

COMPREHENSIVE HOUSING MARKET ANALYSIS

Cedar Rapids, Iowa

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of April 1, 2021



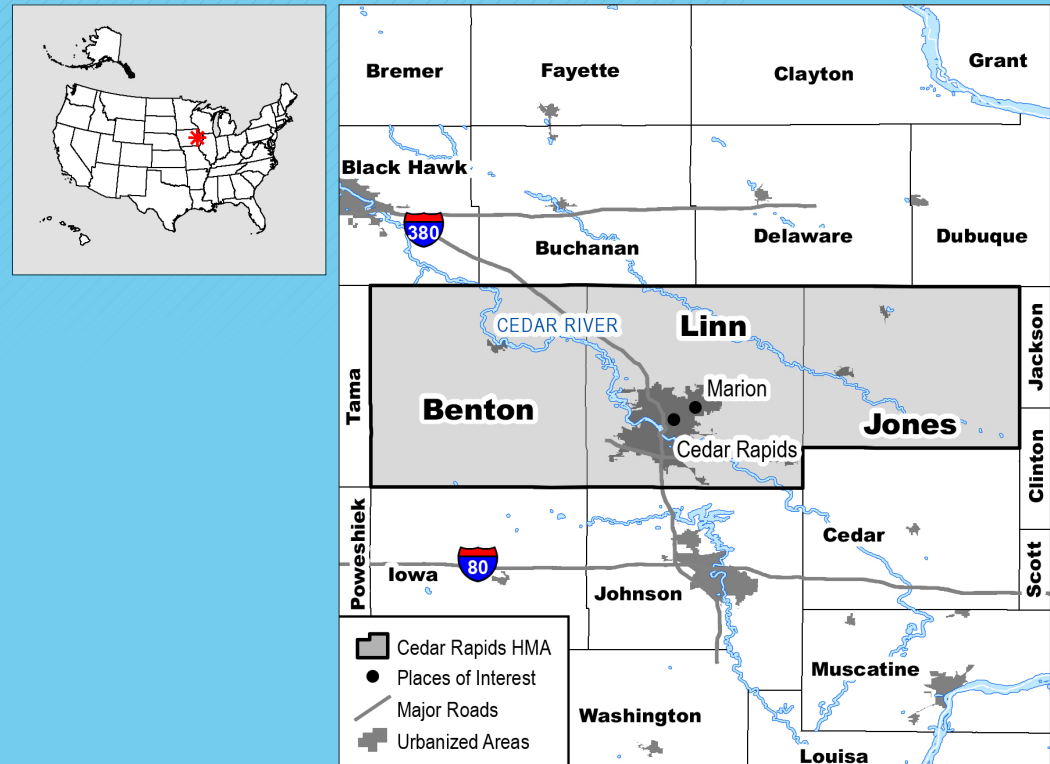
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Executive Summary

Housing Market Area Description

The Cedar Rapids Housing Market Area (HMA) is coterminous with the Cedar Rapids, IA Metropolitan Statistical Area (MSA), which consists of three counties in Eastern Iowa: Benton, Jones, and Linn. Cedar Rapids, the second largest city in the state of Iowa, is the county seat of Linn County. The city of Cedar Rapids is bisected by the Cedar River, which divides the eastern and western halves of the city.

The current population is estimated at 274,000.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#).
 Additional data for the HMA can be found in this report's [supplemental tables](#).
 For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).



Market Qualifiers

Economy



Weak: During the 12 months ending March 2021, all 11 nonfarm payroll sectors declined.

Nonfarm payrolls in the Cedar Rapids HMA during the 12 months ending March 2021 totaled 134,400 jobs, down by 11,700 jobs, or 8.0 percent, from the 12 months ending March 2020. Recovery from COVID-19-related job losses has been slow, with only 43 percent of jobs lost from March to April of 2020 recovered by April 2021. By comparison, 58 and 63 percent of jobs that were lost during the onset of the pandemic were recovered in Iowa and the nation, respectively, during that same period. During the 3-year forecast period, the economy in the HMA is expected to improve, as more businesses resume normal operations, and nonfarm payroll growth is expected to average 1.7 percent annually.

Sales Market



Slightly Tight: During March 2021, only 0.5 month of inventory was on the market, down from 1.6 months 1 year earlier.

The housing market in the Cedar Rapids HMA is currently slightly tight, with a vacancy rate of 1.2 percent, down from 1.9 percent in April 2010, when conditions were balanced. During the 12 months ending March 2021, new and existing home sales in the Cedar Rapids HMA totaled 5,875, a decline of nearly 8 percent from 1 year earlier. Lack of inventory of single-family homes for sale contributed to the decline in sales. The number of homes listed for sale during the first quarter of 2021 was down by more than 23 percent from the first quarter of 2020. The lack of inventory also contributed to higher home sales prices; the average sales price for new and existing homes during the 12 months ending March 2021 was up nearly 12 percent, to \$205,900. During the 3-year forecast period, demand is estimated for 1,725 new sales units; the 130 units currently under construction will satisfy a small portion of that demand.

Rental Market



Balanced: A surge in the construction of rental units in 2018 and 2019 has helped to alleviate the tight conditions that prevailed from 2016 through 2019.

The overall rental market in the Cedar Rapids HMA is currently balanced, with a 6.8 percent vacancy rate, down from 8.8 percent in 2010, when conditions were soft. The apartment market in the HMA is slightly tight, with a vacancy rate of 4.8 percent as of March 2021, up from 3.2 percent in March 2020. The average asking apartment rent increased 1 percent, to \$719, in March 2021, up from \$710 a year earlier. During the 3-year forecast period, demand is estimated for 760 units, some of which will be satisfied by the 170 units currently under construction.

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3-Year Housing Demand Forecast

	Sales Units	Rental Units
Cedar Rapids HMA		
Total Demand	1,725	760
Under Construction	130	170

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of April 1, 2021. The forecast period is April 1, 2021, to April 1, 2024. Source: Estimates by the analyst



Economic Conditions

Largest Sector: Education and Health Services

The wholesale and retail trade and manufacturing sectors have historically been the largest sectors of the local economy, but in the past several years, growth in the education and health services sector has caused this sector to surpass those two sectors to become the largest.

Primary Local Economic Factors

The economy in the Cedar Rapids HMA has historically been supported by wholesale and retail trade and manufacturing, especially food processing. The Cedar Rapids HMA is currently the location of more than 275 manufacturing plants, including The Quaker Oats Company cereal milling plant, the largest such facility in the nation. In total, grain processing and bioproduct manufacturing contribute \$4.8 billion in annual revenue to the area, according to a 2018 study by Iowa State University. Collins Aerospace and the Whirlpool Corporation are currently the two largest employers, emphasizing the importance of manufacturing to the HMA (Table 1). Although trade and manufacturing continue to be significant contributors to the local economy, jobs in both sectors have declined since 2001 (Figure 1), similar to national trends. In 2000, the manufacturing and trade sectors accounted for 33 percent of all nonfarm payroll jobs in the HMA, but by 2019—

