

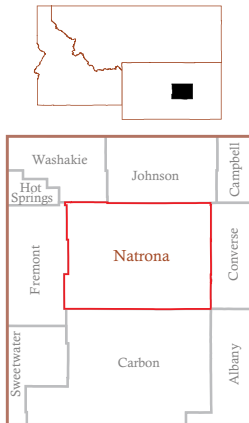


Casper, Wyoming

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of December 1, 2007



Housing Market Area



The Casper, Wyoming Housing Market Area (HMA), consisting of Natrona County and coterminous with the Casper, Wyoming metropolitan area, is located in central Wyoming on the north end of the Laramie Mountain Range. The area was originally founded as a trading post for settlers moving west, and the discovery of crude oil in the late 1800s has significantly influenced the area economy for more than 100 years. The Casper area is centrally located between two of the state's largest natural resource reserves, and the Natrona County Airport is a regional energy distribution and marketing center.

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Summary

Economy

The Casper HMA is currently undergoing strong economic growth as a result of increasing demand for natural resources. Nonfarm employment grew by 3.3 percent in the 12 months ending November 2007 to 40,125 jobs. Employment growth has averaged 3.3 percent annually since 2000. Both the goods-producing and service-providing sectors are expanding. During the most recent 12-month period, employment in the construction and manufacturing sectors grew by 4.1 and 2.6 percent, respectively, while job growth in the wholesale and retail trade sectors amounted to 4.4 and 3.5 percent, respectively. It is expected that area employment will continue to grow by more than 3 percent annually through the forecast date. Table DP-1, Data Profile, at the end of this report, details summary economic and demographic data for the Casper HMA.

Sales Market

The sales housing market in the HMA is tight. Employment growth and immigration have resulted in increased demand for new housing since 2003. Despite builders doubling housing production in 2003, new home construction has not kept pace with the growing demand. An additional 870 new single-family homes will be needed to satisfy demand during the 3-year forecast period (see Table 1).

Rental Market

The rental housing market in the HMA is extremely tight and the vacancy rate is currently 2 percent. During the 1980s, a significant amount of the area's single-family housing was converted into rental units; as sales housing market conditions have improved, those single-family homes are now being converted back into owner-occupied units. Another factor contributing to the tight rental market conditions is the lack of new multifamily development in the past 25 years. Approximately 560 new rental units will be needed to satisfy demand during the forecast period. Table 1 illustrates the demand for new rental housing in the HMA from the current date to the forecast date.

Table 1. Housing Demand in the Casper HMA, 3-Year Forecast, December 1, 2007 to December 1, 2010

	Casper HMA	
	Sales Units	Rental Units
Total Demand	870	560
Under Construction	60	0

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of December 1, 2007.

Source: Estimates by analyst

Economic Conditions

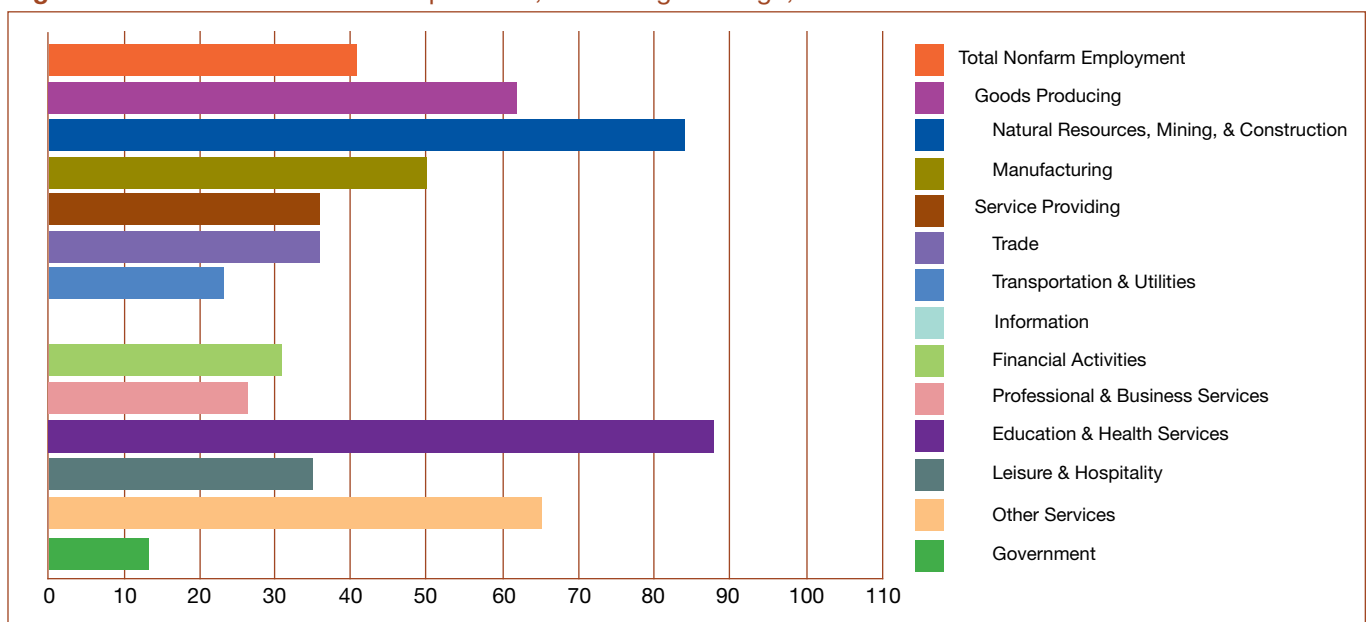
Recent and past economic growth in the Casper HMA is closely tied to demand for natural energy resources in the region. The last energy boom in the area began in the 1970s and lasted a decade, but, as energy prices fell and domestic production became unprofitable between 1980 and 1990, the area lost more than 13,000 jobs, or 31 percent of nonfarm employment.

