

728.1
:308
F22
Des Moines, Ia.
1964
C-2

Analysis of the
**DES MOINES, IOWA,
HOUSING MARKET**

as of November 1, 1964



Federal Housing Administration
Library

**A Report by the
FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C. 20411**

A constituent of the Housing and Home Finance Agency

March 1965

ANALYSIS OF THE
DES MOINES, IOWA, HOUSING MARKET

AS OF NOVEMBER 1, 1964

FIELD MARKET ANALYSIS SERVICE
FEDERAL HOUSING ADMINISTRATION
Housing and Home Finance Agency

Federal Housing Administration
Library

~~7341~~
~~1051~~
~~1103~~

728,1
1308
F22

Foreword

As a public service to assist local housing activities through clearer understanding of local housing market conditions, FHA initiated publication of its comprehensive housing market analyses early in 1965. While each report is designed specifically for FHA use in administering its mortgage insurance operations, it is expected that the factual information and the findings and conclusions of these reports will be generally useful also to builders, mortgagees, and others concerned with local housing problems and to others having an interest in local economic conditions and trends.

Since market analysis is not an exact science the judgmental factor is important in the development of findings and conclusions. There will, of course, be differences of opinion in the interpretation of available factual information in determining the absorptive capacity of the market and the requirements for maintenance of a reasonable balance in demand-supply relationships.

The factual framework for each analysis is developed as thoroughly as possible on the basis of information available from both local and national sources. Unless specifically identified by source reference, all estimates and judgments in the analysis are those of the authoring analyst.

Table of Contents

	<u>Page</u>
Summary and Conclusions	i
Housing Market Area	1
Economy of the Area	
Employment	2
Unemployment	5
Prospective Employment	5
Income	5
Demographic Factors	
Population	7
Households	9
Housing Market Factors	
Housing Supply	11
Residential Construction Activity	12
Tenure of Occupancy	13
Vacancy	14
Sales Market	15
Rental Market	15
Urban Renewal	16
Demand for Housing	
Quantitative Demand	18
Qualitative Demand	18

ANALYSIS OF THE
DES MOINES, IOWA, HOUSING MARKET
AS OF NOVEMBER 1, 1964

Summary and Conclusions

1. Employment in government, trade, insurance, and services account for the bulk of the employment of the area and have also has been the major source of employment growth in the Standard Metropolitan Statistical Area. Manufacturing employment, which accounts for about one-fifth of all nonagricultural employment, is concentrated in the food products, farm machinery, rubber products, and printing and publishing industries.
2. Nonagricultural employment has averaged about 104,300 over the past twelve months (November 1963 through October 1964). Since 1955, employment has increased by an average of about 1,000 jobs annually, although recent growth has been less rapid, averaging about 650 new jobs annually since 1959. Over the two-year forecast period, some improvement in the economic situation over the recent past is anticipated and employment is expected to increase by about 1,000 jobs annually.
3. The current population of the Des Moines SMSA is estimated at 279,350, an increase of almost 13,050 (4.9 percent) since April 1960. The most rapid population growth since 1960 has been in the suburban areas outside Des Moines including Ankeny, Urbandale, and Windsor Heights. Recent population growth has been slower than it was during the 1950's, averaging 2,850 persons annually since 1960, compared with 4,050 persons annually between 1950 and 1960. The slower population growth is reflected in significant changes in the migration pattern of the area. During the 1950's, net in-migration averaged 290 persons annually, compared with net out-migration averaging 950 persons annually since 1960. The anticipated acceleration of economic growth over the forecast period is expected to result in reduced out-migration. As a result, total population in the SMSA is expected to reach 286,150 by November 1966, an average increase of about 3,400 persons annually (1.2 percent) over the two-year forecast period.

4. It is estimated that there are currently 88,800 households in the Des Moines SMSA, an increase of about 4,450 (5.3 percent) since April 1960. Based on the estimated November 1966 population projected for the SMSA and changes in average household size expected over the next two years, the number of households in the SMSA is expected to total 91,050 by November 1966, an annual increase of about 1,125 (1.3 percent) over the two-year period.
5. The current number of housing units in the Des Moines SMSA is estimated at 94,150, a net gain of about 5,075 units (5.7 percent) over the number reported in the 1960 census. Since 1960, over 80 percent of all units authorized by building permits were single-family homes. The proportion of single-family homes to total units authorized has been declining, however. In the first ten months of this year, only about 65 percent of all units authorized were single-family homes, compared with over 90 percent in 1960.
6. It is estimated that there are currently 3,200 housing units available for sale or rent in the Des Moines SMSA, a total only slightly above that reported in the 1960 census. There has been a shift in the character of vacancies, however. Units currently available for sale are estimated at 1,700 (a homeowner vacancy rate of 2.6 percent), compared with 1,188 or 2.0 percent in 1960. Units currently available for rent are estimated at 1,500 (a renter vacancy rate of 5.6 percent), compared with 1,967 or 7.4 percent in 1960.
7. Over the two-year forecast period, to November 1966, it is estimated that there will be an annual demand for 1,270 new housing units in the Des Moines SMSA, including 700 units of sales housing and 570 units of rental housing.

ANALYSIS OF THE
DES MOINES, IOWA, HOUSING MARKET
AS OF NOVEMBER 1, 1964

Housing Market Area

The Des Moines Housing Market Area (HMA) under consideration in this report is coterminous with the Des Moines Standard Metropolitan Statistical Area (SMSA) and consists of Polk County, Iowa. The city of Des Moines is located in the southwestern part of the county. Several urban areas in the SMSA adjoin Des Moines to the west, including Urbandale, Windsor Heights, and West Des Moines. Ankeny, about 10 miles north of Des Moines, and Altoona, about eight miles east of Des Moines, are smaller, growing, communities in the SMSA.