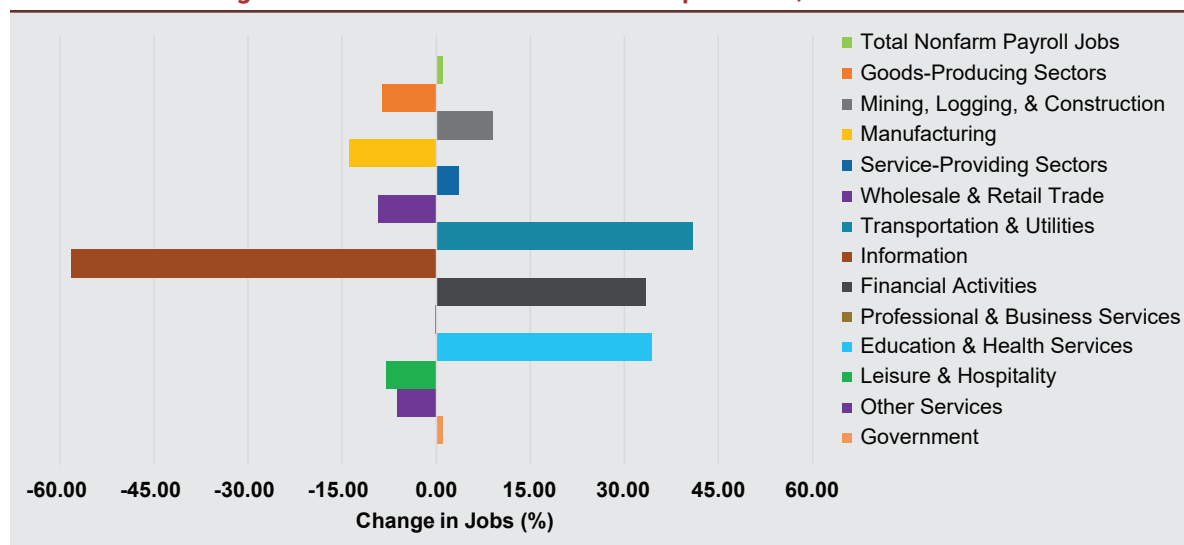
Table 1. Major Employers in the Cedar Rapids HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Collins Aerospace	Manufacturing	8,200
Whirlpool Corporation	Manufacturing	3,430
Transamerica Corporation	Financial Activities	3,340
St. Luke’s Hospital	Education & Health Services	2,979
Hy-Vee, Inc.	Wholesale & Retail Trade	2,356
Nordstrom Direct	Wholesale & Retail Trade	2,150
Mercy Medical Center	Education & Health Services	2,140
Pearson PLC	Education & Health Services	1,765
Kirkwood Community College	Education & Health Services	1,400
City of Cedar Rapids	Government	1,309

Note: Excludes local school districts.

Source: City of Cedar Rapids Comprehensive Annual Financial Report

Figure 1. Sector Growth in the Cedar Rapids HMA, 2001 to Current



Note: The current date is April 1, 2021.

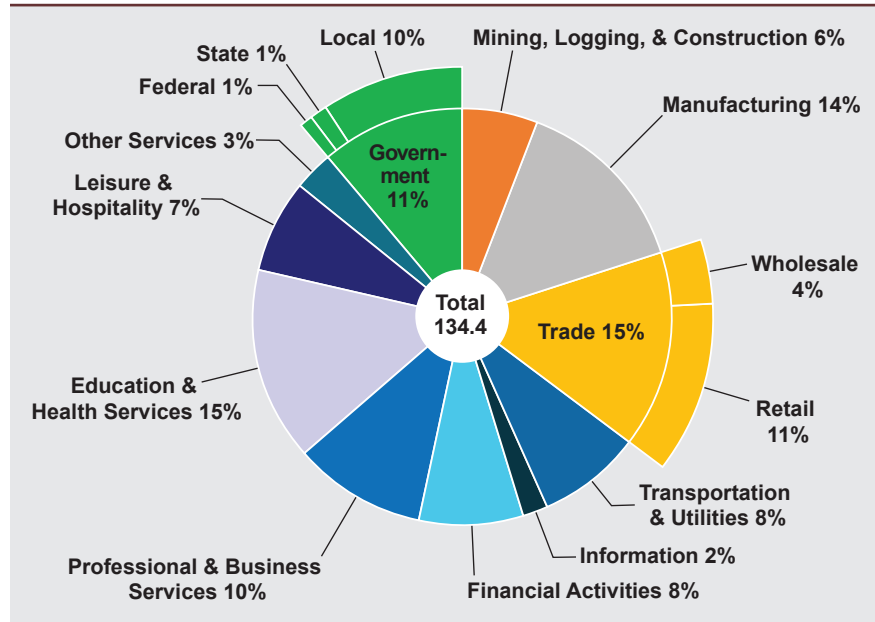
Source: U.S. Bureau of Labor Statistics



the last full year before the COVID-19 pandemic—nearly 29 percent of all nonfarm jobs were in these sectors. By comparison, in 2000, the trade and manufacturing sectors nationally accounted for 29 percent of all nonfarm payroll jobs, but by 2019 the share had declined to just 23 percent. The decline of the manufacturing sector nationally and locally, in conjunction with an aging population demanding more healthcare services, has led to other sectors supplanting the manufacturing and trade sectors as the largest sector.

The largest sector in the Cedar Rapids HMA is the education and health services sector, with 20,000 jobs, or nearly 15 percent of all nonfarm jobs in the HMA (Figure 2). Growth in the education and health services sector, which is due in part to a growing and aging population, has been led by

Figure 2. Share of Nonfarm Payroll Jobs in the Cedar Rapids HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through March 2021. Source: U.S. Bureau of Labor Statistics

the continued expansion of the two largest hospitals in the HMA: St. Luke’s Hospital and Mercy Medical Center. These two medical centers represent two of the seven largest employers in the HMA.

Current Conditions—Nonfarm Payrolls

During the 12 months ending March 2021, nonfarm payrolls in the Cedar Rapids HMA totaled 134,400 jobs, down by 11,700 jobs, or 8.0 percent, from the 12 months ending March 2020 (Table 2). Economic conditions in the HMA have weakened because of the effects of the COVID-19 pandemic. Pandemic-induced job losses began in early 2020—from March to April 2020, nonfarm payrolls fell by 15,700 jobs, or 11 percent, as measures were enacted to slow the spread of COVID-19 (not seasonally adjusted). Since then, recovery has

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Cedar Rapids HMA, by Sector

	12 Months Ending March 2020	12 Months Ending March 2021	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	146.1	134.4	-11.7	-8.0
Goods-Producing Sectors	28.5	27.1	-1.4	-4.9
Mining, Logging, & Construction	8.2	8.0	-0.2	-2.4
Manufacturing	20.4	19.1	-1.3	-6.4
Service-Providing Sectors	117.6	107.3	-10.3	-8.8
Wholesale & Retail Trade	20.7	19.8	-0.9	-4.3
Transportation & Utilities	11.2	10.3	-0.9	-8.0
Information	3.4	3.0	-0.4	-11.8
Financial Activities	11.4	11.2	-0.2	-1.8
Professional & Business Services	14.9	14.0	-0.9	-6.0
Education & Health Services	21.7	20.0	-1.7	-7.8
Leisure & Hospitality	12.3	9.3	-3.0	-24.4
Other Services	5.2	4.7	-0.5	-9.6
Government	16.7	15.1	-1.6	-9.6

Notes: Based on 12-month averages through March 2020 and March 2021. Numbers may not add to totals due to rounding. Data are in thousands. Source: U.S. Bureau of Labor Statistics

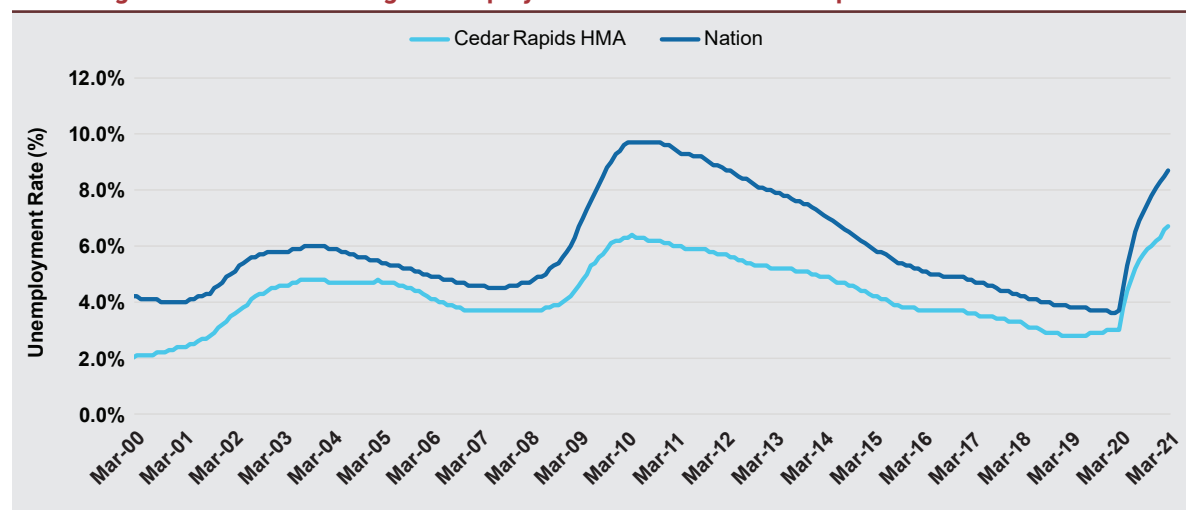


been slow, and only 43 percent of jobs lost have been recovered. This percentage is well below the percentage of nonfarm payrolls recovered in both Iowa and the nation during the same period; statewide nonfarm payroll recovery in Iowa is currently 58 percent, and national nonfarm payroll recovery is 63 percent. During the 12 months ending March 2021, every sector in the HMA had a decline in nonfarm payrolls, with the majority of losses, or 10,300 jobs, in the service-providing sectors. The leisure and hospitality and the information sectors had the largest decline, down by 3,000 and 400 jobs, or 24.4 percent and 11.8 percent, respectively. One of the most significant layoffs in the information sector was due to GoDaddy Inc. laying off 150 people in 2020. The mining, logging, and construction and the financial activities sectors declined the least, down by 200 jobs each, or 2.4 and 1.8 percent, respectively. Transamerica Corporation, an insurance company, laid off more than 50 employees, contributing to job losses in the financial activities sector.

