

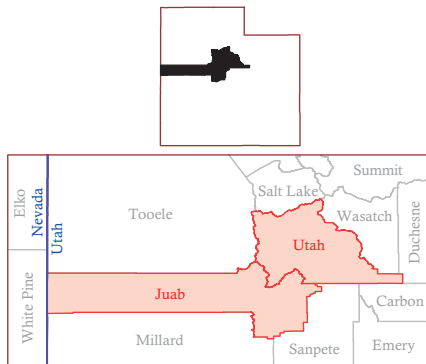


Provo-Orem, Utah

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of November 1, 2015



Housing Market Area



The Provo-Orem Housing Market Area (HMA) is coterminous with the Provo-Orem, UT Metropolitan Statistical Area comprising Juab and Utah Counties in north-central Utah, along the southern edge of the Wasatch Mountains. Approximately 98 percent of the population of the HMA lives in Utah County, primarily along a corridor between Salt Lake City and the city of Provo. The city of Provo is home to Brigham Young University (BYU), and Utah Valley University (UVU) is in the city of Orem.

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Summary

Economy

The economy of the Provo-Orem HMA has grown rapidly since 2011 and has recovered all the jobs that were lost as a result of the most recent national recession. Nonfarm payrolls increased 6.1 percent during the 12 months ending October 2015, to 223,000 jobs.

Sectors that led growth in the HMA during the past year include professional and business services; wholesale and retail trade; and mining, logging, and construction. During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 11,600 jobs, or 5.2 percent, annually.

Sales Market

Sales housing market conditions in the HMA are balanced, with an estimated 1.7-percent vacancy rate, down from 2.3 percent in 2010. During the next 3 years, demand is estimated for 8,750 new homes, primarily in the northern suburbs between the cities of Provo and Salt Lake City (Table 1). The 1,900 homes under construction and a portion of the 3,000 other vacant units that may reenter the market will satisfy some of the forecast demand.

Rental Market

Rental housing market conditions in the HMA are currently tight, with an overall estimated vacancy rate of 3.5 percent compared with 4.2 percent in April 2010. Demand for rental housing is concentrated around the universities in the cities of Provo and Orem and near places of employment in the northern suburbs. During the forecast period, demand in the HMA is expected for 2,975 new market-rate units; the approximately 1,400 units currently under construction will meet about one-half of the forecast demand (Table 1).

Table 1. Housing Demand in the Provo-Orem HMA During the Forecast Period

	Provo-Orem HMA	
	Sales Units	Rental Units
Total demand	8,750	2,975
Under construction	1,900	1,400

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of November 1, 2015. A portion of the estimated 3,000 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is November 1, 2015, to November 1, 2018.

Source: Estimates by analyst

Economic Conditions

High technology is a significant industry in the Provo-Orem HMA, contributing to the nickname along the Wasatch Front region of “Silicon Slopes.” As a consequence, the HMA attracts young, skilled workers and families for employment opportunities and also for the natural beauty and moderate climate of the area. The HMA also benefits from a highly educated workforce and research activities at BYU and UVU. The two universities have a combined economic impact of about \$1.3 billion (BYU and UVU studies). BYU is the largest employer in the HMA, with 4,375 employees, and is one of the five largest private universities in the nation (Integrated Postsecondary Education Data System).

During the 12 months ending October 2015, nonfarm payrolls averaged 223,000 jobs, an increase of 12,900 jobs, or 6.1 percent, from a year earlier. The professional and business services sector led job growth, adding 3,900 jobs, or 14.3 percent. The wholesale and retail trade and the mining, logging, and construction sectors added 1,800 and 1,600 jobs, or 5.7 and 9.8

percent, respectively (Table 2). Job growth in these sectors was partly the result of growth in industries that support the increased population growth. The unemployment rate averaged 3.2 percent during the 12 months ending October 2015, down from 3.6 percent a year earlier, as resident employment outpaced growth in the labor force.

The economy contracted twice during the past 15 years, and each downturn preceded strong economic growth. Nonfarm payrolls declined in 2002, mainly because of job losses in the manufacturing and information sectors, particularly related to the dot-com bust of the early 2000s. The Geneva Steel Mill laid off 1,200 workers when it closed in 2002, contributing to the decline of 2,600 jobs, or 13.1 percent, in the manufacturing sector. The information sector decreased by 800 jobs, or 10.8 percent, in 2002. From 2003 through 2007, nonfarm payrolls increased by an average of 7,200 jobs, or 4.3 percent, annually, to 190,500. Average annual increases of 1,600 jobs in the mining, logging, and construction sector and 1,300 jobs in the education and health services sector, both of which benefited from rapid population growth in the HMA, led growth during this period.

