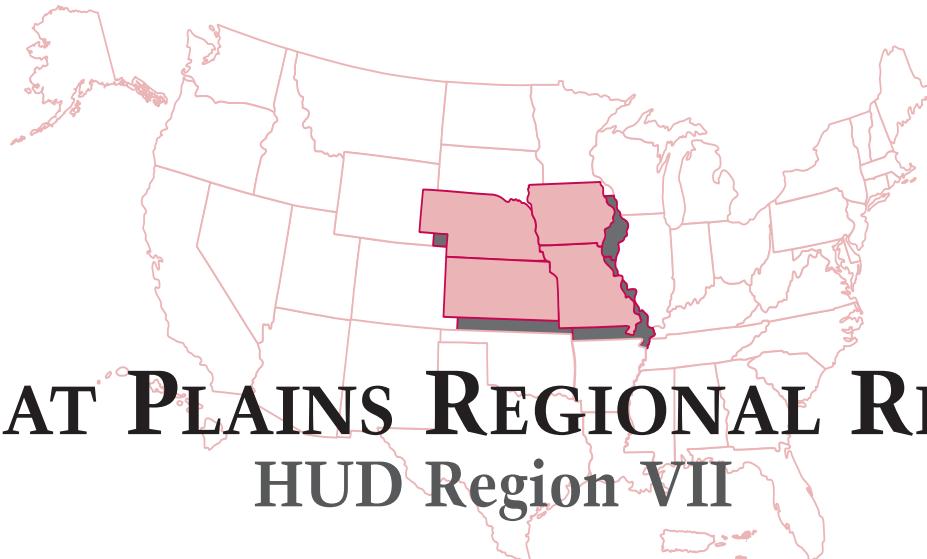




U.S. Housing Market Conditions



GREAT PLAINS REGIONAL REPORT HUD Region VII

3rd 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.

Continuing a trend that began in April 2007, nonfarm payrolls declined in the Great Plains region during the third quarter of 2010, although the job loss rate appears to be slowing. During the 12-month period ending September 2010, nonfarm payrolls in the Great Plains region declined by 109,300 jobs, or 1.7 percent, to an average of 6.4 million jobs compared with a loss of 2.5 percent during the 12-month period ending September 2009. The greatest job losses were in the manufacturing sector, which was down 37,700 jobs, or 5.1 percent. The construction sector declined by 26,150 jobs, or 8.3 percent. Nonfarm payroll gains were most significant in the education and health services sector, which grew by 13,400 jobs, or 1.5 percent. During the 12 months ending September 2010,

nonfarm payrolls in Missouri declined by 49,250 jobs, or 1.8 percent, to an average of 2.7 million jobs. During the same period, nonfarm payrolls decreased in Kansas by 29,650 jobs, or 2.2 percent, to an average of 1.3 million jobs and in Iowa by 19,600 jobs, or 1.3 percent, to 1.5 million jobs. During the 12 months ending September 2010, nonfarm payrolls in Nebraska declined by 10,800 jobs, or 1.1 percent, to an average of 940,400 jobs.

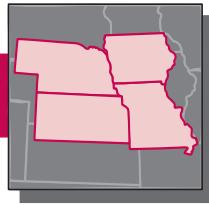
During the 12-month period ending September 2010, the continuing job losses caused the regional unemployment rate to increase to 7.5 percent, up from the 6.9-percent rate recorded a year earlier. The unemployment rate ranged from 4.8 percent in Nebraska to 9.4 percent in Missouri. The unemployment rates in Kansas and Iowa were 6.6 and 6.7 percent, respectively.

As of August 2010, sales housing market conditions were balanced in Iowa, Kansas, and Missouri but were soft in Nebraska. In the Great Plains region, the total number of new and existing home sales during the 12 months ending August 2010 (the latest data available) marked the first increase in home sales since the 12-month period ending August 2006. According to Hanley Wood, LLC, during the 12-month period ending August 2010, total home sales in the region increased by nearly 2 percent to 175,300 homes sold compared with the number



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sold during the same period a year earlier, but the average price of a home sold remained relatively unchanged at \$156,400. In Kansas, during the 12-month period ending August 2010, total home sales increased by 1 percent to 31,700 and the average price of a home sold increased by 1 percent to \$171,100. In Iowa, during the same period, the total number of homes sold grew by nearly 7 percent to 35,100 homes, but the average price decreased by 3 percent to \$151,500. In Missouri, during the same period, total home sales increased by 4 percent to 92,100 homes sold, and the average price of a home sold increased slightly to \$154,000. In Nebraska, during the 12-month period ending August 2010, total home sales decreased by 18 percent to 16,400 homes sold, and the average price declined by 1 percent to \$154,000.