Current Conditions—Unemployment

During the 12 months ending March 2021, resident employment in the HMA decreased by 13,600, or 9.4 percent, and the labor force declined by 8,800, or 6.0 percent, resulting in a spike in the average unemployment rate to 6.7 percent from 3.0 percent a year earlier. The average unemployment rate in the HMA was higher than the previous peak of 6.2 percent during 2009 but was well below the rate of 8.7 percent for the nation during the 12 months ending March 2021 (Figure 3).

Figure 3. 12-Month Average Unemployment Rate in the Cedar Rapids HMA and the Nation



Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance

2001 Through 2003

From 2002 through 2003, nonfarm payrolls declined by an average of 2,200, or 1.7 percent, annually as the repercussions from the national

recession in 2001 affected the local economy (Figure 4). Five of the 11 nonfarm payroll sectors lost jobs during the period, with the manufacturing sector losing the most jobs—declining by an average of 1,100 jobs, or 5.0 percent, annually. Many of these manufacturing job losses came as Collins Aerospace (then Rockwell Collins) struggled through the massive downturn in commercial aviation demand after the September 11, 2001 attacks. An estimated 2,000 jobs at the company (including contractors) were lost during this period. In percentage terms, the information sector had the fastest drop, down an average of 7.4 percent, or by 500 jobs, annually. Layoffs of 100 workers at MCI WorldCom



in the city of Cedar Rapids contributed to the declining payrolls in the information sector.

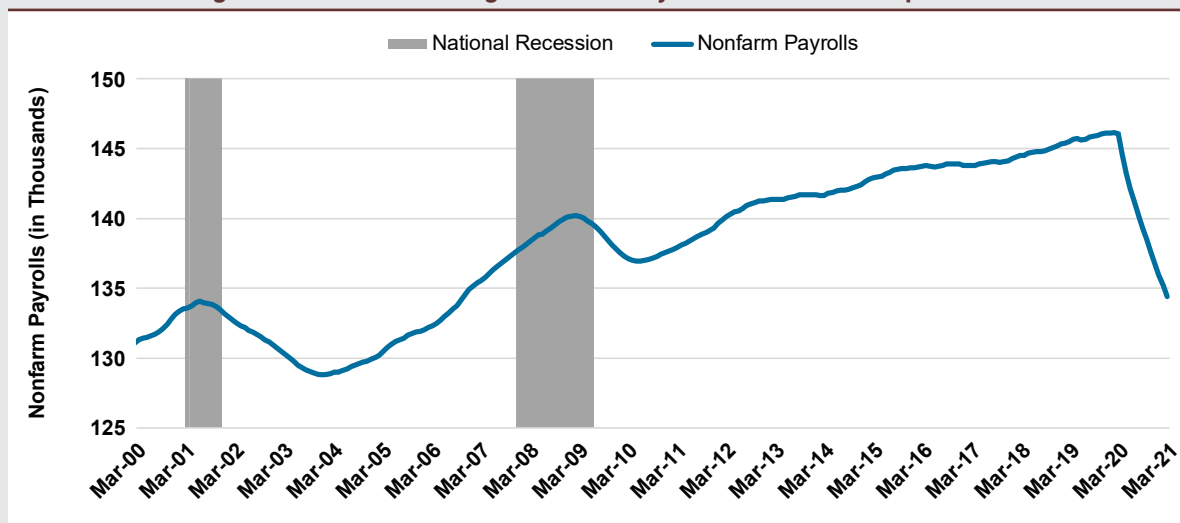
2004 Through 2008

From 2004 through 2008, the HMA economy began to recover and expand. Nonfarm payroll growth averaged 2,300 jobs, or 1.7 percent, annually during this period. The mining, logging, and construction sector had strong payroll growth, averaging 300 jobs, or 3.6 percent, annually. During these years, the manufacturing sector also expanded, increasing by an average of 600 jobs, or 2.9 percent, annually. A spate of new ethanol-producing plants that convert corn into ethanol fuel were being built in the HMA to meet the Renewable Fuel Standard authorized under the Energy Independence and Security Act of 2007, which contributed to job growth in the manufacturing sector. Archer-Daniels-Midland Company and Penford Corporation (now part of Ingredion Incorporated), two such producers, chose Linn County as a home for production during the period. The Archer-Daniels-Midland dry milling operation contributed to job growth during this period and currently employs nearly 400 people. The only sector to lose jobs during these years was the information sector, which declined by an average of 100 jobs, or 2.1 percent, annually.

2009 Through 2010

The Great Recession, coupled with a major flooding event in the city of Cedar Rapids in June 2008, contributed to a significant decline in nonfarm

Figure 4. 12-Month Average Nonfarm Payrolls in the Cedar Rapids HMA



Note: 12-month moving average.

Sources: National Bureau of Economic Research; U.S. Bureau of Labor Statistics

payrolls from 2009 through 2010. Nonfarm payrolls declined by an average of 1,300 jobs, or 0.9 percent, during the period. Overall, 6 of the 11 nonfarm payroll sectors lost jobs, with the biggest losses coming in the goods-producing sectors. The manufacturing and the mining, logging, and construction sectors declined by averages of 900 and 700 jobs, or 4.3 and 8.4 percent, respectively, a year. With the onset of the national recession and housing crisis, the mining, logging, and construction sector lost jobs due in part to a significant slowdown in residential construction in the HMA. Partly offsetting those losses, the education and health services sector added an average of 400 jobs, or 2.2 percent, annually, making it the strongest growing sector during these years.

2011 Through 2018

From 2011 through 2018, nonfarm payrolls increased steadily by an average of 900 jobs, or 0.7 percent, annually. During this period, 8 of the 11 nonfarm payroll sectors added jobs, with only the manufacturing and the information sectors averaging annual losses of 100 jobs each, or respectively, 0.4 and 2.8 percent, annually. These two sectors declined both locally and nationally because these sectors are undergoing changes due to impacts from new technology. As computers and robots become more widely used in the

manufacturing sector, the need for workers in this sector is slowly declining across the nation. The information sector includes jobs that deal with traditional landline telephones—an area that needs fewer employees each year—and also includes traditional publications such as newspapers and magazines, which have also been undergoing significant consolidation. The largest gains in nonfarm payrolls were in the transportation and utilities and the education

and health services sectors, which each added 300 jobs annually, or 2.8 and 1.4 percent, respectively. The two largest hospitals in the HMA expanded during the period: St Luke’s Hospital opened the 67-bed Helen G. Nassif Community Cancer Center in 2013, and Mercy Medical Center opened the Hall-Perrine Cancer Center in 2012. Both expansions cost a combined \$71.6 million.

Employment Forecast

During the forecast period, nonfarm payrolls in the HMA are expected to grow an average of 1.7 percent annually as a plurality of jobs lost during the pandemic, especially those in the leisure and hospitality and the wholesale and retail trade sectors, continue to be recovered. Job growth is anticipated to be led by the manufacturing sector, specifically the bioprocessing industry; General Mills Inc. recently pledged to invest \$37 million to expand their Cedar Rapids plant, creating 50 full-time positions during the next 3 years. In addition, BAE Systems plc began construction on a new aerospace research

and manufacturing center in late 2020, with a projected completion date of 2022 and an initial capital investment of \$139 million. Partially offsetting gains are the expected job losses in the financial activities sector resulting from the closure of the Toyota Financial Services office in Cedar Rapids in 2022. Some employees of Toyota Financial Services could retain positions if willing to move to a different office outside the HMA, leading to a small out-migration over the next few years, further slowing population growth. These job losses will be phased during the next 2 years and displace more than 600 workers.