Des Moines is the largest city in Iowa and is the seat of government for both the county and the State. The city is located 205 miles north of Kansas City, Missouri, 338 miles west of Chicago, Illinois, and 139 miles east of Omaha, Nebraska.

The land in and around the SMSA is flat or gently sloping, interspersed with occasional ravines and bluffs that resulted from the receding glaciers of the Ice Age. Two rivers flow through the city. The Des Moines River flows southwest through the city and is joined by the Raccoon River just south of the central business district.

Two partially completed interstate highways meet in the SMSA and facilitate north-south and east-west transportation. Interstate 35 is complete from Des Moines to 40 miles south and Interstate 80 is complete from Des Moines to about 50 miles east. In addition, a 40 mile stretch of Interstate 80 is completed starting about 25 miles west of Des Moines. U. S. Routes 6, 65, and 69 also serve the area. Currently under construction is a city freeway which will connect the interstate system via a downtown route. The downtown portion of the freeway is open to traffic between Cottage Grove Street and Pennsylvania Avenue. Air transportation to and from Des Moines is provided at the municipal airport, with about 27 flights daily.

As the major employment center in the State, Des Moines attracts some of its work force from outside the SMSA. In April 1960, the census reported net in-commutation of about 5,000, not quite 5 percent of the total number of employed residents of the HMA. Most in-commuters lived in Warren County to the south and Dallas County to the west.

Economy of the Area

The city of Des Moines was established in the mid-1800's. It grew as a trade center and as a center of government--originally the location of a U. S. District Land Office, then as the county seat, and finally as the State capital.

Trade and government remain important sources of employment, accounting for about 40 percent of total nonagricultural employment. Des Moines has also developed as one of the Nation's major insurance centers, and is the home office city for almost 50 insurance companies, while over 100 more insurance firms maintain district or regional offices there. Manufacturing is also important, with just over one-fifth of all nonagricultural employees in the SMSA engaged in manufacturing activities. Because Des Moines is located in one of the **most** productive agricultural areas in the Nation, many of the area's manufacturers produce food products and farm machinery. The production of rubber products (Firestone Tire and Rubber Co. and Armstrong Rubber Co.) and printing and publishing are also important.

Employment

According to estimates prepared by the Iowa Employment Security Commission, nonagricultural employment has averaged about 104,300 over the past twelve months (November 1963 through October 1964). Since 1955, employment has increased by an average of about 1,000 jobs (1.0 percent) annually.^{1/} The year-to-year changes have by no means been constant, varying from a loss of 750 jobs from 1957 to 1958 to a gain of about 3,000 the following year. The following table shows the year-to-year changes in employment since 1955. It is obvious that since 1959, employment growth has been slower than for the earlier period. Annual changes since 1959 have averaged only 650 new jobs, compared with about 1,000 annually over the nine-year period.

^{1/} Data prior to 1955 are not comparable.

Annual Average Nonagricultural Employment a/
Des Moines, Iowa, SMSA
1955 through 1964

<u>Year</u>	<u>Employment</u>	<u>Annual change</u>		<u>Year</u>	<u>Employment</u>	<u>Annual change</u>	
		<u>Number</u>	<u>Percent</u>			<u>Number</u>	<u>Percent</u>
1955	95,250	-	-	1960	102,550	1,500	1.5
1956	97,200	1,950	2.0	1961	102,000	-550	-0.5
1957	98,800	1,600	1.6	1962	101,950	-50	-0.1
1958	98,050	-750	-0.8	1963	103,650	1,700	1.7
1959	101,050	3,000	3.1	1964	104,300	650	0.6

a/ Excludes self-employed, domestics, and unpaid family workers

Source: Estimated by Iowa Employment Security Commission, Iowa State Employment Service.

Manufacturing employment over the last nine years has experienced ups and downs with a general downward trend evident, averaging about 250 jobs annually. Since 1959, manufacturing employment has dropped by 1,400, or 6.1 percent, to an average of 21,650 over the past twelve months. Since 1959, all manufacturing industry groups shown in table I, except chemicals and allied products, have experienced a net employment decline or have had no significant change.

At least part of the decline in manufacturing employment can be ascribed to migration of smaller manufacturers from the area. In an effort to reduce expenses, particularly labor costs, many of the smaller manufacturers of the area are moving to smaller urban areas in Iowa. Over the past several years, there has been a steady flow of these small firms from Des Moines. This month two such firms, Cupples-Hesse Company and Hot Spot Detector, Inc., are scheduled to relocate, an employment loss of over 100 workers.^{1/} Conversely, American Can Co., this month, announced that they will locate a new plant for the production of plastic food packages in the Des Moines area. The plant will be located in an existing structure and should be in operation early next year. Employment is expected to exceed 100 and is expected to expand rapidly over the next few years.

^{1/} Other small manufacturing firms that have left the area during the past year include Monarch Manufacturing Company and Miller Products Company, both of which moved in August, 1964.

Nonmanufacturing employment has increased steadily over the last nine years, adding an average of 1,250 new jobs annually. Over the five-year period since 1959, nonmanufacturing employment increased by 4,650, or 6.0 percent, to an average of 32,650 over the last twelve months. Government employment and services and miscellaneous non-manufacturing provided the major employment gains, with respective increases of 1,650 (12.3 percent) and 2,750 (20.0 percent) since 1959.

The trade sector registered an employment gain of 1,200 (4.7 percent) since 1959 on the strength of growing retail employment in suburban shopping facilities, although downtown retailing has suffered from the competition. The growth of finance, insurance, and real estate has also been a major growth factor. Since 1959, this employment group added about 1,050 new jobs, a 9.5 percent increase. The number of insurance companies in the area has grown steadily. Construction of several large office buildings in the downtown area by financial and insurance organizations indicates continued growth of this industry.