In the major metropolitan areas of the region, sales housing markets were mixed; they were balanced in Kansas City and St. Louis but soft in Des Moines, Wichita, and Omaha. In Kansas City, during the 12 months ending August 2010, Hanley Wood, LLC, reported that total home sales remained unchanged at 34,400 homes, but the average home sales price rose nearly 2 percent to \$185,900 compared with the price during the previous 12 months. Existing home sales increased 1 percent to 31,600 homes, and the average price of an existing home rose 2 percent to \$178,400. New home sales decreased 10 percent to 2,800 homes, but the average sales price of a new home increased 1 percent to \$270,000. In St. Louis, during the 12-month period ending August 2010, new and existing home sales increased nearly 5 percent to 43,000 homes, and the average home sales price rose 1 percent to \$175,400.

According to Hanley Wood, LLC, during the 12-month period ending August 2010, new and existing home sales in Des Moines decreased 1 percent to 9,600 homes sold, and the average home sales price fell 2 percent to \$159,400 compared with the price reported for the previous 12 months. During the 12 months ending August 2010, total home sales in Wichita decreased by 2 percent to 10,150, and the average price fell 3 percent to \$139,300. For the same period, existing home sales decreased by more than 1 percent to 8,950 homes sold, and the average existing home sales price fell 1 percent to \$132,400. New home sales decreased 7 percent to 1,200 homes sold, and the average new home sales price decreased almost 12 percent to \$190,900. During the 12 months ending August 2010, total home sales in Omaha decreased to 9,750 homes sold, down 28 percent from the previous 12 months, and the average home sales price decreased nearly 2 percent to \$154,700. Sales of existing homes declined at a faster rate than sales of new homes; existing home sales were down 29 percent to 7,875 homes sold compared with a decline of 22 percent to 1,875 new homes sold. The average sales price of an existing home and a new home each fell 2 percent to \$147,100 and \$186,700, respectively.

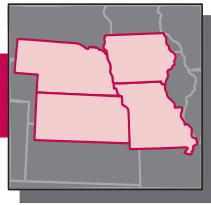
Lender Processing Services Mortgage Performance Data show that, in Iowa and Kansas, between September 2009

and September 2010, the percentage of total loans 90 days or more delinquent, in foreclosure, or in REO (Real Estate Owned) increased by 0.1 percent to 4.8 and 4.9 percent, respectively. In Nebraska, the percentage of total loans in the three categories fell from 3.8 to 3.7 percent and, in Missouri, it decreased from 5.5 to 5.4 percent.

In the Great Plains region, single-family home construction, as measured by the number of single-family building permits issued, rose 3 percent to 15,300 homes during the 12-months ending September 2010, based on preliminary data. The number of single-family building permits issued had declined 19 percent during the 12 months ending September 2009. In Iowa, during the 12 months ending September 2010, the number of single-family homes permitted totaled 4,400, a 6-percent increase compared with the 8-percent decline recorded during the previous 12 months. In Kansas, during the 12 months ending September 2010, the number of single-family homes permitted increased 7 percent to 2,900 homes compared with a 29-percent decline during the previous 12 months. In Missouri, during the 12 months ending September 2010, single-family home construction increased 8 percent to 4,700 homes compared with a decline of 29 percent a year earlier. In Nebraska, during the same period, as a result of slow new home sales because of the expiration of the tax credit program and a weak local economy, permits issued for single-family homes decreased 10 percent to 3,300 permits compared with a 7-percent decline recorded a year earlier.

As of the third quarter of 2010, most of the Great Plains metropolitan area rental markets were soft. According to Reis, Inc., as of the third quarter of 2010, the Kansas City apartment vacancy rate remained relatively unchanged at 8.7 percent, but the average rent increased by 1 percent to \$707. In Wichita, the apartment vacancy rate was 7.6 percent, nearly identical to the rate a year earlier, and the average rent was also unchanged at \$505. At 8 percent, the apartment vacancy rate in the St. Louis area was essentially unchanged in the third quarter of 2010 compared with the rate a year earlier, as was the average rent of \$729. The only major metropolitan area in the Great Plains region that had a balanced rental market was Omaha, where, because of reduced apartment construction activity in 2009 and 2010, the vacancy rate averaged 4.9 percent compared with 7.4 percent a year earlier, but the average rent was unchanged at \$694.

In the Great Plains region, during the 12-month period ending September 2010, multifamily construction activity, as measured by the number of units permitted, declined 19 percent to 3,925 units permitted compared with a 46-percent decline a year earlier. In Nebraska, during the 12 months ending September 2010, multifamily construction activity increased by 20 units to a total of 420 units compared with a decline of 1,100 units a year earlier. In Iowa, during the 12 months ending September 2010, multifamily construction activity increased by 27 percent to 1,750 units compared with a decline of 36 percent a year



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earlier. Multifamily construction in Missouri decreased 3 percent to 1,700 units compared with a 56-percent decline a year earlier. During the 12 months ending September

2010, multifamily construction activity in Kansas declined 60 percent to 730 units compared with a 16-percent decline a year earlier.