Population and Households

Current Population: 274,000

Population growth has slowed since 2017 as both net natural change and net in-migration have declined. In 2020, the HMA had a period of net out-migration for the first time since 2013.

Population Trends

The population of the Cedar Rapids HMA is estimated at 274,000 as of April 1, 2021, representing an average annual increase of 1,475, or 0.6 percent, since 2010 (Table 3). During this period, net in-migration averaged 410 people a year. The rate of population growth is significantly lower than the rate from 2000 to 2010, which averaged 2,075 people, or 0.8 percent, annually. Net in-migration from 2000 to 2010 averaged 650 people a year. Even within these two larger periods, population growth fluctuated significantly, mainly due to changes in net migration (Figure 5).

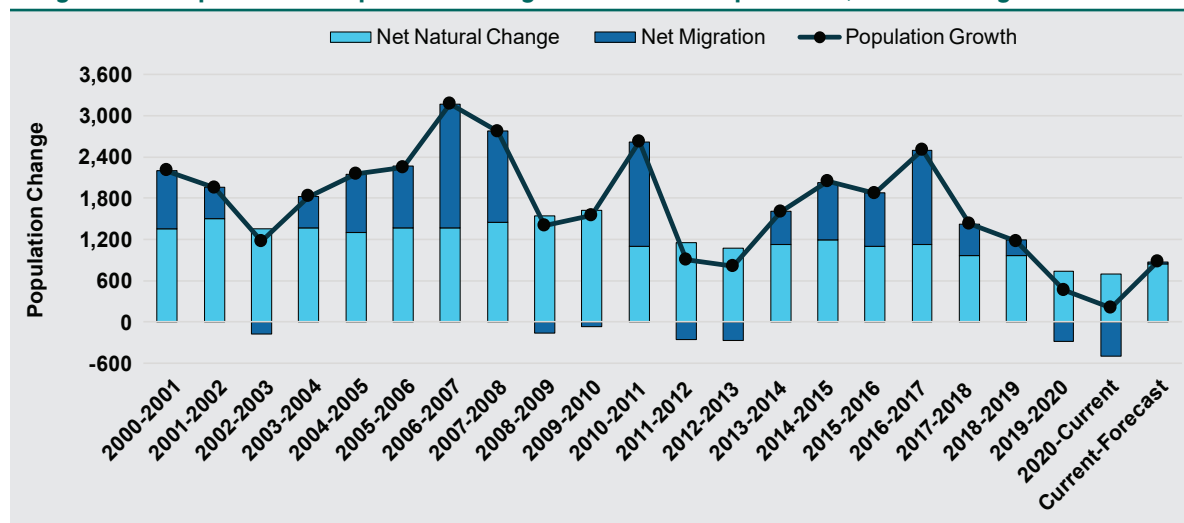
From 2000 to 2002, population growth averaged 2,075, or 0.9 percent, annually ahead of the national recession. From 2002 to 2004, population growth slowed to an average increase of 1,500, or 0.6 percent, annually due mainly to a period of net out-migration in 2002, a result of layoffs by Rockwell Collins as the commercial air

Table 3. Cedar Rapids HMA Population and Household Quick Facts

	2010	Current	Forecast
Population Quick Facts	Population	257,940	274,000
	Average Annual Change	2,075	1,475
	Percentage Change	0.8	0.6
Household Quick Facts	Households	104,617	112,700
	Average Annual Change	1,050	740
	Percentage Change	1.1	0.7

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (April 1, 2021) to April 1, 2024. Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Figure 5. Components of Population Change in the Cedar Rapids HMA, 2000 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is from the current date (April 1, 2021) to April 1, 2024. Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

industry suffered the repercussions of the September 11, 2001 attacks. From 2004 to 2008, as the area economy underwent a period of significant growth, population growth increased accordingly, averaging 2,600 people, or 1.0 percent, annually. Net in-migration rose to an average 1,225 people annually. From 2008 to 2010, in the midst of the Great Recession and following a major flooding event in 2008,



population growth slowed significantly, averaging only 1,400 people, or 0.5 percent, annually; net out-migration averaged 150 people annually. From 2010 through 2011, the HMA had a large surge of in-migration, due in part to people moving into the area to help with the recovery from the flood and to assist displaced people returning home. From 2010 through 2011, population growth averaged 2,500 people, or 1.0 percent, annually, with net in-migration averaging 1,275 people annually. From 2011 to 2013, the HMA had 2 more years of net out-migration that averaged 270 people annually, contributing to a slowdown in population growth to an average of 860 people, or 0.3 percent, annually. As the economy expanded from 2013 to 2019, population growth rose to an average of 1,775 people, or 0.7 percent, annually, and net in-migration averaged 700 people annually. Since 2019, population growth has slowed due to net out-migration, partly resulting from COVID-19-related job losses. Population growth has averaged only 350 people, or 0.1 percent, annually, and out-migration has averaged 380 people annually.

Population by Geography

Linn County, where the cities of Cedar Rapids and Marion are located, is the largest county in the HMA and accounts for more than 83 percent of the total population in the HMA, or 227,500, up slightly from approximately 82 percent in 2010. Linn County is also the only county in the HMA to have cumulative population growth since 2010; Benton and Jones Counties had a slight population decline.

Disaster Effects: Flooding and Wind Events

The Cedar Rapids HMA has a history of natural disasters, including flooding and wind events. An August 2020 derecho damaged or destroyed more than 1,100 housing units and caused more than \$60 million in total damage in the city of Cedar Rapids. According to the Federal Emergency Management Agency (FEMA), a 2016 flooding event caused roughly \$12.7 million in damages in Linn County. In 2008, during another, more significant, flooding event in the HMA, the Cedar River crested at more than 31 feet, surpassing the previous record of 20 feet. This event caused more than 18,000 people to be temporarily displaced and led to the sixth highest FEMA declaration in history, with \$848 million in statewide financial public assistance. This flooding event also contributed to a 2-year period of net out-migration from 2008 to 2010, when 100 people left the HMA annually.

Demographic Trends

In 2019, the median age in the Cedar Rapids HMA was 38.8 years old, slightly above the national median of 38.5 years of age (American Community Survey [ACS] 1-year data; Table 4). The population in the HMA is getting older as the numbers of younger age cohorts decline. Net natural change fell below 1,000 for the first time in 2018 and has remained below that level since then. In the HMA, 16.7 percent of the population

Table 4. Selected Population and Household Demographics in the Cedar Rapids HMA

	Cedar Rapids HMA	Nation
Population Age 18 and Younger	23.0%	22.2%
Population Age 65 and Older	16.7%	16.5%
Median Age	38.8	38.5
White	88.7%	72.0%
Black	4.9%	12.8%
Asian	2.1%	5.7%
Other Race	4.3%	9.5%
Hispanic	3.1%	18.4%
Non-Hispanic	96.9%	81.6%
Median Household Income	\$64,088	\$65,712
Households With One or More Children Younger than Age 18	28.4%	29.9%

Source: 2019 American Community Survey



is 65 years of age or older, up from 13.6 percent in 2010 (Figure 6). Conversely, the population 18 years and younger in 2010 was 24.6 percent of the population and has decreased to 23.0 percent in 2019.