The number of area jobs grew steadily from 1990 through 2003, averaging annual gains of 1.4 percent. During the period, employment growth in the education and health services sector averaged 3.9 percent annually for a total of 1,700 new jobs, and the professional and business services sector added 600 jobs. During the same period, natural resources and mining employment remained unchanged and service industry jobs that benefit the mining industry were cut. Since 2003, the Casper HMA has been in a

4-year period of relatively strong employment growth. Despite the recent strong economic growth, the current number of area jobs is slightly lower than the peak number recorded in 1981. Figure 1 details employment sector growth in the HMA from 1990 to the current date.

Although the area economy has somewhat diversified away from the oil and gas industries, energy-related business remains a major component of the economy and is the primary cause of the current economic expansion. Energy-related employment growth is influencing all employment sectors. For example, PolyPipe®, Inc., a manufacturer of high-density polyethylene pipe for the oil, gas, and mining markets, opened a new state-of-the-art manufacturing plant in 2007. Of the area's top 10 employers, 4 are involved in energy-related businesses. Table 2 shows the top employers in the HMA.

Figure 1. Sector Growth in the Casper HMA, Percentage Change, 1990 to Current



Notes: Current is based on 12-month averages through November 2007. The percentage change for the Information sector is zero; thus, this value is not displayed in the figure.

Source: U.S. Bureau of Labor Statistics

Table 2. Major Employers in the Casper HMA

Name of Employer	Employment Sector	Number of Employees
Wyoming Medical Center	Education & Health Services	1,200
Key Energy Services	Mining	600
TIC-The Industrial Company Wyoming, Inc.	Manufacturing	600
City of Casper	Local Government	507
Wal-Mart Stores, Inc.	Retail Trade	386
J.W. Williams, Inc.	Professional & Business Services	357
OfficeMax, Inc.	Retail Trade	339
Casper College	Education & Health Services	331
Wyoming Machinery Company	Wholesale & Retail Trade	315
Natrona County	Local Government	283

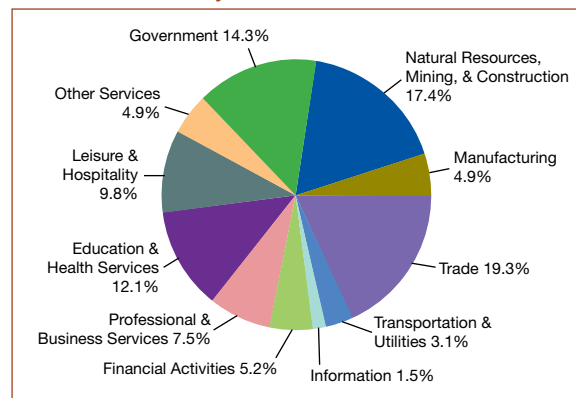
Source: Casper Area Economic Development Alliance, Inc.

