

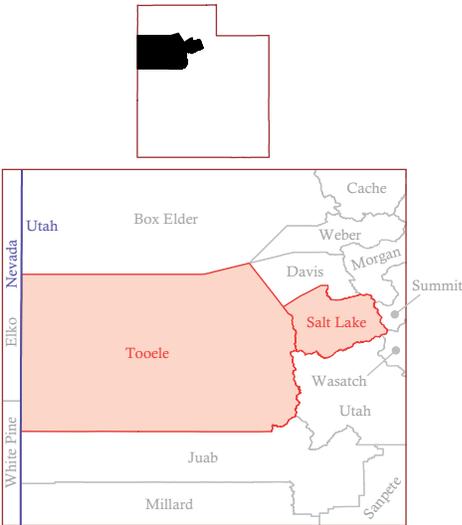


Salt Lake City, Utah

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of September 1, 2013



Housing Market Area



The Salt Lake City Housing Market Area (HMA) in north-central Utah, between the Great Salt Lake and the Wasatch Mountain range, consists of Salt Lake and Tooele Counties. The Church of Jesus Christ of Latter-day Saints is headquartered in the HMA, which comprises the largest metropolitan statistical area in the state, with an estimated population of 1.14 million.

Market Details

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Summary

Economy

Economic conditions in the Salt Lake City HMA have fully recovered to the levels recorded in 2008 and continued to expand during the past year. During the 12 months ending August 2013, nonfarm payrolls increased by 24,000 jobs, or 3.8 percent, to 656,800 jobs. By comparison, average nonfarm payrolls increased by 17,200 jobs, or 2.8 percent, during the previous 12-month period. During the next 3 years, nonfarm payrolls in the HMA are expected to increase by 21,550 jobs, or 3.3 percent, annually, with approximately 65 percent of the growth concentrated in the leisure and hospitality and the professional and business services sectors. Table DP-1 at the end of this report provides employment data for the HMA.

Sales Market

Sales housing market conditions in the HMA are balanced, with a current estimated vacancy rate of 1.4 percent. During the 12 months ending August 2013, nearly 28,000 homes sold in the HMA, an increase of 2,600 home sales, or 10.2 percent, from a year ago. Demand is expected for 13,100 new homes in the HMA during the 3-year forecast period (Table 1). The 350 homes currently under construction and a portion of the estimated 8,750 other

vacant units that may reenter the sales market will meet some of the forecast demand.

Rental Market

The rental housing market in the HMA is slightly tight, with an estimated overall vacancy rate of 4.6 percent as of September 2013, down from 6.9 percent in April 2010. Relatively strong growth in the number of renter households, fueled by employment growth and net in-migration since 2011, resulted in improved rental market conditions. Demand is expected to total 6,200 new rental units in the HMA during the 3-year forecast period (Table 1). The 1,725 units currently under construction and the 5,000 additional planned completions will meet the demand during the forecast period.

Table 1. Housing Demand in the Salt Lake City HMA, 3-Year Forecast, September 1, 2013, to September 1, 2016

	Salt Lake City HMA	
	Sales Units	Rental Units
Total demand	13,100	6,200
Under construction	350	1,725

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of September 1, 2013. A portion of the estimated 8,750 other vacant units in the HMA will likely satisfy some of the forecast demand. Source: Estimates by analyst

