

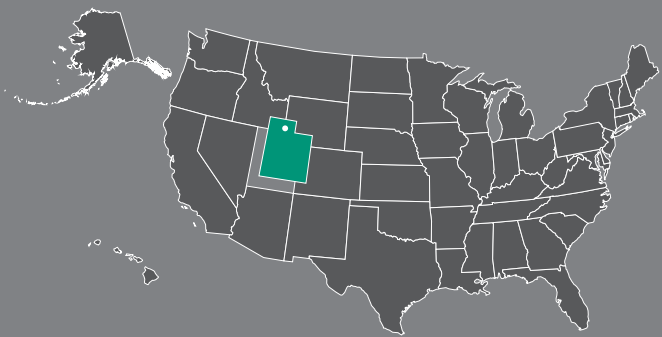
HUD PD&R Housing Market Profiles

Ogden-Clearfield, Utah



Quick Facts About Ogden-Clearfield

- **Current sales market conditions: balanced.**
- **Current rental market conditions: slightly tight.**
- **The metropolitan area is home to Hill Air Force Base, the largest employer in the state of Utah, with more than 21,700 military and civilian employees and a statewide economic impact of \$3.34 billion (Hill Air Force Base Economic Impact Statement).**



By Marissa Dolin | As of March 1, 2017

Overview

The Ogden-Clearfield, UT Metropolitan Statistical Area (hereafter, Ogden metropolitan area) comprises Box Elder, Davis, Morgan, and Weber Counties in Northern Utah. The metropolitan area is the northernmost part of the 10-county Salt Lake City-Provo-Orem, UT Combined Statistical Area (hereafter, greater Salt Lake City area). In addition to the government sector jobs supported by Hill Air Force Base (AFB), the Ogden metropolitan area has a relatively high concentration of aerospace and defense contractors, including BAE Systems and Northrop Grumman. Statewide, the aerospace and defense industry employs more than 30,000 people.

- As of March 1, 2017, the estimated population of the Ogden metropolitan area is 662,700. Population has risen by an average of 9,150 people, or 1.5 percent, a year since 2010, slower than the average of 13,650 people, or 2.4 percent, a year from 2005 to 2010. Lower net in-migration since 2010 contributed to slower overall population growth.
- Most population growth in the Ogden metropolitan area is attributed to net natural increase (resident birth minus resident deaths). Since 2010, net natural increase has accounted for 77 percent of population growth, averaging 7,250 people annually. From 2005 to 2010, net natural increase averaged

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8,550 people a year and accounted for 63 percent of population growth. Despite the lower levels of net natural increase since 2010, the birth rate in the Ogden metropolitan area was 16.9 births per 1,000 women during 2015, well above the national rate of rate of 12.5 (State of Utah, most current data available).

- Net in-migration averaged 5,100 people a year from 2005 to 2010. Since 2010, net migration has declined, contributing

to lower overall population growth. From 2010 to 2012, net out-migration averaged 960 people a year, and since 2012, net in-migration averaged 3,700 people a year.

- Within the Ogden metropolitan area, the population is concentrated along Interstate 15, with nearly 90 percent of residents living within 10 miles of the interstate.

Economic Conditions

Recovery from the Great Recession began in the Ogden metropolitan area in 2011, and payroll growth has exceeded the national payroll growth rate each year since recovery began. Year-over-year payroll growth in the Ogden metropolitan area averaged 2.7 percent annually from 2011 through 2016. By contrast, payrolls in the nation rose by an average of 1.7 percent a year during the same period. Nonfarm payrolls in the Ogden metropolitan area exceeded prerecessionary levels during 2013, one year earlier than the nation.

During the 3 months ending February 2017—

- Nonfarm payrolls averaged 249,000, up 3.3 percent, or 7,900 jobs, from a year earlier, rising slightly faster than the increase of 3.2 percent, or 7,500 jobs, during the previous year and continuing 7 years of year-over-year payroll gains.