Table 3. 12-Month Average Employment in the Casper HMA, by Sector

	12 Months Ending November 2006	12 Months Ending November 2007	Percent Change
Total Nonfarm Employment	38,825	40,125	3.3
Goods Producing	8,675	8,925	2.9
Natural Resources, Mining, & Construction	6,775	6,975	3.0
Manufacturing	1,900	1,950	2.6
Service Providing	30,150	31,200	3.5
Trade	7,450	7,725	3.7
Transportation & Utilities	1,200	1,225	2.1
Information	600	600	0.0
Financial Activities	2,075	2,100	1.2
Professional & Business Services	2,925	3,025	3.4
Education & Health Services	4,725	4,875	3.2
Leisure & Hospitality	3,700	3,925	6.1
Other Services	1,850	1,975	6.8
Government	5,650	5,750	1.8

Notes: Based on 12-month averages through November 2006 and November 2007. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Figure 2. Current Employment in the Casper HMA, by Sector

Note: Based on 12-month averages through November 2007.

Source: U.S. Bureau of Labor Statistics

Nonfarm employment averaged 40,125 jobs in the 12 months ending November 2007 (see Table 3), an increase of 3.3 percent from the same period a year ago. Job growth occurred in both the goods-producing and service-providing sectors. The area unemployment rate for the period fell to an average of 2.7 percent from 3 percent a year earlier. The area's leading employment sector—natural resources, mining, and construction—increased by an average of 3 percent to approximately 6,975 jobs through November 2007. The resurgence of oil and gas exploration and extraction, the development of clean coal, and the increase in Wyoming's energy transmission capability are bringing more people and industries to Wyoming. Energy-related activity is increasing demand for products and services in the area and has led to growth in several employment sectors. During the 12-month period ending November 2007, the leisure and hospitality, professional and business services, and education and health services sectors grew by 6.1, 3.4, and 3.2 percent, respectively. Figure 2 shows current employment in the HMA by sector.

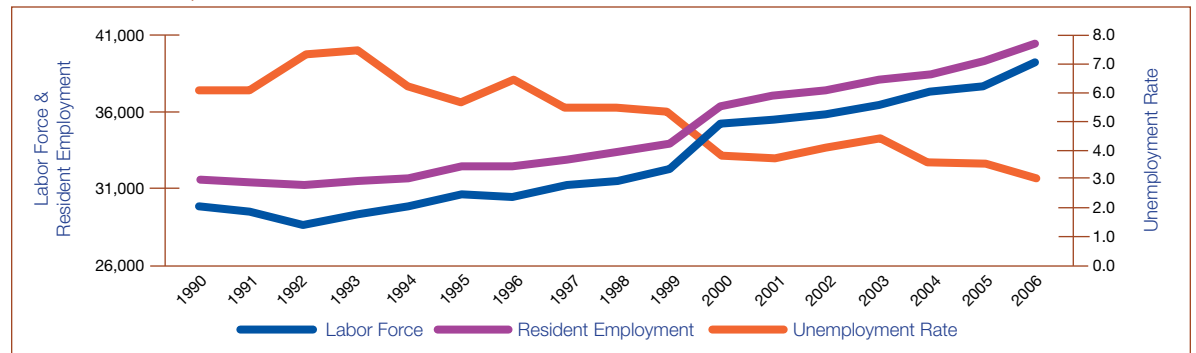
Although the area median income has risen by almost 32 percent to \$60,100 since 2000, competition for high-paying jobs across the state and limited housing availability in the HMA have constrained the growth of the area labor market, leaving many open job positions vacant for months. Commuters from nearby counties are filling some of these positions; the Wyoming Department of Employment Research and Planning reports that more than 10,000 people commute into the Casper area to work, but it is

difficult to recruit workers for specialized or highly skilled positions.

Figure 3 shows trends in the labor

force, resident employment, and unemployment rate in the HMA from 1990 to 2006.

Figure 3. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Casper HMA, 1990 to 2006

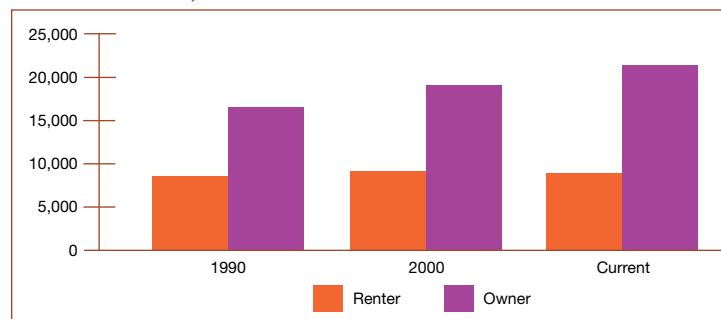


Source: U.S. Bureau of Labor Statistics

Population and Households

The population of the Casper HMA has fluctuated with economic conditions. In 1980, the population in the area was 71,856 but had fallen by 14 percent to 61,226 by the 1990 Census. Many people moved out of the area as a result of a significant economic downturn and the loss of oil and gas jobs. During the same time, the number of households fell by nearly 8 percent to 23,837.

