

HUD PD&R Regional Reports

Region 8: Rocky Mountain

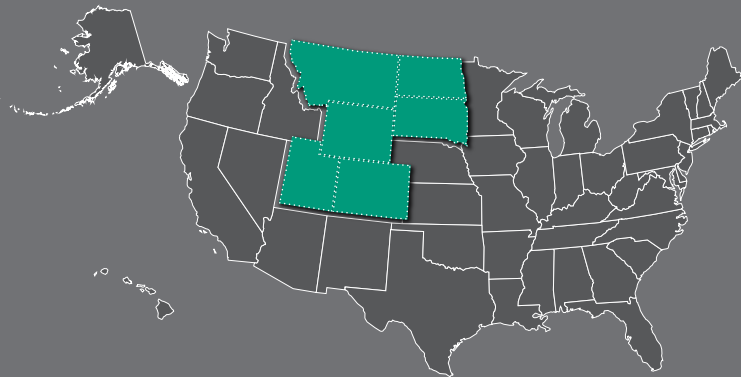


Quick Facts About Region 8

Missoula, Montana

By [Casey M. Blount](#) | 1st Quarter 2024

- Sales market conditions—**
First quarter 2024: mixed (balanced to slightly soft)
Fourth quarter 2023: mixed (balanced to slightly soft)
First quarter 2023: mixed (balanced to slightly tight)
- Apartment market conditions—**
First quarter 2024: mixed (soft to slightly tight)
Fourth quarter 2023: mixed (soft to slightly tight)
First quarter 2023: mixed (balanced to soft)



Overview

The economy in the Rocky Mountain region continued to strengthen during the first quarter of 2024, although job growth slowed. Nonfarm payrolls rose by 122,300 jobs, or 2.0 percent, year over year, following an increase of 167,700 jobs, or 2.8 percent, during the first quarter of 2023. The 6.38 million jobs in the region represent a 6.7-percent increase from 5.98 million jobs during the first quarter of 2020, immediately prior to the COVID-19 pandemic. By comparison, nonfarm payrolls in the nation grew 1.2 percent during the first quarter of 2024, down from a 2.9-percent gain during the first quarter of 2023, and were only 3.4 percent higher than during the first quarter of 2020. Within the region, the largest statewide job gain during the first quarter of 2024 was in Colorado, where nonfarm payrolls rose by 61,950 jobs, and the fastest growth, 2.2 percent, occurred in South Dakota. Unemployment rates rose in five of the six states in the region but remained below the national rate in all six states. Sales market conditions in the region were mixed, ranging from balanced to slightly soft. Conditions were softer in most markets because rising mortgage interest rates contributed to declining sales demand,

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and the inventory of homes for sale increased. The number of new and existing home sales fell sharply during the 12 months ending February 2024, and the average home sales price declined year over year for the first time in more than a decade (CoreLogic, Inc.; Redfin, a national real estate brokerage; adjustments by the analyst). Apartment market conditions in the region ranged from soft to slightly tight. Apartment vacancy rates increased more than 1.5 percentage points in five of the nine markets highlighted in this report, partly because significant numbers of new units were completed and in lease-up. The average rent declined in four of the nine markets, and rent growth exceeded the national rate of 1 percent in only two of the remaining five markets (CoStar Group).

- The rate of population growth in the region was the third fastest among the 10 HUD-defined regions from 2022 to 2023. The population rose to just under 12.72 million in 2023, up by 99,900, or 0.8 percent, from 2022, including

net in-migration of 52,250 people and net natural increase of 47,650 people (U.S. Census Bureau population estimates as of July 1).

- State unemployment rates in the region ranged from 2.3 percent in South Dakota to 3.9 percent in Colorado during the first quarter of 2024. By comparison, the rate for the nation was 4.1 percent.
- During the 12 months ending February 2024, the number of new and existing homes sold fell 20 percent from a year earlier to 207,700, and the average sales price declined slightly less than 1 percent to \$535,600.
- The 4.4-percent vacancy rate in Casper was the lowest among the apartment markets highlighted in this report during the first quarter of 2024, and the 9-percent rate of rent growth there was the fastest. Boulder had the highest average monthly rent of \$1,932 (CoStar Group).

