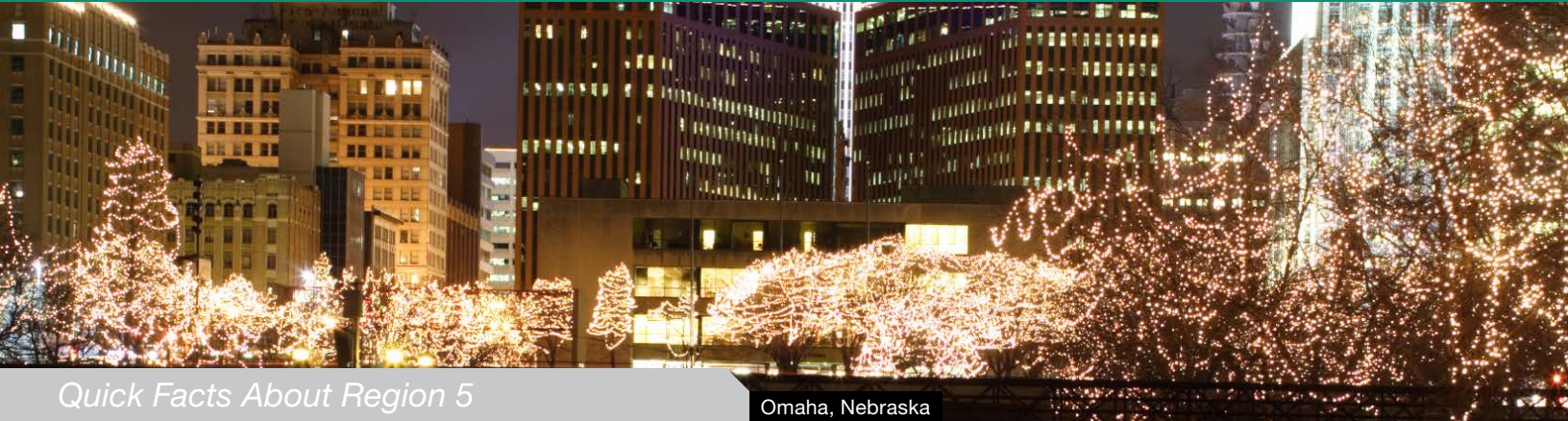


HUD PD&R Regional Reports

Region 7: Great Plains

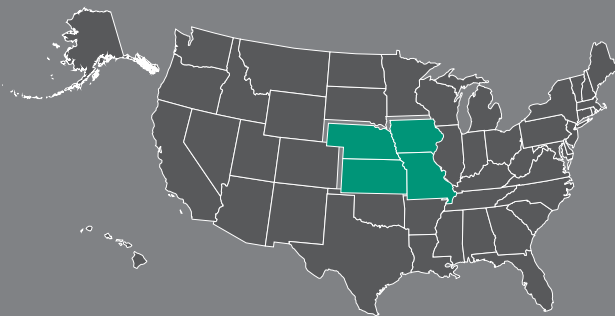


Quick Facts About Region 5

Omaha, Nebraska

By L. David Vertz | 1st quarter 2017

- **Sales market conditions—**
First quarter 2017: mixed (slightly tight to tight).
Fourth quarter 2016: mixed (slightly tight to tight).
First quarter 2016: mixed (balanced to tight).
- **Apartment market conditions—**
First quarter 2017: mixed (slightly tight to tight).
Fourth quarter 2016: mixed (slightly tight to tight).
First quarter 2016: mixed (balanced to tight).



Overview

Economic growth in the Great Plains region that began in the fourth quarter of 2010 continued during the first quarter of 2017 as every state in the region added jobs. For the second consecutive quarter, Missouri led year-over-year job gains during the first quarter of 2017, accounting for more than 70 percent of nonfarm payroll growth in the region. By comparison, Missouri accounted for less than 50 percent of nonfarm payroll growth during the second and third quarters of 2016 because of rapid growth in Iowa during that period, which has begun to subside. Sales housing market conditions ranged from slightly tight to tight in most metropolitan areas in the region during the first quarter of 2017. Apartment market conditions ranged from slightly tight to tight throughout the region, with the Omaha area recording the largest increase in vacancy, up 1.2 percentage points from a year ago, as the area gravitates toward balanced conditions.