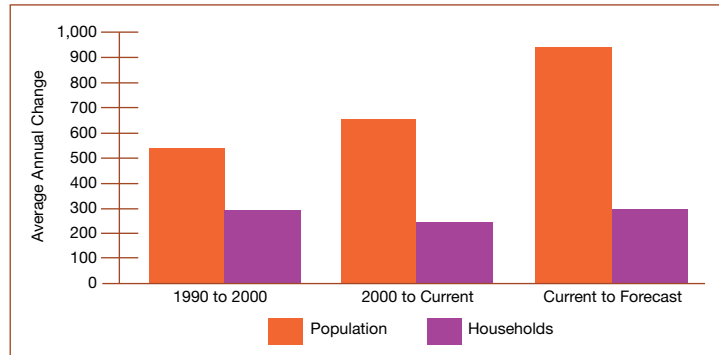
Figure 4. Number of Households by Tenure in the Casper HMA, 1990 to Current



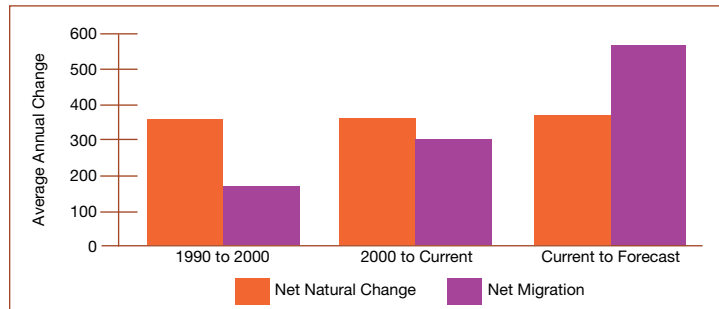
Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

As the economy started to recover in the early 1990s, the population grew by an average of 1.2 percent annually through the decade. Abundant and affordable housing left vacant by area residents a decade earlier allowed for easy relocation to the area and the opportunity to achieve homeownership. Figure 4 shows the number of households by tenure in the HMA from 1990 to the current date. Although smaller on average, the number of households grew to 26,819 by the 2000 Census and the area population had reached 66,533. Figure 5 shows a comparison of population and household growth in the HMA from 1990 to the forecast date.

Since 2000, population growth in the HMA has averaged 1.3 percent a year. As of December 1, 2007, the population of the area is estimated at 71,600 and the number of households is estimated at 28,800. Net natural change (resident

Figure 5. Population and Household Growth in the Casper HMA, 1990 to Forecast

Sources: 1990 and 2000–1990 Census and 2000 Census; current and forecast—estimates by analyst

Figure 6. Components of Population Change in the Casper HMA, 1990 to Forecast

Sources: 1990 and 2000–1990 Census and 2000 Census; current and forecast—estimates by analyst

births minus resident deaths) and net in-migration each accounted for approximately one-half of the total population growth. Figure 6 details the components of population change in the HMA from 1990 to the forecast date. It is expected that the population will continue to grow by 1.3 percent annually to 74,400 and the number of area households will reach 29,700 through the forecast period.

Housing Market Trends

Sales Market

As a result of the economic downturn in the 1980s, home sales prices declined significantly in the Casper HMA. Many homeowners who could not sell their homes converted them into rental units or abandoned them. According to the 1990 Census, 5.6 percent of the previous owner-occupied single-family housing stock was vacant and 1,000 more single-family homes were available for rent than in 1980. Many homes suffered from deferred maintenance and neglect. New home construction was minimal through the decade, which allowed existing vacant units

to be reabsorbed into the sales housing market. By 2000, the market had become balanced and the vacancy rate fell to 1.5 percent. The market has continued to tighten because new construction has not kept pace with demand.