Economic Conditions

During the first quarter of 2024, nonfarm payrolls in the Rocky Mountain region averaged 6.38 million, representing an increase of 122,300 jobs, or 2.0 percent, from the first quarter of 2023. Each state in the region added jobs during the past year, ranging from a 0.9-percent increase in North Dakota to a 2.2-percent increase in South Dakota. Nine of 11 nonfarm payroll sectors added jobs, with the largest gain and fastest growth in the government sector, which increased by 47,100 jobs, or 4.5 percent. The state and local government subsectors, which include public schools and most medical facilities, benefited

from continued population growth in the region. The combined total of 41,950 jobs added in the two subsectors during the past year accounted for slightly less than 90 percent of the jobs added in the government sector. Notable growth also occurred in the education and health services sector, which added 34,500 jobs, or 4.0 percent, partly because of the completion of several new private medical facilities throughout the region, including St. Francis Hospital in Colorado Springs, the Rehabilitation and Critical Care Hospital of the Black Hills in Rapid City, and the Intermountain Primary Children’s Hospital near Provo.

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Nine of 11 nonfarm payroll sectors added jobs in the Rocky Mountain region during the first quarter of 2024.

	First Quarter		Year-Over-Year Change	
	2023 (Thousands)	2024 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	6,256.2	6,378.5	122.3	2.0
Goods-Producing Sectors	889.8	900.8	11.0	1.2
Mining, Logging, & Construction	481.6	491.8	10.2	2.1
Manufacturing	408.2	409.0	0.8	0.2
Service-Providing Sectors	5,366.4	5,477.7	111.3	2.1
Wholesale & Retail Trade	890.2	893.2	3.0	0.3
Transportation & Utilities	257.5	256.3	-1.2	-0.5
Information	141.8	138.1	-3.7	-2.6
Financial Activities	369.4	370.3	0.9	0.2
Professional & Business Services	872.6	885.8	13.2	1.5
Education & Health Services	853.6	888.1	34.5	4.0
Leisure & Hospitality	700.0	713.1	13.1	1.9
Other Services	237.5	241.8	4.3	1.8
Government	1,043.9	1,091.0	47.1	4.5

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



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The unemployment rate for the region averaged 3.5 percent during the first quarter of 2024, up from 2.9 percent during the first quarter of 2023. Unemployment rates rose in five of the six states in the region, with the largest percentage point increase in Colorado, where the rate rose from 3.1 to 3.9 percent. The unemployment rate fell to 3.5 percent in Wyoming, down from 3.8 percent a year ago. Unemployment rates in the remaining four states in the region ranged from 2.3 percent in South Dakota to 3.7 percent in Montana. State unemployment rates throughout the region were below the national rate, which rose to 4.1 percent as of the first quarter of 2024 from 3.8 percent a year ago.