Economic Conditions

Nonfarm payrolls in the Salt Lake City HMA have fully recovered and surpassed the peak of 640,800 jobs recorded in 2008. The economy in the HMA has expanded after contracting during 2009 and 2010, when the recent national economic recession (December 2007 through June 2009) and a curtailment of residential and nonresidential construction caused local employment to decline. During the 12 months ending August 2013, nonfarm payrolls in the HMA increased by 24,000 jobs, or 3.8 percent, to 656,800 jobs (Table 2). By comparison, average nonfarm payrolls increased by 17,200 jobs, or 2.8 percent, during the previous 12-month period. Before

the current period of growth, the HMA experienced 2 years of payroll declines, including a loss of 31,200 jobs, or 4.9 percent, in 2009 and a loss of 1,500 jobs, or 0.2 percent, in 2010. Employment growth is expected to continue, with payrolls increasing at an average annual rate of 3.3 percent, or by 21,500 jobs, during the next 3 years. During the 12 months ending August 2013, the labor force in the HMA increased by slightly more than 12,000 people, whereas resident employment rose by 17,600 jobs. These factors contributed to a decline in the unemployment rate to 4.8 percent from 5.8 percent a year ago. The unemployment rate averaged 4.1 percent from 2000 through 2008 before rising to average 7.7 percent in 2009 and 2010. Figure 1 illustrates trends in the labor force, resident employment, and the unemployment rate in the HMA from 2000 through 2012.

From 1993 through 2000, the HMA registered unusually strong economic growth, with nonfarm payrolls increasing by nearly 21,000 jobs, or 4.5 percent, a year, led by the rapid development of industries such as telecommunications and information technology. The bursting of the dot-com bubble in 2000 and the subsequent economic recession hit the economy of the HMA hard. During 2002 and 2003, nonfarm payrolls declined by an average of 8,600 jobs, or 1.5 percent, a year. The information and the professional and business services sectors lost an average of 1,500 and 3,100 jobs a year, decreases of 7.2 and 3.5 percent, respectively. After this decline, the two sectors combined increased by an average of 1,000 jobs, or 0.9 percent, annually from 2004 through 2011. The information and the professional and business services sectors continued to contribute to overall payroll gains during the past

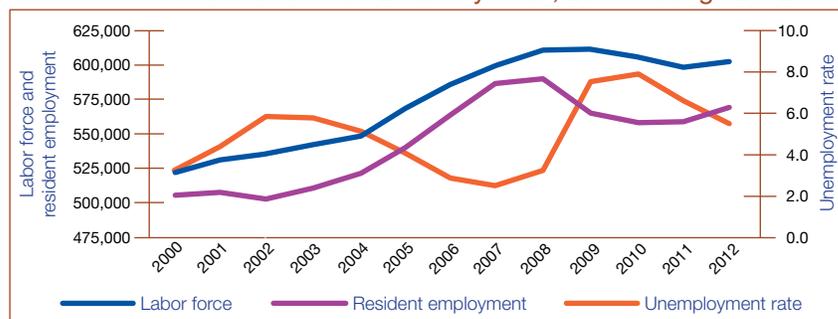
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Salt Lake City HMA, by Sector

	12 Months Ending August 2012	12 Months Ending August 2013	Absolute Change	Percent Change
Total nonfarm payroll jobs	632,800	656,800	24,000	3.8
Goods-producing sectors	90,500	91,900	1,400	1.5
Mining, logging, & construction	35,800	36,600	800	2.2
Manufacturing	54,700	55,300	600	1.1
Service-providing sectors	542,400	564,900	22,500	4.1
Wholesale & retail trade	98,900	102,700	3,800	3.8
Transportation & utilities	29,500	30,900	1,400	4.7
Information	16,600	17,100	500	3.0
Financial activities	48,000	50,600	2,600	5.4
Professional & business services	103,000	107,800	4,800	4.7
Education & health services	69,200	71,400	2,200	3.2
Leisure & hospitality	58,400	65,000	6,600	11.3
Other services	19,200	19,600	400	2.1
Government	99,300	99,900	600	0.6

Notes: Based on 12-month averages through August 2012 and August 2013. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

