

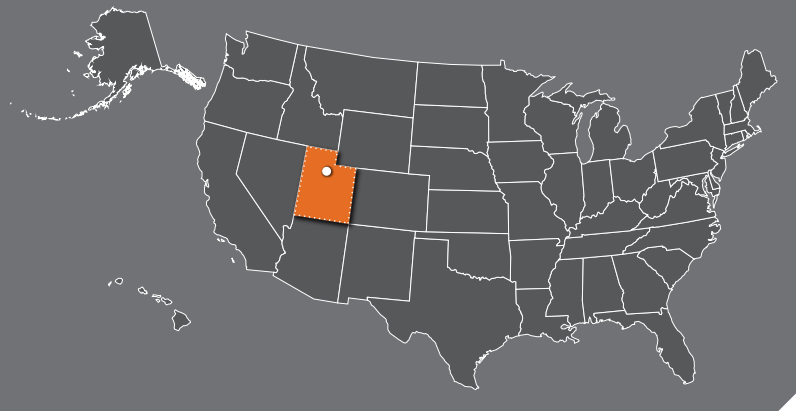
# HUD PD&R Housing Market Profiles

## Provo-Orem, Utah



### Quick Facts About Provo

- Current sales market conditions: balanced
- Current apartment market conditions: soft
- Higher education institutions in the Provo-Orem metropolitan area (hereafter, Provo metropolitan area) have contributed to a highly educated workforce. Approximately 44 percent of the metropolitan area population aged 25 or older has a bachelor's degree or higher, compared with 36 percent nationally (2022 American Community Survey 1-year data). Brigham Young University (BYU), a private university, and Utah Valley University (UVU), the largest public university in the state, had combined employment of more than 20,000 workers and approximately 60,050 full-time students enrolled during the fall of 2023.



Provo, Utah

By [Katharine Jones](#) | As of July 1, 2024

### Overview

The Provo metropolitan area is coterminous with the Provo-Orem, UT Metropolitan Statistical Area and includes Juab and Utah Counties in central Utah, west of the Wasatch Range. The population is concentrated primarily along the Interstate 15 corridor between the Wasatch Range and Utah Lake, the largest freshwater lake in the state. The economy of the metropolitan area is strong, although job growth has moderated in recent years following the recovery in 2021 from the recession caused by the COVID-19 pandemic. Growth in the education and health services and the mining, logging, and construction sectors as of the second quarter of 2024 more than offset declines in high-tech industries. The home sales market is currently balanced, and the apartment market is soft. Both have transitioned from tight market conditions in the early 2020s, leading to fewer sales units and apartment units permitted during the past year. A limited inventory of existing homes for sale and elevated mortgage interest rates have contributed to declining home sales. In addition, prices decreased for new homes and were unchanged for existing homes when compared with prices a year earlier. In the apartment market, rising vacancy rates contributed to declining rents.

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- The current population of the metropolitan area is estimated at 748,100, up by an average of 18,100, or 2.6 percent, a year since 2020. Net natural increase and net in-migration each contributed one-half of the population growth (U.S. Census Bureau decennial census count; estimates by the analyst). Utah County is home to 98 percent of the population in the metropolitan area, a share that has been constant since at least 2010.
- Population trends were similar from 2015 to 2020; the population increased by an average of 18,125, or 2.9 percent, annually during the period. Net natural increase averaged

9,325 people a year and accounted for 51 percent of the population growth, and net in-migration averaged 8,800 people a year, or 49 percent of the population growth.

- The most common metropolitan area origins for recent migrants into the Provo metropolitan area have been the Los Angeles-Long Beach-Anaheim, CA, the Ogden-Clearfield, UT, and the Salt Lake City, UT metropolitan areas (Census Bureau 2016-to-2020 metro-to-metro migration flows). People moving to the metropolitan area included university students, workers attracted by the strong economy, and those drawn to the nearby outdoor recreational activities.