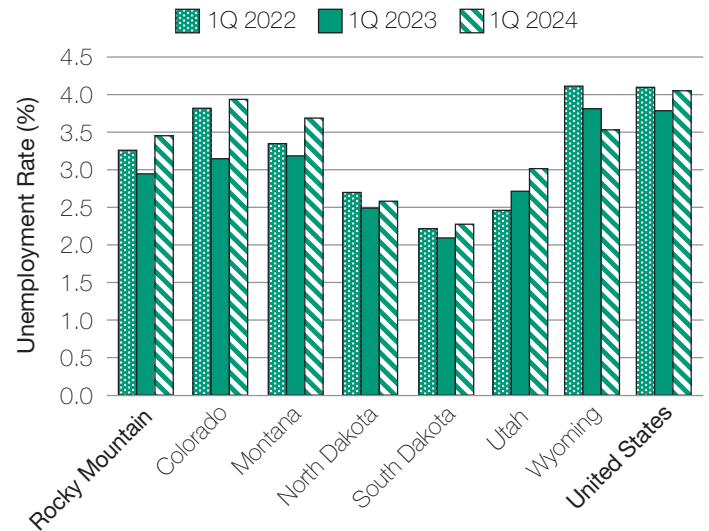
As of the first quarter of 2024—

- Nonfarm payrolls in Colorado rose by 61,950 jobs, or 2.1 percent, to 2.95 million, accounting for more than one-half of the regionwide gain. The fastest growth in the state was in the Colorado Springs metropolitan area, which became the permanent home of the U.S. Space Command headquarters in mid-2023, and the area added 8,275 jobs, or 2.6 percent, during the past year.
- Job growth exceeded the 1.2-percent national rate in every state in the region except North Dakota and Wyoming, with the fastest growth in South Dakota, where nonfarm payrolls expanded by 9,700 jobs, or 2.2 percent. Job gains in the Rapid City and Sioux Falls metropolitan areas accounted for a combined 45 percent of the statewide increase.
- The number of jobs in Utah averaged 1.73 million, reflecting an increase of 33,550 jobs, or 2.0 percent. The job gains were heavily concentrated in the Salt Lake City and Ogden

metropolitan areas, combining to account for more than two-thirds of the increase in the state.

- In Montana, North Dakota, and Wyoming, nonfarm payrolls rose by 9,875, 4,075, and 3,100 jobs, or 1.9, 0.9, and 1.1 percent, respectively. Job growth in the three states included gains of 1,350, 1,800, and 600 jobs, or 1.5, 1.2, and 1.3 percent, respectively, in the Billings, Fargo, and Cheyenne metropolitan areas.

The unemployment rate rose in the Rocky Mountain region during the past year but remained below the national rate.



1Q = first quarter.
Source: U.S. Bureau of Labor Statistics

Population

The rate of population growth in the Rocky Mountain region has exceeded the rate for the nation since 2021. From 2022 to 2023, the population rose to approximately 12.72 million (Census Bureau population estimates as of July 1). The 0.8-percent increase was unchanged compared with 2021 to 2022, exceeded the 0.5-percent increase for the nation, and was the third fastest rate of growth in the 10 HUD-defined regions. Net natural change in the region rose to nearly 47,650 people from 2022 to 2023, up from approximately 38,250 people from 2021 to 2022, largely because of fewer COVID-related deaths. The number of deaths from all causes declined from 109,300 to 98,950. Net in-migration declined to 52,250 people from 2022 to 2023, down from 66,250 people the previous year, but was the third highest regional total in the nation. An increase in net international in-migration to the region, which rose from approximately 22,050 to nearly 27,250 people, partially offset a sharp decrease in domestic net in-migration from nearly 44,550 to just under 24,900 people.

From 2022 to 2023—

- Colorado was the most populous state in the region, with 5.88 million people, up by 36,550, or 0.6 percent, from 2022. Population growth in the state accelerated modestly from the 0.5-percent increase a year earlier because of gains in both net natural increase, which rose from 13,100 to 17,400 people, and net in-migration, which rose from 16,350 to 19,150 people.
- The fastest population growth in the region, 1.1 percent, was in Utah, where the population rose by 36,500 to 3.42 million. Net natural increase in the state was the strongest in the region, accelerating from 23,000 to 24,800 people, although a slowdown in net in-migration from 18,950 to 11,700 people limited statewide population growth.
- Population growth moderated but remained notably strong in both South Dakota and Montana. The respective population

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growth rates slowed to 1.0 and 0.9 percent, down from 1.5 percent in both states a year earlier, largely because of declines in net in-migration exceeding 40 percent.