- The government sector, the largest sector in the Ogden metropolitan area, added the most jobs, increasing by 3.6 percent, or 1,800 jobs. Job growth was concentrated in the federal government subsector, which added 1,400 jobs.
- The education and health services sector added 1,700 jobs, up 5.5 percent. The opening of Farmington Health Center, a new University of Utah Health facility, in late 2016 contributed to recent growth. Construction of a new \$100 million Intermountain Healthcare hospital in Layton, which began in mid-2016, contributed to rising payrolls in the construction subsector and is expected to support growth in the education and health services sector when it opens in 2018.

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During the 3 months ending February 2016, employment in all nonfarm payroll sectors in the Ogden area increased or remained stable from a year ago.

	3 Months Ending		Year-Over-Year Change	
	February 2016 (thousands)	February 2017 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	241.1	249.0	7.9	3.3
Goods-producing sectors	48.5	50.2	1.7	3.5
Mining, logging, and construction	16.6	17.3	0.7	4.2
Manufacturing	31.8	32.9	1.1	3.5
Service-providing sectors	192.6	198.8	6.2	3.2
Wholesale and retail trade	35.5	36.4	0.9	2.5
Transportation and utilities	8.4	8.6	0.2	2.4
Information	2.0	2.0	0.0	0.0
Financial activities	9.4	10.0	0.6	6.4
Professional and business services	28.4	29.2	0.8	2.8
Education and health services	30.7	32.4	1.7	5.5
Leisure and hospitality	21.5	22.0	0.5	2.3
Other services	6.6	6.6	0.0	0.0
Government	50.1	51.9	1.8	3.6
	(percent)	(percent)		
Unemployment rate	3.5	3.1		

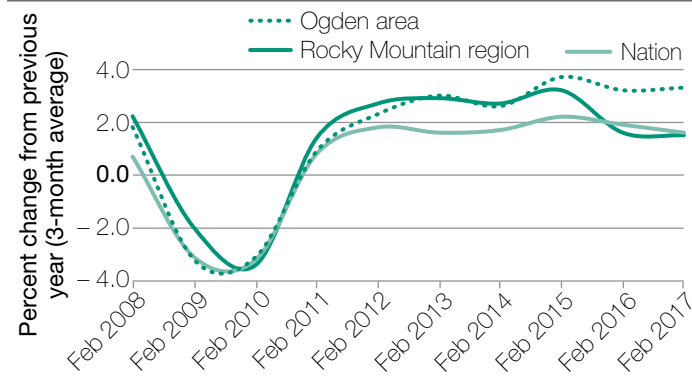
Note: Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

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- The unemployment rate fell to 3.1 percent from 3.5 percent a year earlier. The decline is the seventh year-over-year decline in the unemployment rate.

The nonfarm payroll growth rate has been higher in the Ogden area than in the nation since recovery from the Great Recession began in 2011.



Note: Nonfarm payroll jobs.
Source: U.S. Bureau of Labor Statistics

The development of Falcon Hill National Aerospace Research Park at Hill AFB has also supported job growth in the Ogden metropolitan area. The on-base and near-base research park is home to the Air Force Nuclear Weapons Center's Intercontinental Ballistic Missile Systems Directorate, which opened in 2014, and a retail center, which opened in 2015. A new Lockheed Martin Corporation office is under construction with expected completion in summer 2017, and a Utah Science Technology and Research (USTAR) Innovation Center, an incubator for aerospace and other high-tech companies, is expected to break ground in early March.

Largest employers in the Ogden area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Hill Air Force Base	Government	10,000–14,999
U.S. Department of Treasury	Government	5,000–6,999
Mckay-Dee Hospital Center	Education and health services	3,000–3,999

Note: Excludes local school districts.
Source: Utah Department of Workforce Services

Sales Market Conditions

The sales housing market in the Ogden metropolitan area currently is balanced, with an estimated sales vacancy rate of 1.6 percent, down from 1.9 percent in 2010, when conditions were slightly soft. Strong local job gains and a rapid recovery after the national recession also contributed to the improved sales market. The inventory of homes for sale was 1.6 months during February 2017, down from 2.4 months a year earlier and 9.5 months in 2010 (Utah Association of Realtors®, with adjustments by the analyst). The decline in inventory contributed to a tightening market and rising sales prices and also fewer existing home sales.

