HOUSING OUTLOOK

LAURA JONES
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ELEVATE RAPID CITY

RAPID CITY HOUSING STUDY

TOPICS COVERED

- Definitions
- Population Growth
- Income & Affordability
- Existing Rental Market
- Existing Ownership Market
- Overall Vacancy Rate
- Demand from Projected Growth
- Strategies & Recommendations

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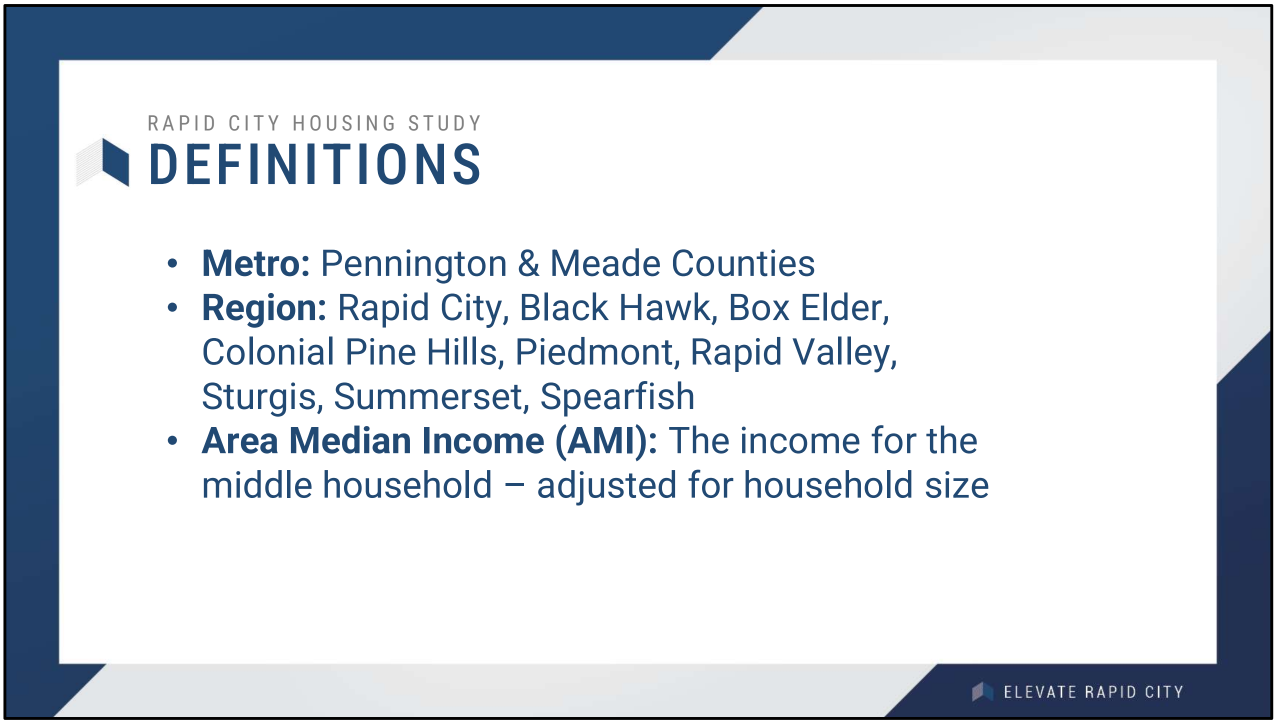
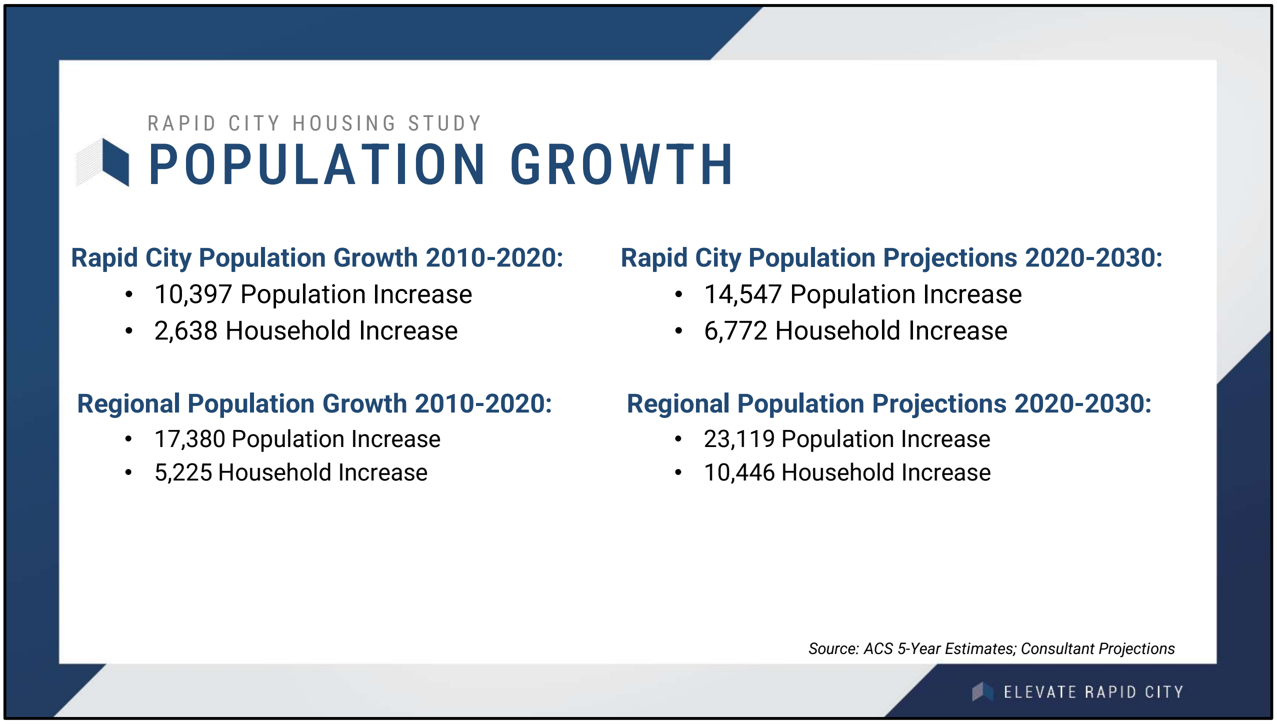
Elevate Rapid City | Laura Jones
laura.jones@elevaterapidcity.com