## Economic Conditions

The economy in the Provo metropolitan area is strong. As of the second quarter of 2024, total nonfarm payrolls averaged 315,200 jobs, up by 6,100 jobs, or 2.0 percent, year over year, compared with a 1.7-percent annual gain as of the second quarter of 2023. Current job growth slightly outpaced the 1.8- and 1.7-percent annual gains in the HUD-defined Rocky Mountain region and the nation, respectively. A relatively small decline in jobs in the metropolitan area during the second quarter of 2020 resulting from the pandemic-related recession was quickly recovered by the second quarter of 2021, much earlier than the respective recoveries in 2022 for the region and the nation. Due to the faster economic recovery and overall stronger job growth in the metropolitan area, nonfarm payrolls as of the second quarter of 2024 are 18 percent higher than in the second quarter of 2019,

the most comparable period before the pandemic, compared with 8 percent in the region and 5 percent nationally.

As of the second quarter of 2024—

- The largest job gain compared with a year earlier was in the education and health services sector, which added 3,600 jobs, or 5.8 percent, and constituted 59 percent of net job growth. The sector is the largest in the metropolitan area, accounting for nearly 21 percent of total nonfarm payrolls. In February 2024, Intermountain Health opened the \$500 million Primary Children's Hospital in the city of Lehi, contributing to job gains in the sector.
- The mining, logging, and construction sector also had notable gains, adding 2,500 jobs, or 8.1 percent, from a year earlier—

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**Job gains in 6 of the 11 nonfarm payroll sectors contributed to overall job growth in the Provo metropolitan area as of the second quarter of 2024.**

|                                  | 3 Months Ending          |                          | Year-Over-Year Change   |         |
|----------------------------------|--------------------------|--------------------------|-------------------------|---------|
|                                  | June 2023<br>(Thousands) | June 2024<br>(Thousands) | Absolute<br>(Thousands) | Percent |
| <b>Total Nonfarm Payrolls</b>    | 309.1                    | 315.2                    | 6.1                     | 2.0     |
| Goods-Producing Sectors          | 55.2                     | 57.8                     | 2.6                     | 4.7     |
| Mining, Logging, & Construction  | 30.8                     | 33.3                     | 2.5                     | 8.1     |
| Manufacturing                    | 24.3                     | 24.5                     | 0.2                     | 0.8     |
| Service-Providing Sectors        | 253.9                    | 257.5                    | 3.6                     | 1.4     |
| Wholesale & Retail Trade         | 41.9                     | 41.8                     | -0.1                    | -0.2    |
| Transportation & Utilities       | 5.4                      | 5.5                      | 0.1                     | 1.9     |
| Information                      | 13.5                     | 12.8                     | -0.7                    | -5.2    |
| Financial Activities             | 13.4                     | 13.1                     | -0.3                    | -2.2    |
| Professional & Business Services | 46.0                     | 45.5                     | -0.5                    | -1.1    |
| Education & Health Services      | 61.9                     | 65.5                     | 3.6                     | 5.8     |
| Leisure & Hospitality            | 28.3                     | 28.3                     | 0.0                     | 0.0     |
| Other Services                   | 7.3                      | 7.6                      | 0.3                     | 4.1     |
| Government                       | 36.2                     | 37.3                     | 1.1                     | 3.0     |
| <b>Unemployment Rate</b>         | 2.5%                     | 3.3%                     |                         |         |

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



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the fastest rate of growth in the metropolitan area. In addition to ongoing residential and commercial construction projects, construction began in October 2023 of a Texas Instruments Incorporated semiconductor fabrication plant that is expected to open in 2026. The \$11 billion project is the largest in state history.