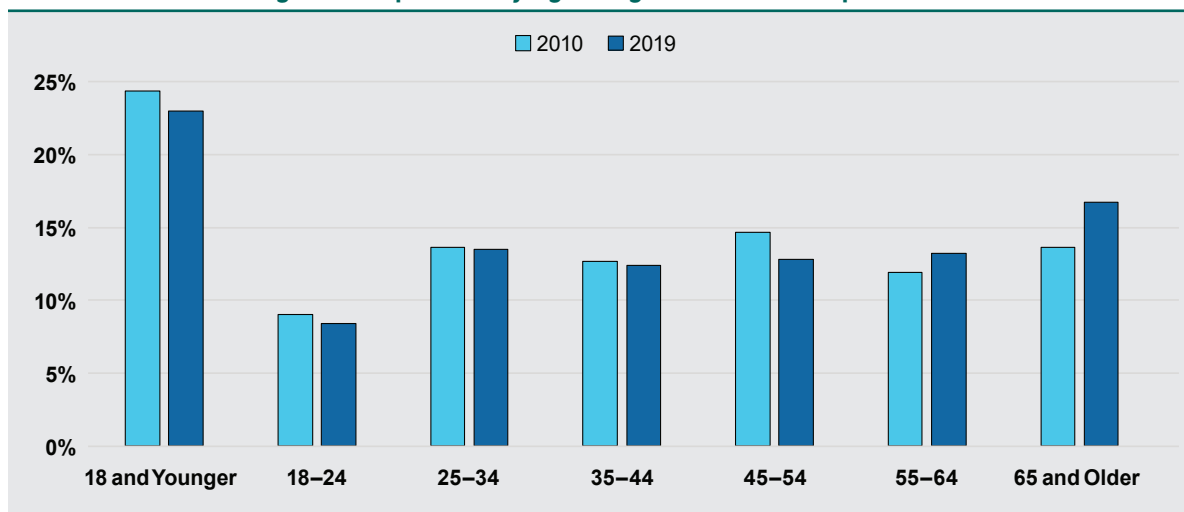
Household Trends

An estimated 112,700 households currently live in the Cedar Rapids HMA, an increase of 740 households, or 0.7 percent, annually since 2010 (Figure 7). The most recent household growth rate is lower than during the period from 2000 to 2010, when household growth averaged 1,050, or 1.1 percent, annually. Homeownership rates in the HMA are higher than the national average. According to the 2010 Decennial Census, the national homeownership rate was 65.1 percent, whereas the homeownership rate in the Cedar Rapids HMA was 73.8 percent. Since then, the homeownership rates in the HMA and the nation have generally declined; however, the gap between the two geographies has continued. In 2019, the homeownership rate in the Cedar Rapids HMA was below the 2010 rate at 72.9 percent, but it remained significantly higher than the national average of 64.1 percent. Currently, the homeownership rate for the HMA is estimated at 73.1 percent.

Forecast

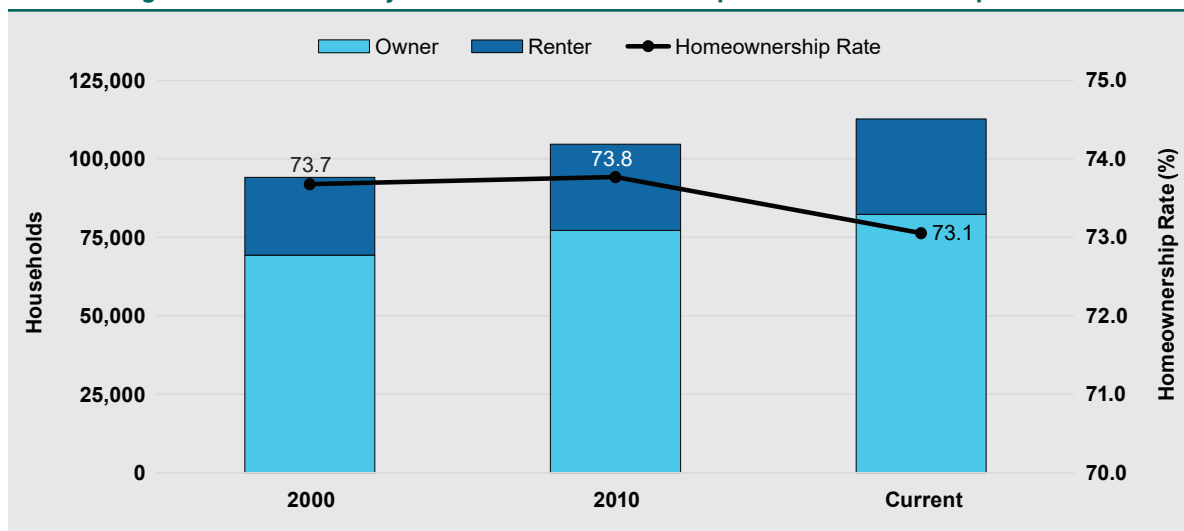
Population growth in the HMA is expected to be slow due to continued net out-migration from the HMA in the first year of the forecast because of the anticipated slow recovery of

Figure 6. Population by Age Range in the Cedar Rapids HMA



Source: 2010 and 2019 American Community Survey 1-year data

Figure 7. Households by Tenure and Homeownership Rate in the Cedar Rapids HMA



Note: The current date is April 1, 2021. Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst



jobs. Net in-migration is expected by the second year of the forecast as the economy continues to recover. Overall, the population is expected to increase by an average of 880, or 0.3 percent, annually during the 3-year forecast period. Household growth is anticipated to slow to an average of 460, or

0.4 percent, annually due to slower population growth. The homeownership rate is expected to increase slightly, from 73.1 percent to 73.2 percent, as low interest rates and continued demand for housing lead to an increase in the share of homeowners.



Home Sales Market

Market Conditions: Slightly Tight

A declining inventory of existing homes for sale has led to higher home sales prices and fewer existing home sales since the second quarter of 2020, whereas new home construction activity remains steady.

Current Conditions

The home sales market in the Cedar Rapids HMA is slightly tight, with a 1.2 percent vacancy rate, down from 1.9 percent in 2010, when conditions were balanced (Table 5). During the 12 months ending March 2021, new and existing home sales in the HMA totaled 5,875 homes sold, a decline of 500 homes, or nearly 8 percent, from the previous 12 months (Zonda, with adjustments by the analyst). The decline in sales was due in part to a smaller supply of homes available for sale. The number of homes listed for sale during the first quarter of 2021 was down by more than 23 percent from the first quarter of 2020 (Cedar Rapids Areas Association of Realtors®). Increasing

demand for homes, spurred by lower interest rates, combined with the August 2020 derecho wind event that damaged more than 1,100 housing units has also contributed to fewer homes available for sale on the market. During March 2021, the HMA had a 0.5-month inventory of homes for sale on the market, down from 1.6 months during March 2020. With the lack of inventory, the average home sales price has increased rapidly in the HMA. During the 12 months ending March 2021, the average sales price of a home in the HMA increased 12 percent, or by \$22,000, from the previous 12 months, to \$205,900 (Zonda, with adjustments by the analyst). Overall, 44 percent of total sales were existing homes priced between \$100,000 and \$200,000 (Figure 8).

New Home Sales

During the 12 months ending March 2021, new home sales totaled 370, essentially unchanged from the previous 12 months, and accounted for 6 percent of total

Table 5. Home Sales Quick Facts in the Cedar Rapids HMA

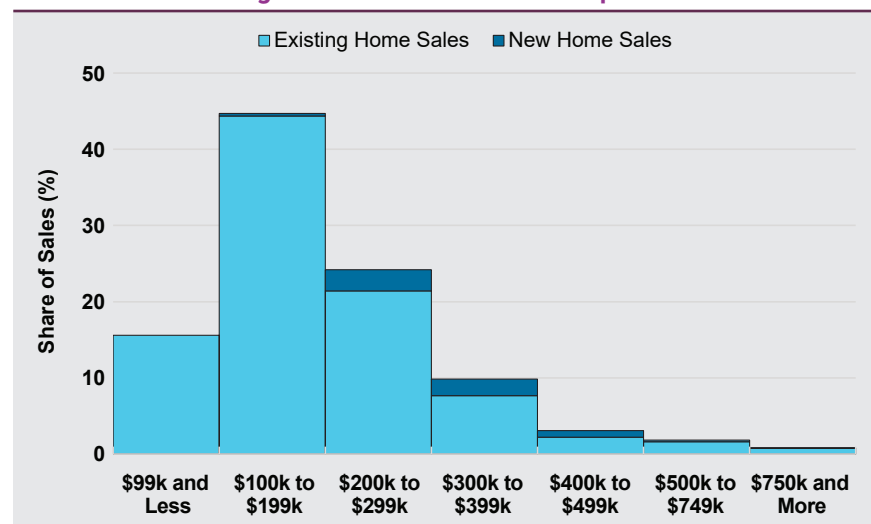
	Cedar Rapids HMA	Nation
Vacancy Rate	1.2%	NA
Months of Inventory	0.5	1.3
Total Home Sales	5,875	6,927,000
1-Year Change	-8%	16%
New Home Sales Price	\$318,200	\$392,100
1-Year Change	3%	3%
Existing Home Sales Price	\$198,300	\$353,100
1-Year Change	12%	12%
Mortgage Delinquency Rate	1.9%	3.7%

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending March 2021; and months of inventory and mortgage delinquency data are as of March 2021. The current date is April 1, 2021.