Because of increased use of automatic data processing, many large firms are finding it possible to expand the territory served from individual sales and distribution offices. As a result, some firms have closed their Des Moines district offices and this has slowed the growth of nonmanufacturing jobs. Since 1961, three major oil companies closed their local district offices. This year, Ford Motor Company closed the sales and parts offices of its district Tractor and Implement Division, and Goodyear moved its Des Moines accounting offices. In addition, some wholesaling operations in Des Moines have been closed.

Female employment in the SMSA is high, particularly in insurance, services, and government. In 1960, the census reported 37.1 percent of all nonagricultural employees were women, compared with 34.4 percent in the country as a whole. Between 1950 and 1960, non-agricultural employment in the SMSA increased by 13,753. Of the total increase, 58.1 percent (7,995) represented increased female employment. A substantial portion of recent employment growth in insurance, government, and services has involved female employment.

Unemployment

The rate of unemployment in the Des Moines SMSA is at a very low level, equal to only 1.6 percent of the total work force in October 1964. The average unemployment rate for the past 12 months was only 2.2 percent. Since 1957, the highest unemployment rate recorded was in 1961, with an average of 3.7 percent of the work force unemployed that year; however, in all other years since 1957, average annual unemployment has been at or below 3.0 percent, significantly below the rate experienced in the Nation, which varied from 3.6 percent to 6.4 percent between 1957 and 1963.

Prospective Employment

Based on past trends and future expectations for the various industry groups in the Des Moines SMSA, it is anticipated that employment will expand by about 1,000 jobs annually over the next two years, about the same rate of growth experienced over the nine-year period since 1955. This forecast, however, reflects expected improvement in employment growth, compared with post-1959 employment changes. The major gains are expected in services, government, retail trade, and insurance. Some ups and downs are anticipated for the manufacturing sector; however, the downward trend of manufacturing employment experienced in recent years is expected to continue, although the decline is not expected to be as rapid as has been experienced recently. The Des Moines area lacks many of the locational advantages (proximity to markets, good climate, nearby fuel supplies, or raw materials) typical in rapidly-growing manufacturing centers. Among other factors expected to inhibit growth of manufacturing employment are the lack of a large pool of workers, as reflected in the low unemployment prevalent in the area, and the high wage scales of the area.

Income

The earnings of workers engaged in manufacturing in the Des Moines area are high. Weekly earnings averaged \$117 for manufacturing production workers over the last twelve months. More recently, very high earnings in rubber products (tires) and printing and publishing have brought average wages for all manufacturing workers to over \$125 a week (last three months), compared with \$110 in Kansas City, \$112 in Omaha, and \$116 in Chicago. Since 1959, annual average weekly wages in manufacturing have increased by about 18 percent. High wages in Des Moines have been the major cause of the migration of smaller firms in the SMSA to smaller urban areas in the State.

Current median family income in the Des Moines SMSA, after deducting Federal income tax, is estimated at \$6,925, about 13 percent above the 1959 median reported by the census. Median renter-family income, after tax, is estimated at \$5,275, almost 25 percent below the all-family median. The table below shows the estimated current and projected distributions of after-tax incomes for all families and renter families. Continued increases in the income levels of area residents are expected to result in median family incomes (after tax) of \$7,325 for all families and \$5,525 for renter families by late 1966.

Estimated Distribution of Annual Family Income a/
Des Moines, Iowa, SMSA
November 1964 and 1966

<u>Annual income</u>	<u>Nov. 1964</u>		<u>Nov. 1966</u>	
	<u>All</u>	<u>Renter</u>	<u>All</u>	<u>Renter</u>
Under \$3,000	11	22	10	21
\$3,000 to 3,999	6	11	5	10
4,000 to 4,999	9	13	8	12
5,000 to 5,999	12	15	10	15
6,000 to 6,999	13	13	13	12
7,000 to 7,999	13	8	12	10
8,000 to 8,999	10	6	11	6
9,000 to 9,999	7	4	8	4
10,000 to 12,499	10	4	12	6
12,500 to 14,999	4	2	5	2
15,000 and over	5	2	6	2
Total	100	100	100	100
Median	\$6,925	\$5,275	\$7,325	\$5,525

a/ After the deduction of Federal income tax.

Source: Estimated by the Housing Market Analyst.

Demographic Factors

Population

Current Estimate. The total current population of the Des Moines SMSA is about 279,350, an increase of almost 13,050 (4.9 percent) over the 266,315 persons in the SMSA reported by the census in April 1960.

Past Trend. The following table shows the growth in the population of the SMSA and its major segments since 1950. Between 1950 and 1960, the population of the city of Des Moines increased by 31,017 (17.4 percent). Over 60 percent of the increase, however, resulted from expansions of the city's corporate limits. During the 1950's, the population of all of the major suburban communities more than doubled; in the case of Urbandale and Windsor Heights, their 1960 populations were triple their 1950 levels.

Population of the Des Moines, Iowa, SMSA
1950-1964

<u>Area</u>	<u>April</u> <u>1950</u>	<u>April</u> <u>1960</u>	<u>November</u> <u>1964</u>
Des Moines	177,965	208,982	212,600
West Des Moines	5,615	11,949	13,200
Windsor Heights	1,414	4,715	5,800
Urbandale	1,777	5,821	8,550
Ankeny	1,229	2,964	4,800
Remainder of the SMSA	<u>38,010</u>	<u>31,884</u>	<u>34,400</u>
SMSA total	226,010	266,315	279,350

Source: 1950 and 1960 U. S. Censuses of Population.
1964 estimated by Housing Market Analyst.

Recent population growth has been slower in the SMSA than it was during the 1950's, particularly in the city of Des Moines. Since 1960, the population of the major urban areas outside Des Moines has continued to grow rapidly. The population of Ankeny expanded about 62 percent since 1960, and Urbandale experienced an increase of some 47 percent over the same period. Windsor Heights and West Des Moines had population increases of about 23 percent and 11 percent, respectively, since 1960. Population in the SMSA outside the major urban areas expanded by an approximately eight percent. This growth took place in the unincorporated area around Des Moines and in Altoona, for the most part.