- The populations of North Dakota and Wyoming rose to 783,926 and 584,057, representing increases of 5,025

and 2,425, or 0.6 and 0.4 percent, respectively. Population growth accelerated in North Dakota, primarily because of the first year of positive net migration to the state since 2020, whereas the rate of population growth was largely unchanged from a year earlier in Wyoming.

From 2022 to 2023, the population growth rate in five of the six states in the Rocky Mountain region exceeded the national rate.

	Population Estimate (as of July 1)			Percentage Change	
	2021	2022	2023	2021 to 2022	2022 to 2023
United States	332,048,977	333,271,411	334,914,895	0.4	0.5
Rocky Mountain Region	12,511,075	12,615,563	12,715,457	0.8	0.8
Colorado	5,811,596	5,841,039	5,877,610	0.5	0.6
Montana	1,106,366	1,122,878	1,132,812	1.5	0.9
North Dakota	777,982	778,912	783,926	0.1	0.6
South Dakota	896,299	909,869	919,318	1.5	1.0
Utah	3,339,284	3,381,236	3,417,734	1.3	1.1
Wyoming	579,548	581,629	584,057	0.4	0.4

Source: U.S. Census Bureau

Sales Market Conditions

Sales market conditions in the Rocky Mountain region were mixed during the first quarter of 2024, ranging from balanced to slightly soft. Markets softened or eased from tight conditions throughout much of the region during the past year because of high mortgage interest rates, which contributed to reduced sales demand and rising levels of for-sale inventory. The 30-year fixed-rate mortgage rate in the United States averaged 6.8 percent during the first quarter of 2024, up from an average of 6.4 percent in the first quarter of 2023 and much higher than the 2.9-percent average rate in the first quarter of 2021 (Freddie Mac). Partly because of flagging sales demand, the inventory of homes available for sale in the region rose from 44,850 active listings in March 2023 to 48,750 in March 2024 (Redfin, a national real estate brokerage). The 9-percent increase in the region during the past year was more than double the 4-percent national increase, although the current regionwide level of for-sale inventory remains well below the previous March high of 56,850 active listings in 2020. For sale-inventories rose in each of the six states in the region during the past year, ranging from 3-percent increases in Utah and Wyoming to 12,600 and 2,000 active listings, respectively, to a 16-percent increase in South Dakota to 3,000 active listings.

Limited sales demand caused by rising mortgage interest rates contributed to both a sharp decrease in home sales in the region and the first regionwide home price decline in more than a decade. The number of home sales fell 20 percent to 207,700 during the 12 months ending February 2024, and the average home sales price decreased slightly less than 1 percent to \$535,600 (CoreLogic, Inc.; Redfin, a national real estate

brokerage; adjustments by the analyst). Home sales fell in all six states in the region, with the steepest declines in Colorado and Utah, where the respective totals of 102,900 and 56,200 homes sold were both down 21 percent from a year ago. The slowest decline in home sales, 11 percent, was in South Dakota, where 7,525 homes were sold. Home prices decreased in two of the six states in the region during the 12 months ending February 2024. The year-over-year declines were 1 percent in North Dakota and 3 percent in Utah. Home price growth continued but moderated sharply in the remaining four states, ranging from a slight increase in Montana to a 4-percent increase in South Dakota. By comparison, home prices rose throughout the region during the 12 months ending February 2023, ranging from a 3-percent gain in Wyoming to an 18-percent increase in South Dakota.

Sales fell in all nine metropolitan areas cited in this report during the 12 months ending February 2024, with year-over-year decreases ranging from 8 percent in Boulder to 29 percent in Colorado Springs. Changes in average home prices were modest in most of the metropolitan areas, ranging from a 4-percent decline in Ogden to a 3-percent increase in Rapid City. By comparison, home price growth of at least 7 percent occurred in each of the cited metropolitan areas during the 12 months ending February 2023.