Sources: Vacancy rate—estimates by the analyst; months of inventory—CoreLogic, Inc.; HMA home sales and prices—Zonda; national home sales and prices—National Association of Realtors® and Census Bureau/HUD

Figure 8. Share of Overall Sales by Price Range During the 12 Months Ending March 2021 in the Cedar Rapids HMA



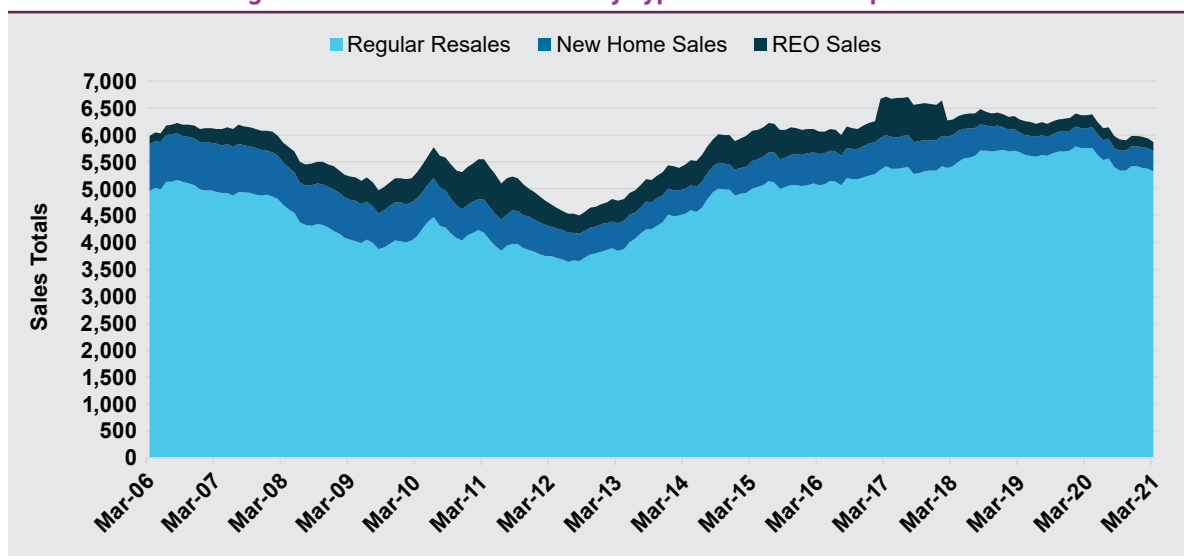
Note: New and existing sales include single-family homes, townhomes, and condominium units.
Source: Zonda

home sales during the period (Figure 9). New home sales peaked in 2006, at 880 homes sold, and as the economic downturn and associated housing crisis impacted the HMA, new home sales declined by an average of 75 homes, or 10 percent, annually through 2010 when new home sales totaled 570. During 2011, new home sales had a slight uptick due to an improving economy and totaled 600 homes sold, an increase of 30, or 5 percent, from 2010. The upturn in 2011 was short-lived, and new home sales declined from 2012 through 2014 by an average of 35 homes, or 7 percent, annually to 490 sales in 2014. With increasing levels of in-migration to the HMA, home sales increased by an average of 50 homes sold, or 10 percent, annually during 2015 and 2016, rising to 590 sales in 2016. Since 2017, new home sales have been trending downward, and by 2019 totaled just 370 sales, an average decline of 75, or 14 percent, annually.

Regular Resale Home Sales

During the 12 months ending March 2021, regular resale homes totaled 5,325, a decline of 430 homes sold, or more than 7 percent, from the previous 12 months (Zonda, with adjustments by the analyst). The derecho event in August 2020 and the lack of inventory on the market contributed to a decline in sales for regular resales. In 2006, regular resales totaled 5,000, but from 2007 through 2009, the number of regular resales fell by an average of 320, or 7 percent, annually, to 4,025. A 3-percent uptick in regular resales occurred in 2010, when the

Figure 9. 12-Month Sales Totals by Type in the Cedar Rapids HMA



REO = real estate owned.
Source: Zonda, with adjustments by the analyst

number of regular resales increased by 110; however, that increase was short-lived. Continued economic weakness led to a decline in sales from 2011 through 2012, when the regular resale of homes totaled 3,825, an average decline of 4 percent, or 150 sales, annually. Regular resales began to increase in 2013, growing by 270 sales, or 6 percent, annually through 2019, culminating with 5,700 regular resales in 2019.

REO Sales and Delinquent Mortgages

As COVID-19 led to massive job losses across the HMA, the ability of homeowners to make their mortgage payments was affected, and the mortgage delinquency rate began to rise during the second half of 2020 after several years of decline. In March 2021, the percentage of home loans in the HMA that were seriously delinquent or had transitioned into real estate owned (REO) status was 1.9 percent—up from 1.1 percent a year earlier but below the national average of 3.7 percent (CoreLogic, Inc.). The rate for the HMA is below the recent peak of 2.2 percent in October 2020.

During the 12 months ending March 2021, REO home sales in the HMA totaled 240 homes sold, a decline of 170 homes, or 42 percent, from a year earlier, accounting for 4 percent of existing home sales (Zonda, with adjustments by the analyst). The strong decline in the number of REO sales coincides with a strong

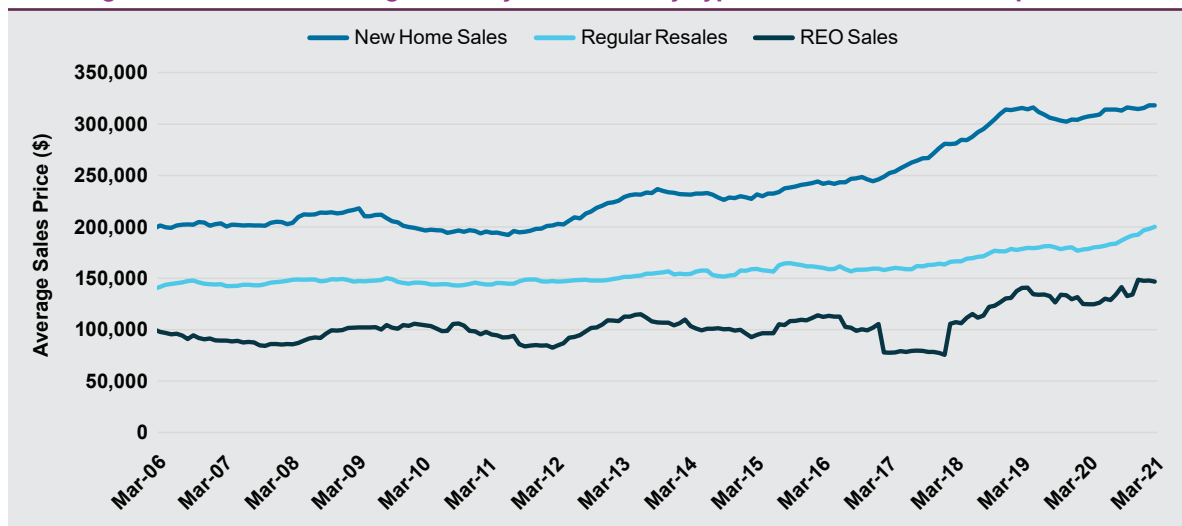


increase in the sales price of REO properties. During the 12 months ending March 2021, the average sales price of an REO property increased more than 20 percent, from \$126,600 to \$152,500.