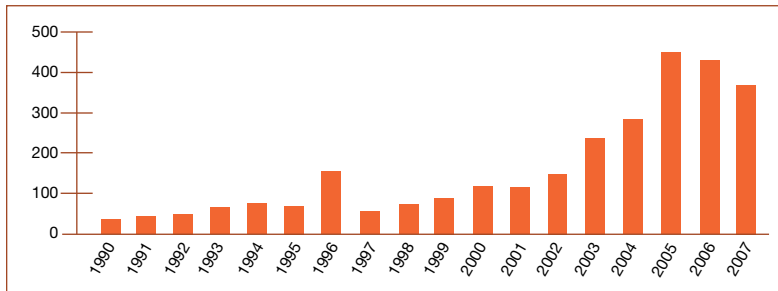
The sales housing market in the HMA is currently tight. During the 1990s, nearly 80 percent of new residential construction consisted of single-family units and averaged just 70 units annually. Between 2000 and 2002, single-family construction, as measured

Housing Market Trends

Sales Market *Continued*

by the number of building permits issued, averaged 117 homes a year. In 2003, the number of homes permitted increased to 234. Construction activity rose to more than 300 homes by 2005 and has remained at that level. Figure 7 shows the number of single-family permits issued in the HMA from 1990 to 2007. During the 12 months ending November 2007, more than 400 single-family homes were permitted, relatively unchanged from the number permitted during the same period a year earlier.

Figure 7. Single-Family Building Permits Issued in the Casper HMA, 1990 to 2007



Notes: Includes only single-family units. Includes data through November 2007.

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

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Casper HMA, December 1, 2007 to December 1, 2010

Price Range (\$)		Units of Demand	Percent of Total
From	To		
100,000	139,999	85	9.8
140,000	179,999	105	12.1
180,000	219,999	130	14.9
220,000	259,999	190	21.8
260,000	299,999	130	14.9
300,000	399,999	125	14.4
400,000	and higher	105	12.1

Source: Estimates by analyst

New housing developments are under construction south of the city of Casper along the foothills of the Laramie Mountain Range and the North Platte River. The homes on the south edge of the city, which feature models targeting move-up homebuyers, are priced starting at approximately \$250,000. High-end homes with upgraded amenities are priced above \$400,000. Approximately 100 new affordable homes are expected to be completed throughout the HMA in the next year. These units will be priced between \$160,000 and \$237,000 so homebuyers can qualify for the Wyoming Community Development Authority's homebuyer programs.

The average home price was \$201,600 for the 12 months ending November 2007, a 12-percent increase compared with \$180,325 for the same period in 2006. Existing home sales totaled 1,500, relatively unchanged from the number sold the year before. At the end of November 2007, 400 homes were listed for sale in the HMA, a 3-month supply, given current sales activity.

An additional 870 new single-family units will be needed to satisfy demand through the forecast date. Most demand for new single-family units will be for homes priced below \$220,000. Table 4 shows estimated demand for new market-rate sales housing in the HMA by price range from the current date to the forecast date.

Rental Market

The last substantial apartment development was built in the Casper HMA in 1981. Since that time, the number of multifamily units constructed, as measured by the number of units per-

mitted, has averaged fewer than 20 a year (see Figure 8). Recent employment and population growth, combined with little new multifamily construction, has resulted in extremely tight condi-

tions in the rental market. The current rental vacancy rate is approximately 2 percent. Figure 9 shows rental vacancy rates in the HMA from 1990 to the current date.

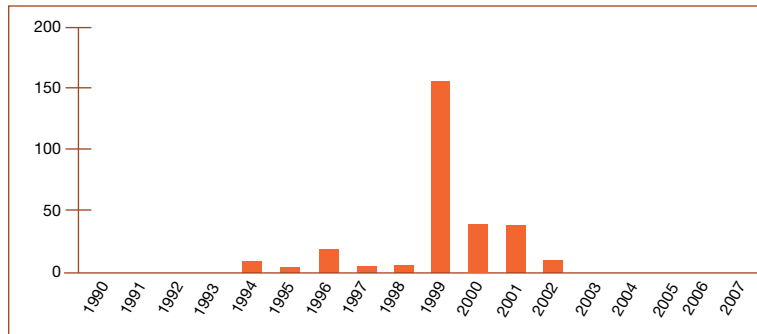
As of the 2000 Census, the HMA had approximately 3,000 single-family homes occupied by renter households, but data from the 2006 American Community Survey indicate that the number of single-family rental units has fallen to approximately 2,400,

reducing the level of available rental housing. Slightly more than 30 percent of the area rental stock consists of single-family homes, down from 37 percent in 2000. The existing supply of available rental units consists of older and typically functionally obsolete manufactured homes.