- Home sales activity was mixed in the region during the first quarter of 2017, ranging from a 1-percent increase in Missouri to a 10-percent decrease in Iowa; however, home sales prices were up in every state in the region, led by a 5-percent increase in Kansas.
- During the first quarter of 2017, apartment absorption in the region decreased to 870 units, the lowest first quarter absorption level since 2010 (Reis, Inc.). By comparison, from 2012 through 2016, the number of units absorbed in the region during the first quarter of each year averaged 1,125.



The education and health services sector, which added 19,800 jobs during the first quarter of 2017, led modest economic growth in the Great Plains region.

	First Quarter		Year-Over-Year Change	
	2016 (thousands)	2017 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	6,725.6	6,800.3	74.7	1.1
Goods-producing sectors	1,032.1	1,028.1	- 4.0	- 0.4
Mining, logging, and construction	299.7	301.9	2.2	0.7
Manufacturing	732.4	726.2	- 6.2	- 0.8
Service-providing sectors	5,693.5	5,772.2	78.7	1.4
Wholesale and retail trade	1,031.6	1,043.3	11.7	1.1
Transportation and utilities	282.5	287.2	4.7	1.7
Information	115.7	111.6	- 4.1	- 3.5
Financial activities	431.1	437.9	6.8	1.6
Professional and business services	793.8	812.8	19.0	2.4
Education and health services	1,027.0	1,046.8	19.8	1.9
Leisure and hospitality	625.0	638.0	13.0	2.1
Other services	259.7	263.1	3.4	1.3
Government	1,127.1	1,131.6	4.5	0.4

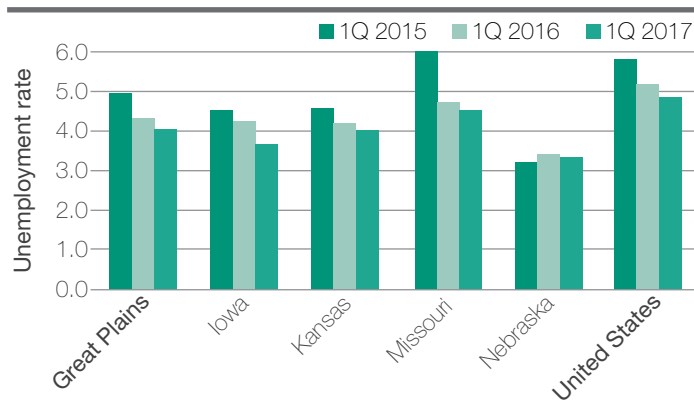
Note: Numbers may not add to totals because of rounding.
Source: U.S. Bureau of Labor Statistics

Economic Conditions

Modest economic growth in the Great Plains region continued during the first quarter of 2017. Nonfarm payrolls increased 1.1 percent, or by 74,700 jobs, from the first quarter of 2016 to an average of 6.80 million jobs, and every state in the region added jobs. By comparison, average nonfarm payrolls increased 1.3 percent, or by 84,600 jobs, from a year earlier in the first quarter of 2016. During the first quarter of 2017, the education and health services and the professional and business services sectors combined accounted for more

than 50 percent of total payroll growth in the region. The education and health services sector added 19,800 jobs, a 1.9-percent increase from the same quarter a year ago. The professional and business services sector increased by 19,000 jobs, or 2.4 percent, during the same period. Increased hiring during the first quarter of 2017 resulted in a 4.1-percent unemployment rate in the region, an improvement from the 4.4-percent rate recorded during the first quarter of 2016.

The unemployment rate in the Great Plains region declined during each of the past 2 years and remained below the national rate.



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

During the first quarter of 2017—

- Nonfarm payrolls in Missouri increased by 53,700 jobs, or 1.9 percent, compared with the number of nonfarm payrolls during the same period a year ago; the state ranked 14th in the in terms of jobs added.
- In Nebraska, nonfarm payrolls increased by 10,700 jobs, or 1.1 percent, led by a gain of 3,900 jobs, or 3.4 percent, in the professional and business services sector.
- In Iowa, nonfarm payrolls increased by 9,900 jobs, or 0.6 percent, from the first quarter of 2016, led by a gain of 3,600 jobs, or 2.7 percent, in the professional and business services sector.
- Nonfarm payrolls in Kansas were relatively unchanged, increasing by only 400 jobs to 1.4 million jobs. Strong gains in the transportation and utilities and the education and health services sectors, which increased by 2,200 and 1,600 jobs, or 3.9 and 0.8 percent, respectively, help offset steep declines of more than 1,900 jobs each in the manufacturing and retail trade sectors.