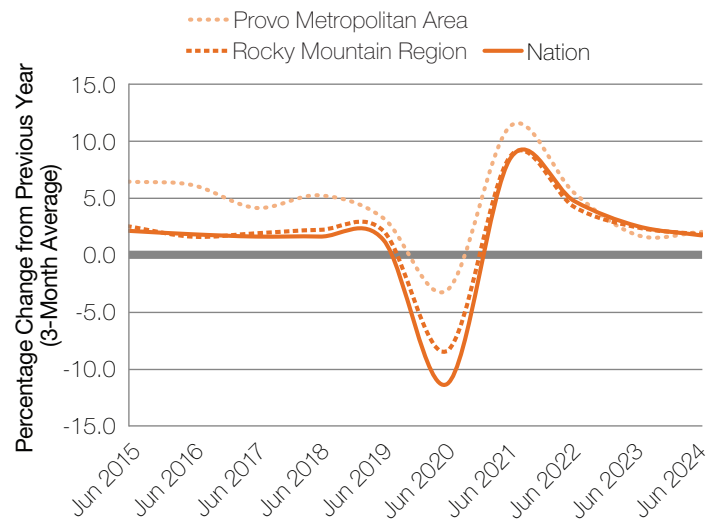
- Overall job growth was partly offset by a combined loss of 1,600 jobs in the wholesale and retail trade, the information, the financial activities, and the professional and business services sectors. Elevated interest rates contributed to the losses because many activities in those sectors are rate-sensitive, including venture capital investments in high-tech industries.
- The unemployment rate averaged 3.3 percent, up from 2.5 percent a year earlier. During the same period, resident employment decreased 0.3 percent year over year to 347,400.

A large concentration of high-tech jobs, together with the mountainous terrain and nearby ski resorts, have contributed to the regional nickname “Silicon Slopes,” an area that extends from the city of Provo to Salt Lake City but is centered in the city of Lehi in northern Utah County. Benefiting from the supply of graduates into the workforce, businesses related to the high-tech industry have grown around the universities. Statewide employment in high-tech industries averaged 4.9-percent annual growth from 2008 through 2018, primarily in the Silicon Slopes region—more than triple the 1.4-percent national average annual growth rate in high-tech industries (University of Utah Kem C. Gardner Policy Institute, 2019). High-tech companies support jobs in the information, the manufacturing, the professional and business services, and the wholesale and retail trade sectors, among others. Among the many high-tech companies with headquarters in the metropolitan area are Entrata, Inc., Qualtrics, LLC, and Vivint, Inc. In addition, E\*TRADE (a subsidiary of Morgan Stanley), Adobe Inc., and Oracle Corporation have corporate offices in the metropolitan area.

## Sales Market Conditions

The Provo metropolitan area home sales market is currently balanced, with a 1.5-percent estimated vacancy rate, up from 0.8 percent in April 2020, when the market was tight. Rising interest rates have suppressed the demand for home sales since late 2022, contributing to an increase in the inventory of homes for sale. A decline in sales and an increase in the for-sale supply caused the sales market to ease from tight to balanced in the past 2 years. Total home sales of approximately 11,125 during the 12 months ending May 2024 were down 23 percent from a year ago and 52 percent from the recent peak of 23,150 homes

As of the second quarter of 2024, the Provo metropolitan area had job growth similar to the Rocky Mountain region and the nation, following a milder decline in 2020 and a stronger recovery in 2021.



Source: U.S. Bureau of Labor Statistics

## Largest Employers in the Provo Metropolitan Area

| Name of Employer         | Nonfarm Payroll Sector      | Number of Employees |
|--------------------------|-----------------------------|---------------------|
| Brigham Young University | Education & Health Services | 15,000–19,999       |
| Walmart Inc.             | Wholesale & Retail Trade    | 7,000–14,999        |
| Utah Valley University   | Government                  | 5,000–6,999         |

Note: Excludes local school districts.