According to the state-published Wyoming Cost of Living Index, the average rent for an apartment in Natrona County was \$542 in the second quarter of 2007, a 7-percent increase compared with the average rent recorded in the same quarter of 2006. The average rent for a single-family home was \$945 in the second quarter of 2007, up 23 percent from the average rent recorded in the same quarter of 2006. Local sources indicate that private investors who recently purchased area apartment developments expect to raise rents by more than \$100 a month. Increasing land and labor costs have restrained new large-scale rental housing development.

An additional 560 new rental units will be needed to satisfy demand through the forecast period. Demand for rental units is highest for units targeted at households earning less than 50 percent of the area median income. Table 5 shows estimated demand for new market-rate rental housing in the HMA by rent level and number of bedrooms from the current date to the forecast date. At least 400 new units are needed immediately and the remaining units should come on line during the last 2 years of the forecast period.

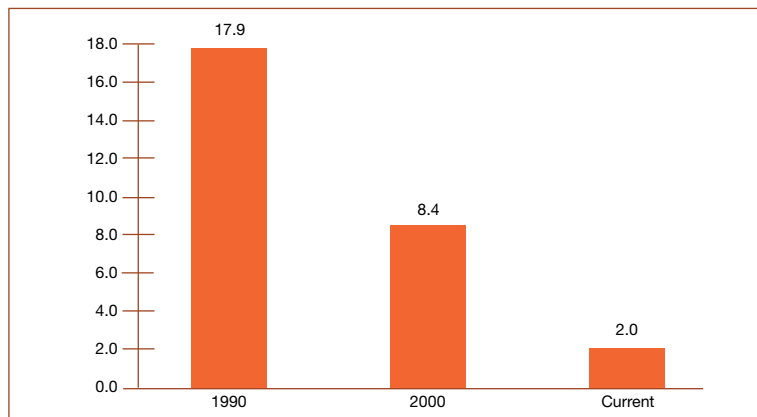
Figure 8. Multifamily Building Permits Issued in the Casper HMA, 1990 to 2007



Notes: Includes all multifamily units in structures with two or more units. Includes data through November 2007.

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

Figure 9. Rental Vacancy Rates in the Casper HMA, 1990 to Current



Sources: 1990 and 2000–1990 Census and 2000 Census; current—estimates by analyst

Housing Market Trends

Rental Market *Continued*

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Casper HMA, December 1, 2007 to December 1, 2010

1 Bedroom		2 Bedrooms		3 or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
400	140	500	335	600	85
450	125	550	280	650	75
500	115	600	255	700	70
550	100	650	230	750	60
600	90	700	200	800	50
650	75	750	165	850	45
700	65	800	140	900	40
800	50	900	115	1,000	30
900	40	1,000	75	1,100	20
1,000	30	1,100	50	1,200	15
1,100	25	1,200	35	1,300	10
and higher		and higher		and higher	

Notes: Distribution above is noncumulative. Demand shown at any rent represents demand at that level and higher.

Source: Estimates by analyst

Data Profile

Table DP-1. Casper HMA Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	29,950	35,100	39,850	1.6	1.9
Unemployment Rate (%)	6.1	3.9	2.7		
Nonfarm Employment	28,500	32,000	38,850	1.2	2.8
Total Population	61,226	66,533	71,600	0.8	1.0
Total Households	23,837	26,819	28,800	1.2	0.9
Owner Households	16,416	18,740	20,900	1.3	1.4
Percent Owner (%)	68.9	69.9	72.6		
Renter Households	7,421	8,079	7,900	0.9	-0.3
Percent Renter (%)	31.1	30.1	27.4		
Total Housing Units	29,082	29,882	31,200	0.3	0.6
Owner Vacancy Rate (%)	5.7	1.5	1.0		
Rental Vacancy Rate (%)	17.9	8.4	2.0		
Median Family Income	\$32,469	\$45,575	\$60,100	3.4	3.5

Notes: Median family incomes are for 1989, 1999, and 2007. Employment data represent annual averages for 1990, 2000, and the 12 months through November 2007.

Sources: Estimates by analyst; U.S. Census Bureau; U.S. Department of Housing and Urban Development

Data Definitions and Sources

1990: 4/1/1990—U.S. Decennial Census

2000: 4/1/2000—U.S. Decennial Census

Current date: 12/1/2007—Analyst's estimates

Forecast period: 12/1/2007–12/1/2010—
Analyst's estimates

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.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_CasperWY.pdf.

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This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (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.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. 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 wishes to express its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

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