The second economic contraction was from 2008 through 2010 and was the result of the national recession. During this period, nonfarm payrolls decreased by an average of 4,300 jobs, or 2.3 percent, annually, to 177,500. The mining, logging, and construction and the manufacturing sectors lost the most jobs in the period, annually losing 3,000 and 1,200 jobs, respectively. During 2010, the residential construction industry averaged 1,025 payrolls, the fewest since 2001 and a sharp

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Provo-Orem HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	October 2014	October 2015		
Total nonfarm payroll jobs	210,100	223,000	12,900	6.1
Goods-producing sectors	34,800	37,100	2,300	6.6
Mining, logging, & construction	16,400	18,000	1,600	9.8
Manufacturing	18,500	19,100	600	3.2
Service-providing sectors	175,300	185,900	10,600	6.0
Wholesale & retail trade	31,600	33,400	1,800	5.7
Transportation & utilities	2,900	3,200	300	10.3
Information	9,900	10,600	700	7.1
Financial activities	6,600	6,800	200	3.0
Professional & business services	27,300	31,200	3,900	14.3
Education & health services	46,000	47,400	1,400	3.0
Leisure & hospitality	16,800	18,200	1,400	8.3
Other services	4,700	4,900	200	4.3
Government	29,500	30,200	700	2.4

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through October 2014 and October 2015.

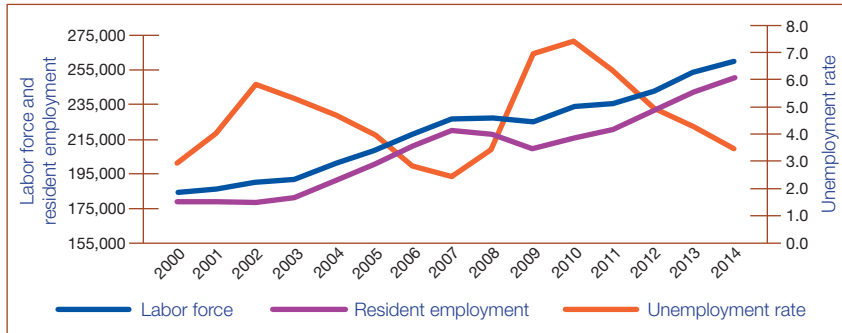
Source: U.S. Bureau of Labor Statistics

decline from 2,625 payrolls in 2007. In the manufacturing sector, Morinda, Inc., and QuicKutz, Inc., laid off a combined 140 people in the HMA in 2008. Nonfarm payrolls began to recover in 2011 and surpassed the pre-recession peak in 2012. From 2011 through 2014, nonfarm payrolls increased by an average of 8,600 jobs, or 4.5 percent, annually, much higher than the annual growth rate of 1.6 percent for the nation during the same period. Figure 1 shows trends in the labor force, residential employment, and the unemployment rate from 2000 through 2014.

The professional and business services sector includes many high-technology jobs. The sector is the third largest in the HMA and the third fastest-growing sector since 2000, behind the education and health services and the wholesale and retail trade sectors (Figure 2). The professional and business services sector lost 2,200 jobs, or 9.4 percent, during 2009, but it has since surpassed the previous peak of 23,400 in 2008. From 2010 through 2014, the sector added an average of 1,300 jobs, or 5.6 percent, annually. Three of the largest private employers in the HMA—Qualtrics, LLC; Domo, Inc.; and InsideSales.com, Inc.—are in the sector; they provide software and technology services for business (Table 3). InsideSales.com, Inc., announced plans to add 600 jobs in 2015.

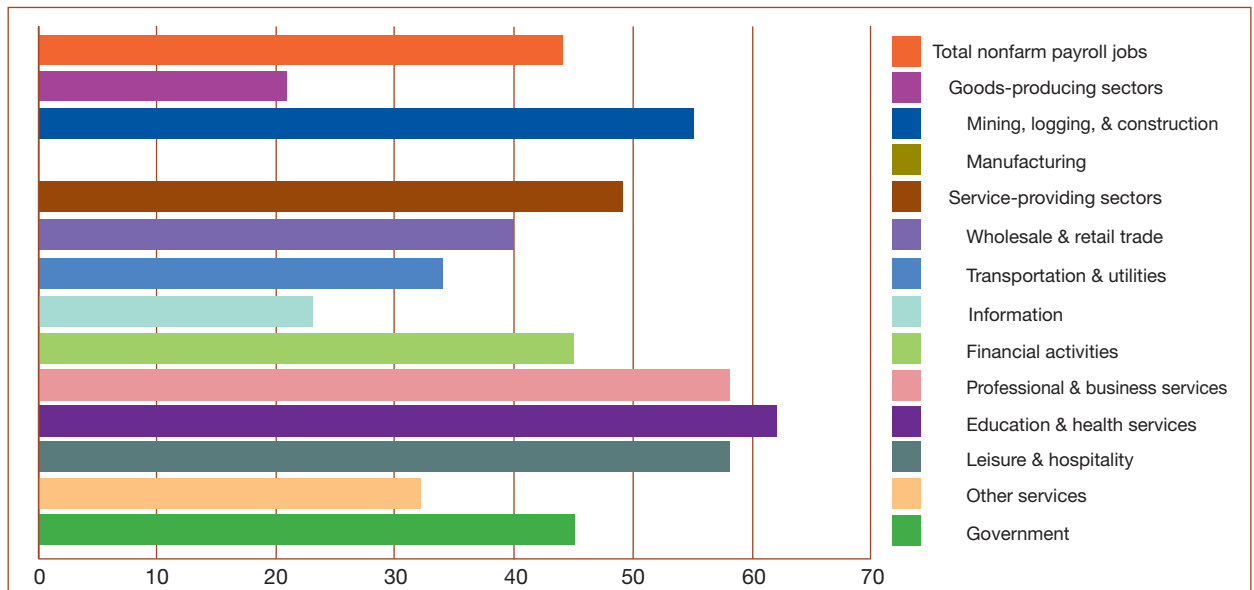
The education and health services sector is a source of stable employment growth, with no annual job losses since 2000, supported by the presence of BYU and hospital expansions in the HMA. In part because BYU is a