I'll refer to the metro only sparingly, much of this presentation is centered on Rapid City and the surrounding communities as well as the communities along the I-90 corridor to Spearfish.

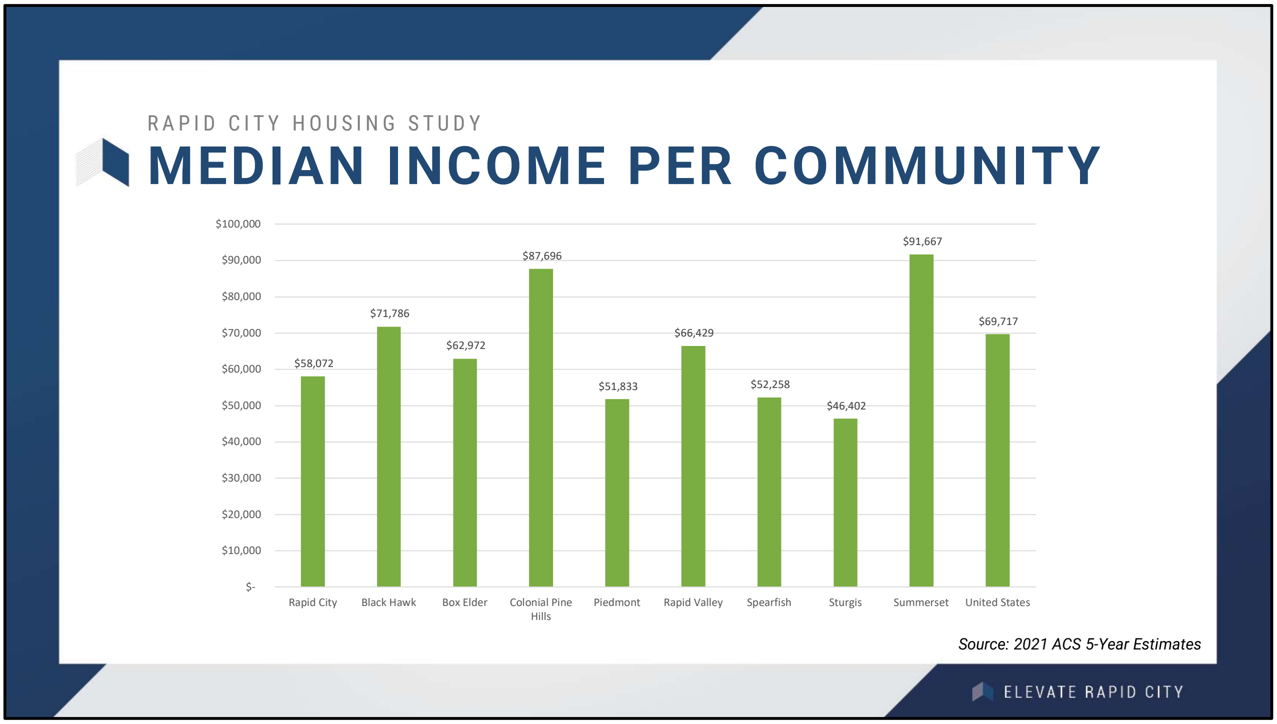
AMI is the income for the middle household in a given area and is generally used by HUD to set rent limits. Throughout this presentation and the discussion following, the term AMI will likely be used. For a reference point, HUD's AMI for one person in Pennington County is just under $60,000.