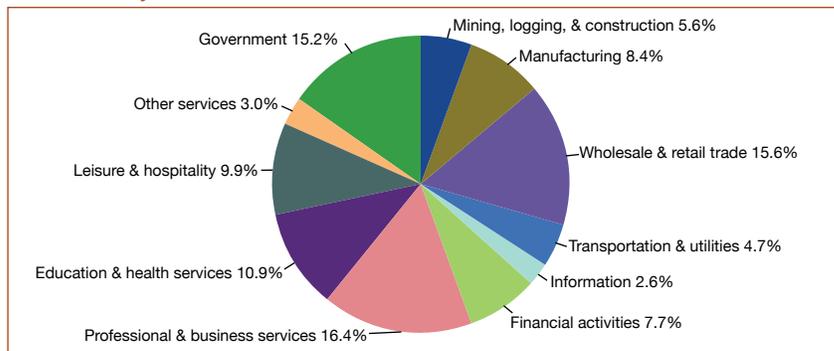
Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Salt Lake City HMA, 2000 Through 2012



Source: U.S. Bureau of Labor Statistics

12 months, with increases of 4,800 jobs, or 4.7 percent, in the professional and business services sector and 500 jobs, or 3.0 percent, in the information sector. eBay Inc. is expanding operations in Utah by constructing a data center in West Jordan. The company also expects to add more than 450 jobs to its existing facility in Draper. Employment gains in the aforementioned sectors contributed gains in the leisure and hospitality sector during the past 12 months, which increased by 6,600 jobs, or 11.3 percent, to an average of 65,000 jobs. Figure 2 shows the share of current nonfarm payrolls by sector. The three largest employers in the HMA are Intermountain Healthcare, the University of Utah, and AlSCO Inc., with 33,000, 22,000, and 15,000 employees, respectively (Table 3).

Figure 2. Current Nonfarm Payroll Jobs in the Salt Lake City HMA, by Sector



Note: Based on 12-month averages through August 2013.

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Salt Lake City HMA

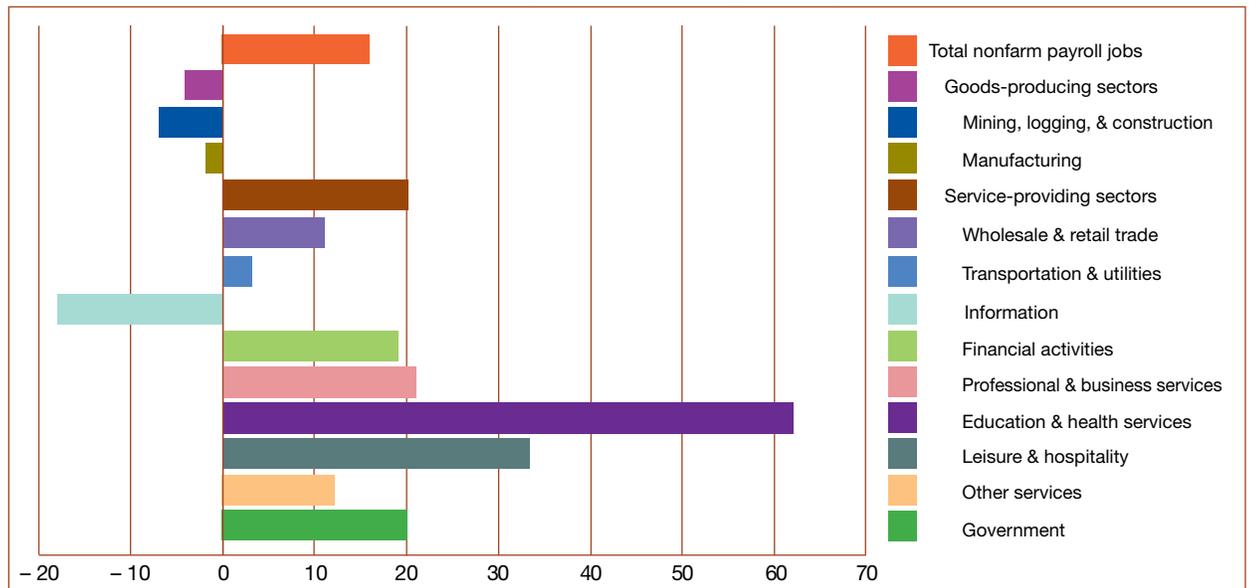
Name of Employer	Nonfarm Payroll Sector	Number of Employees
Intermountain Healthcare	Education & health services	33,000
University of Utah	Education & health services	22,000
AlSCO Inc.	Professional & business services	15,000
State of Utah	Government	12,500
Larry H. Miller Group of Companies	Transportation & utilities	6,875
C.R. England, Inc.	Transportation & utilities	6,750
Salt Lake County	Government	6,000
Associated Food Stores, Inc.	Wholesale & retail trade	4,325
Sinclair Oil Corporation	Mining, logging, & construction	4,000
Dyno Nobel	Mining, logging, & construction	3,000