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Provo-Orem HMA, 2000 Through 2014



Source: U.S. Bureau of Labor Statistics

Figure 2. Sector Growth in the Provo-Orem HMA, Percentage Change, 2000 to Current



Notes: Current is based on 12-month averages through October 2015. During this period, employment in the manufacturing sector showed no net change.

Source: U.S. Bureau of Labor Statistics

private university, the sector is the largest in the HMA, averaging 47,400 jobs during the 12 months ending October 2015 and accounting for 21.3 percent of total nonfarm payrolls (Figure 3). The sector added 1,400 jobs, an increase of 3.0 percent, from the same period a year earlier. Since 2000, the education and health services sector has been the fastest-growing sector, increasing more than 60 percent. Recent additions to payrolls in this sector include Mountain Point Medical Center, which opened in the city of Lehi in June 2015 with 250 medical staff.

The number of jobs in the mining, logging, and construction sector, which consists mostly of construction jobs, has traditionally grown at a faster rate during periods of strong population growth, reflecting the need for new

housing. Since 2000, population growth was fastest during the 2004-to-2007 period, when mining, logging, and construction payrolls increased by an average of 2,000 jobs, or nearly 15 percent, annually. During the economic downturn from 2008 through 2010, however, sector payrolls decreased by an average of 3,000 jobs, or 19 percent, annually, as construction activity slowed. After the downturn, the sector rebounded and increased from 2011 through 2014 by an average of 1,600 jobs, or 13.1 percent, annually. Despite steady growth since the recession, the number of jobs in the mining, logging, and construction sector remains less than the peak of 19,000 jobs in 2007. During the 12 months ending October 2015, sector payrolls averaged 18,000 jobs, an increase of 1,600 jobs, or 9.8 percent, from a year earlier. Recent construction projects include the redevelopment of the former Geneva Steel mill site into the @geneva master-planned community, which began in 2013 with retail, commercial, and residential developments. In addition to the jobs created during the construction phase, the community on the 1,700-acre site in the town of Vineyard is projected to create 20,000 jobs across several sectors, including the leisure and hospitality and the professional and business services sectors, when complete in 2025.

The Church of Jesus Christ of Latter Day Saints (LDS) completed a temple in the city of Payson in June 2015. Construction of another temple in Provo began in 2012 and is expected to be complete in January 2016. Construction to renovate and expand the LDS Mission Training Center in the city of Provo began in the summer of 2015 and is expected to continue for the next 2 years. In addition, new

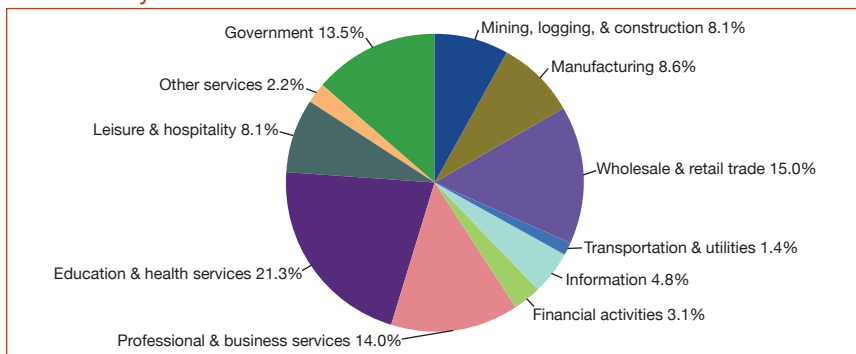
Table 3. Major Employers in the Provo-Orem HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Brigham Young University	Education & health services	4,375
Vivint, Inc.	Information	3,500
Clyde Companies, Inc.	Mining, logging, & construction	1,975
Young Living Essential Oils, LLC	Manufacturing	995
Qualtrics, LLC	Professional & business services	855
Ancestry.com, Inc.	Information	820
Vasa Fitness, LLC	Education & health services	700
Four Foods Group	Wholesale & retail trade	650
Domo, Inc.	Professional & business services	600
InsideSales.com, Inc.	Professional & business services	540

Note: Excludes local school districts.

