Housing Demand in South Dakota
*Trends and Insights*

Jared McEntaffer, PhD
Black Hills Knowledge Network

Roadmap

- Market Factors
- Population Factors
- Look Ahead
Market Factors

- Mortgage Rates
- Home Prices
- Consumer Confidence

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Market Factors

Median Sale Price ($1,000s)
Midwest Region

Mortgage Rates
Home Sales & Starts
Consumer Confidence

OECD Consumer Confidence

Mortgage Rates
Home Sales & Starts
Consumer Confidence
Population Factors

Population Factors
- Demographics
- Household Characteristics
- Income Trends

Statewide Population Projections
- 2010: 697,599
- 2015: 735,381
- 2020: 759,507
- 2025: 777,832

- 2010: 116,581
- 2015: 146,854
- 2020: 187,006
- 2025: 212,856

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Population Factors

Population Growth Rates

Demographics
Household Characteristics
Income Trends

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Population Factors

Demographics
Household Characteristics
Income Trends

Birth to 29: 8.6% projected increase by 2035
30 to 64: 6.5% projected increase by 2035
65 and Older: 94.9% projected increase by 2035

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Population Factors

Changes in ownership vs renting preferences

- 70% of housing in 2005 was Owner-Occupied, compared to 67% in 2018
- 30% of the market was Rental in 2005, compared to 33% in 2018

Population Factors

Composition Changes from 2005 to 2018

- 8% growth in family households
  - 9 in 10 new families are 2-person
- 18% growth in nonfamily households
  - 6 in 10 new non-family households are singles
Population Factors

Average Annual Wages

Demographics
Household Characteristics
Income Trends

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$37,373</td>
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<tr>
<td>2018</td>
<td>$43,671</td>
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17% Growth ($6,298)

Distribution of Average Annual Wages

Population Factors

Average Student Debt

Demographics
Household Characteristics
Income Trends

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Debt</th>
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</thead>
<tbody>
<tr>
<td>2005</td>
<td>$25,522</td>
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<tr>
<td>2018</td>
<td>$31,895</td>
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25% Growth ($6,373)

Distribution of Average Student Debt
Take aways

Headwinds

Opportunities

Population, infrastructure, and housing stock are aging, especially in rural areas.

Student debt is slowing down household formation and home buying.

Families and households are smaller but market trends and zoning regulations push for larger homes and lots sizes.
Headwinds & Opportunities

- Population, infrastructure, and housing stock are aging, especially in rural areas.
- Student debt is slowing down household formation and home buying.
- Families and households are smaller but market trends and zoning regulations push for larger homes and lots sizes.
- Aging population creates new demand for different types of housing.
- Increased demand and preference for rental allows for greater density and reduces infrastructure demands.
- Regulation changes can help increase access to housing.

Big Takeaways

1. A slowdown is looking more likely.
2. Buyers are getting older.
3. Buying is getting harder, especially for the young.

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Trends and Insights

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