Note: Excludes local school districts.

Source: Utah Business Book of Lists

Construction by the Utah Transit Authority of the FrontRunner commuter rail line in the Salt Lake City HMA, which began in 2005, helped buoy employment in the mining, logging, and construction sector after homebuilding began to decline in 2006. The first phase, primarily running north from Salt Lake City to Ogden, was completed in April 2008. Payrolls in the mining, logging, and construction sector grew strongly, by an average of 4,950 jobs, or 12.8 percent, annually from 2005 through 2007 but declined by an average of 2,150 jobs, or 4.8 percent, annually from 2008 through 2012. The addition of the southern extension of the FrontRunner line, mostly outside the HMA, was completed in December 2012. Home construction activity, including single-family and multifamily units, peaked in 2005 before declining an average of nearly 10 percent annually through 2012. The residential building construction subsector declined by an average of 410 jobs, or 11.1 percent, annually from 2006 through 2012. Figure 3 illustrates net job growth by sector from 2000 through the current date.

Nonfarm payrolls in the HMA are expected to increase by an average of 21,500 jobs, or 3.3 percent, annually during the next 3 years. The information, professional and business services, and leisure and hospitality sectors are expected to lead job growth. The National Security Agency is constructing a \$2 billion data center in southern Salt Lake County, near Camp W.G. Williams, a Utah Army National Guard facility. The facility is projected to employ as many as 1,200 technology workers when complete in September 2013.

Figure 3. Sector Growth in the Salt Lake City HMA, Percentage Change, 2000 to Current

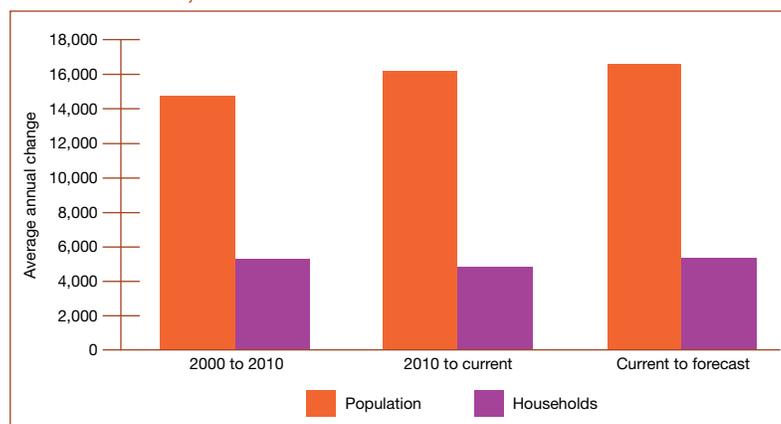
Note: Current is based on 12-month averages through August 2013.

