

# Spotlight: Iowa

BY JENNIFER E. GARRETT



## THE COUNTRY WAS CLOSELY WATCHING THE HAWKEYE STATE LAST MONTH FOR THE RESULTS OF THE PRESIDENTIAL CAUCUS. BUT THERE ARE LOTS OF OTHER REASONS TO KEEP AN EYE ON IOWA.

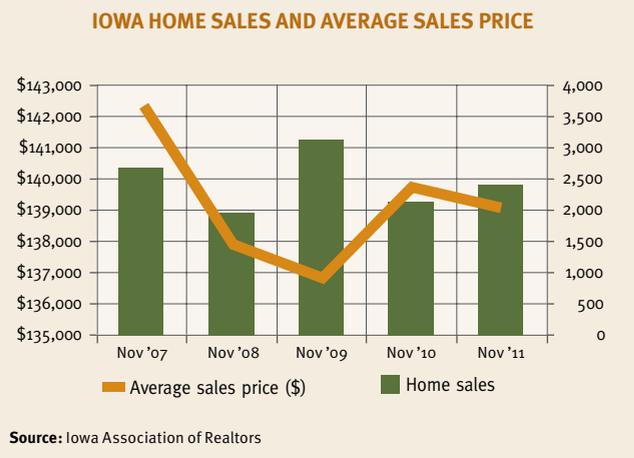
The state is ranked seventh in the nation for personal income, which grew by 2.5 percent in first-quarter 2011 and 1.5 percent in second-quarter '11. After a dip in 2009, per capita personal income rebounded to \$38,084 in 2010. With crop values high this past year, farming made a significant contribution to the increase in personal income growth, according to the Bureau of Economic Analysis. Iowa cropland values increased 31 percent year-over-year this past third quarter.

In addition, 24/7 Wall St., an online financial-news service, named Iowa as one of the five best-run states in the U.S. More than 90 percent of Iowans 25 years and older have at least a high-school diploma and only 9.3 percent of people are without health insurance. The state debt per capita is \$2,117, the 13th lowest in the country.

The housing industry is beginning to rebound, as well. New single-family units authorized by building permits are holding steady, with 4,960 issued this past October compared to 4,990 in October 2010. Permits for multifamily units increased 34 percent in the same period, according to the U.S. Census Bureau.

## Home Sales and Prices

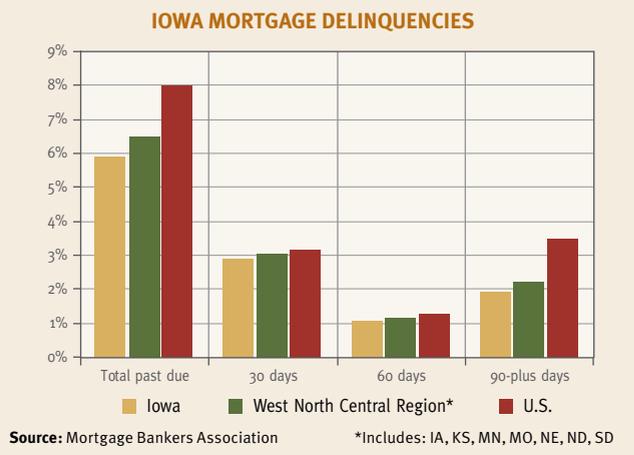
The housing market in Iowa has begun to pick up, according to recent figures from the Iowa Association of Realtors. This past November, the state had 2,406 closed home sales, a year-over-year increase from the 2,134 sales in November 2010. The average sales price in the state also is showing signs of recovery from its low point in 2009 when it reached \$136,730. This past November, the average sales price was \$139,029.



In addition, the National Association of Realtors (NAR) reports that total sales of single-family homes, apartment condominiums and co-ops in Iowa increased 33 percent from third-quarter '10 to this past third quarter. Statewide, 53,200 sales were made this past third quarter, compared to 40,000 in third-quarter '10.

## Mortgage Delinquencies

This past third quarter, the delinquency rate for mortgage loans on residential properties in Iowa was 5.91 percent, a decline from the 6.46 percent recorded in third-quarter '10, according to the Mortgage Bankers Association (MBA). The state also is well below the national delinquency rate of 7.99 percent.



The percentage of loans in foreclosure in Iowa was 2.82 percent this past third quarter, which ranked it 31st out of the 50 states plus Washington, D.C., the MBA reports. The national rate of loans in foreclosure this past quarter was 4.43 percent.

## Unemployment

Iowa has the eighth-lowest unemployment rate in the U.S. Although the national unemployment rate was 9 percent this past October, the state's unemployment rate was 6 percent, a slight decrease from 6.2 percent in October '10. Iowa added 13,200 jobs year-over-year, with the biggest gain coming from the manufacturing sector, which added 6,800 jobs. This past October also marked the first time in nearly two years that Iowa had fewer than 100,000 unemployed workers.

These numbers still represent a marked increase from the state's unemployment rate before the economic crisis, however. In October '07, Iowa's unemployment rate was merely 3.9 percent.

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## 3 Areas to Watch

### DES MOINES



The capital city's housing market is starting to rebound. This past November, home sales increased 18 percent from November 2010. The median sales price of existing single-family homes also increased from \$156,600 in third-quarter '10 to \$157,900 this past third quarter.

### IOWA CITY



The first U.S. city to be named a UNESCO "City of Literature," Iowa City is among CNNMoney.com's 25 best places to retire. Home to the University of Iowa and the Iowa Writers' Workshop, the city boasts a rich history and a booming arts culture. The average home sales price was \$180,390 this past October.

### WATERLOO-CEDAR FALLS



The median home price in the Waterloo-Cedar Falls metropolitan area climbed to \$118,100 this past third quarter, a 6.8 percent increase from third-quarter 2010. Ranked 10th on *Forbes'* Best Small Places for Business and Careers, the area's proximity to the Cedar River has led to industrial growth. In addition, Cedar Falls is home to the University of Northern Iowa.



## WHAT THE LOCALS SAY

"Residential real estate is holding its own. We've continued to decline in permits, but we've hit the bottom. Central Iowa is the economic engine of the state, but we're seeing improvements in other parts because of the agriculture economy, which is very strong right now. The perception of Iowa is [off]. Many don't realize there are so many things that make it attractive. Really, we've got a pretty strong economy with a lot of jobs."

— RICK TOLLAKSON, PRESIDENT AND CEO, HUBBELL REALTY

Sources: 24/7 Wall St., Bureau of Economic Analysis, CNNMoney.com, Des Moines Area Association of Realtors, *Des Moines Register*, *Forbes*, Iowa Association of Realtors, *Iowa City Press Citizen*, Mortgage Bankers Association, National Association of Realtors, U.S. Census Bureau, U.S. Department of Labor