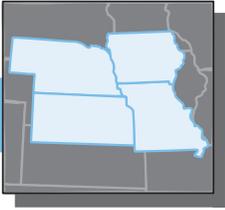


Housing Market Profile

Great Plains • HUD Region VII



St. Louis, Missouri-Illinois

The St. Louis metropolitan area, near the confluence of the Mississippi and Missouri Rivers in eastern Missouri and southwestern Illinois, is known as the Gateway to the West. The Missouri portion of the metropolitan area, which is known as Metro West, consists of eight counties and the independent city of St. Louis. The Illinois portion of the metropolitan area, known as Metro East, also consists of eight counties. As of January 1, 2013, the population of the metropolitan area was estimated at 2.83 million, reflecting an annual gain of 7,050, or 0.3 percent, since April 2010. By comparison, population growth averaged approximately 11,400 people, or 0.4 percent, annually from 2007 through 2010. Since 2007, net out-migration has averaged 2,100 people a year. From 2000 through 2006, the metropolitan area experienced modest net in-migration, which averaged approximately 100 people annually. More than 65 percent of the metropolitan area population resides in Missouri; St. Louis County has approximately 35 percent of the total population of the metropolitan area. Currently, 1.13 million households are in the metropolitan area, reflecting an increase of 2,925 households, or 0.3 percent, annually since April 2010. By comparison, household growth averaged 7,075, or 0.7 percent, annually from 2000 to 2010. The slowdown in household growth is partly attributable to the doubling-up effect of people combining households during the economic downturn. According to the American Housing Survey, the number of households that included nonrelatives increased to 93,800, or 8.4 percent of total households, in 2011 compared with 62,300, or 6.0 percent of total households, in 2004.

Economic conditions in the metropolitan area began to improve in 2010, after 2 years of job losses. During the 12 months ending November 2012, nonfarm payrolls averaged 1.3 million jobs, an increase of 2,600 jobs, or 0.2 percent, compared with the number of jobs recorded a year earlier. This increase followed a gain of 9,100 jobs, or 0.7 percent, during the 12 months ending November 2011. Nonfarm payrolls remain 64,000 jobs, or 4.7 percent, below the peak of 1.36 million jobs recorded in 2007. The largest employers in the metropolitan area include BJC HealthCare and The Boeing Company, which employ approximately 24,800 and 14,700 people, respectively. During the 12 months ending November 2012, the two largest employment sectors in the metropolitan area, the professional and business services and the education and health services sectors, increased by 4,800 and 3,500

jobs, or 2.5 and 1.5 percent, to 196,300 and 230,300 jobs, respectively. The manufacturing sector increased by 1,900 jobs, or 1.7 percent, to 111,600 jobs, and the financial activities sector increased by 1,000 jobs, or 1.2 percent, to 82,000 jobs. During 2012, General Motors Company broke ground on a \$380 million expansion to its assembly plant in St. Charles County, Missouri, that is expected to add more than 1,200 jobs when completed in 2014. Job losses in the information sector and the retail trade subsector, which lost 2,200 and 3,000 jobs, decreases of 7.2 and 2.2 percent, respectively, partially offset those employment gains. During 2012, job losses in the information sector included 60 layoffs at The McGraw-Hill Companies and the closure of a data processing center by Network Solutions, LLC, resulting in a loss of 75 jobs.

The sales housing market in the St. Louis metropolitan area is currently soft but improving, with a current estimated vacancy rate of 2.3 percent, down from 2.4 percent in April 2010. According to data from Hanley Wood, LLC, during the 12 months ending October 2012, new and existing home sales were up more than 8 percent from the previous year, to 45,600 homes sold. By comparison, home sales averaged nearly 53,900 homes annually from 2008 through 2010. During the past 24 months, average sales prices for new and existing homes remained essentially unchanged at approximately \$182,600. Home prices averaged \$181,600 from 2008 through 2010. Construction of single-family homes in the metropolitan area has increased during the past year, reflecting improvements in the home sales market. Based on preliminary data, during the 12 months ending November 2012, single-family building activity, as measured by the number of homes permitted, totaled 4,125 homes, up 24 percent from the previous 12 months. By comparison, an average of 4,325 homes were permitted annually from 2008 through 2010. Prices for new single-family homes in the metropolitan area typically start at about \$140,000, and prices for new townhomes start at \$110,000 in the outlying counties. Charlestowne, a development with 91 homes in St. Charles County, has three-bedroom homes starting at \$160,000. The Estates at Plum Hill, a 25-lot development in St. Clair County, Illinois, is expected to begin construction of two- to four-bedroom homes in January 2013, with prices starting at \$144,000. Based on data from St. Louis Real Estate Today, in November 2012, the inventory of single-family homes on the market represented a 6.7-month supply compared with the 7.6-month supply recorded in November 2011. According to LPS Applied Analytics, as of November 2012, 5.3 percent of home loans in the metropolitan area were 90 days or more



delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), down slightly from 5.4 percent a year earlier.

The rental housing market in the St. Louis metropolitan area is currently soft, with an overall rental vacancy rate estimated at 10.1 percent, down from 10.8 percent in April 2010. According to Reis, Inc., the apartment vacancy rate was 5.7 percent in November 2012, down from 6.7 percent in November 2011. The average asking apartment rent in November 2012 was \$760, an increase of nearly 3 percent compared with the rent recorded a year earlier. Multifamily building activity in the metropolitan area has increased during the past year. Based on preliminary data, during the 12 months ending November 2012, multifamily construction, as measured by the number of units

permitted, increased to 1,525 units, up 10 percent from the previous 12 months. By comparison, an average of 960 units were permitted annually from 2008 through 2010. Current building activity, however, remains significantly below the average of 1,900 multifamily units permitted annually during the peak years of 2002 through 2005. Recent developments include the 230-unit ParkPacific apartments in downtown St. Louis, a 2011 renovation of the former headquarters building of the Missouri Pacific Railroad Company. The ParkPacific apartments offer studio, one-bedroom, two-bedroom, and three-bedroom apartments with rents ranging from \$1,120 for studio apartments to \$5,100 for three-bedroom penthouses. In St. Clair County, the recently complete Parkway Lakeside apartments consist of 232 one- and two-bedroom apartments with rents ranging from \$1,060 to \$1,760.