Future Population Growth. Over the next two years, it is predicted that the total population in the SMSA will expand by about 3,400 persons annually, or 1.2 percent, with total population expected to reach 286,150 in November 1966. Continued rapid growth is anticipated for the suburban areas; it is expected, however, that between 25 and 30 percent of the projected population growth will occur within the city of Des Moines.

Net Natural Increase and Migration. Population change in any area can occur only in two ways--net natural increase (resident births less resident deaths) and migration. Between 1950 and 1960, the number of persons added to the population each year through net natural increase grew from about 3,400 in 1950 to about 4,250 in 1960. Since then, however, the net natural increase has declined steadily, reaching a low of 3,200 in 1963, largely as a result of declining birth rates, although increases in the number of resident deaths have also been a factor. Nevertheless, the annual net natural increase in the latest four years has averaged 3,830, compared with about 3,740 over the preceding 10 years. The migration pattern in the SMSA has changed significantly in recent years, from in-migration during the 1950's to out-migration during the 1960's. The following table shows components of population change from 1950 to 1960, and 1960 to 1964. Between 1950 and 1960, an average of about 290 persons annually migrated into the SMSA, while since 1960, an average of about 950 persons annually have migrated out of the area. The shift from in- to out-migration reflects the post-1960 decline in the number of new jobs available.

Components of Population Change
Des Moines, Iowa, SMSA
1950 to 1964

<u>Population change</u>	<u>Average annual change</u>	
	<u>Apr. 1950 to Apr. 1960</u>	<u>Apr. 1960 to Nov. 1964</u>
Total	4,030	2,880 <u>a/</u>
Net natural increase	3,740	3,830 <u>a/</u>
Net migration	290	-950

a/ Estimated. Resident birth and death statistics are available only through 1963; the net natural increase for the first ten months of 1964 is estimated at the 1960-1963 rate.

Source: U.S. Census of Population, Iowa State Department of Health, and estimates by Housing Market Analyst.

Age Distribution. The following table shows the distribution of population in the SMSA by age in 1950 and 1960. The most rapid increase was in the youngest age group (less than 20 years), followed by the oldest age group (65 and over). These changes reflect both the increasing birth rates of the post war period and increasing longevity. The decline of the 20-29 age group mirrors the low birth rates of the 1930's and is typical of most moderate growth areas in the nation.

By 1966, some of the younger persons in the SMSA, who were born during the "baby boom" following World War II, will be entering the housing market (assuming sufficient new jobs are available for them). These young people, together with the growing elderly population, represent the major sources of rental housing demand in this home-owner-oriented housing market.

Age Distribution
Des Moines, Iowa, SMSA, 1950 and 1960

<u>Age</u>	<u>1950</u>	<u>1960</u>	<u>Decennial change</u>	
			<u>Number</u>	<u>Percent</u>
0 - 19	71,532	101,141	29,609	41.4
20 - 29	37,711	33,951	-3,760	-10.0
30 - 44	48,635	52,904	4,269	8.8
45 - 64	47,898	52,522	4,624	9.7
65 and over	<u>20,234</u>	<u>25,797</u>	<u>5,563</u>	<u>27.5</u>
Total	226,010	266,315	40,305	17.8
Median age	31.1	29.4		

Source: 1950 and 1960 Censuses of Population.

Households

Current Estimate. There are currently about 88,800 households in the Des Moines SMSA, an increase of about 4,450 (5.3 percent) since April 1960. The average annual rate of household growth since 1960 has been substantially below average annual household gains during the 1950's. Annual increments during the 1950's averaged 1,422 new households (2.0 percent), compared with estimated annual changes averaging 970 households (1.2 percent) since 1960. The post-1960

decline in household growth is most evident in the city of Des Moines, which added an average of 1,193 households (2.1 percent) annually between 1950 and 1960, compared with annual average increments of approximately 365 (0.5 percent) since 1960. Annexations by the city played an important part in the 1950-1960 household growth, however, accounting for about 60 percent of the household increase in Des Moines over the decade. The number of households added since 1960 in West Des Moines and Windsor Heights has also been somewhat lower than the number added annually in the preceding decade, whereas, the number of new households added annually in the remainder of the HMA is larger than in the previous decade. Table II shows the number of households in the major urban areas of the SMSA in 1950, 1960, and 1964, including annual average changes between those dates.

The increase in households between 1950 and 1960 was in part due to a conceptual change in definition from "dwelling unit" in the 1950 census to "housing unit" in 1960.

Prospective Household Growth. Based on the November 1966 population projection for the SMSA, and changes in average household size expected over the next two years, the number of households in the SMSA is expected to total 91,050 by November 1966, an annual increase of about 1,125, or 1.3 percent.

Housing Market Factors

Housing Supply

Current Estimate. There are currently about 94,150 housing units in the Des Moines SMSA, an increase of about 5,075, or 5.7 percent since April 1960. Between the 1950 and 1960 censuses, the number of housing units increased from 72,099 to 89,084 or by 16,985 (23.6 percent).^{1/} On an average annual basis, the number of housing units increased by about 1,700 yearly during the 1950's, compared with about 1,100 yearly since 1960. The number of new units added annually in recent years is about two-thirds the average annual additions prevalent during the 1950's.

Characteristics of the Inventory. Single-family housing accounts for a very large proportion of the housing inventory in the SMSA. In 1960, the census reported that 78.0 percent of all housing units in the SMSA were in single-family structures (see table III). This is significantly above the proportion in all SMSA's in the country (66.6 percent), and is even higher than the proportion in the Nation as a whole (75.0 percent). Even in the city of Des Moines, where 97.5 percent of all units in multifamily structures in the SMSA are located, 73.9 percent of all units were single-family structures.