Source: U.S. Bureau of Labor Statistics

Population and Households

The estimated population of the Salt Lake City HMA was 1.14 million as of September 1, 2013, representing an average increase of 15,200, or 1.6 percent, annually since 2000. Nearly 40 percent of the population of Utah resides in the HMA. The Wasatch Front, which comprises the

Ogden-Clearfield, UT; Salt Lake City, UT; and Provo-Orem, UT Metropolitan Statistical Areas, contains approximately 80 percent of the population of Utah. After the decline of the telecommunications and information technology subsectors in 2001, population growth in the HMA slowed to an average of 8,700 people, or 0.9 percent, annually during 2002 and 2003. As the economy in the nation and the HMA began to recover, stronger population growth resumed, peaking at 21,000 people, or 2.1 percent, during 2006. Population growth moderated from 2007 through 2009, averaging 18,600 people, or 1.8 percent, annually. As a result of the most recent recession, population growth slowed to an average of 15,300 people, or 1.4 percent, during 2011 before beginning to rebound in 2012 (Figure 4).

Figure 4. Population and Household Growth in the Salt Lake City HMA, 2000 to Forecast

Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

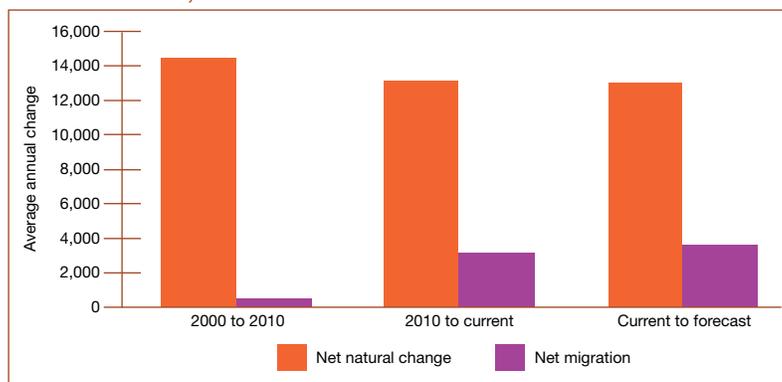
Population and Households *Continued*

Net natural change (resident births minus resident deaths) accounted for nearly all the population growth in the HMA from 2000 through 2010, as net out-migration offset net in-migration almost exactly. Net natural change peaked at 15,250 people in 2009, which was approximately 30 years after the previous population surge in the early 1980s, known as the “echo boom.” Net natural change has decreased to an average of 13,050 people since 2010 as the effects of the recent population boom began to subside. During the 3-year forecast period, net natural

change is expected to stay relatively stable at 13,000 people annually. Net out-migration averaged 4,050 people annually from 2000 through 2004 as economic conditions in the HMA declined. Migration trends reversed as the economy of the HMA began to stabilize and improve, resulting in average net in-migration of 3,500 people annually from 2005 through 2010. Net in-migration has decreased to an average of 3,100 people annually since 2010 because of the lingering effects of the most recent recession. Net in-migration is expected to increase to 3,700 people annually through the forecast date (Figure 5). By the forecast date, the population of the HMA is expected to have increased by an average of 16,650, or 1.4 percent, annually, to 1.19 million.

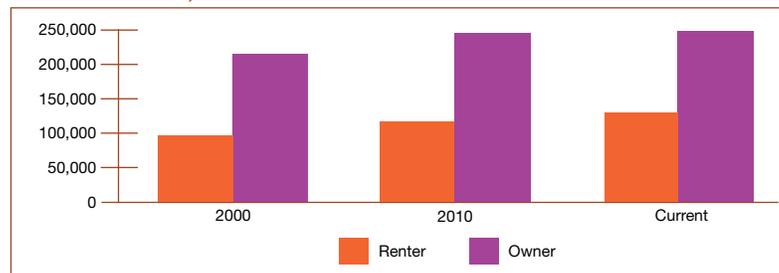
An estimated 377,000 households currently reside in the HMA, an average annual increase of 4,800 households, or 1.3 percent, since 2010. By comparison, from 2000 through 2010, the number of households increased by an average of 5,300, or 1.6 percent, annually. The homeownership rate declined to 65.9 percent in September 2013, down from 67.7 percent in April 2010 and 69.4 percent in April 2000. Figure 6 shows the number of households in the HMA by tenure since 2000. During the 3-year forecast period, the number of households in the HMA is expected to increase by 5,375, or 1.4 percent, annually, to 393,100 households.