Nearly 16% increase in population between 2010 and 2020 in Rapid City
Over 16% increase in population overall

Projections are based on growth occurring in 2020 and 2021 as well as expected industries moving in related to the expansion of the base

Our household size is decreasing as our population continues to age and more young people delay life events such as marriage and child-bearing.



Median Income in Rapid City is $58,000, which affords $1,600 monthly housing cost. Keep in mind that the affordability metric also includes utilities.

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INCOME & AFFORDABILITY

Housing Rates (including utilities)							
	Section 8	50% AMI	60% AMI	80% AMI	100% AMI	110% AMI	120% AMI
Studio	$ 608	$ 747	$ 897	$ 1,196	$ 1,493	$ 1,642	$ 1,970
1 BR	$ 695	$ 800	$ 1,025	$ 1,366	$ 1,599	$ 1,759	$ 2,111
2 BR	$ 915	$ 960	$ 1,153	$ 1,537	$ 1,919	$ 2,111	$ 2,533
3 BR	$ 1,294	$ 1,109	$ 1,281	$ 1,708	$ 2,218	$ 2,440	$ 2,927
4 BR	$ 1,457	$ 1,237	$ 1,383	$ 1,845	$ 2,303	$ 2,533	$ 3,040
5 BR	$ 1,676	$ 1,365	$ 1,486	$ 1,981	$ 2,649	$ 2,913	$ 3,496