A relatively lower rate of seriously delinquent mortgages and real estate owned (REO) properties during 2010 in the Ogden metropolitan area is one of the reasons the local market fared better than the nation during the housing crisis. The percentage of home loans in the metropolitan area that were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into REO status peaked in early 2010 at 4.9 percent, well below the 8.6 percent peak for the nation. The rate of seriously delinquent mortgages and REO properties was 1.2 percent during February 2017, compared with a 2.6-percent rate for the nation.

During the 12 months ending January 2017—

- New home sales increased to 1,500 homes sold, up 3 percent from the 12 months ending January 2016. New home sales comprised 10 percent of total home sales during the past 12 months, compared with an average of 18 percent of total sales from 2000 through 2007 (CoreLogic, Inc., with estimates by the analyst).
- Existing home sales totaled 15,575, a decline of less than 1 percent from the 12-month period ending January 2016. Regular resale sales rose 4 percent from a year ago, but a 38-percent decline in distressed sales (REO and short sales) offset the increase.
- The average sales price for new homes was \$335,800, an increase of \$15,950, or 5 percent, compared with the average price during the previous year. The average new home sales price exceeds the 2007 prerecessionary peak price of \$323,400 by 4 percent.
- The average sales price for existing homes was \$242,400, an increase of \$11,300, or 5 percent. Existing home prices rose faster during the 12 months ending January 2017 compared with the 4-percent increase during the 12 months ending January 2016. Fewer distressed sales during the past year, which had a 23 percent lower average sales price compared with regular resale sales, contributed to the rise in average price.

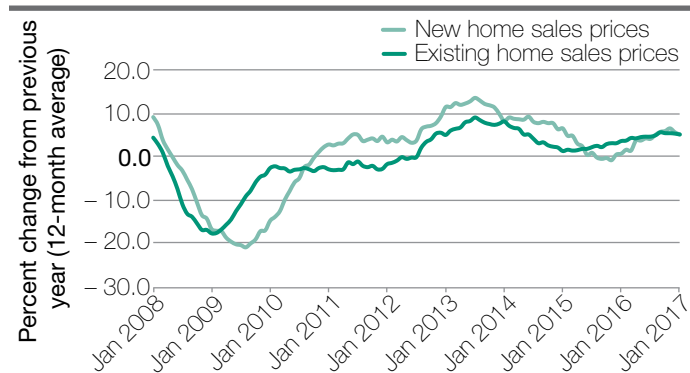
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Despite rising new construction sales prices and a low inventory of existing homes for sale, single-family home construction, as measured by the number of single-family homes permitted during the 12 months ending February 2017, remains flat compared with the previous 12 months.

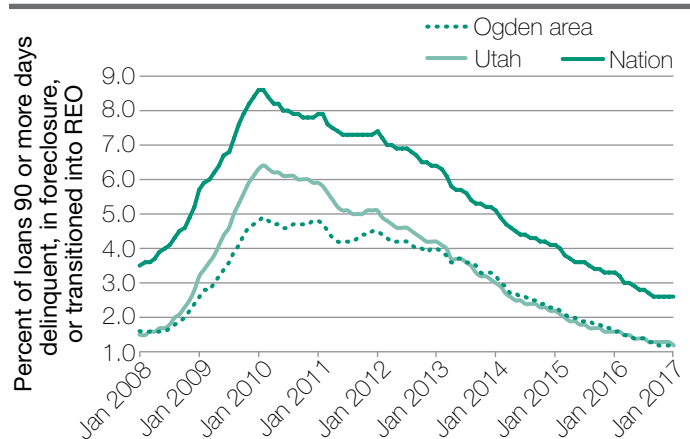
- The number of single-family homes permitted during the 12 months ending February 2017 remained steady at 2,150 homes, unchanged from the previous year (preliminary data).
- Single-family home construction activity from 2012 through 2016 has been relatively steady, averaging 2,175 homes a year, up from an average of 1,625 homes a year from 2008 through 2010, and a low of 1,375 homes in 2011.