New Home Sales Prices

During the 12 months ending March 2021, the average sales price of a new home averaged \$318,200, an increase of \$10,800, or nearly 4 percent, from the previous 12 months. During 2005, the average sales price of a new home was \$197,700, and prices continuously increased through 2008, when the average sales price of a new home was \$213,700, an average increase of \$5,325, or 3 percent, annually (Figure 10). The national recession and the 2008 flood in the HMA, however, caused new home prices to decline as demand weakened. From 2009 through 2010, new home prices fell an average of 4 percent, or by \$8,850, annually to reach a low of \$196,000 in 2010. New home prices began to increase again after the recession subsided, with an average 6-percent growth in prices, or \$12,350, annually, from 2011 through 2013, when the average sales price was \$223,100. Prices fell slightly—by \$3,400, or 1 percent—in 2014, to \$229,700—after 2 consecutive years of net out-migration from the HMA—before increasing again. From 2015 through 2018, sustained economic growth translated to average annual increases in new home prices of \$21,100, or 8 percent, to \$314,000. Prices fell slightly in 2019, down 3 percent, or \$9,800, to \$304,200.

Figure 10. 12-Month Average Monthly Sales Price by Type of Sale in the Cedar Rapids HMA



REO = real estate owned.
Source: Zonda, with adjustments by the analyst

Regular Resale Home Sales Prices

During the 12 months ending March 2021, the average sales price for a regular resale home was \$199,900, an increase of \$21,400, or 12 percent, from the previous 12 months as a lack of inventory put upward pressure on home prices. Historically, prices of regular resale homes were less responsive to changes in the local economy than in other regions; prices did not see major increases until the mid-2010s as demand increased following a period of economic growth after the Great Recession. During 2005, the average sales price for a regular resale home was \$137,900. The regular resale home price increased by an average of \$3,825, or 3 percent, annually for the next 3 years, to \$149,400 in 2008. Regular resale prices fell in 2009 by \$4,600, or 3 percent, to \$144,800, as both the national recession and the 2008 Cedar Rapids flood negatively affected the local housing market. From 2010 through 2015, prices increased steadily as population growth remained positive. During this period, the average price of a regular resale home increased by 2 percent, or \$2,800, annually, to \$161,500 in 2015. Prices fell in 2016 by \$2,225, or 1 percent—due in part to the impacts of the local flood—before again trending higher; from 2017 through 2019, existing home sales prices increased by an average of \$6,875, or 4 percent, annually, to \$179,900 in 2019.



Sales Construction Activity

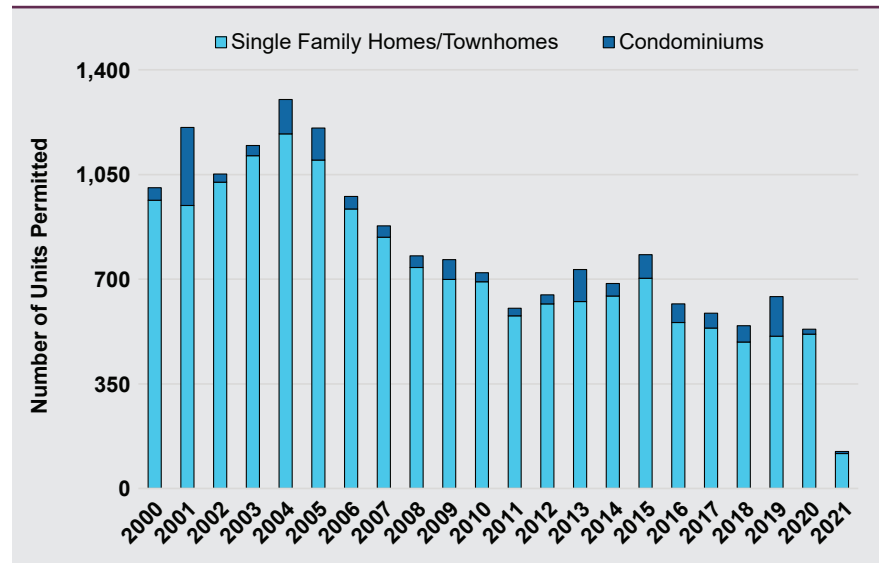
During the 12 months ending March 2021, new home construction, as measured by the number of single-family homes, townhomes, and condominium units (hereafter, units) permitted, totaled 370 units, essentially unchanged from the previous 12 months (preliminary data and adjustments by the analyst). New home construction has generally been declining in the Cedar Rapids HMA along with the rate of population growth (Figure 11). From 2000 through 2005, sales permitting was much higher, averaging 1,150 units annually. During 2006, the number of sales units permitted dropped below 1,000 and by 2011 was down to just 600 sales units permitted. From 2006 through 2011, the permitting of sales units declined by an average of 100, or 11 percent, annually. During 2012, the permitting of sales units increased

slightly, and from 2012 through 2015, an average of 710 sales units were permitted annually. Following this uptick, the number of sales units permitted dropped along with demand for new homes, and from 2016 through 2019, an average of 630 new sales units were permitted annually.

Home Sales Developments Underway

Some recent developments in the HMA include Knollwood, an 88-home subdivision located in the city of Cedar Rapids that is nearly 70 percent complete. Home prices in this subdivision start at \$262,500 for a two-bedroom, two-bathroom single-family home. The Bowman Hills subdivision in the city of Marion, with 111 single-family homes planned at buildout, is nearly complete, with the last few single-family homes currently under construction. Home prices in this subdivision start at \$325,000 for a three-bedroom, two-bathroom home.

Figure 11. Average Annual Sales Permitting Activity in the Cedar Rapids HMA



Notes: Includes single-family homes, townhomes, and condominiums. Data for 2021 are through March 2021. Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2020—final data and estimates by the analyst; 2021—preliminary data and estimates by the analyst

Forecast

During the next 3 years, demand is expected for 1,725 new sales units in the HMA. The 130 units currently under construction are expected to satisfy part of the demand during the first year of the forecast period (Table 6). Sales units are expected to account for nearly 70 percent of total housing demand in the HMA during the 3-year forecast period, up from the 64 percent from 2010 to current, as low interest rates spur further demand for sales units.

Table 6. Demand for New Sales Units in the Cedar Rapids HMA During the Forecast Period

Sales Units	
Demand	1,725 Units
Under Construction	130 Units

Note: The forecast period is from April 1, 2021, to April 1, 2024. Source: Estimates by the analyst



Rental Market

Market Conditions: Balanced

The large increase in apartment construction during 2018 and 2019 helped alleviate previously tight conditions, as the apartment vacancy rate rose to 4.8 percent as of March 2021, up from 3.2 percent as of March 2020.

Current Conditions and Recent Trends

Rental housing market conditions in the Cedar Rapids HMA are currently balanced and have improved from soft conditions in 2010. The rental vacancy rate for all units (including single-family homes, mobile homes, and apartments) is currently estimated at 6.8 percent—down from 8.8 percent in 2010 (Table 7). The housing crisis of the late 2000s led to a softening of rental market conditions. Renter households currently account for 26.9 percent of total households in the HMA, up from 26.2 percent in 2010. According to the 2019 ACS, nearly 52.5 percent of all renter households live in structures with five or more units per building, down slightly from 52.9 percent in 2010.

Apartment Market

The apartment market in the HMA was slightly tight in March 2021, with a vacancy rate of 4.8 percent, up from 3.2 percent 1 year earlier, when conditions

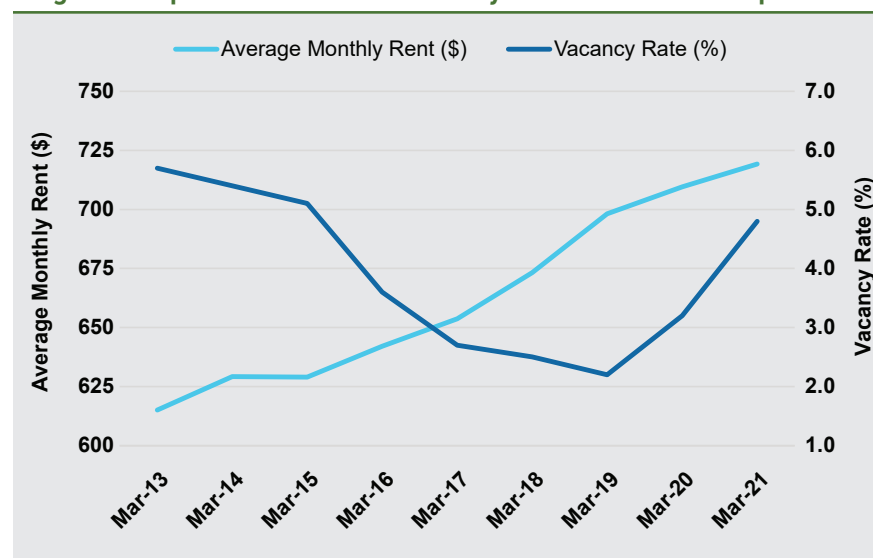
were tight (Moody’s Analytics REIS). Even with the recent increase in the apartment market vacancy rate during the past year, the vacancy rate is still lower than the 5.7-percent rate recorded in March 2013, when apartment market conditions were balanced (Figure 12). From March 2013 through March 2015, the apartment vacancy rate slowly trended down, from 5.7 percent to 5.1 percent, as population growth increased, resulting in the absorption of apartment units. During March 2016, apartment market conditions tightened as the vacancy rate declined to 3.6 percent. Low levels of production and an increasing propensity to rent contributed to the declining vacancy rate. In addition, flooding in the city of Cedar Rapids in 2016 contributed to the declining apartment vacancy rate as homeowners temporarily moved into apartment units while flood damage was being repaired. By March of 2017, the apartment vacancy rate was down to 2.7 percent and continued to decline, reaching a low of 2.2 percent in March of 2019. Since then, the apartment