Source: HUDuser 2022 Income Limits

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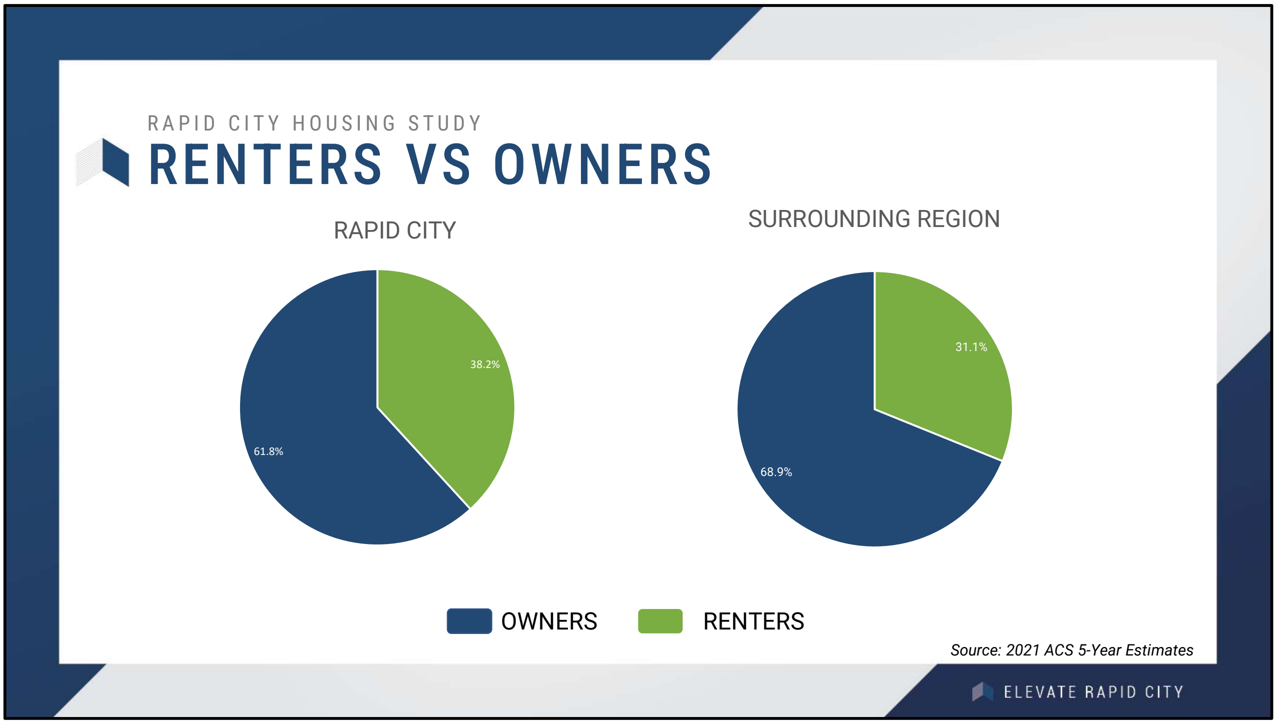
RAPID CITY HOUSING STUDY
RENTERS VS OWNERS
RAPID CITY
38.2%
61.8%
SURROUNDING REGION
