4th Quarter Activity

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.

The economy of the Rocky Mountain region continued to expand in the fourth quarter of 2011, an improvement from the economic conditions of a year ago. In 2011, nonfarm payrolls averaged nearly 5 million jobs, an increase of 74,500 jobs, or 1.5 percent, from a year earlier. By contrast, in 2010, nonfarm payrolls were down by 31,000 jobs, or 0.6 percent, from a year earlier. The sectors with the largest gains in 2011 included leisure and hospitality, professional and business services, and education and health services, which added 20,100, 19,000, and 15,200 jobs, increases of 3.7, 3.2, and 2.4 percent, respectively. In addition, the mining and logging subsector posted strong growth, adding more than 12,000 jobs, a 15-percent increase, and the manufacturing sector added 7,400 jobs, a 2.3-percent increase. Partly offsetting these gains, payrolls declined in the information and financial activities sectors and the construction subsector by 2,700, 5,000, and 5,500 jobs, or 2.1, 1.7, and 2.1 percent, respectively.

In 2011, nonfarm payrolls increased by 4.7 percent, or 17,600 jobs, in North Dakota, the fastest rate of job growth among the six states in the region. In addition, for the third consecutive year, North Dakota had the fastest rate of job growth among all states in the nation, largely driven by energy-related activity in the western part of the state. In 2011, mining and logging subsector payrolls in North Dakota increased by 5,000 jobs, or 47 percent, from a year earlier. Nonfarm payrolls in Utah and Wyoming grew by 26,000 and 5,700 jobs, or 2.2 and 2.0 percent, respectively. In Utah, the largest increase occurred in the professional and business services sector, which added 9,000 jobs, a 5.9-percent increase. In Wyoming, mining and logging subsector payrolls grew by 2,500 jobs, or 10 percent. Payrolls increased by 4,300 jobs, or 1 percent, in Montana and grew by 0.8 percent in both Colorado and South Dakota, increases of 17,700 and 3,200 jobs, respectively. In Colorado, the leisure and hospitality and the education and health services sectors added 11,700 and 9,000 jobs, increases of 4.4 and 3.4 percent, respectively, but payrolls declined in the construction subsector and
Home sales have declined in most metropolitan areas in the Rocky Mountain region, with sales in the third quarter of 2011 being down 4 percent from a year earlier, to about 19,700 homes. Based on preliminary data, in 2011, single-family construction, as measured by the number of permits issued, was down 2 percent compared with the number of permits issued a year earlier, to approximately 19,700 homes. Although single-family construction was up 17 percent in North Dakota, to about 1,850 homes permitted, construction declined in most other states of the region. Single-family construction fell by 2 percent in Utah and Colorado, to 6,150 and 7,950 homes permitted, respectively. Construction declined by 12 and 14 percent, to 1,050 and 1,500 single-family homes permitted, respectively, in Montana and South Dakota. Offsetting the decline in single-family building activity, multifamily construction has increased significantly for the region overall, but building activity remains slow in some areas. During 2011, approximately 11,500 multifamily units were permitted in the region, up 39 percent from the 8,300 units permitted in 2010. Multifamily construction increased considerably in Colorado, North Dakota, South Dakota, and Utah, with 4,400, 2,100, 750, and 3,000 units permitted, increases of 66, 47, 22, and 36 percent, respectively. In Montana and Wyoming, however, multifamily building declined by 2 and 17 percent, to about 650 and 600 units permitted, respectively.
Despite the increase in multifamily construction, rental housing markets in the Rocky Mountain region remain tight in some areas, and rental conditions range from balanced to tight throughout most of the region. Based on data from Apartment Insights, in the fourth quarter of 2011, the Denver-Aurora apartment market was balanced to tight, with a 5.5-percent vacancy rate, unchanged from a year earlier. The Boulder and Fort Collins-Loveland markets were tight, with apartment vacancy rates of 3.8 and 3.5 percent, down from 4.1 and 4.0 percent, respectively, a year ago. The Colorado Springs apartment market was balanced, with a 6.4-percent vacancy rate, down from 6.8 percent a year ago. Apartment rents in Boulder, Colorado Springs, and Denver-Aurora averaged approximately $1,000, $740, and $910 a month, increases of 3, 4, and 5 percent, respectively, from a year earlier. In Fort Collins-Loveland, rents averaged $930 a month, a 7-percent increase from a year ago. Apartment markets in the Salt Lake City and Ogden-Clearfield areas were balanced to tight. Based on data from Reis, Inc., vacancy rates in the Salt Lake City area averaged 4.9 percent in the fourth quarter of 2011, down from 6.8 percent a year earlier, and the average monthly rent increased 2 percent during that period, to $775. In Ogden-Clearfield, the average vacancy rate was 4.2 percent, down from 5.3 percent a year earlier, and average rents increased 2 percent, to $705. The Provo-Orem apartment market was tight, with a 2.8-percent vacancy rate, down from 4.7 percent a year earlier, but rents remained stable at approximately $775 a month. Based on data from Appraisal Services, Inc., in December 2011, the Fargo apartment market was balanced to tight with a 4.3-percent vacancy rate, down from 5.7 percent a year ago.