Population

As of July 1, 2016, the population of the Great Plains region was estimated to be 14.04 million, a 0.3-percent increase from a year earlier but down slightly from the 0.4-percent average annual rate of growth since 2010 (Census Bureau population estimates as of July 1). By comparison, population growth from 2000 to 2010 averaged 0.6 percent a year, compared with 0.9-percent growth nationwide (Census Bureau). Population growth in the region peaked at 0.8 percent in 2006 but began to slow in late 2007 and early 2008 because of the national recession. Since 2010, a gradual economic recovery in the region, which has lagged the recovery in many other regions in the nation, resulted in population growth rates approximately one-half of those of the nation.

During the 12 months ending July 1, 2016—

- The overall population growth in the region was entirely the result of a net natural increase (resident births minus resident deaths) of 51,100. International net in-migration to the region of 24,800 was more than offset by domestic net out-migration of 30,400 during the past year.
- The population of Nebraska, which had the highest population growth rate of any state in the region, was up 0.7 percent to 1.9 million, with approximately 85 percent of the growth because of net natural change.
- Among the 42 states that recorded an increase in population during the past year, Kansas recorded the smallest gain, up approximately 570 people from a year ago.

The population growth rate in the Great Plains region from 2015 to 2016 was one-half the national average, with the slowest growth occurring in Kansas and Missouri.

	Population Estimate (as of July 1)			Percent Change	
	2014	2015	2016	2014 to 2015	2015 to 2016
United States	318,563,456	320,896,618	323,127,513	0.7	0.7
Great Plains region	13,949,465	13,998,687	14,042,098	0.4	0.3
Iowa	3,108,030	3,121,997	3,134,693	0.4	0.4
Kansas	2,899,360	2,906,721	2,907,289	0.3	0.0
Missouri	6,060,930	6,076,204	6,093,000	0.3	0.3
Nebraska	1,881,145	1,893,765	1,907,116	0.7	0.7

Source: U.S. Census Bureau

Sales Market Conditions

Home sales decreased in every state in the Great Plains region except Missouri during the 12 months ending March 2017, and sales housing market conditions ranged from slightly tight to tight in most metropolitan areas in the region. The recent decline in home sales reflects the dwindling availability of for-sale inventory, which was particularly prevalent in Nebraska. During the 12 months ending March 2017, the number of new and existing home sales in the region (including single-family homes, townhomes, and condominiums) decreased 2 percent, to approximately 183,100 homes sold, compared with the number sold a year ago (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). During the same period, the average home sales price in the region increased 4 percent to \$182,900.

Sales market conditions also ranged from slightly tight to tight in the large metropolitan areas in the region during the first quarter of 2017. In the Kansas City metropolitan area, where the sales market was tight, the number of new and existing homes sold was up

3 percent during the 12 months ending March 2017, compared with the number sold a year earlier, to approximately 37,450, and the average home sales price increased 7 percent to \$217,800 (Kansas City Regional Association of Realtors® and Heartland Multiple Listing Service, Inc.). In the St. Louis area (St. Louis and St. Charles Counties and the city of St. Louis), where the sales market was slightly tight, existing home sales increased 6 percent, to 26,300 homes sold, and the average existing home sales price increased 3 percent, to \$225,100 (St. Louis Realtors®). In the Des Moines-West Des Moines metropolitan area, the sales market was tight; new and existing home sales increased 5 percent, to 13,650 homes sold, and the average sales price increased 4 percent, to \$206,800 (Des Moines Area Association of Realtors®). Sales market conditions in the Omaha-Council Bluffs metropolitan area were tight. Total home sales decreased 1 percent, to 13,800 homes sold, and the average sales price increased 5 percent, to \$206,200, from the same period a year ago (Omaha Area Board of Realtors®). The decrease in home sales in the Omaha-Council Bluffs metropolitan

continued on page 4



continued from page 3

area is partially attributed to a decline of nearly 20 percent in the number of active residential listings from a year ago. Active listings have continually declined since the first quarter of 2012.