Table 7. Rental Market Quick Facts in the Cedar Rapids HMA

Rental Market Quick Facts	2010 (%)	Current (%)
	Rental Vacancy Rate	8.8
Occupied Rental Units by Structure	2010 (%)	2019 (%)
	Single-Family Attached & Detached	30.9
	Multifamily (2–4 Units)	16.0
	Multifamily (5+ Units)	52.4
	Other (Including Mobile Homes)	0.6

Notes: The current date is April 1, 2021. Percentages may not add to 100 due to rounding. Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2019 American Community Survey 1-year data

Figure 12. Apartment Rents and Vacancy Rates in the Cedar Rapids HMA



Source: Moody’s Analytics REIS



market vacancy rate has been trending up as the low vacancy rates attracted developers to the market; an increasing number of rental units have recently come online, which helped alleviate previously tight apartment market conditions.

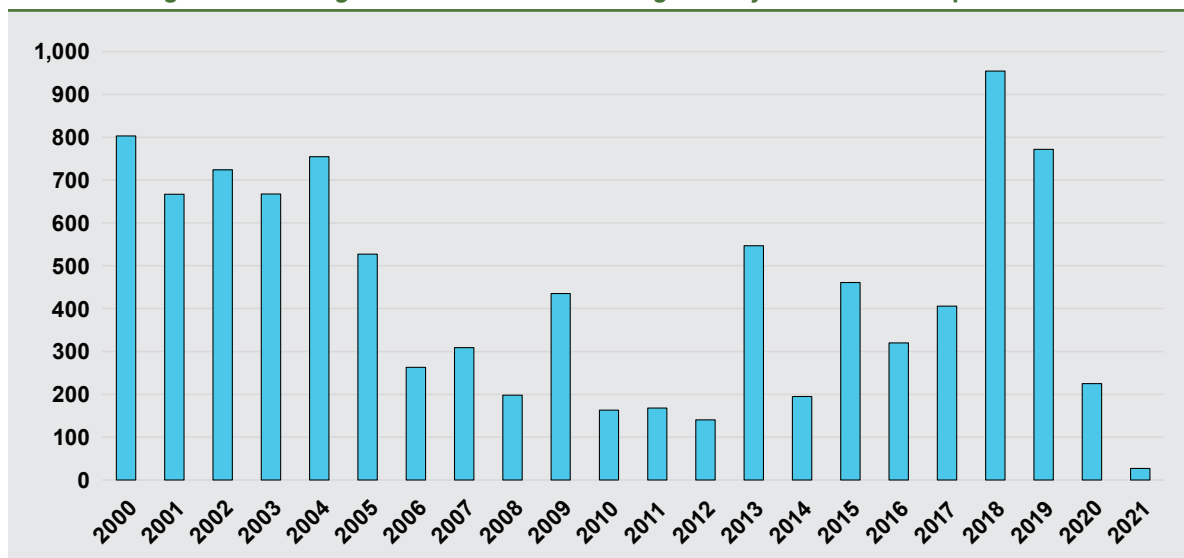
The average rent for an apartment in the Cedar Rapids HMA during March 2021 was \$719, an increase of \$9, or slightly more than 1 percent, from the previous 12 months (Moody’s Analytics REIS). During March 2013, the average rent for an apartment was \$615, and by March of 2015, the average rent had increased by an average of \$7, or slightly more than 1 percent, annually, to \$629, as balanced market conditions did not put significant upward pressure on rents. As apartment market conditions tightened, rent growth accelerated, and by March 2016, the average rent was up to \$642, an increase of \$13, or more than 2 percent, from March 2015. With tight apartment market conditions prevailing in 2017 and 2018, the rate of rent growth increased in the HMA, and by March 2019, the average rent for an apartment was \$698, an average increase of \$19, or nearly 3 percent, annually since 2016.

Rental Construction Activity

Building construction activity during the 12 months ending March 2021, as measured by the number of rental units permitted, totaled 230 units—down by 430, or 66 percent, from the previous 12 months (based on preliminary data and adjustments by the analyst). Rental construction has slowed during the past year,

following a spike in the number of units permitted in 2018 and 2019 (Figure 13). Following the flood in 2016, rental construction activity increased to 410 units in 2017 and accelerated to an average of 860 units annually during 2018 and 2019. Previously strong permitting and a slowing rate of population growth since 2017 contributed to increasing vacancy rates, which led to a significant decline in rental permitting by 2020, as many new units began to come online. By 2020, new units that were permitted 12 to 18 months earlier coincided with large job declines, which resulted in a reduced level of rental units permitted during the past year. The spike in permitting in 2018 and 2019 mirrors the strong permitting activity from 2000 through 2004, when rental construction activity averaged 720 units annually. Construction dropped off in 2005 and 2006, staying low through 2009, averaging 350 units annually. Construction declined further, reaching consistent lows from 2010 through 2012, averaging only 160 units annually. The lowest annual construction activity during this period was in 2012, when only 140 units were permitted, and coincided with a period of out-migration that contributed to the lowest population growth total since 2000. A return to net in-migration in 2013 led to a subsequent increase in permitting activity. Migration remained positive moving forward, leading to an average of 390 units permitted from 2013 through 2017, ahead of the construction spike in 2018 and 2019.

Figure 13. Average Annual Rental Permitting Activity in the Cedar Rapids HMA



Notes: Includes apartments and units intended for rental occupancy. Data for 2021 are through March 2021.
Sources: U.S. Census Bureau, Building Permits Survey; 2000–2020—final data and estimates by the analyst; 2021—preliminary data and estimates by the analyst



Rental Developments Underway or Recently Completed

Newly completed developments in Cedar Rapids include 245 Kingston, a 72-unit mid-rise apartment building on the west side of the Cedar River that opened in 2020. This development has studio, one-bedroom, and two-bedroom apartments with rents that range from \$895 to \$1,800 a month. In the city of Marion, East Town Crossing, a mixed-use development, is currently under construction and will have 88 units upon completion by the summer of 2021. The property will offer one- and two-bedroom units ranging from \$800 to \$1,400 a month.

Forecast

During the forecast period, demand is estimated for 760 new rental units in the HMA. The 170 units under construction will meet a portion of that demand (Table 8). Rental demand will continue to be concentrated in Linn County and is expected to be lowest during the first year of the forecast period, but demand will gradually increase as the local economy recovers from the COVID-19 job losses and net in-migration returns to the HMA.

Table 8. Demand for New Rental Units in the Cedar Rapids HMA During the Forecast Period

Rental Units	
Demand	760 Units
Under Construction	170 Units

Note: The forecast period is April 1, 2021, to April 1, 2024.

Source: Estimates by the analyst



Terminology Definitions and Notes

A. Definitions

Building Permits/ Permitted	Building permits, or homes and units permitted, do not necessarily reflect all residential building activity that occurs in an HMA. 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.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
Existing Home Sales/ Existing Home Prices	Includes regular resales and real estate owned sales.
Forecast Period	4/1/2021–4/1/2024—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family, townhome, and condominium sales.
Regular Resales	Includes short sales.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.



B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	Urbanized areas are defined using the U.S. Census Bureau’s 2010 Census Urban and Rural Classification and the Urban Area Criteria.

C. Additional Notes

1.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.
2.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

D. Photo/Map Credits

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