Sources: 2015 Book of Lists; private companies in Utah ranked by total full-time employees in 2014

Figure 3. Current Nonfarm Payroll Jobs in the Provo-Orem HMA, by Sector



Note: Based on 12-month averages through October 2015.

Source: U.S. Bureau of Labor Statistics

office space for Ancestry.com, Inc.; Xactware Solutions, Inc.; and Adobe Systems, Inc., is under construction in the city of Lehi.

Some high-technology jobs are in the information sector, which constitutes a greater share of jobs in the HMA than in the nation. The information sector accounts for nearly 5 percent of nonfarm payrolls in the HMA compared with only 2 percent nationally. Information and high-technology-related employment has gradually recovered from losses after the dot-com bubble burst in the early 2000s. Information sector payrolls reached 8,600 jobs in 2012, the same level as in 2000, and continued to increase by an average of 700 jobs, or 7.3 percent, annually from 2013 through 2014. During the 12 months ending October 2015, sector payrolls averaged 10,600 jobs, an

increase of 700 jobs, or 7.1 percent, compared with a year earlier. Xactware Solutions, Inc., has announced it will add 600 jobs, and Adobe Systems, Inc., will add 1,500 jobs, during the next 3 years. Vivint, Inc., announced plans to add 4,000 jobs during the next 10 years.

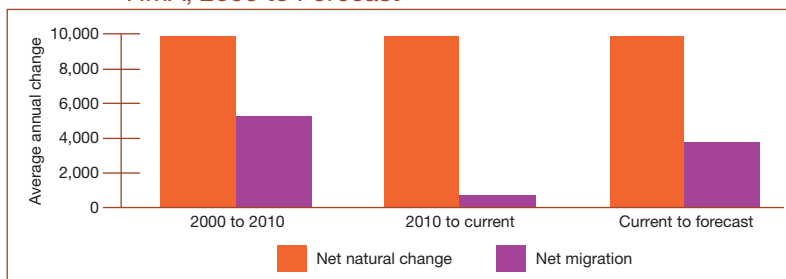
During the next 3 years, strong job growth is expected to continue in the HMA. Nonfarm payrolls are expected to increase by an average of 11,600 jobs, or 5.2 percent, annually. High-technology jobs are expected to continue growing at a fast pace, and sector growth will be led by the construction subsector and by the professional and business services and the information sectors. Growth in the education and health services sector is also expected to remain strong to support the growing population.

Population and Households

The Provo-Orem HMA has an estimated population of 585,600 as of November 1, 2015. The population has increased by an average of 10,550, or 1.9 percent, annually since April 2010. Population growth has been muted since 2010, despite strong

nonfarm payroll gains, as residents increase their participation in the labor force, meeting the need for additional employees in the HMA. Recent population growth has primarily been a result of net natural change (resident births minus resident deaths), which has accounted for more than 90 percent of the population growth since 2010 (Figure 4). Utah County has the second highest birth rate in the nation, 21.5 births per 1,000 people, higher than the national average of 12.4 (Centers for Disease Control and Prevention, 2013 report). The relatively high birth rates and young families attracted to the area for work also contribute to a young population with a large average household size. The median age in

Figure 4. Components of Population Change in the Provo-Orem HMA, 2000 to Forecast



Notes: The current date is November 1, 2015. The forecast date is November 1, 2018. Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

the HMA was 24.6 years compared with 30.5 years for the state of Utah and 37.7 years for the nation (2014 American Community Survey [ACS] 1-year estimates). In addition, the average household size in the HMA was 3.62, compared with 3.16 for the state and 2.65 nationally.

The population grew rapidly from 2000 to 2010, with net in-migration reflecting trends in job growth. Population growth from 2000 to 2002 was strong, with the population increasing by an average of 12,850, or 3.3 percent, but growth slowed significantly to an increase of 9,100 people, or 2.2 percent, from 2002 to 2003 during the year of job losses (State of Utah Demographic and Economic Analysis estimates as of July 1). The share of net in-migration declined from 32 percent of population growth from 2000 to 2002 to virtually nothing from 2002 to 2003. As the economy started to expand again, the population increased by 10,200, or 2.5 percent, from 2003 to 2004, with net migration accounting for 9 percent of population growth. From 2004 to 2007, a period of strong employment growth, the population increased by an average of 18,050, or 4.1 percent, annually, with net in-migration accounting for 45 percent of population growth. Population growth began to slow from 2007 to 2008, with the population increasing 3.9 percent. During the economic downturn from 2008 to 2010, population growth slowed further to an average of 16,650 people, or 3.3 percent, annually. Net in-migration declined to about 30 percent of population growth but, despite the slowdown in migration, population growth remained generally strong because net natural increase was at the highest level since 2000, averaging 11,200 people annually.