31.1%
68.9%
OWNERS
RENTERS
Source: 2021 ACS 5-Year Estimates
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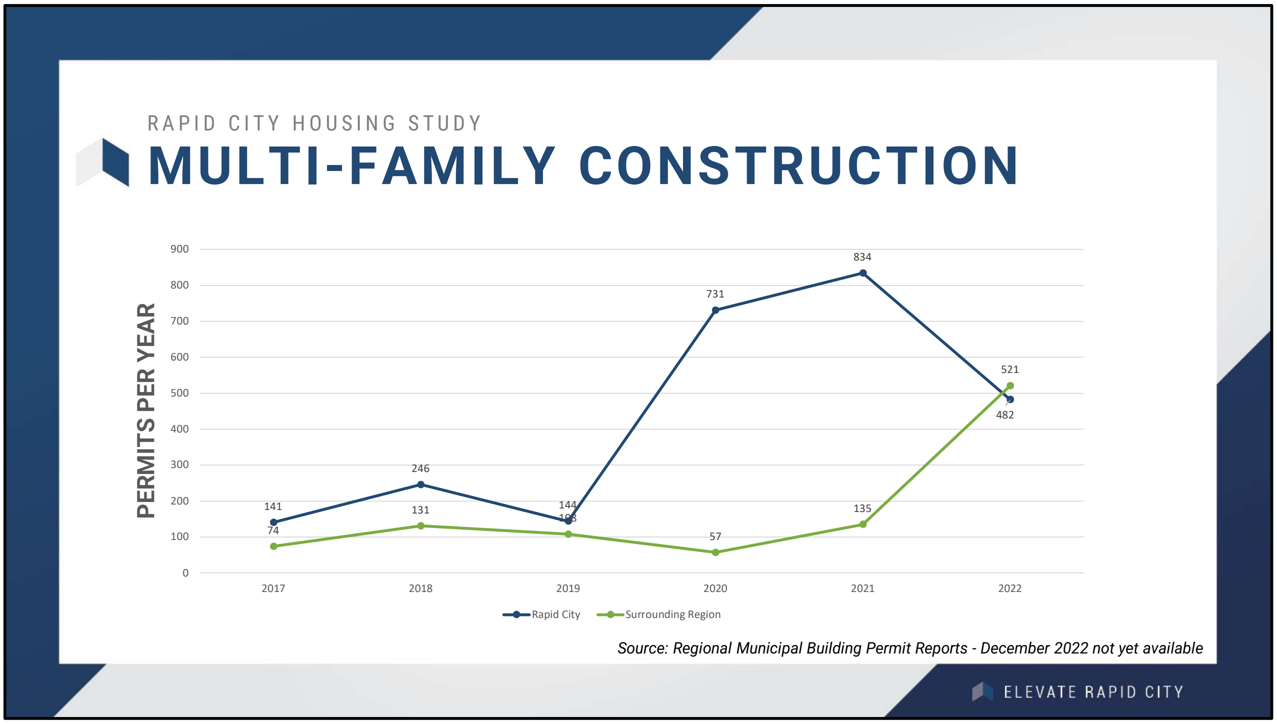
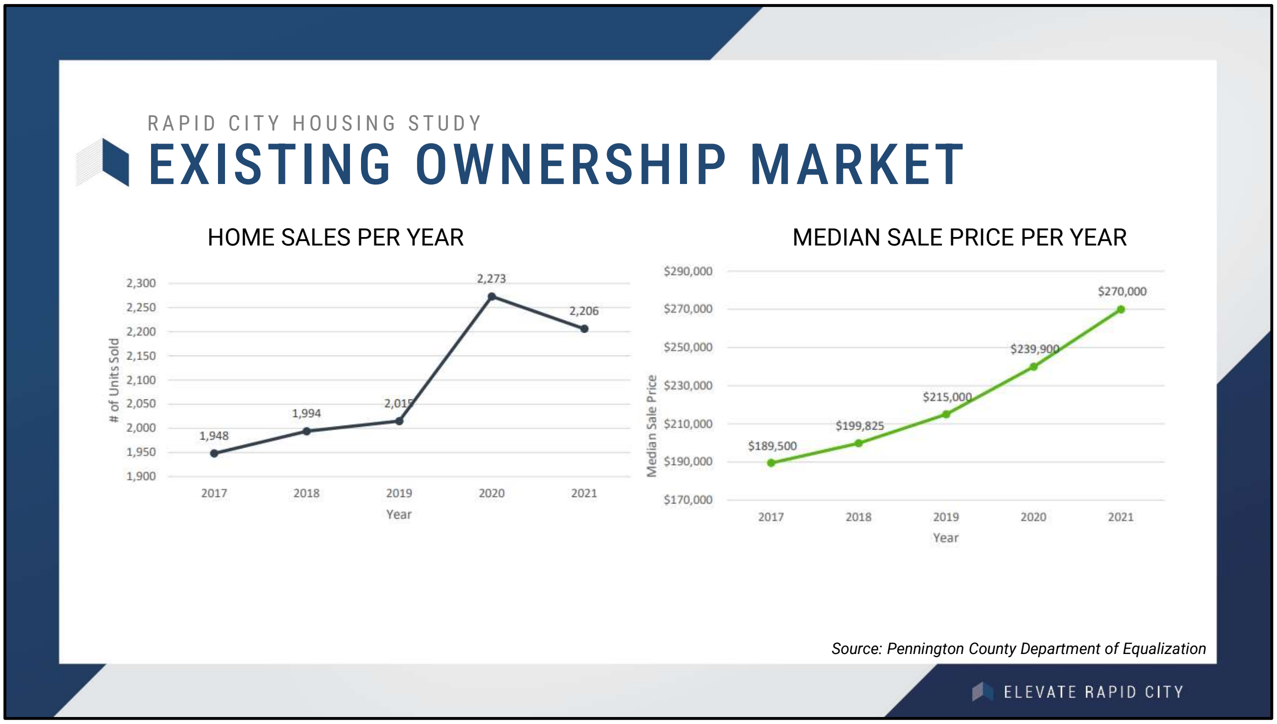