The percentage of seriously delinquent mortgage loans (those 90 or more days delinquent or in foreclosure) and real estate owned (REO) properties in the region declined in the past year, in part because of improved economic conditions. As of February 2017, 2.0 percent of home loans in the region were seriously delinquent or had transitioned into REO status, down from 2.3 percent a year ago (CoreLogic, Inc.).

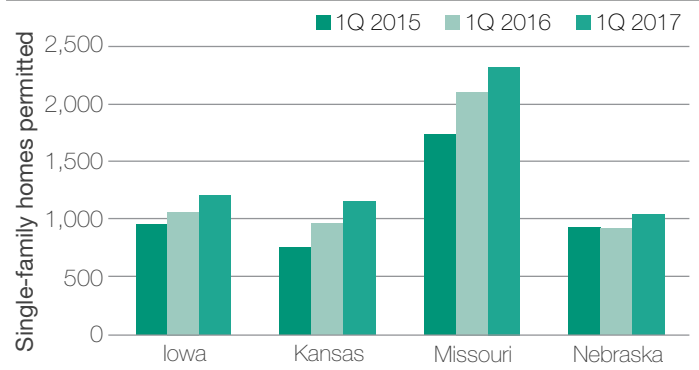
During the first quarter of 2017 (preliminary data)—

- Single-family homebuilding activity, as measured by the number of homes permitted, was up in the region to approximately 5,750 single-family homes. That total was an increase of 690 homes, or 14 percent, compared with the number of homes permitted during the first quarter of 2016 and represents the highest level of single-family homes permitted in the region during the first quarter in a decade.
- In Kansas, single-family permitting increased 21 percent, to 1,150 homes permitted, because of strong demand and tight sales market conditions in the city of Wichita and the Kansas suburbs of the Kansas City metropolitan area.
- In Iowa, the number of single-family homes permitted increased 14 percent, to 1,200 homes, compared with the number

permitted a year ago, a result of strong demand in the Des Moines-West Des Moines metropolitan area. In Nebraska, the number of single-family homes permitted increased 14 percent to 1,050 homes. More than 70 percent of the homes permitted in Nebraska were in the Omaha metropolitan area where the sales market is tight.

- In Missouri, the number of single-family homes permitted increased 10 percent to 2,325 homes, the highest level of single-family homes permitted during the first quarter since 2007.

Single-family permitting activity increased in every state in the Great Plains region from the first quarter of 2016.



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

Home sales prices increased in the major metropolitan areas in the Great Plains region, led by a 7-percent increase in Kansas City.

	12 Months Ending	Number of Homes Sold			Price			
		2016	2017	Percent Change	Average or Median	2016 (\$)	2017 (\$)	Percent Change
Iowa (N&E)	March	33,150	29,700	-10	AVG	163,000	167,100	3
Des Moines-West Des Moines* (N&E)	March	13,000	13,650	5	AVG	199,200	206,800	4
Kansas (N&E)	March	36,950	35,900	-3	AVG	165,500	174,100	5
Kansas City** (N&E)	March	36,450	37,450	3	AVG	203,400	217,800	7
Missouri (N&E)	March	102,350	103,600	1	AVG	186,500	192,700	3
St. Louis*** (E)	March	24,700	26,300	6	AVG	218,000	225,100	3
Nebraska (N&E)	March	14,600	13,900	-5	AVG	165,100	168,300	2
Omaha-Council Bluffs (N&E)	March	13,950	13,800	-1	AVG	195,900	206,200	5

AVG = average. E = existing. N&E = new and existing.

* Data reflect sales in Dallas, Polk, and Warren Counties only. ** Homes sold in Kansas City are captured in both Kansas and Missouri data. *** Data reflect sales in the city of St. Louis, St. Charles County, and St. Louis County only.

Note: Includes single-family homes, townhomes, and condominiums.

