

Cheyenne, Wyoming

HUD Region VIII

(U.S. Housing Market Conditions Report – 2nd quarter 2011)

The Cheyenne metropolitan area, consisting of Laramie County, is located on the Great Plains in the southeast corner of Wyoming. As of July 1, 2011, the population of the metropolitan area is estimated to be 93,300. Despite job losses in the past 2 years, net in-migration to the area has remained positive since 2005, averaging about 650 people a year over the past 3 years. Since 2008, population growth in the area has averaged nearly 1,200 people, or 1.3 percent, annually, compared with 1,000 people, or 1.1 percent, annually during the previous 3 years. Cheyenne is the state capital and the location of F.E. Warren Air Force Base (Warren AFB), so the government sector accounts for nearly one-third of all nonfarm payrolls in the area. Warren AFB, with 3,800 military and civilian personnel, has an annual economic impact on the Cheyenne area of about \$364 million, according to a base report. State government employment represents about another 4,000 jobs.

Cheyenne is located at the intersection of Interstates 25 and 80 and is served by a number of rail lines, which makes the area attractive as a distribution hub. Swan Ranch Rail Park, a 7,200-acre manufacturing and logistics center, which includes a multimodal freight transportation hub, is nearing completion and is expected to add about 800 jobs over the next 18 months. Other major business developments include the \$66 million NCAR-Wyoming Supercomputing Center, a joint project of the National Center for Atmospheric Research and the University of Wyoming (UW), and the High Plains Gasification-Advanced Technology Center, a collaboration between General Electric Company and UW. The nearby Niobrara Shale, which has been the site of recent exploratory oil and gas drilling, is another area of potential development in Cheyenne. Although it is too early to tell if the shale deposits will be commercially viable, the exploration activity has helped boost energy-related employment in the area.

Despite these economic developments, nonfarm payrolls in the area have declined in the past year. For the 12 months ending April 2011, nonfarm payroll jobs in the Cheyenne metropolitan area averaged about 43,600, a decline of about 150 jobs, or 0.3 percent, from the previous 12 months. Nonfarm payrolls peaked in 2008 at about 45,200 jobs. The construction and retail trade subsectors, and the manufacturing sector experienced the largest job losses, of approximately 200, 150, and 50 jobs, or 5.7, 3.0, and 2.9 percent, respectively. Job growth in other sectors partially offset these losses. The professional and business services, education and health services, and transportation and utilities sectors added about 100, 75, and 50 jobs, increases of 2.9, 1.6, and 1.7 percent, respectively. During the 12 months ending April 2011, the unemployment rate for the Cheyenne metropolitan area averaged 7.2 percent, down slightly from the 7.3-percent rate recorded during the previous 12 months.

The home sales market in Cheyenne is currently soft, a result of the slow economy and tight lending standards. According to data from Hanley Wood, LLC, approximately 1,300 existing single-family homes sold in the Cheyenne metropolitan area during the 12 months ending April 2011 compared with 1,450 homes sold in the previous 12 months, a nearly 10-percent decrease. Single-family home sales have declined more than 30 percent from their peak in 2006, when nearly 1,900 existing homes sold. Existing single-family home sales averaged about 1,375 annually during the past 3 years. Sales of existing attached homes (such as condominiums and townhomes) were down nearly 6 percent during the 12 months ending April 2011, to about 175 units sold. During the same period, prices for existing single-family homes averaged about \$192,200, up more than 2 percent from \$188,200 a year earlier. Prices for existing attached homes increased by nearly 7 percent, from \$143,800 to \$153,600. Because of weak sales demand, new single-family home construction, as measured by the number of building permits issued, has declined. Based on preliminary

data, 185 single-family homes were permitted in the 12 months ending April 2011, down 22 percent from a year earlier. By comparison, single-family construction averaged nearly 600 homes a year from 2003 through 2007.

The rental market in Cheyenne is currently tight, a result of continued growth in renter households and a lack of rental unit construction. Military personnel contribute to strong rental demand, accounting for nearly 20 percent of all renter households in the area. Growth in the energy industry has also boosted demand for rental units. According to the Wyoming Center for Business & Economic Analysis, Inc. (WCBEA), as of the fourth quarter of 2010, the vacancy rate at major apartment complexes in the area was 4 percent, down from a 5.3-percent rate a year earlier. Sundance Apartments completed construction in late 2010, and its 216 units leased up almost immediately. Monthly rents range from about \$700 for one-bedroom units to \$825 for two-bedroom units and \$930 for three-bedroom units. Other than those units, multifamily construction in the area, as measured by permits issued, has been at a standstill for the past 21 months. According to the WCBEA, average monthly rents in Cheyenne for the fourth quarter of 2010 ranged from about \$600 for mobile homes to \$640 for two-bedroom apartments and \$980 for single-family homes, representing increases of nearly 4, nearly 8, and 9 percent, respectively, from a year earlier.