In 2000, about one-half of the HMA's population resided in the cities of Provo and Orem; however, since then, those cities have had net out-migration each year. Most of the population growth in the HMA since 2000 has occurred in the surrounding suburbs, and the two cities currently account for about one-third of the population of the HMA. Approximately 40 percent of net migration to the HMA is from Salt Lake County or the state of California (2009–2013 ACS 5-year estimates). People are attracted to the area, in part, because of relatively affordable housing, recreational amenities, and growing job opportunities, particularly in the high-technology industry. Population growth since 2000 has been concentrated in the northern suburbs because of relatively affordable land for homebuilding, growing job opportunities, and easy transportation access to the Provo and Salt Lake City employment centers.

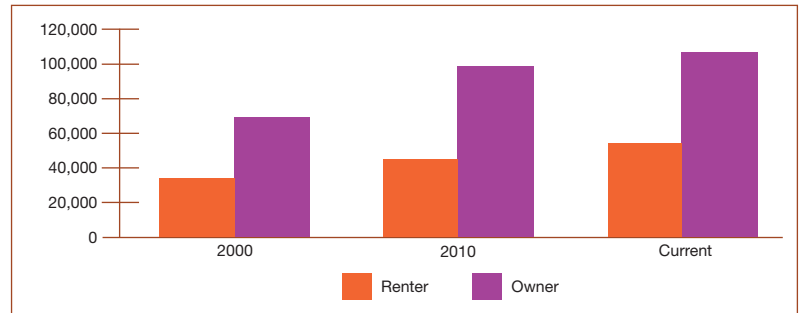
An estimated 159,350 households live in the HMA, an increase of 2,800, or 1.9 percent, annually since April 2010. By comparison, from 2000 to 2010, the number of households increased by 4,125, or 3.4 percent, annually. The homeownership rate in the HMA has been declining since 2010, following national trends, but at 67.4 percent in 2014, it was higher than the national average of 63.1 percent (2014 ACS 1-year estimates). Figure 5 shows the number of households by tenure in the Provo-Orem HMA from 2000 to the current date.

During the next 3 years, the population and number of households in the HMA are both expected to increase 2.3 percent a year, or by 13,500 and 3,725, respectively. Net natural increase is expected to constitute the largest

share of the population growth, although net in-migration is expected to increase in response to continued job growth. Most of the population and household growth is expected to

be north of the cities of Provo and Orem, continuing the shift toward the suburbs. Figure 6 shows population and household growth trends from 2000 to the forecast date.

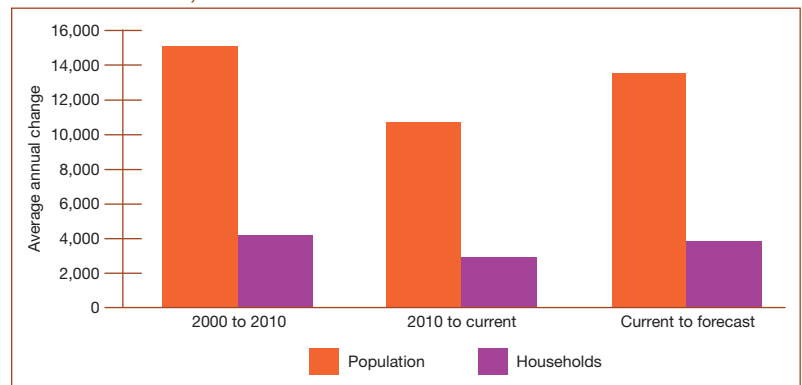
Figure 5. Number of Households by Tenure in the Provo-Orem HMA, 2000 to Current



Note: The current date is November 1, 2015.

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

Figure 6. Population and Household Growth in the Provo-Orem HMA, 2000 to Forecast



Notes: The current date is November 1, 2015. The forecast date is November 1, 2018.

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

Housing Market Trends

Sales Market

The sales housing market in the Provo-Orem HMA is balanced. The sales vacancy rate is currently estimated at 1.7 percent, down from 2.3 percent in April 2010 (Table DP-1 at the end of this report). The inventory of homes for sale in Utah County in September

2015 represented a 3.7-month supply, down from a 6.1-month supply a year earlier (Utah Association of Realtors®). Total home sales—including regular resale, real estate owned (REO), short sales, and new construction—increased nearly 14 percent during the 12 months

Housing Market Trends

Sales Market *Continued*

ending September 2015 from a year earlier, and the average sales price increased 5 percent (CoreLogic, Inc., with adjustments by the analyst).

Existing home sales—including regular resale, REO, and short sales—increased 11 percent, to 11,200 homes sold during the 12 months ending September 2015, but they remain below the levels of the mid-2000s, as tight lending standards and downpayment requirements, although easing, discourage would-be buyers. From 2003 through 2006, during a period of strong job growth in the HMA, existing home sales increased by an average of 2,500, or 20 percent, annually, to 17,900 homes sold in 2006. Despite strong economic conditions, sales began to decrease in 2007 and continued to decline as the economy weakened in 2008. From 2007 through 2010, existing home sales declined by an average of 2,400, or 18 percent, annually, to a low of 8,300 homes. After bottoming out in 2010, existing home sales increased by an average of 790 sales annually, or 9 percent, to 10,700 homes sold in 2013.