The age of units in the inventory reflects the relatively steady growth of the SMSA. The 1960 census reported that just over one-fourth of all units within the SMSA were built in the preceding ten years. The proportion of owner-occupied housing built during the 1950's amounted to just over 30 percent of all owner-occupied units in 1960, reflecting the strong propensity for home ownership in the SMSA during the 1950's.

At the time of the 1960 census, about 16 percent of all units in the inventory were classified as dilapidated or lacking some or all plumbing facilities (see table III). Owner-occupied units were in relatively good overall condition, with only 9 percent of these dilapidated or lacking some or all plumbing facilities in 1960. On the other hand, almost 30 percent of the area's renter-occupied units were similarly classified. Since 1960, there has been some improvement in the condition of the area's housing, due, for the most part, to urban renewal activity and new construction. Currently, it is estimated that between 14 and 15 percent of the area's housing is either dilapidated or lacks some or all plumbing facilities.

^{1/} Part of the increase is due to conceptual changes in definition made by census between 1950 and 1960; dwelling unit was used in 1950 and housing unit in 1960.

Residential Construction Activity

Residential construction, as measured by building permit authorizations, has declined markedly since 1959, dropping from about 2,000 in 1959 to just over 1,400 in 1963. The decline in building activity is most evident in the city of Des Moines where the number of units authorized in 1959 was about double the number authorized in 1963. Residential construction in West Des Moines has also dropped rapidly in recent years, while growing levels of residential construction activity have been prevalent throughout the remainder of the SMSA. This year, the general decline in building activity was reversed, with 930 units authorized in Des Moines compared with 629 in the first ten months of 1963 (see table IV).

The table below shows the number of units authorized by size of structure. Since 1960, the number of multifamily units authorized has been increasing. The increase in permits authorized in 1964 reflects permits issued for two large multifamily projects that were started this year. Both projects, involving a total of about 360 units, are currently under construction and will not enter the market until next year.

Number of Units Authorized by Building Permits
Des Moines, Iowa, SMSA
1960-1964

<u>Year</u>	<u>1 family</u>	<u>2-4 family</u>	<u>Multifamily</u>	<u>Total</u>
1960	1,457	108	41	1,606
1961	1,271	66	147	1,484
1962	1,159	74	274	1,507
1963	1,227	29	161	1,417
1964 (10 mos.)	957	30 <u>a/</u>	500 <u>a/</u>	1,487

a/ The distribution of units authorized by size of structure outside Des Moines in 1964 was estimated.

Source: U. S. Bureau of the Census, Construction Reports C40
and the City of Des Moines, Building Inspectors' Office.

Demolitions. The increase in residential construction activity this year has been stimulated by a substantial number of demolitions in connection with urban renewal and freeway construction. The River Hills Urban Renewal Area accounted for most of the losses. In 1960, there were 1,160 housing units in this area which has since been totally cleared. Housing code enforcement and clearance for freeway construction accounts for most of the remainder of the demolitions. Since 1960, approximately 375 units a year have been demolished. Demolitions are expected to continue at the lower rate of about 200 a year during the next two years.

Tenure of Occupancy

Of the present total of about 88,800 occupied housing units in the SMSA, 63,600, or 71.6 percent, are owner occupied and 25,200, or 28.4 percent, are tenant occupied. This represents a very high proportion of homeownership. Recent estimates by the Bureau of the Census indicated that about 60 percent of all occupied housing within SMSA's in the county as a whole is owner-occupied.

As shown below, the current tenancy ratio is a continuation of a declining trend, from 33.3 percent of all occupied housing units in 1950 to 29.3 percent in 1960.

Occupied Housing Units by Tenure
Des Moines, Iowa, SMSA
1950 to 1964

<u>Tenure</u>	April 1, <u>1950</u>	April 1, <u>1960</u>	November 1, <u>1964</u>
All occupied units	<u>70,128</u>	<u>84,352</u>	<u>88,800</u>
Owner occupied	46,783	59,661	63,600
Percent	66.7%	70.7%	71.6%
Renter occupied	23,345	24,691	25,200
Percent	33.3%	29.3%	28.4%

Source: 1950 and 1960 Censuses of Housing.
1964 estimated by Housing Market Analyst.

Vacancy

Last Census. The 1960 census reported 3,155 units available for sale or rent in the SMSA, including 1,188 units available for sale (a homeowner vacancy rate of 2.0 percent) and 1,967 units available for rent (a rental vacancy rate of 7.4 percent). However, included in these figures are 167 sales vacancies and 733 rental vacancies that lacked some or all plumbing facilities.

Postal Vacancy Survey. A postal vacancy survey of the SMSA was conducted in late November of this year, covering 83,638 possible deliveries to residences and apartments (about 90 percent coverage). Included in the total were 71,241 residences and 12,397 apartments, with respective vacancies of 2,029 (2.8 percent) and 1,063 (8.6 percent). The vacancy rates vary considerably within the survey area. The western and northwestern parts of the city of Des Moines have very low vacancy rates, while the area north of the central business district has very high vacancy rates, with almost 5 percent of the residences vacant and 15 percent of the apartments vacant. Details are shown in table V. These data are not entirely comparable with the census vacancy data because of differences in definition, area deliniation, and methods of enumeration.

Current Estimate. There are currently about 3,200 units available for sale or rent in the SMSA, only slightly above the 3,155 reported in the 1960 census. There has been a shift in the character of vacancies since 1960, however. Units available for sale are currently about 1,700 (a homeowner vacancy rate of 2.6 percent), compared with 1,188, or 2.0 percent in 1960. Units currently available for rent are approximately 1,500 (a renter vacancy rate of 5.6 percent), compared with 1,967, or 7.4 percent in 1960. Included in the current estimates are an estimated 150 units of sales housing and 350 units of rental housing that lack some or all plumbing facilities. The substantial decline in rental vacancies can be ascribed to the large number of units demolished in the River Hills Urban Renewal Area, over three-quarters of which were rental units.