The rate of seriously delinquent mortgages and real estate owned properties declined in the past year, and the 0.5-percent rate in the region in February 2024 was less than the 1.0-percent national rate (CoreLogic, Inc.). Rates declined or were unchanged in every state in the region during the past year and ranged from 0.5 percent in Colorado, Montana, and Utah to 0.7 percent in

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Home sales fell throughout the Rocky Mountain region during the past year, and home sales prices declined or rose only modestly.

	12 Months Ending	Number of Homes Sold			Average	Price		
		2023	2024	Percent Change		2023 (\$)	2024 (\$)	Percent Change
Colorado	February	130,900	102,900	-21	AVG	\$598,500	\$609,800	2
Boulder	February	5,350	4,900	-8	AVG	\$841,100	\$824,300	-2
Colorado Springs	February	19,500	13,850	-29	AVG	\$498,600	\$501,000	0
Denver	February	61,650	49,350	-20	AVG	\$652,100	\$646,000	-1
Montana	February	22,550	18,350	-19	AVG	\$458,500	\$459,000	0
Missoula	February	2,025	1,750	-14	AVG	\$520,600	\$514,400	-1
North Dakota	February	14,850	12,700	-14	AVG	\$261,700	\$259,500	-1
Fargo	February	5,125	4,000	-22	AVG	\$305,800	\$312,100	2
South Dakota*	February	8,425	7,525	-11	AVG	\$349,600	\$365,300	4
Rapid City*	February	2,200	1,925	-13	AVG	\$392,100	\$402,400	3
Utah	February	71,550	56,200	-21	AVG	\$559,900	\$540,600	-3
Ogden	February	13,750	10,650	-23	AVG	\$510,200	\$490,800	-4
Salt Lake City	February	22,250	18,800	-16	AVG	\$566,700	\$557,300	-2
Wyoming	February	12,150	10,050	-17	AVG	\$361,300	\$364,400	1
Casper	February	2,100	1,775	-16	AVG	\$295,900	\$293,300	-1

AVG = average.

Note: Sales and prices include new and existing single-family homes, townhomes, and condominiums.

Sources: *Redfin, a national real estate brokerage; all other areas—CoreLogic, Inc., with adjustments by the analyst

North Dakota. The regionwide decrease was primarily due to a decline in the number of seriously past-due loans. Approximately 7,300 mortgages in the region were 90 or more days delinquent in February 2023, down 19 percent from a year earlier and in contrast to a 1-percent increase nationally.

Builders were undeterred by weaker sales market conditions. Despite recent increases, the for-sale inventories of existing homes remained relatively low in most major markets in the region, and demand for new homes was relatively strong. The number of single-family homes permitted increased 37 percent to 11,100, with gains in all six states ranging from 13 percent in North Dakota to 88 percent in Montana. By comparison, single-family homebuilding in the region fell 52 percent to 8,075 during the first quarter of 2023, with declines of at least 45 percent in each state.

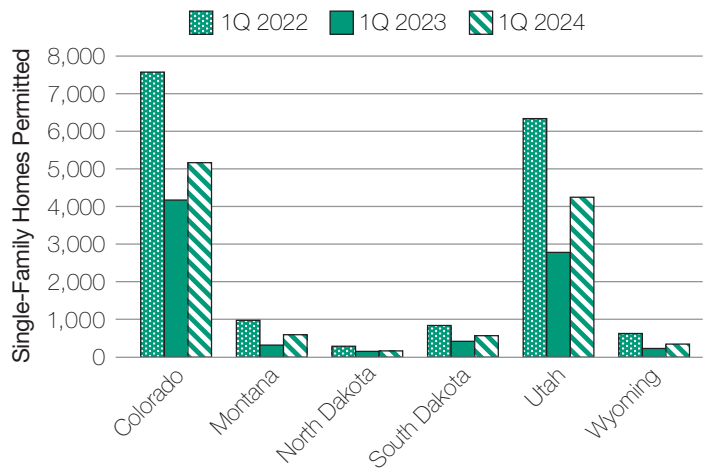
As of the first quarter of 2024 (preliminary data) —