The average sales price of an existing home increased 5 percent during the past year, to an average of \$274,250. The average price remains 19 percent less than the average of \$339,300 at the height of the housing bubble in 2006 and 2007. After 2007, the average sales price decreased an average of 11 percent annually, to \$223,000 in 2011. REO sales, which peaked at about 26 percent of existing home sales in 2011, contributed to the declines in existing home prices. REO sales accounted for about 5 percent of existing home sales during the 12 months ending September 2015, down from the peak in 2011 but greater than the 1-percent rate in 2007.

The recovery of the housing market in the Provo-Orem HMA has been marked by a significant decrease in the share of seriously delinquent (90 or more days delinquent or in foreclosure) home loans and REO properties. As of October 2015, 1.9 percent of home loans in the HMA were seriously delinquent or had transitioned into REO status, down from 2.4 percent a year earlier and much less than the peak of 7.3 percent in February 2010 (Black Knight Financial Services, Inc.). Since the housing crisis began, the HMA has maintained a rate less than the nation as a whole, which was at 4.2 percent in October 2015.

Condominiums accounted for 10 percent of home sales during 2014, essentially unchanged since 2008 (Metrostudy, A Hanley Wood Company). Although many condominiums are purchased by first-time homebuyers, because often they are a more affordable option, condominium purchases by investors for rental conversion are also common, particularly near the universities. Condominium developments currently under construction include the 60-unit Villa D'Este in Orem, which is expected to be complete by the end of 2015. Prices for the 2-bedroom units start at about \$150,000, and approximately one-half of the units are sold.

Like existing home sales, new home sales increased during the past year but remain less than the peak levels of the mid-2000s. Sales of new homes increased 31 percent during the past year, to 2,425 homes sold during the 12 months ending September 2015. Sales of new homes remain 51 percent less than the average of 4,900 sold annually from 2005 through 2007, however, in part because of tighter

lending standards, changing preferences toward renting, and difficulty for some would-be homeowners to save for a downpayment. The price of a new home in the HMA averaged \$323,100 during the 12 months ending September 2015, up 4 percent from a year earlier. The price of a new home remains 6 percent less than the peak of \$344,300 in 2007. After 2007, prices decreased an average of 20 percent annually, to \$221,300 in 2009. After bottoming out in 2009, the average price for new home sales increased an average of 7 percent annually from 2010 through 2014.

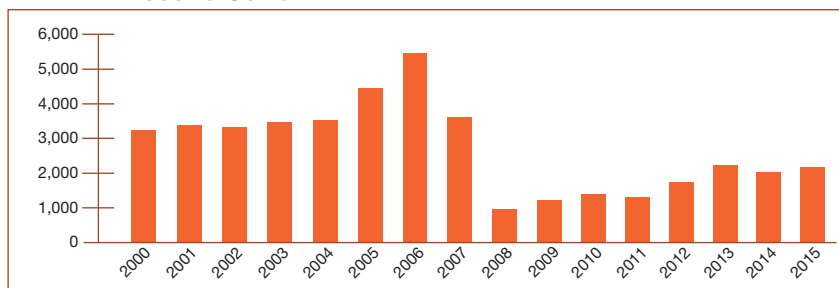
Single-family homebuilding activity, as measured by the number of homes permitted, increased after the economic downturn but remains subdued in the HMA. During the 12 months ending October 2015, 2,475 homes were permitted, up 32 percent from the same period a year earlier but less than the highs reached in the early to mid-2000s (University of Utah Bureau of Business and Economic Research [BBER]). The number of single-family homes permitted averaged 3,375 a year from 2000 through 2004 and then increased 45 percent to average 4,900 homes permitted in 2005 and 2006, during strong population and economic growth. Home construction began to decline in 2007 and dropped to a low of 930 homes permitted in 2008,

leading to declines in construction employment. Single-family construction trended upward through 2013, when 2,200 homes were permitted, as the economy recovered, eventually contributing to an increase in construction employment. Figure 7 shows the number of single-family homes permitted from 2000 to the current date.

Because of the mountains to the west, Utah Lake to the east, and city boundaries, developable land in the cities of Provo and Orem is scarce and costly; single-family homebuilding in the HMA primarily occurs north of Provo, near the growing employment centers around the city of Lehi and along the transit corridor connecting the city of Provo with Salt Lake City. The @geneva master-planned community is in this area of growth along the Interstate-15 (I-15) corridor between Orem and Utah Lake. It includes residential, commercial, and retail developments. In Vineyard, 150 of the 425 units at Edgewater Townhomes, which began construction in 2013, presold, and the remainder sold in 2014. Near I-15 and UVU, the townhomes are popular with investors renting to students and families in the area. To a lesser extent, residential development extends south of Provo, an area preferred primarily for the ample supply of relatively affordable land. That land includes areas south of Springville, which are farther from the job centers to the north, but starting prices for new homes are typically about \$50,000 less than in the rest of the HMA.