Source: Utah Department of Workforce Services, 2022

Despite recent job losses, the high-tech industry is a pillar of the economy. In addition to the previously noted Texas Instruments facility under construction, e-commerce software company Pattern Inc. announced in 2024 that it is expanding its global headquarters in the city of Lehi and will add 510 jobs within the next 10 years.

sold during the 12 months ending May 2021 (CoreLogic, Inc., with adjustments by the analyst). In May 2024, the metropolitan area had an available inventory of approximately 2,125 existing homes for sale, up 26 percent from a year earlier (Redfin, a national real estate brokerage). The metropolitan area had 3.3 months of supply of for-sale inventory in May 2024, up from 2.5 months a year earlier (Redfin, a national real estate brokerage, with adjustments by the analyst). Mortgage interest rates have rapidly increased since 2022. During the 12 months ending May 2024, the average interest rate on a 30-year

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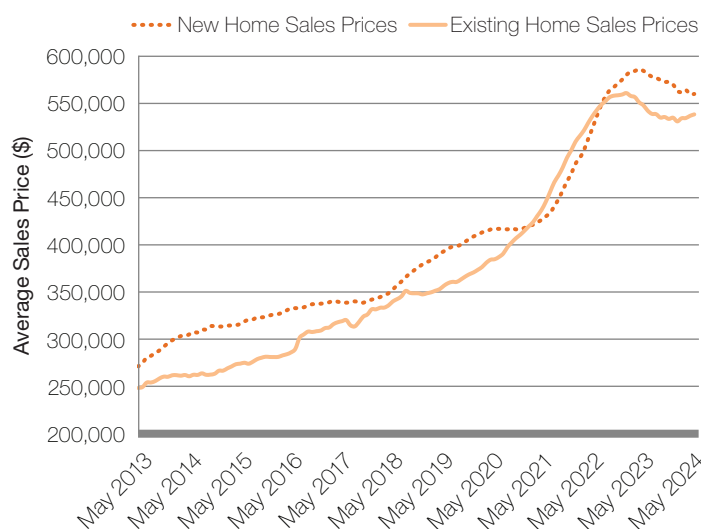
fixed-rate mortgage was 7.0 percent, up from 6.2 percent a year earlier and a historical low of 3.0 percent in 2021 (Freddie Mac). Before interest rates began increasing in 2022 they had remained below 5.0 percent since at least 2010.

- Approximately 99 percent of home sales in the metropolitan area occur in Utah County, a share that has been consistent since at least 2012 (Redfin, a national real estate brokerage) and generally corresponds to the population distribution in the metropolitan area.
- During the 12 months ending May 2024, 8,250 existing homes sold, down 16 percent from the same period a year earlier compared with the 37-percent decline during the previous 12-month period (CoreLogic, Inc., with adjustments by the analyst). The average price of an existing home has been essentially unchanged at approximately \$540,800 for the past 2 years.
- Approximately 2,875 new homes sold during the 12 months ending May 2024, down 38 percent from the same period a year earlier, accelerating from the 22-percent annual decline during the 12 months ending May 2023. The average price of a new home decreased 3 percent to \$562,000 compared with a year earlier, partly reversing the 8-percent increase in the average new home price during the 12 months ending May 2023.
- As of May 2024, the share of mortgages that were 90 or more days delinquent, in foreclosure, or had transitioned

to real estate owned status was very low at 0.4 percent, down slightly from 0.5 percent a year earlier. The current rate is the same as in March 2020—before the impacts of the pandemic caused the rate to spike temporarily—and is the lowest rate since at least 2000.