In an area of moderate growth such as the Des Moines SMSA, a homeowner vacancy rate of between 1 and 1½ percent and a rental vacancy rate of between 4 and 6 percent are believed to represent reasonable levels of vacancy for a balanced housing market. From a quantitative standpoint, therefore, there is a surplus of sales housing, while the vacancy rate in the rental market is quantitatively satisfactory. Estimates of the number of vacant units lacking some or all plumbing facilities provide some insight into the quality of vacancies, and if the estimated supply of available rental units is reduced by the estimated number of rental units that have this deficiency, the rental vacancy rate is reduced to about four percent.

Sales Market

Since 1959, sales market activity has declined steadily. The sales of residential properties listed on the multiple listing exchange of the Des Moines Real Estate Board dropped from about 2,800 in 1959 to about 1,750 in 1963. This year, it appears the downward trend has leveled off with reported sales in the first 10 months slightly above the number reported during the comparable period last year.

Some softness in the market is in evidence in the eastern and southern parts of the city, as well as the suburban area northwest of the city. The western and northwestern part of Des Moines, where most of the higher-priced housing is located, is enjoying a strong market and vacancies are low.

In recent years, there has been considerable new construction activity in the northwestern part of the city including Urbandale and Windsor Heights. New housing in this area is generally priced above \$17,000 and virtually all of the most expensive new housing in the SMSA is being built in this area. Much of the lower priced housing (\$13,000 to \$17,000) has been built in the northeastern part of the city in recent years, while Ankeney has been a popular location for moderately priced housing (\$15,000 to \$18,000).

In January 1964, the Des Moines Insuring Office conducted the annual FHA Unsold Inventory Survey of subdivisions within the SMSA having 5 or more completions during the preceding 12 months. A total of 21 subdivisions were surveyed in which 649 homes had been completed in 1963. Almost two-thirds of the total were sold prior to the start of construction. Of the remaining 222 homes, 57 (25.7 percent) were unsold at the time of the survey. Only seven of the 57 unsold homes were unsold for more than three months, and one house had been unsold for over 12 months. Over 40 percent of the homes surveyed were priced between \$15,000 and \$17,500.

Rental Market

The rental market in Des Moines is sound. The demolition of rental units in the urban renewal area has resulted in a substantial tightening of the rental market over the last several years.

New rental housing is currently enjoying high occupancy. In a survey of recently built apartment projects in the area made by the analyst, it was found that vacancies were very low. Out of about 400

units involved in the survey less than two percent were reported to be vacant. Most apartment managers interviewed indicated that demand was strongest for smaller apartments--efficiencies and one-bedroom apartments. This is also reflected in the census data. In 1960, one-person renter households accounted for about one-third of all renter households, and one- and two-persons renter households together accounted for 62 percent of the total. There are many young single persons (especially women) working in the insurance industry and government service in Des Moines, which accounts for the large proportion of small renter households.

Older rentals in the better locations also are doing well. Along Grade Avenue, west of the central business district (where much of the better rental housing is located), rental vacancy rates are averaging about three percent.

Urban Renewal

River Hill was the first urban renewal project started in Des Moines. The project area covers 235 acres just north of the central business district and is bisected by the Des Moines River. Major street boundaries include University Avenue on the north, Sixth Avenue on the west, East Seventh Avenue on the east, and Des Moines Street on the south. The new downtown freeway runs through the area from east to west.

The development of River Hills is now in full swing. By the end of 1963 virtually all of the land had been cleared, including all of the residential area. The portion of the freeway that runs through the area is complete, and most of the land planned for private development has been sold. Three housing projects are to be located in the renewal area, one of which is currently under construction. Other land that has been sold will be used for business offices, a nursing home, and motor hotels. Land in the area also has been reserved for parking and commercial-light industrial use, as well as open space for parks.

Cleveland Park has been designated as Des Moines' second urban renewal project. The area includes 139 lots south of Washington Avenue and east of East 14th Street. Money for the acquisition and development of the land was borrowed locally, and no Federal financial assistance was used. Low-cost single-family homes were to be constructed in the area to be used as relocation housing for families displaced by the River Hill project and the freeway. This area has been developing slowly. At present, only 28 of the 139 lots have been sold. Poor quality of housing in the surrounding areas and poor location appear to be the main cause of this area's slow development.

Oakridge is a proposed urban renewal area of 235 acres located northwest of the central business district, not far from River Hills. The emphasis in Oakridge will be on rehabilitation rather than total clearance as was the case in River Hills, with about one-half of the area currently planned for clearance.

Demand for Housing

Quantitative Demand

Prospective household growth (estimated at 1,125 new households annually over the forecast period) represents the basic ingredient of housing demand. In order to convert household growth into meaningful demand estimates for sales and rental housing, adjustments are necessary to account for the continuing shift from renter to owner status, estimated demolitions to be expected over the forecast period, surpluses or deficiencies in the current vacancy levels, and the current number of housing units under construction, compared with expected demand levels.

Based on these considerations, it is anticipated that there will be an annual demand for 1,270 new housing units in the SMSA over the next two years, including 700 units of sales housing and 570 units of rental housing. The decreasing vacancy rate for rentals suggests that an increased rate of production of this type of housing is warranted. Sales housing, however, has been produced in excess of demand in recent years and a decreased rate of production is justified. The homeowner vacancy rate has increased, the sales market is softening, and the unsold inventory is greater than desirable

Qualitative Demand

Sales Housing. Based on the sales price of new housing and its relation to income, the annual demand for 700 new sales-type units is expected to generally conform to the distribution by price range shown on the following table.