In the Ogden area, existing home sales prices have increased since mid-2012, and new home sales prices have increased since late 2015.



Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc.

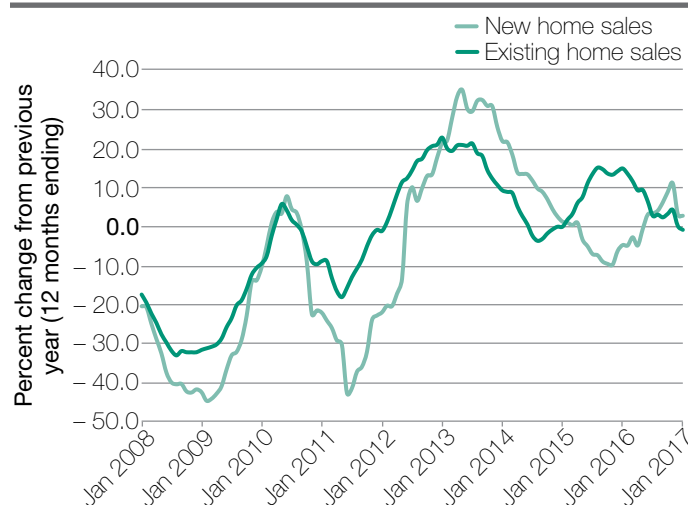
The proportion of seriously delinquent loans and REO properties in the Ogden area peaked well below the national rate in 2010 and has since remained below the rate for the nation.



REO = real estate owned.
Source: CoreLogic, Inc.

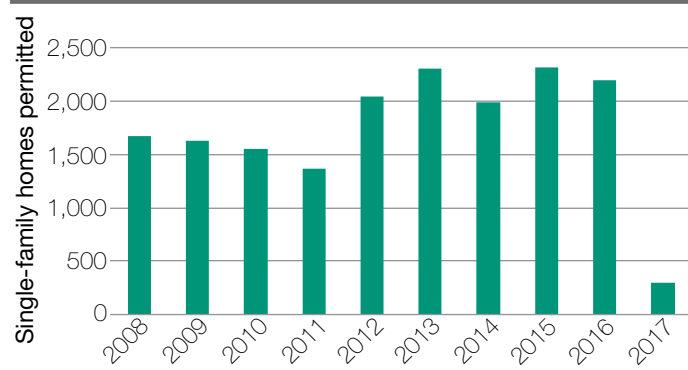
- Construction is under way at the Clinton Homestead subdivision in Davis County, west of Hill AFB. Building began during 2009, and when fully built out, the subdivision is expected to have 285 single-family homes. At the end of the fourth quarter of 2016, 88 homes were completed, 16 lots under construction, and 14 lots available for development during 2017. Prices for homes in the subdivision range from \$250,000 for a three-bedroom, 1,145-square-foot home to \$399,900 for a three-bedroom, 2,165-square-foot home. The average sales price for the 14 homes sold in the subdivision during 2016 was \$354,500.

Rates of new and existing home sales growth in the Ogden area have slowed since mid-2016.



Note: Includes single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc.

Single-family homebuilding activity in the Ogden area has been above recessionary levels since 2012.