- The 5,175 homes permitted in Colorado were the most for any state in the region and represented a 24-percent increase from the 4,175 homes permitted a year earlier. The Denver metropolitan area, where the number of homes permitted rose nearly 30 percent to 2,425, accounted for more than one-half of the year-over-year increase in the state.
- In Utah, single-family permitting increased 53 percent from a year earlier to 4,250 homes. All metropolitan areas in the state had gains, with the largest increase, from 760 to 1,300 homes, in Provo. The fastest rate of growth was 86 percent in Ogden, where the number of homes permitted rose from 350 to 650.
- Single-family permitting rose 36, 52, and 13 percent in South Dakota, Wyoming, and North Dakota to 570, 350, and 170

homes, respectively. An 82-percent gain in Sioux Falls from 110 to 200 homes contributed significantly to the increase in South Dakota, whereas most of the growth in Wyoming and North Dakota occurred in nonmetropolitan areas.

- A total of 600 homes were permitted in Montana, up from 320 homes during the first quarter of 2023. Most of the gain occurred outside of metropolitan areas, although the number of homes permitted in Billings rose 71 percent from 70 to 120 homes.

The number of single-family homes permitted rose in each of the six states in the Rocky Mountain region during the first quarter of 2024.



1Q = first quarter.

Note: Based on preliminary data.

Source: U.S. Census Bureau, Building Permits Survey



Apartment Market Conditions

Apartment market conditions in the Rocky Mountain region ranged from soft to slightly tight as of the first quarter of 2024. Significant numbers of new apartment completions contributed to apartment vacancy rate increases in five of the nine highlighted markets in the region during the past year. The largest percentage increase occurred in Rapid City, where the apartment vacancy rate rose from 7.5 to 15.6 percent, largely because of a 10-percent expansion of the apartment inventory (CoStar Group). The most significant vacancy rate decline of 4.3 percentage points was in the Missoula metropolitan area, where apartment market conditions transitioned from soft to slightly soft. In the remaining seven markets, the vacancy rate changes ranged from declines of 0.3 percentage point in both Casper and Ogden to an increase of 2.8 percentage points in Boulder.

Relatively high apartment vacancy rates contributed to rent declines in four of the nine highlighted markets in the region and only modest rent growth in most of the others. Rent declines ranged from 2 percent in both Boulder and Missoula to 1 percent in both Colorado Springs and Salt Lake City. Rents rose in four of the remaining five markets, although the gains exceeded the 1-percent increase for the nation in only two of them. The fastest rent growth in the region was 9 percent in Casper, where apartment market conditions were slightly tight. The highest average rent among the markets cited in this report was \$1,932 in Boulder, despite a decline during the past year.

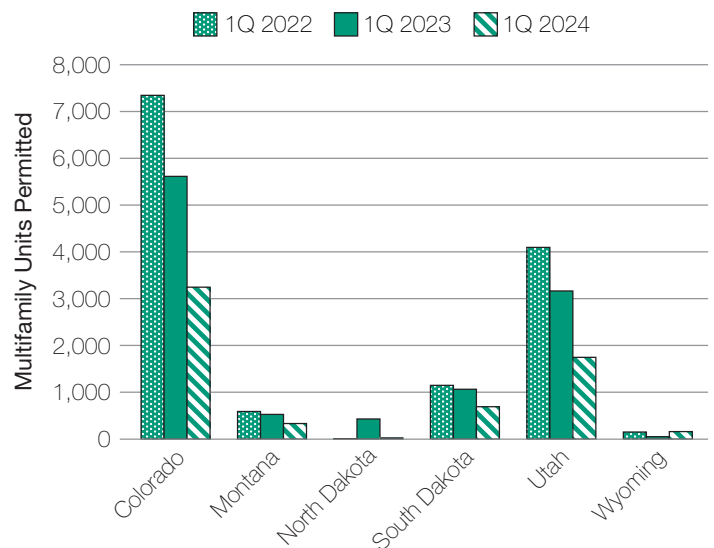
Multifamily permitting fell sharply throughout much of the region during the first quarter of 2024 as developers continued to respond to soft or slightly soft apartment market conditions in most major markets. A total of 6,225 multifamily units were permitted in the region during the first quarter of 2024, reflecting a decrease of 4,675 units, or 43 percent, from a year ago. By comparison, the number of multifamily units permitted declined 18 percent to 10,900 units during the first quarter of 2023.