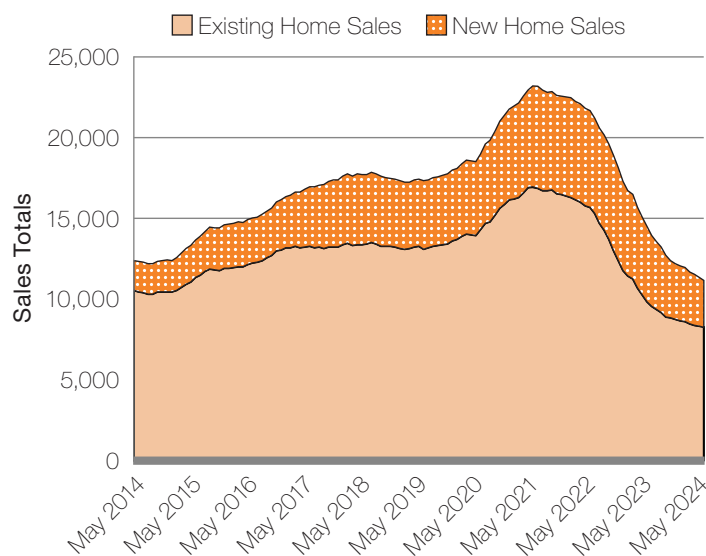
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During the 12 months ending May 2024, existing home sales prices stagnated and new home prices decreased in the Provo metropolitan area compared with a year earlier.



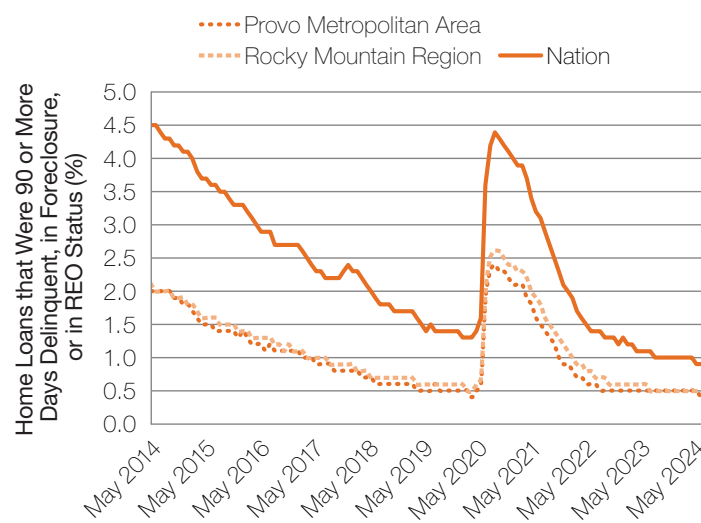
Note: Sales prices include single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst

New and existing home sales in the Provo metropolitan area decreased for the second consecutive year during the 12 months ending May 2024.



Note: Sales include single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst

The rates of seriously delinquent home loans and REO properties in the Provo metropolitan area and the Rocky Mountain region have been consistently below the national rate since the mid-2010s.



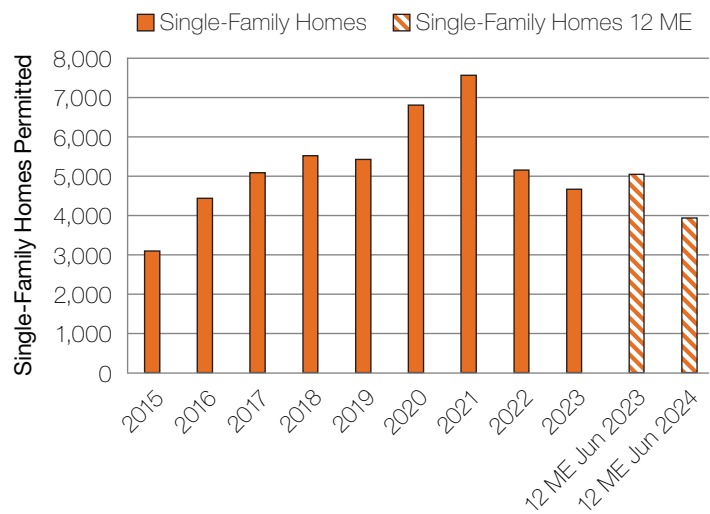
REO = real estate owned. Source: CoreLogic, Inc.

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Despite the strong economy and continued population growth in the metropolitan area, elevated interest rates have contributed to declining demand for new homes, and construction of homes built for sale, as measured by the number of building permits issued, decreased in the past year. During the 12 months ending June 2024, approximately 3,950 homes were permitted, down 22 percent from the same period a year earlier (preliminary data, with adjustments by the analyst).