Multi-family market since the last housing study was completed.
2,487 have been permitted in Rapid This shows the number of units permitted in the City
946 have been permitted in the outlying areas

1,003 permitted in 2022 altogether


RAPID CITY HOUSING STUDY
EXISTING OWNERSHIP MARKET
HOME SALES PER YEAR
2,300
2,250
2,200
2,150
2,100
2,050
2,000
1,950
1,900
# of Units Sold
1,948
1,994
2,015
2,273
2,206
2017
2018
2019
2020
2021
Year
MEDIAN SALE PRICE PER YEAR
$290,000
$270,000
$250,000
$230,000
$210,000
$190,000
$170,000
Median Sale Price
$189,500
$199,825
$215,000
$239,900
$270,000
2017
2018
2019
2020
2021
Year
Source: Pennington County Department of Equalization
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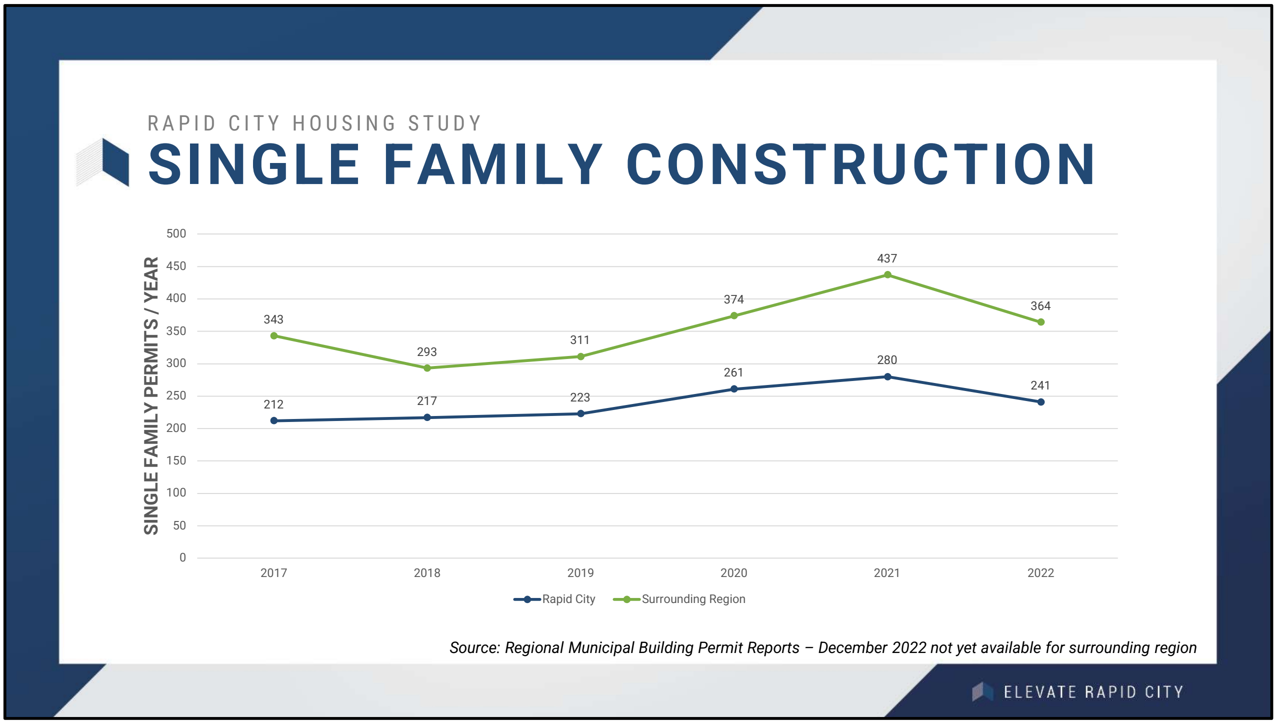

1,222 single family permitted in Rapid City since 2018
1,779 single family permitted in the outlying areas since 2018

605 permitted in 2022

RAPID CITY HOUSING STUDY

OVERALL VACANCY RATE

	Rapid City	*Percentage of Total Housing*	Surrounding Region	*Percentage of Total Housing*	Total Region	*Percentage of Total Housing*
For Rent	807	***2.7%***	403	***2.3%***	1,210	***2.5%***
Rented, Not Occupied	300	*1.0%*	45	*0.3%*	345	*0.7%*
For Sale Only	216	*0.7%*	124	*0.7%*	340	*0.7%*
Sold, Not Occupied	207	*0.7%*	-	*0.0%*	207	*0.4%*
For Seasonal Recreational or Occasional	451	*1.5%*	142	*0.8%*	593	*1.2%*
For Migrant Workers	-	*0.0%*	-	*0.0%*	-	*0.0%*
Other Vacant	826	*2.7%*	459	*2.6%*	1,285	*2.7%*
Total Vacant	2,807	***9.3%***	1,173	***6.6%***	3,980	***8.3%***
Total Housing Units	30,316		17,761		48,077	

Source: 2020 ACS 5-Year Estimates

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Ideal vacancy rate for rentals is 5-7%, which allows for mobility within the market. Currently, we are at about 2.5% regionally.
In the ownership market, ideal vacancy is 1.5%, currently that number is about 0.7%.

But our total vacancy is very high, with 2.7% other vacant, which is could be attributed to the short-term rentals.

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OVERALL VACANCY RATE

SHORT TERM RENTAL LISTINGS – RAPID CITY

	Available Listings			Booked Listings			Occupancy Rate		
Property Type	2021	2022	% Change	2021	2022	% Change	2021	2022	% Change
Entire Place	661	883	33.60%	594	825	38.90%	66%	64%	-2.90%
Private Room	107	110	2.80%	104	104	0.00%	55%	59%	6.50%
Shared Room	5	5	0.00%	4	4	0.00%	51%	61%	19.50%