As of the first quarter of 2024 —

- In Colorado, 3,250 multifamily units were permitted, which was the largest number in the region but represented a 42-percent decrease from the statewide total a year ago. The sharp decline in the state reflected decreases in most metropolitan areas, including Denver, Fort Collins, and Colorado Springs, where the number of multifamily units permitted fell 35, 76, and 27 percent to 1,825, 140, and 590 units, respectively.

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Multifamily permitting in the Rocky Mountain region continued to decline during the first quarter of 2024 as apartment market conditions remained soft or slightly soft in most major markets.



1Q = first quarter.
 Note: Based on preliminary data.
 Source: U.S. Census Bureau, Building Permits Survey

Only two of nine highlighted markets in the Rocky Mountain region had rent growth during the past year that exceeded the 1-percent national rate.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		1Q 2023 (%)	1Q 2024 (%)	Percentage Point Change	1Q 2023 (\$)	1Q 2024 (\$)	Percent Change
Boulder	Soft	6.1	8.9	2.8	1,975	1,932	-2
Casper	Slightly Tight	4.7	4.4	-0.3	1,034	1,130	9
Colorado Springs	Soft	11.8	11.8	0.0	1,492	1,473	-1
Denver	Soft	7.5	9.2	1.7	1,838	1,853	1
Fargo	Balanced	5.4	7.4	2.0	989	1,019	3
Missoula	Slightly Soft	12.1	7.8	-4.3	1,331	1,302	-2
Ogden	Soft	14.4	14.1	-0.3	1,476	1,479	0
Rapid City	Soft	7.5	15.6	8.1	1,207	1,216	1
Salt Lake City	Soft	9.1	10.7	1.6	1,602	1,587	-1

1Q = first quarter.
 Sources: Market condition—Economic and Market Analysis Division; vacancy rate and average monthly rent—CoStar Group



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- In Utah, South Dakota, and Montana, multifamily permitting fell to only 1,750, 690, and 340 units, respectively, down 45, 36, and 36 percent from 3,175, 1,075, and 530 units during the first quarter of 2023. A 68-percent decrease to only 620 units in the Salt Lake City metropolitan area contributed significantly to the reduction in Utah, whereas a 59-percent decline to 320 units in Sioux Falls and a 73-percent decline to only 65 units in Missoula accounted for much of the statewide declines in South Dakota and Montana, respectively.
- The fastest decline in multifamily permitting in the region was in North Dakota, where the number of units permitted fell 93 percent to only 30 units following a more than twentyfold increase a year ago. The statewide decline was almost entirely in the Fargo metropolitan area, where 430 multifamily units were permitted during the first quarter of 2023, but none were permitted during the first quarter of 2024.
- Wyoming was the only state in the region where multifamily permitting increased. The nearly threefold increase in the state to 160 units included an increase from 30 to 55 units permitted in the Cheyenne metropolitan area.

Terminology Definitions and Notes

A. Definitions

Apartment Vacancy Rate/Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease-up.
Building Permits	Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Existing Home Sales	Existing home sales reported by CoreLogic, Inc. include resales, short sales, and real estate owned sales. Sales reported by Redfin, a national real estate brokerage, include sales matched to Multiple Listing Service records.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Change	Resident births minus resident deaths.
Net Natural Increase	Resident births are greater than resident deaths.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.

B. Notes on Geography

- The metropolitan statistical area definitions noted in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.