Figure 5. Components of Population Change in the Salt Lake City HMA, 2000 to Forecast



Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 6. Number of Households by Tenure in the Salt Lake City HMA, 2000 to Current



Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Sales Market

The sales housing market in the Salt Lake City HMA is currently balanced, with a 1.4-percent sales vacancy rate, down from the 2.0-percent rate in April 2010 (Table DP-1 at the end of the report). Existing home sales increased during the past 2 years after 6 years of declines. During the 12 months ending August 2013, nearly 25,600 existing homes sold in the HMA, an increase of 2,200 homes, or 9.4 percent, from a year ago (Metrostudy, A Hanley Wood Company). Existing home sales declined by an average of 2,800 homes, or 7.6 percent, annually from 2005 through 2011, before sales began to recover, increasing by 1,500 homes, or 7.5 percent, in 2012. The number of homes available for sale declined steadily during the past 3 years, from a 7.2-month supply in 2010, to a 6.0-month supply in 2011, and to a 3.7-month supply in August 2013 (Utah Association of REALTORS®). Existing home sales prices increased 14 percent from a year ago, to an average of \$274,000, during the 12 months ending August 2013. The recent increase in existing home sales prices followed a period of price declines from 2007 through 2011, when existing home sales prices decreased 7.8 percent, or \$25,000, annually, from a peak of \$319,100 in 2007. Sales of new homes totaled 2,400 during the 12 months ending August 2013, up 20 percent from a year ago, and sales prices for new homes increased 5 percent, to an average of \$297,300, during the same period (Metrostudy, A Hanley Wood Company). New home sales declined by an average of 825 homes, or 12.5 percent, annually from 2005 through 2011. Although the most recent peak in new home sales occurred

in 2005, at 6,625 new homes sold, average new home sale prices did not peak until 2007, at \$398,400, before declining at an annual average of \$32,600, or 8.2 percent, through 2011. Declining foreclosure activity accompanied the strengthening sales market. The percentage of distressed mortgages in the HMA decreased during the past year. Of home loans in the HMA, 4.2 percent were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) as of August 2013, down from 6.4 percent a year ago and the 7.0-percent peak rate recorded in January 2010 (LPS Applied Analytics).

In response to the upturn in new and existing home sales in the HMA, developers increased new home construction activity, as measured by the number of single-family homes permitted. During the 12 months ending August 2013, building permits were issued for approximately 3,200 single-family homes, up more than 38 percent from the previous 12 months (preliminary data). Single-family home construction remains significantly less than the average of 6,500 homes permitted annually from 2003 through 2006, although the recent activity is an increase from the average of 1,850 homes permitted annually from 2008 through 2011 (Figure 7).

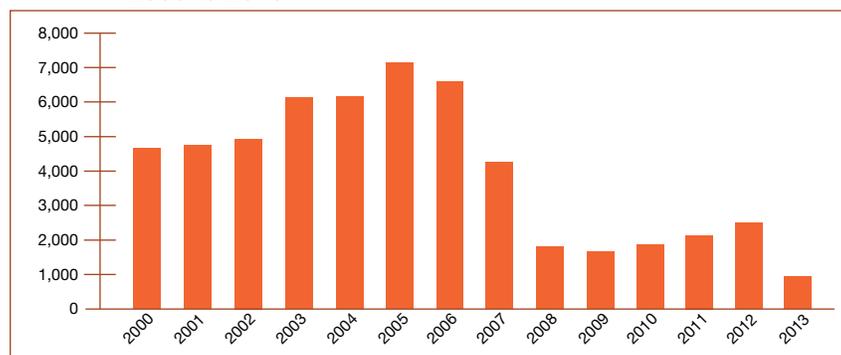
Single-family housing subdivisions currently in development include the 105-unit Bloomfield Heights in West Jordan. Homes at Bloomfield Heights range in size from approximately 1,200 to 4,200 square feet, and sales prices range from \$240,000 to \$575,000. Townhome projects include the 180-unit Villages at Westridge in West

Valley City. Sales prices range from \$145,000 for one-bedroom units to \$200,000 for three-bedroom units.

