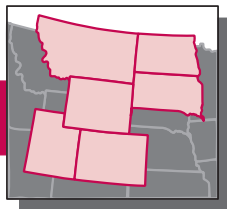


Housing Market Profile

Rocky Mountain • HUD Region VIII



Salt Lake City, Utah

The Salt Lake City metropolitan area consists of Salt Lake, Summit, and Tooele Counties in northern Utah. Since 2010, the population of the metropolitan area has increased at an average annual rate of 16,500, or 1.5 percent, to an estimated 1.17 million as of October 1, 2012. From 2006 to 2010, the population increased at an average annual rate of 19,100, or 1.8 percent. Net in-migration has slowed to an average of 2,825 people annually since 2010, a 24-percent decline from an average of 3,725 people annually from 2006 to 2010, largely because of slower job growth. Approximately 80 percent of the population growth from 2006 to the current date was the result of net natural change (resident births minus resident deaths). Since 2010, net natural change averaged 13,650 people annually, an 11-percent decline from the average of 15,375 people annually from 2006 to 2010.

The University of Utah, the largest employer in the metropolitan area and third largest in Utah, employs approximately 20,000 people and enrolled 31,700 students in the fall 2011 semester. The university benefited from the 2006 passage of the Utah Science Technology and Research initiative. In 2011, this state government initiative supported 1,100 jobs and contributed \$81 million to the state economy. According to a university study, an additional \$195 million was spent to construct two new research facilities during 2011. Intermountain Healthcare and Zion Bancorporation, with 17,500 and 3,500 employees, respectively, are among the leading private employers in the metropolitan area.

Economic conditions in the Salt Lake City metropolitan area improved in the past year. During the 12 months ending July 2012, nonfarm payrolls increased by 19,000 jobs, or 3.1 percent, to 633,400. Before this increase, the metropolitan area experienced 2 years of payroll declines, of 31,200 jobs, or 4.9 percent, in 2009 and of 1,500 jobs, or 0.2 percent, in 2010. During the 12 months ending July 2012, growth was strongest in the leisure and hospitality and the professional and business services sectors, which gained 5,200 and 4,800 jobs, or 5.5 and 3.5 percent, respectively. Goldman Sachs, which currently employs 1,400 workers in the city of Salt Lake City, recently announced that it would add 300 staff by the end of 2012. Government sector payrolls increased by 2,600 jobs, or 1.7 percent, because a gain of 2,800 jobs, or 7.3 percent, in the state government subsector more than offset the

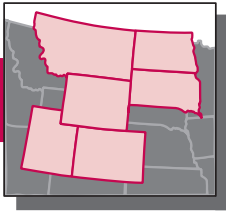
loss of 800 federal government subsector jobs during the same period. The 5.9-percent average unemployment rate during the 12 months ending July 2012 was a decrease from the 7.2-percent rate during the previous 12 months and less than the 6.1-percent statewide rate.

Although economic conditions have improved and mortgage rates remain at historic lows, the home sales market in the Salt Lake City metropolitan area is currently soft. Hanley Wood, LLC, reported that, during the 12 months ending August 2012, existing single-family home sales increased nearly 5 percent, to approximately 23,700 homes sold compared with the 22,650 sold during the previous 12 months. During the same period, the average existing single-family home sales price remained unchanged, at \$246,500. From 2008 through 2010, existing home sales averaged 23,000 annually, and the average sales price was \$262,700 compared with averages of 36,800 existing homes sold annually and \$313,200, respectively, from 2005 through 2007. Moderate levels of foreclosure activity are exacerbating the soft sales market. Based on data from LPS Applied Analytics, in August 2012, 5.4 percent of all home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) status, down from 5.6 percent in August 2011.

Hanley Wood, LLC, reported that, in the 12 months ending August 2012, new single-family home sales increased 23 percent from a year ago, to 1,900 homes sold, and the average new home sales price increased nearly 3 percent, to \$281,600. From 2008 through 2010, new home sales averaged 2,400 annually, and the average sales price was \$290,900, declines of 63 percent from an average of 6,500 annual new home sales and 21 percent from the average sale price of \$370,100, respectively, from 2005 through 2007.

In response to the significant increase in new home sales, single-family home construction in the metropolitan area increased. Based on preliminary data, during the 12 months ending July 2012, the number of single-family homes authorized by permits increased more than 13 percent, to 2,325 homes. This total was much less than the average annual production of 6,500 homes permitted from 2003 through 2006 but an increase from the average of 1,775 homes permitted annually from 2008 through 2010. Homes are currently under construction at The Cove at Riverwalk, in Sandy, with one- to four-bedroom homes ranging in price from \$235,000 to \$280,000.

The apartment market in the Salt Lake City metropolitan area is currently tight. According to data from Reis, Inc.,



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U.S. Housing Market Conditions
3rd Quarter 2012

the apartment vacancy rate was 4.0 percent in the second quarter of 2012 (the most recent data available), down from 5.6 percent in the second quarter of 2011. Monthly apartment rents in the second quarter of 2012 averaged \$680 for one-bedroom, \$800 for two-bedroom, and \$1,025 for three-bedroom units. Overall, the average asking rent was \$775, a nearly 3-percent increase from a year ago. University of Utah students account for nearly 3 percent of all renter households in the metropolitan area and 14 percent of renter households in the University submarket. The University submarket had an estimated apartment vacancy rate of 2.9 percent and average asking rents of \$845 in the second quarter of 2012.

Builders have responded to the increased demand for rental units. Based on preliminary data, during the 12 months ending July 2012, 1,100 multifamily units were

permitted in the metropolitan area, unchanged from the previous 12 months. An average of 2,250 multifamily units was permitted annually from 2009 through 2011, a sharp increase from the average of 1,200 units permitted annually in 2007 and 2008. Approximately 3,000 rental units are currently under construction in the metropolitan area, and more than 4,500 units are in various stages of planning. Fireclay Apartments, a 400-unit project in the city of Salt Lake City that began construction in March 2011, is scheduled to be complete in March 2013 and expected to offer rents of \$900 for one-bedroom, \$1,015 for two-bedroom, and \$1,175 for three-bedroom units. In addition, Eastside Apartments, a 180-unit project in the city of Salt Lake City, is expected to have rents of \$750 for studio, \$930 for one-bedroom, and \$1,200 for two-bedroom units when complete in April 2013.