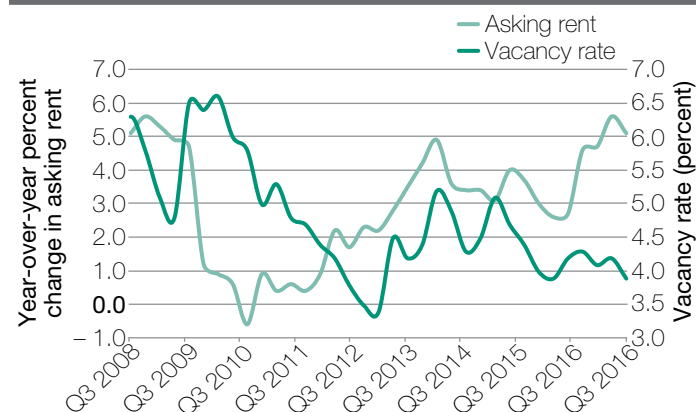
Note: Includes preliminary data from January 2016 through February 2017.
Source: U.S. Census Bureau, Building Permits Survey

Rental Market Conditions

Rental housing market conditions in the Ogden metropolitan area are currently slightly tight. The number of additional renter households exceeded the number of rental units added since 2010, contributing to a tightening rental market. Renter households comprise a smaller share of total households in the Ogden metropolitan area, with approximately 25 percent of all households, compared with 32 percent of households in the nation (2015 American Community Survey 1-year data).

- The estimated vacancy rate for all rental units (including single-family homes, mobile homes, and multifamily rentals) in the Ogden metropolitan area is 5.0 percent as of March 1, 2017, a decrease from 7.2 percent in April 2010.
- The apartment market is slightly tight, with a vacancy rate of 3.9 percent during the fourth quarter of 2016, down from 4.2 percent a year earlier (Reis, Inc.). More than 600 new apartment units entered the market during 2016, including 400 in Weber County and 200 in Davis County (MPF Research, Inc.).
- The average monthly apartment asking rent was \$842 in the fourth quarter of 2016, an increase of \$41, or 5 percent, from the fourth quarter of 2015, and the fastest rate of increase in rent since 2008 (Reis, Inc.).

Rent growth in the Ogden area is at the highest rate since 2008, and the vacancy rate has remained relatively steady since 2015.

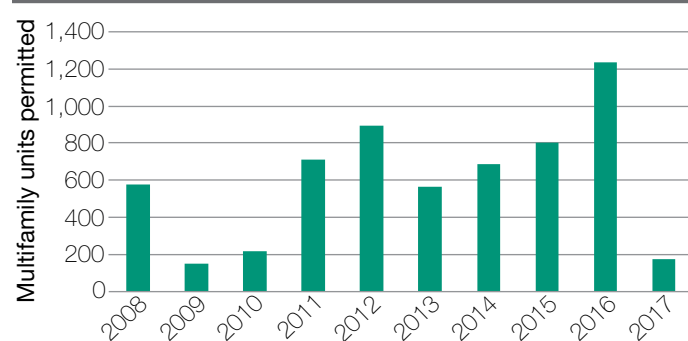


Q3 = third quarter.
Source: Reis, Inc.

Responding to rising rents and a declining vacancy rate, multifamily construction activity, as measured by the number of multifamily units permitted, has increased since 2014.

- During the 12 months ending February 2017, approximately 1,200 multifamily units were permitted, up from 970 units permitted during the previous year (preliminary data).
- Multifamily permitting averaged 820 units a year from 2011 through 2016, well above the average of 180 units a year during 2009 and 2010 and greater than the average of 460 units a year from 2000 through 2007.
- Since 2010, more than 40 percent of multifamily units built in the greater Salt Lake City area are within 0.5 mile of a FrontRunner, or TRAX, rail station (Envision Utah).
- Tower View Apartments is within 0.5 mile of the Ogden Front-Runner rail station. The 144-unit apartment project is expected to open in mid-2017. Rents are \$600 to \$699 for studios, \$755 to \$1,010 for one-bedroom units, and \$1,015 to \$1,240 for three-bedroom units. The Park at Legacy Trails in Centerville, a 162-unit apartment project, opened in early 2017. Rent for one-bedroom units range from \$979 to \$1,199, two-bedroom units from \$1,169 to \$1,349, and \$1,379 to \$1,499 for three-bedroom units.

Multifamily permitting activity in the Ogden area has increased each year since 2014.



Note: Includes preliminary data from January 2016 through February 2017.
Source: U.S. Census Bureau, Building Permits Survey