Estimated Annual Demand for New Sales Housing
Des Moines, Iowa, SMSA
November 1964 - November 1966

<u>Price range</u>	<u>Number of units</u>	<u>Percentage distribution</u>
\$12,000 - \$13,999	65	9
14,000 - 15,999	100	14
16,000 - 17,999	115	16
18,000 - 19,999	125	18
20,000 - 24,999	150	22
25,000 and over	<u>145</u>	<u>21</u>
Total	700	100

The above distribution suggests strong demand for housing priced above \$20,000, with about 43 percent of projected sales demand above this price level. Best acceptance of higher-priced housing can be expected in the Urbandale-Windsor Heights area. The median price of the projected sales demand, as indicated in the above table, is \$19,100. Construction of housing priced below \$12,000 is not considered to be economically feasible in the Des Moines area.

Rental Demand. The monthly rentals at which privately-owned net additions to the aggregate rental housing inventory might best be absorbed by the rental market are indicated for various size units in the following table. Net additions in these rentals may be accomplished either by (1) new construction or rehabilitation at the specified rentals with or without public benefits or assistance through subsidy, tax abatement, or aid in financing or land acquisition, or (2) production of units at higher rentals which competitively effect a filtering of existing accommodations to the rentals specified.

Estimated Annual Demand for New Rental Units
Des Moines, Iowa, SMSA
November 1964 - November 1966

<u>Monthly a/ gross rent</u>	<u>Size of units</u>			
	<u>Eff.</u>	<u>1-BR</u>	<u>2-BR</u>	<u>3-BR</u>
\$85 and over	70	-	-	-
90 " "	65	-	-	-
95 " "	60	240	-	-
100 " "	55	225	205	-
105 " "	50	210	190	55
110 " "	45	185	170	50
115 " "	40	160	150	45
120 " "	35	135	125	40
125 " "	30	115	110	35
130 " "	25	95	95	30
140 " "	15	65	70	20
160 " "	5	20	25	10
180 " "	-	10	15	5

a/ Gross rent includes all utilities and services.

Note: The above columns are cumulative and cannot be added vertically. For example, annual demand for 2-BR units at gross monthly rents between \$100 and \$120 is 80 units (205 less 125).

Of the nearly 24,700 housing units occupied by renters in the Des Moines SMSA in 1960, only about 34 percent were in structures of five units or more; 29 percent were in two- to four-unit structures and about 37 percent were in single-family detached units. It is likely, therefore, that the primary market preference for the 570-unit annual renter demand will be for units in small structures. At the comparatively high level at which demand is projected, the capacity of the market to absorb units in large multifamily structures, especially in the higher rental ranges, may be quite limited. Continued careful observation of the market will be required to avoid overbuilding in specific market sectors.

APPENDIX TABLES

Table I

Average Annual Nonagricultural Employment by Industry^{a/}
Des Moines, Iowa, SMSA
1959 through 1964

<u>Industry</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964^{b/}</u>	<u>1959-1964 change</u>	
							<u>Number</u>	<u>Percent</u>
Total nonagricultural employment	101,050	102,550	102,000	101,950	103,650	104,300	3,250	3.2
Manufacturing	<u>23,050</u>	<u>22,300</u>	<u>21,150</u>	<u>21,050</u>	<u>21,350</u>	<u>21,650</u>	-1,400	-6.1
Food & kindred prod.	4,350	4,400	4,200	4,200	4,000	3,950	-400	-9.2
Textile prod. & apparel	550	450	400	450	350	400	-150	-27.3
Lumber & wood prod.	650	600	500	500	450	450	-200	-30.8
Printing & publishing	3,900	4,150	4,300	4,250	4,000	3,900	-	-
Chemicals & allied prod.	650	700	750	700	700	800	150	23.1
Stone, clay, & glass prod.	1,050	1,050	1,000	950	1,000	1,000	-50	-4.8
Fabricated metal prod. ^{c/}	1,800	1,700	1,650	1,550	1,550	1,550	-250	-13.9
Machinery	4,550	4,600	3,950	3,750	4,250	4,500	-50	-1.1
Other manufacturing	5,500	4,650	4,500	4,750	5,000	5,050	-450	8.2
Nonmanufacturing	<u>78,000</u>	<u>80,250</u>	<u>80,850</u>	<u>80,900</u>	<u>82,250</u>	<u>82,650</u>	4,650	6.0
Construction	5,500	5,200	4,550	4,000	4,250	4,350	-1,150	-20.9
Trans. & pub. util.	8,650	8,800	8,600	8,300	8,100	7,900	-750	-8.7
Trade	<u>25,600</u>	<u>26,550</u>	<u>26,550</u>	<u>26,800</u>	<u>26,650</u>	<u>26,800</u>	1,200	4.7
Wholesale	9,700	10,000	10,150	10,100	9,950	9,750	50	0.5
Retail	15,850	16,500	16,400	16,700	16,700	17,050	1,200	7.6
Fin., ins., & real estate	11,000	11,550	11,600	11,650	11,950	12,050	1,050	9.5
Service & misc.	13,750	14,350	14,900	15,500	16,200	16,500	2,750	20.0
Government	13,450	13,850	14,600	14,650	15,150	15,100	1,650	12.3

^{a/} Excludes self-employed, domestics, unpaid family workers, and members of the armed forces.

^{b/} 12 month period, November 1963 through October 1964.

^{c/} Included primary metals.

Source: Iowa Employment Security Commission.

Table II

Number of Households by Area
Des Moines, Iowa, SMSA
1950 to 1964

<u>Area</u>	<u>April 1950</u>	<u>April 1960</u>	<u>November 1964</u>	<u>Average annual change</u>			
				<u>1950 to 1960</u>		<u>1960 to 1964</u>	
				<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Des Moines	56,296	68,226	69,900	1,193	2.1	365	0.5
West Des Moines	1,701	3,410	3,750	171	10.0	75	2.2
Windsor Heights	446	1,411	1,700	97	21.6	65	4.5
Urbandale	493	1,495	2,200	100	20.3	155	10.3
Ankeny	382	837	1,350	46	11.9	110	13.4
Remainder of SMSA	<u>10,810</u>	<u>8,973</u>	<u>9,900</u>	<u>-184</u>	<u>-1.7</u>	<u>200</u>	<u>2.3</u>
SMSA total	70,128	84,352	88,800	1,422	2.0	970	1.2

Source: 1950 and 1960 Censuses of Housing; 1964 estimated by Housing Market Analyst.

