclosure, 90 days or more delinquent, or in REO (Real Estate Owned) averaged 4.9 percent of total loans in the region, up from 4 percent a year earlier. During the 12 months ending June 2010, the percentage of loans in those three categories in the Rocky Mountain states ranged from 2 percent in North Dakota to 6.2 percent in Utah, but all states in the region were well below the national average rate of 8.5 percent.

Although home sales activity increased in most metropolitan areas in Utah during the 12 months ending June 2010, market conditions remain soft in most areas, as indicated by price declines, a trend that has persisted for the past 2 to 3 years. In the Salt Lake City area, according to NewReach, Inc., during the 12 months ending June 2010, sales of existing single-family homes were up 25 percent from a year earlier, to about 9,600 homes sold. During the same period, the average sales price fell 3 percent, to about $252,600. In the Ogden-Clearfield area, home sales were up 17 percent, to 5,100 homes sold, and the average sales price increased by 9 percent to $205,700. According to the Utah County Association of REALTORS®, for the 12 months ending June 2010, single-family home sales in Provo-Orem were up 29 percent from a year earlier, to about 4,700 homes sold. The average sales price fell by 9 percent during the same period, to about $239,700.

According to data from the Colorado Association of REALTORS®, during the 12 months ending June 2010, single-family sales statewide were up 1 percent from a year earlier, to about 61,200 homes sold. During the second quarter of 2010, the median sales price for single-family homes fell 9 percent, to about $192,700. In the Colorado Springs area, for the 12 months ending June 2010, single-family sales were up 16 percent, to about 9,200 homes sold. During the same period, single-family sales in the Boulder area were up 13 percent, to 2,800 homes sold, and in the Fort Collins area increased by 15 percent, to 2,500 homes sold. In the Denver metropolitan area, during the second quarter of 2010, sales fell by 2 percent from a year earlier, to about 34,700 homes sold. The median price during this same period was up 5 percent in the Denver area, to $231,100, and up more than 2 percent in Colorado Springs, to $195,300. These increases were offset by declines elsewhere. Median prices for single-family homes fell 6 percent in Fort Collins, to about $228,700, and 12 percent in Grand Junction, to $186,500.

Increased home sales in many parts of the region have contributed to an increase in homebuilding activity. Based on preliminary data, during the 12 months ending June 2010, single-family construction, as measured by the number of building permits issued, totaled about 20,900 homes, up from 17,700 in the previous 12 months, an increase of 18 percent. During the 12 months ending June 2010, the strongest growth occurred in Utah, where the number of single-family homes permitted was up 32 percent, to about 6,700 homes, and North Dakota, where single-family home permits were up 31 percent, to about 1,700 homes. In Wyoming, during the same period, however, permits for single-family homes were down 3 percent, to about 1,300 homes. For the region, despite recent increases, production of single-family homes remains far below the peak years of 2004 through 2006, when homebuilding activity averaged more than 72,000 homes a year.

Much of the increase in single-family construction was offset by a decline in multifamily building activity, as measured by the number of units permitted. Based on preliminary data, in the 12 months ending June 2010, about 7,800 multifamily units were permitted in the Rocky Mountain region, a decline of 26
percent from the same period a year earlier. Although building activity during the 12 months ending 2010 was up strongly in Wyoming, North Dakota, and Montana, where the number of multifamily units permitted for the three states combined nearly doubled, to about 2,700 units, the number of multifamily units permitted fell by 41 percent in Colorado, to about 2,100 units, and by 52 percent in Utah, to about 2,000 units. Most of the decline in Colorado occurred in the Denver area, where units permitted were down by 55 percent, to about 1,100, but Colorado Springs and Greeley also had significant declines. Most of the decrease in Utah occurred in Salt Lake City, where the number of multifamily units permitted was down by 58 percent, to about 1,500 units. The declines in Colorado and Utah are partly a result of decreased demand for new condominiums, but the weak economy and tight lending standards have also reduced apartment construction.

Rental market conditions in the Rocky Mountain region in the second quarter of 2010 ranged from slightly soft in some areas to somewhat tight in others. Conditions were slightly soft in the Salt Lake City area. According to Reis, Inc., in Salt Lake City in the second quarter of 2010, the average apartment vacancy rate was 7.1 percent, up from the 5.9-percent rate recorded a year earlier. The average monthly apartment rent declined by nearly 1 percent during the same period, to $747. During the 12 month-period ending June 2010, about 2,500 new apartment units were completed in the area, which contributed to the increase in vacancies, although the market appears to be stabilizing. Vacancy rates in Salt Lake City during the second quarter of 2010 were essentially unchanged from the first quarter of 2010 and, according to Hendricks & Partners, Inc., the use of rent concessions to boost occupancies by apartment complexes has declined in the past 6 months. Rental market conditions in the Fargo area remain balanced. As of June 2010, according to Appraisal Services, Inc., apartment vacancy rates in the area averaged 6 percent, up slightly from the 5.9-percent rate recorded for June 2009.

The Denver area rental market is currently balanced. According to Apartment Appraisers & Consultants, in the second quarter of 2010, apartment vacancy rates in the Denver metropolitan area averaged 6.4 percent, down from 8.3 percent a year earlier. In the second quarter of 2010, monthly rents in Denver averaged $862, up slightly from $855 a year earlier. The Colorado Springs rental market also tightened, because of an increase in troop levels at Fort Carson Army Base in 2009, and also because of a sharp decline in the number of new rental units coming on line. Apartment vacancies in the second quarter of 2010 averaged 6.2 percent, down from 8.5 percent a year earlier. Monthly rents averaged $699, up from $691 a year earlier. Rental markets in the Fort Collins area are now balanced to tight, with a vacancy rate of 5.1 percent recorded during the second quarter of 2010, down from 6.1 percent a year earlier. In the second quarter of 2010 in Fort Collins, monthly rents averaged $793, up from $776 a year earlier. With more than 1,000 new units under construction or in the development pipeline, market conditions should begin to ease over the next several quarters.