Source: AirDNA Report – courtesy of Visit Rapid City

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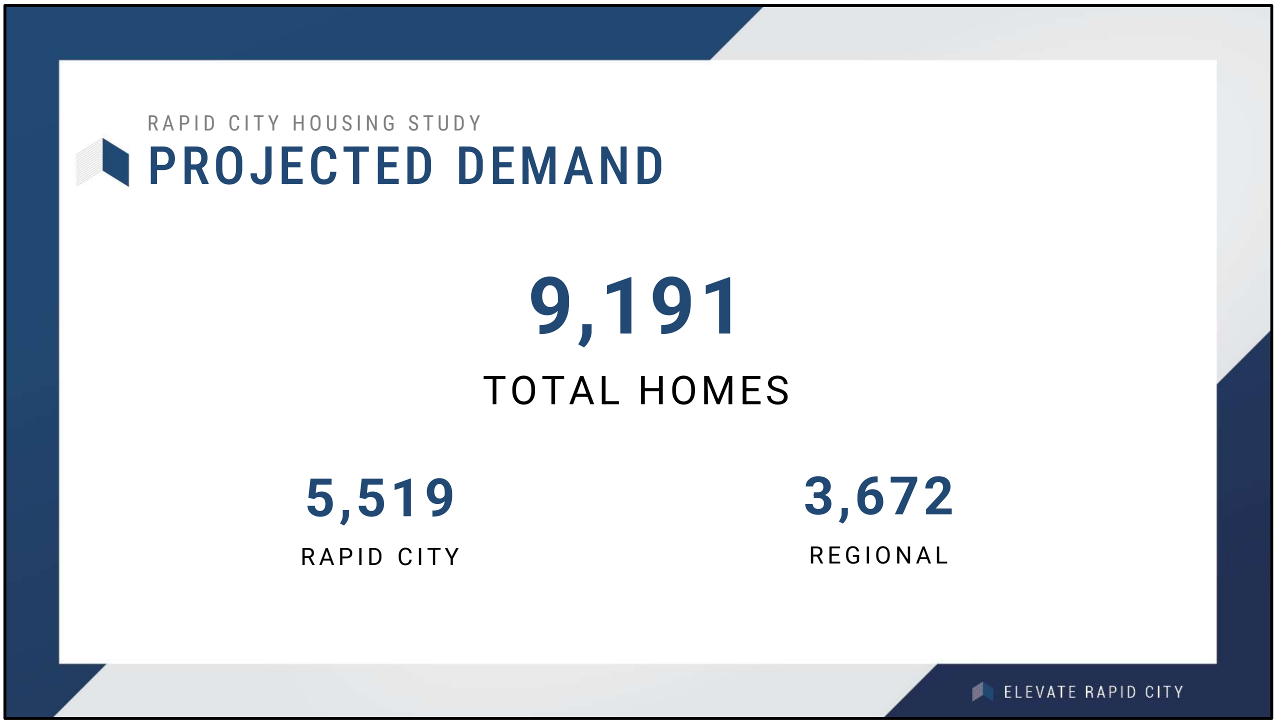
This is a snapshot of the last twelve months as of September 2022, or end of the peak season. There was a massive increase in number of whole homes listed on Airbnb or Vrbo, but not so much of an increase in the private or shared rooms.

It’s important to note however, that the occupancy rate is only 64%. So at any given time, a not insignificant number of homes are just plain vacant.



While this number is large and scary, it’s important to note that it’s related to projected growth.
This is NOT the number of units behind, but rather it accounts for current vacancy recovery as well as projected growth plus target vacancy.

RAPID CITY HOUSING STUDY

HOUSING UNIT DEMAND-RAPID CITY

	Rapid City		
	Ownership	Rental	Total
Demand from Household Growth 2020-2030			
Net Additional Households Under age 55	939	1,148	2,087
Net Additional Households age 55-74	1,948	1,049	2,997
Net Additional Households age 75+	938	767	1,705
Subtotal Units - Demand from Household Growth	3,825	2,964	6,789
Units Needed to Accommodate Growth Vacancy	57	178	235
Subtotal Units - Growth & Vacancy	3,882	3,142	7,024
Units needed to Restore Target Vacancy	74	532	606
Units Already Permitted in 2020 & 2021	-546	-1,565	-2,111
Total Additional Units by 2030	3,410	2,109	5,519