Table III

Selected Housing Characteristics
Des Moines, Iowa, SMSA
April 1, 1960

<u>Characteristics</u>	<u>Des Moines</u>		<u>SMSA</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
All housing units	<u>71,756</u>	<u>100.0</u>	<u>89,082</u>	<u>100.0</u>
<u>Condition</u>				
Sound	57,187	79.7	71,786	80.6
Lacking some or all plumbing facilities	4,187	5.8	5,634	6.3
Deterioration	11,205	15.6	13,194	14.8
Lacking some or all plumbing facilities	3,780	5.3	4,773	5.4
Dilapidated	3,364	4.7	4,102	4.6
<u>Units in structure</u>				
1	53,059	73.9	69,449	78.0
2	3,524	4.9	3,739	4.2
3 and 4	4,760	6.6	4,866	5.4
5 or more	9,734	13.6	9,879	11.1
Trailer	679	1.0	1,149	1.3
<u>Year built</u>				
1959 to March 1960	2,180	3.0	3,511	3.9
1955 to 1958	5,600	7.8	9,020	10.1
1950 to 1954	7,371	10.3	10,019	11.3
1940 to 1944	8,209	11.4	10,866	12.2
1930 to 1939	7,230	10.1	8,877	10.0
1929 and earlier	41,166	57.4	46,789	52.5

Source: U. S. Census of Housing.

Table IV

Housing Units Authorized by Building Permit, 1958 - 1964
Des Moines, Iowa, SMSA

<u>Year</u>	<u>Des Moines</u>	<u>Urbandale</u>	<u>West Des Moines</u>	<u>Windsor Heights</u>	<u>Ankeny</u>	<u>Remainder of the county</u>	<u>HMA total</u>
1958	1,235	183	170	a/	134	77	1,799
1959	1,411	145	139	a/	115	173	1,983
1960	988	133 b/	86	30	106	263	1,606
1961	886	179	90	56	59	214	1,484
1962	851	183	60	61	108	244	1,507
1963	690	144	53	108	186	236	1,417
1st 10 mos.							
1963	629	130	37	a/	173	a/	-
1964	930	103	70	97	131	a/	-

a/ Not available.

b/ Only 10 months reported.

Source: U.S. Bureau of the Census, Construction Reports C 40 and
City of Des Moines, Office of the Buildings Inspector.

Table V

DES MOINES, IOWA AREA POSTAL VACANCY SURVEY

NOVEMBER 21 TO NOVEMBER 25, 1964

Postal Area	TOTAL RESIDENCES AND APARTMENTS						RESIDENCES						APARTMENTS						HOUSE TRAILERS		
	Total Possible Deliveries	Vacant Units				Under Const.	Total Possible Deliveries	Vacant Units				Under Const.	Total Possible Deliveries	Vacant Units				Under Const.	Total Possible Deliveries	Vacant	
		All	%	Used	New			All	%	Used	New			All	%	Used	New			No.	%
THE SURVEY AREA TOTAL	83,638	3,092	3.7	2,744	348	277	71,241	2,029	2.8	1,739	290	204	12,397	1,063	8.6	1,010	53	8	1,263	78	6.2
DES MOINES	76,442	2,912	3.8	2,613	299	211	64,200	1,871	2.9	1,624	247	203	12,242	1,041	8.5	989	52	8	1,169	74	6.3
MAIN OFFICE	28,207	1,534	5.4	1,407	127	36	20,954	775	3.7	660	115	36	7,253	759	10.5	747	12	-	229	44	19.2
BRANCHES:																					
BEAVERDALE	8,324	134	1.6	118	16	17	7,995	129	1.6	113	16	17	329	5	1.5	5	-	-	-	-	-
URBANDALE	6,726	211	3.1	138	73	59	6,581	207	3.1	134	73	59	145	4	2.8	4	-	-	202	15	7.4
STATIONS:																					
EAST 14TH STREET	13,433	450	3.3	401	49	25	11,683	292	2.5	283	9	25	1,750	158	9.0	118	40	-	282	1	0.4
SOUTH DES MOINES	11,755	399	3.4	369	30	58	11,267	373	3.4	349	30	58	486	20	4.1	20	-	-	456	14	3.1
UNIVERSITY PLACE	7,997	184	2.3	180	4	16	5,720	89	1.6	85	4	8	2,277	95	4.2	95	-	8	-	-	-
OTHER CITIES AND TOWNS	7,196	180	2.5	136	44	66	7,041	158	2.2	115	43	66	155	22	14.2	21	1	-	94	4	4.3
ALTOONA	885	25	2.8	21	4	1	859	23	2.7	19	4	1	26	2	7.7	2	-	-	-	-	-
ANKENY	2,070	59	2.9	33	26	39	2,042	54	2.6	29	25	39	28	5	17.9	4	1	-	90	1	1.1
WEST DES MOINES	4,241	96	2.3	82	14	26	4,140	81	2.0	67	14	26	101	15	14.9	15	-	-	4	3	75.0

The survey covers dwelling units in residences, apartments, and house trailers, including military, institutional, and public housing units and units used only seasonally. The survey does not cover stores, offices, commercial hotels and motels, or dormitories; nor does it cover boarded-up residences or apartments that are not intended for occupancy.

The definitions of "residence" and "apartment" are those of the Post Office Department, i.e.: a residence represents one possible stop with one possible delivery on a carrier's route; an apartment represents one possible stop with more than one possible delivery.

Source: FHA Postal Vacancy Survey conducted by cooperating postmasters.

FHA-Wash., D. C.