During the next 3 years, demand is expected for 13,100 new single-family homes and townhomes in the HMA (Table 1). The 350 homes currently

under construction and a portion of the estimated 8,750 other vacant units in the HMA that may reenter the market will satisfy part of the forecast demand. Demand is expected to be strongest for homes priced between \$250,000 and \$349,999 (Table 4).

Figure 7. Single-Family Homes Permitted in the Salt Lake City HMA, 2000 to 2013



Notes: Includes townhomes. Includes data through August 2013.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Salt Lake City HMA, September 1, 2013, to September 1, 2016

Price Range (\$)		Units of Demand	Percent of Total
From	To		
150,000	199,999	650	5.0
200,000	249,999	1,300	10.0
250,000	349,999	3,250	25.2
350,000	449,999	3,200	24.8
450,000	549,999	2,575	20.0
550,000	and higher	1,925	15.0

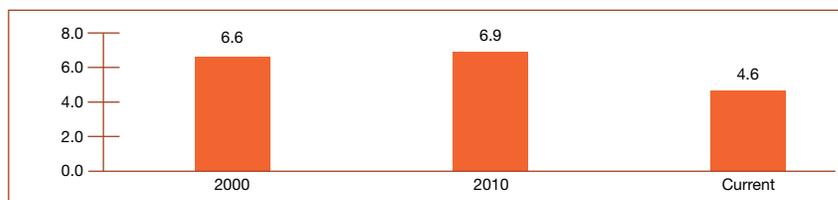
Note: The 350 homes currently under construction and a portion of the estimated 8,750 other vacant units in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Rental Market

Rental housing market conditions in the Salt Lake City HMA have improved since 2010 and are now slightly tight.

Figure 8. Rental Vacancy Rates in the Salt Lake City HMA, 2000 to Current



Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

The current estimated overall rental vacancy rate is 4.6 percent, down from 6.9 percent in April 2010 (Figure 8). The apartment market is tight. The apartment vacancy rate was 3.8 percent during the second quarter of 2013, down from 4.1 percent a year earlier (Reis, Inc.). Asking rents for market-rate apartments averaged \$800 during the second quarter of 2013, up 3.2 percent from \$775 a year ago.

Housing Market Trends

Rental Market *Continued*

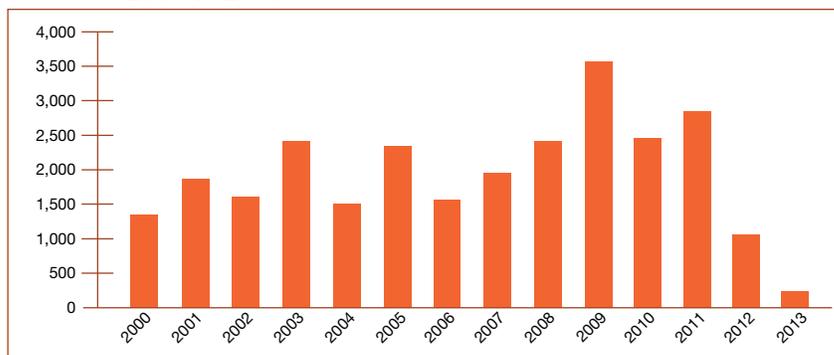
Relatively strong growth in the number of renter households, fueled by employment growth and net in-migration, and improved apartment market conditions in the HMA led to an increase in multifamily construction activity during recent years. Multifamily construction activity, as measured by the number of units permitted, increased to an average of 2,950 units annually from 2009 through 2011 compared with the average of 2,025 units permitted annually from 2003 through 2008 (Figure 9). The increase in multifamily construction activity from 2009 through 2011 was in response to the shift in households from owner to renter after the most recent recession. Construction activity declined during the 24 months ending August 2013, averaging 1,150 units permitted annually. The permitting decline in late 2011 and 2012 was partially because of a lack of available financing. Financing conditions are beginning to ease for multifamily developers, a change