During the 3-year forecast period, demand is expected for 8,750 new homes (Table 1). The 1,900 homes currently under construction and some of the estimated 3,000 other vacant units that may reenter the

Figure 7. Single-Family Homes Permitted in the Provo-Orem HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through October 2015.

Sources: University of Utah Bureau of Economic and Business Research; estimates by analyst

Housing Market Trends

Sales Market *Continued*

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Provo-Orem HMA During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
150,000	199,999	190	2.2
200,000	249,999	1,600	18.2
250,000	299,999	2,025	23.1
300,000	349,999	1,700	19.4
350,000	399,999	1,100	12.5
400,000	449,999	860	9.8
450,000	and higher	1,300	14.8

Notes: The 1,900 homes currently under construction, the 100 homes in planning, and a portion of the estimated 3,000 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is November 1, 2015, to November 1, 2018.

Source: Estimates by analyst

market will satisfy some of the demand. Demand will be strongest in the suburban areas outside the urban core, to the north near employment opportunities and to the south where developable land is available and more affordable than in the cities of Provo and Orem. Demand is expected to be greatest in the \$250,000-to-\$349,999 price range (Table 4).

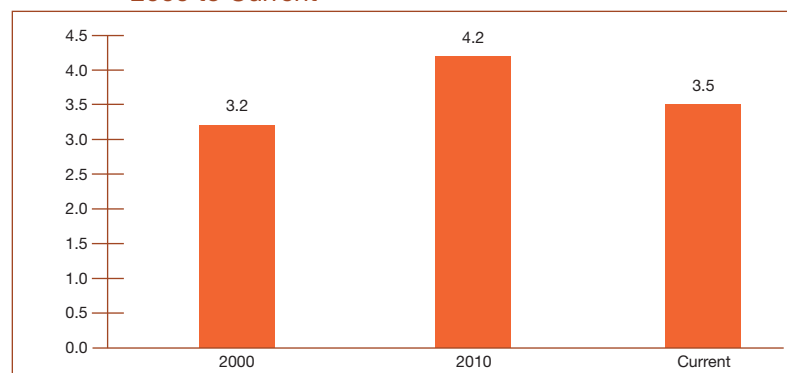
Rental Market

Rental housing market conditions in the Provo-Orem HMA are currently tight, with an estimated overall vacancy rate of 3.5 percent, down from 4.2 percent in April 2010 (Figure 8). Until the recent surge in apartment construction, the supply of new units had not kept pace with growing demand, causing tighter rental market conditions. Approximately 42 percent of renter households in the HMA live in single-family homes or mobile homes, and the remaining households rent in multifamily units, such as condominiums or apartments (2014 ACS 1-year estimates). Apartment market conditions are also tight, with a vacancy rate of 2.1 percent

during the third quarter of 2015, down from 2.8 percent a year earlier (MPF Research). During that period, the average apartment rent increased 3 percent to average \$930.

The combined student populations at BYU and UVU account for approximately 6.5 percent of the HMA population, with most students living in the cities of Provo and Orem, where the universities are. Enrollment at BYU is generally stable because it is a private, selective university able to manage its enrollment level, but enrollment at UVU, a public university, tends to fluctuate with economic conditions and is more susceptible to disruptions. In 2012, LDS announced a change to mission requirements, lowering the age of eligibility from 19 to 18 years and from 21 to 19 years for men and women, respectively, resulting in a temporary increase in the cohort of young adults delaying college to pursue mission service. BYU and UVU both have large populations of LDS students, and enrollment at the two universities, combined, fell approximately 10 and 30 percent during the 2013 and 2014 school years, respectively.

Figure 8. Rental Vacancy Rates in the Provo-Orem HMA, 2000 to Current



Note: The current date is November 1, 2015.

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

Enrollment levels at BYU mostly recovered by the fall of 2015, and enrollment at UVU is expected to recover by the fall of 2016, as missionaries return from their 18- to 24-month periods of service. The increase in returning missionaries boosted enrollment in the fall of 2015 and contributed to tightening apartment market conditions, especially in areas near the universities. Housing offices at both universities reported an increased number of students struggling to find housing near the universities for the 2015 school year compared with conditions during the previous 2 years. Enrollment at BYU is expected to remain steady during the next 3 years, but UVU expects moderate increases. UVU does not provide on-campus housing for students, which leads to increased demand for rental housing in the private market.