Sources: Des Moines Area Association of Realtors®; Heartland Multiple Listing Service, Inc.; Kansas City Regional Association of Realtors®; Mid America Regional Information Systems Multiple Listing Service; Metrostudy, A Hanley Wood Company, with adjustments by the analyst; Omaha Area Board of Realtors®, St. Louis Realtors®



Apartment Market Conditions

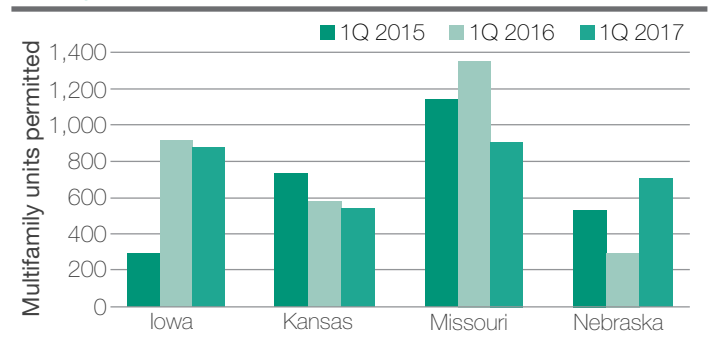
Apartment market conditions ranged from slightly tight to tight in most of the large metropolitan areas in the Great Plains region during the first quarter of 2017. In Omaha, the apartment market was slightly tight, with a 4.6-percent vacancy rate, up from 3.4 percent a year earlier, and the average rent was up 3 percent to \$837 (Reis, Inc.). Apartment market conditions in the largest markets in Missouri were slightly tight or tight in the first quarter of 2017. In the Kansas City metropolitan area, conditions remained slightly tight; the apartment vacancy rate increased from 3.8 to 4.5 percent, and the average rent increased 4 percent from a year earlier to \$855. In the St. Louis metropolitan area, conditions were tight; the apartment vacancy rate was unchanged from a year earlier, at 4.3 percent, and the average rent increased 4 percent to \$860. In the Wichita metropolitan area, the apartment market was slightly tight, with a 5.0-percent vacancy rate in the first quarter of 2017, down from the 5.5-percent rate a year earlier, and the average rent increased 2 percent to \$623 (MPF Research). In the Des Moines-West Des Moines metropolitan area, the apartment market was tight during the first quarter of 2017, with a 4.2-percent vacancy rate, up from 3.8 percent a year earlier, and the average rent increased 1 percent to \$853.

During the first quarter of 2017 (preliminary data)—

- Multifamily construction, as measured by the number of multifamily units permitted, decreased 4 percent in the region from the first quarter of 2016 to 3,025 units permitted, with declines occurring in every state in the region except Nebraska.

- The number of units permitted in Nebraska totaled 700, up from the 290 permitted during the first quarter of 2016. Nebraska recorded the only increase in the region because of strong apartment demand that occurred throughout the state but mostly in Lincoln and Omaha.
- The number of multifamily units permitted in Missouri decreased 34 percent to 900, and the number of units permitted in Kansas decreased 8 percent to 540. These declines are attributed to a slowing of units permitted on both the Kansas and Missouri sides of the Kansas City metropolitan area.
- In Iowa, 880 units were permitted, down 4 percent from the 920 units permitted during the same period a year ago.

Multifamily permitting in the Great Plains region was down from a year ago, although building activity was strong in Nebraska.



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

Apartment market conditions during the first quarter of 2017 ranged from slightly tight to tight in most of the major metropolitan areas of the Great Plains region.

	Market Condition	Vacancy Rate			Average Monthly Rent		
		1Q 2016 (%)	1Q 2017 (%)	Percentage Point Change	1Q 2016 (\$)	1Q 2017 (\$)	Percent Change
Des Moines-West Des Moines ^a	Tight	3.8	4.2	0.4	844	853	1
Kansas City ^b	Slightly tight	3.8	4.5	0.7	820	855	4
Omaha ^b	Slightly tight	3.4	4.6	1.2	810	837	3
St. Louis ^b	Tight	4.3	4.3	0.0	828	860	4
Wichita ^a	Slightly tight	5.5	5.0	-0.5	609	623	2

Sources: Market condition—HUD, PD&R, Economic and Market Analysis Division; vacancy rate and average monthly rent—(a) MPF Research; (b) Reis Inc.