that is expected to generate a strong apartment development pipeline in the HMA during the next 3 years.

The presence of the University of Utah affects the rental market, with student households accounting for nearly 3 percent of all renter households in the HMA. The central Salt Lake submarket, which contains the university, recorded an apartment vacancy rate of 2.8 percent and average asking rents of \$868 during the second quarter of 2013 (Reis, Inc.). The University of Utah enrolled 32,400 full- and part-time students during the fall 2012 semester, which represents 2.8 percent of the HMA population. The university housed an estimated 2,700 students on campus during the fall 2012 semester, and the approximately 29,700 remaining students lived in off-campus housing.

New rental developments in the HMA include Promenade at The District Apartments, a 258-unit project in South Jordan with 75 units still under construction. The expected asking rents are \$980 for one-bedroom units, \$1,275 for two-bedroom units, and \$1,450 for three-bedroom units. The 1,725 units currently under construction and the 5,000 additional planned completions in the HMA are expected to meet all the forecast demand for 6,200 new rental units during the next 3 years (Table 1). Table 5 shows forecast demand by number of bedrooms and rent level.

Figure 9. Multifamily Units Permitted in the Salt Lake City HMA, 2000 to 2013



Notes: Excludes townhomes. Includes data through August 2013.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Salt Lake City HMA, September 1, 2013, to September 1, 2016

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
740 to 939	1,975	895 to 1,094	2,225	1,250 to 1,449	95
940 to 1,139	500	1,095 to 1,294	560	1,450 to 1,649	280
				1,650 to 1,849	560
Total	2,475	Total	2,800	Total	930

Notes: Numbers may not add to totals because of rounding. The 1,725 units currently under construction will satisfy some of the estimated demand.

Source: Estimates by analyst

Data Profile

Table DP-1. Salt Lake City HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	505,454	557,889	536,100	1.0	- 1.5
Unemployment rate	3.2%	7.9%	4.8%		
Nonfarm payroll jobs	565,600	608,100	656,800	0.7	2.9
Total population	939,122	1,087,873	1,143,000	1.5	1.5
Total households	307,818	360,593	377,100	1.6	1.3
Owner households	213,530	244,292	248,400	1.4	0.5
Percent owner	69.4%	67.7%	65.9%		
Renter households	94,288	116,301	128,700	2.1	3.0
Percent renter	30.6%	32.3%	34.1%		
Total housing units	324,800	383,486	395,700	1.7	0.9
Owner vacancy rate	1.7%	2.0%	1.4%		
Rental vacancy rate	6.6%	6.9%	4.6%		
Median Family Income	NA	\$66,444	\$66,002	NA	- 0.3

NA = data not available.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through August 2013. Median Family Incomes are for 2009 and 2011.

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

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
 2010: 4/1/2010—U.S. Decennial Census
 Current date: 09/01/2013—Analyst’s estimates
 Forecast period: 09/01/2013–09/01/2016—
 Analyst’s estimates

The metropolitan statistical area definitions in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

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.

Other Vacant Units: In the U.S. Department of Housing and Urban Development’s (HUD’s) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits.

As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_SaltLakeCityUT_14.pdf.

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This analysis has been prepared for the assistance and guidance of 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 expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to www.huduser.org/publications/econdev/mkt_analysis.html.