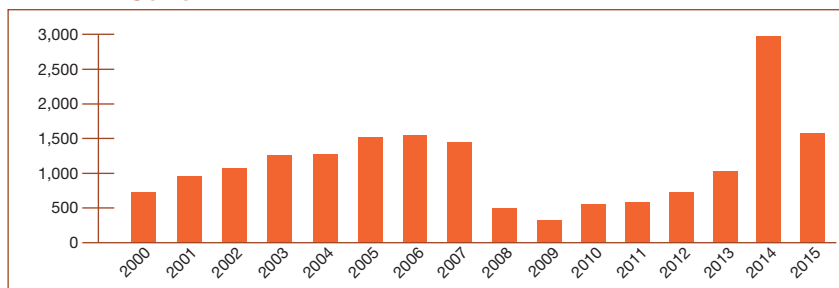
In 2014, builders began to respond to the increased demand for rental housing in the HMA since 2012. Multifamily building activity, as measured by the number of units permitted, has been elevated for the past 2 years, despite a slight decline during the past year (University of Utah BBER). During the 12 months ending October 2015, approximately 2,350 units were permitted, down nearly 5 percent from the 2,475 units permitted during the previous 12-month period. From 2000 through 2006, permitting increased by

an average of 140 units, or 14 percent, annually, to 1,550 units. Multifamily permitting began to decline in 2007 but remained elevated, at 1,450 units permitted, before decreasing significantly to an average of 430 units permitted in 2008 and 2009. As economic conditions began to improve, permitting increased, and, from 2010 through 2013, the number of units permitted increased by an average of 180, or 33 percent, annually, to 1,050 units. The recent increase in multifamily building activity is primarily concentrated in the cities of Provo and Orem. Figure 9 shows the number of multifamily units permitted in the HMA from 2000 to the current date.

Condominiums have traditionally accounted for a large portion of multifamily construction in HMA, but their share has decreased in recent years. Condominiums constituted slightly more than one-half of the multifamily units permitted from 2000 through 2009, averaging 600 units annually. From 2010 through 2014, condominiums decreased to about one-third of the multifamily units permitted, as builders responded to the increased demand for apartments. Condominium construction averaged 400 units annually during the period.

The city of Provo is largely built out, although some areas for infill development remain. Most of the developable land for rental housing in the HMA is north of Provo, in the cities of Orem, Vineyard, and Lehi. Cresthaven Apartments opened in August 2014 in the Traverse Mountain neighborhood in the city of Lehi and reached stabilized occupancy within 12 months. Rents for the one-, two-, and three-bedroom units at the 324-unit development start at \$1,150, \$1,230, and \$1,500, respectively. In the @geneva redevelopment,

Figure 9. Multifamily Units Permitted in the Provo-Orem HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through October 2015.

Sources: University of Utah Bureau of Economic and Business Research; estimates by analyst

the 324-unit Alloy @geneva and the 320-unit Concord @geneva are both nearing completion. Rents at Alloy @geneva range from \$1,000 for a one-bedroom unit to \$1,550 for a three-bedroom unit. The Concord @geneva is expected to be complete in November 2015, with rents ranging from \$990 for a one-bedroom unit to \$1,350 for a three-bedroom unit. During the early stages of lease up, Concord @geneva

is offering modest concessions, consisting of 1 free month of rent with an 18-month lease.

During the next 3 years, demand is expected for 2,975 new market-rate rental units in the HMA (Table 1), with the demand split between the growing suburbs and areas near the universities in the urban core. The 1,400 units currently under construction will meet a large portion of the forecast demand. In addition, approximately 525 units are in final planning and expected to be complete during the next 3 years. New units should be timed to enter the market during the third year of the forecast period to allow for the completion and absorption of units already in the pipeline. Table 5 shows the forecast demand for new market-rate rental housing in the HMA by rent level and number of bedrooms.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Provo-Orem HMA During the Forecast Period

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
900 to 1,099	460	1,090 to 1,289	1,075	1,190 to 1,389	480
1,100 or more	210	1,290 or more	410	1,390 to 1,589	260
				1,590 or more	80
Total	670	Total	1,475	Total	820

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 1,400 units currently under construction will likely satisfy some of the estimated demand. The forecast period is November 1, 2015, to November 1, 2018.

Source: Estimates by analyst

Data Profile

Table DP-1. Provo-Orem HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	179,433	216,919	261,400	1.9	3.9
Unemployment rate	2.9	7.5	3.2		
Nonfarm payroll jobs	155,400	177,500	223,000	1.3	4.8
Total population	376,774	526,810	585,600	3.4	1.9
Total households	102,393	143,695	159,350	3.4	1.9
Owner households	68,747	98,496	105,600	3.7	1.3
Percent owner	67.1	68.5	66.3		
Renter households	33,646	45,199	53,750	3.0	3.2
Percent renter	32.9	31.5	33.7		
Total housing units	107,124	151,852	166,200	3.6	1.6
Owner vacancy rate	1.7	2.3	1.7		
Rental vacancy rate	3.2	4.2	3.5		
Median Family Income	\$50,009	\$62,900	\$64,200	2.3	0.4

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through October 2015. Median Family Incomes are for 1999, 2009, and 2014. The current date is November 1, 2015.

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: 11/1/2015—Analyst’s estimates
 Forecast period: 11/1/2015–11/1/2018—
 Analyst’s estimates

The metropolitan statistical area definition noted in this report is 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 huduser.gov/publications/pdf/CMARtables_Provo-OremUT_16.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 huduser.gov/portal/ushmc/chma_archive.html.