- Homebuilding activity peaked in 2021, with 7,550 new homes permitted, when developers responded to tight sales market conditions and a limited inventory of existing homes for sale.
- In response to rising interest rates in 2022, construction of homes built for sale decreased to an average of 4,900 homes a year in 2022 and 2023. By comparison, an average of 5,050 homes were built annually from 2015 through 2020.
- Housing development in the Provo metropolitan area is constrained by the Wasatch Range to the east and Utah Lake to the west, so most new construction occurs on land to the north and south of the cities of Provo and Orem. Construction began in the Parkway Fields community in the city of Eagle Mountain in the northern suburbs in mid-2023. A total of 1,225 homes are planned; in the past 12 months, approximately 140 homes have sold and nearly 100 are under construction. Prices in the community for single-family homes with three bedrooms start at \$399,900.

The construction of homes for sale in the Provo metropolitan area has declined from the recent peak in 2021.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2015–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

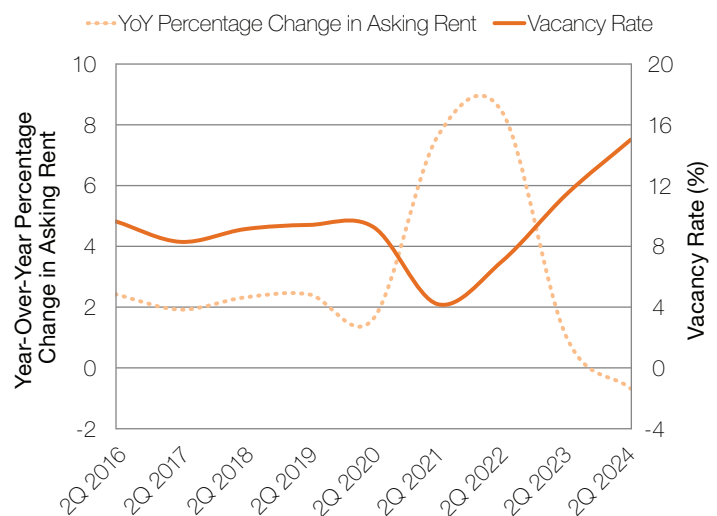
## Apartment Market Conditions

Apartment market conditions in the Provo metropolitan area are soft, having transitioned from tight conditions in 2021 following a significant number of new apartment completions. As of the second quarter of 2024, the apartment vacancy rate was 15.0 percent, up from 11.4 percent a year earlier, and the average rent decreased nearly 1 percent to \$1,552, partly because of a large number of new properties leasing up and offering concessions (CoStar Group). By comparison, during the second quarter of 2021, the apartment vacancy rate was 4.2 percent, and the average rent rose 8 percent from a year earlier. Since 2021, a total of 5,325 new apartment units have been completed in the metropolitan area, outpacing the absorption of 2,850 units during the same period and causing the vacancy rate to rise. CoStar Group reported that an additional 2,625 units were under construction as of the second quarter of 2024.

As of the second quarter of 2024 —

- Among the CoStar Group-defined market areas in the Provo metropolitan area, the North Utah County market area had the highest vacancy rate, 20.0 percent, up from 16.0 percent a year earlier. During the 12 months ending

As of the second quarter of 2024, the apartment vacancy rate in the Provo metropolitan area increased from a year earlier and contributed to the decreasing rent.



2Q = second quarter. YoY = year-over-year.

Source: CoStar Group

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June 2024, about 1,500 apartment units were completed in the market area, accounting for 65 percent of total apartment additions in the metropolitan area.