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HOUSING UNIT DEMAND – REGION EXCLUDING RAPID CITY

	Region - excluding Rapid		
	Ownership	Rental	Total
Demand from Household Growth 2020-2030			
Net Additional Households Under age 55	720	470	1,190
Net Additional Households age 55-74	1,399	577	1,976
Net Additional Households age 75+	403	120	523
Subtotal Units - Demand from Household Growth	2,522	1,167	3,689
Units Needed to Accommodate Growth Vacancy	432	80	512
Subtotal Units - Growth & Vacancy	2,954	1,247	4,201
Units needed to Restore Target Vacancy	138	33	171
Units Already Permitted in 2020 & 2021	-508	-192	-700
Total Additional Units by 2030	2,584	1,088	3,672

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HOUSING UNIT DEMAND-TOTAL

	Rapid City Region (Total)		
	Ownership	Rental	Total
Demand from Household Growth 2020-2030			
Net Additional Households Under age 55	1,659	1,618	3,277
Net Additional Households age 55-74	3,347	1,626	4,973
Net Additional Households age 75+	1,341	887	2,228
Subtotal Units - Demand from Household Growth	6,347	4,131	10,478
Units Needed to Accommodate Growth Vacancy	489	258	747
Subtotal Units - Growth & Vacancy	6,836	4,389	11,225
Units needed to Restore Target Vacancy	212	565	777
Units Already Permitted in 2020 & 2021	-1054	-1,757	-2,811
Total Additional Units by 2030	5,994	3,197	9,191

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KEY RECOMMENDATIONS

- Create and facilitate initiatives for redevelopment and smart growth
- Review regulations that may be impeding affordable development
- Leverage funding programs that help buy affordability
- Continue to build on partnerships with developers, employers, etc.

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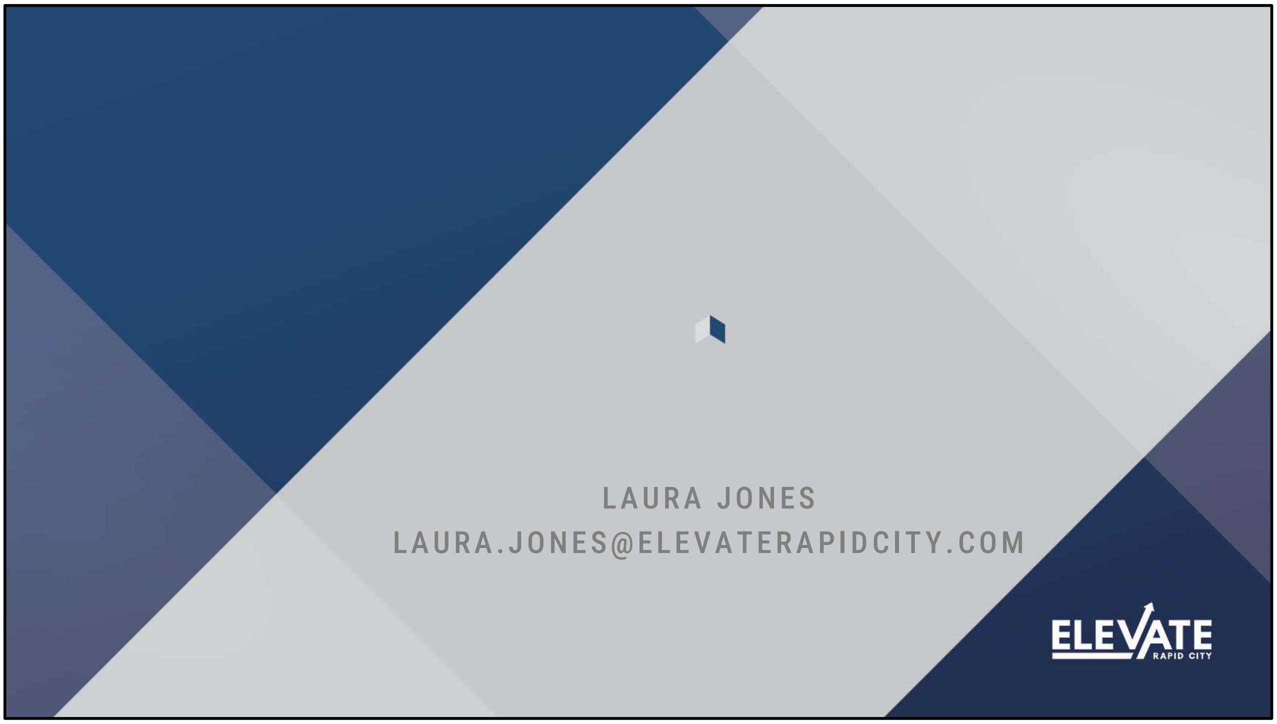
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