- The Central/South Utah County market area was the only market area in the metropolitan area where the vacancy rate declined, falling to 18.5 percent from 19.9 percent a year earlier. Despite the decrease, the area had the steepest rent decline, down 2 percent year over year to \$1,542.
- The West Utah County market area had the lowest vacancy rate and strongest rent growth. The vacancy rate averaged 4.7 percent, up from 4.2 percent a year earlier, and the average rent increased 3 percent year over year to \$1,668.
- In the Provo and the Orem market areas, which include areas near BYU and UVU, respectively, vacancy rates increased, and the average apartment rents were unchanged from a year earlier. The vacancy rate in the Provo market area was 13.3 percent, up from 9.3 percent a year earlier, and the average rent was \$1,331. The vacancy rate in the Orem market area increased from 6.7 to 9.8 percent, and the average rent was \$1,461.

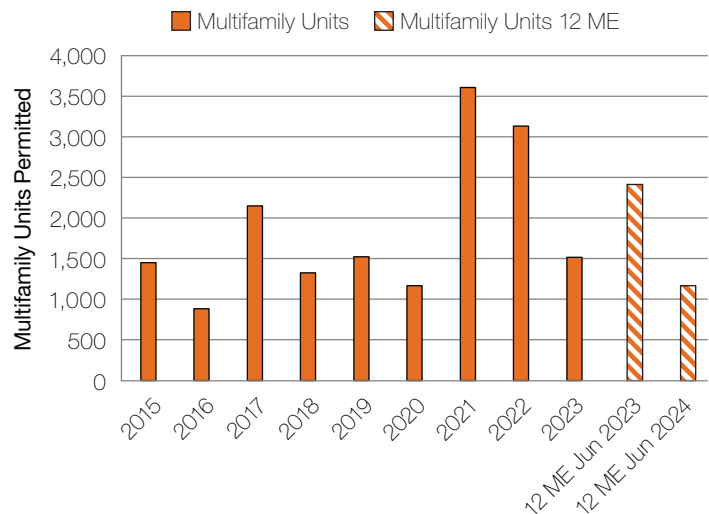
Beginning in 2021, builders responded to the tight apartment market conditions and historically low interest rates by drastically increasing apartment construction. However, the subsequent softer market conditions and rising interest rates, which add considerable costs to financing the construction of apartments, contributed to a significant drop in apartment construction beginning in 2023.

- During the 12 months ending June 2024, apartment construction decreased 51 percent from the previous 12 months to 1,175 units permitted (preliminary data, with adjustments by the analyst).
- Permitting averaged 1,425 units annually from 2015 through 2020 and spiked to 3,625 units in 2021. Permitting

decreased slightly in 2022 but remained elevated at 3,125 units before decreasing 51 percent to 1,525 units in 2023.

- The recent apartment construction has been particularly notable in the northern suburbs, including in the North Utah County market area, partly because of the presence of many tech companies. In the city of American Fork in northern Utah County, the 512-unit Arza Apartments opened in 2023; rents for the studio, one-bedroom, two-bedroom, and three-bedroom units average \$1,179, \$1,380, \$1,582, and \$1,889, respectively.
- The 317-unit Terra Vista apartments are under construction in the city of Lehi and are expected to open in July 2024. Rents for the one-, two-, and three-bedroom units are expected to average \$1,509, \$1,921, and \$2,449, respectively.

**Apartment construction in the Provo metropolitan area peaked in 2021, and recent levels are similar to those of the mid- to late-2010s.**



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2015–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

## Terminology Definitions and Notes

### A. Definitions

|   |   |
|---|---|
| Absorption                                  | The net change, positive or negative, in the number of occupied units in a given geographic range.  |
| Apartment Vacancy Rate/Average Monthly Rent | Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up. A property is stabilized once a 90-percent or above occupancy rate is reached or at least 18 months have passed since the property was changed from “under construction” to “existing” on the CoStar Group website.  |
| Building Permits                            | Building permits do not necessarily reflect all residential building activity. 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. |
| Existing Home Sales                         | Includes resales, short sales, and real estate owned sales. Resales are home closings that have no ties to either new home closings (builders) or foreclosures and are homes that were previously constructed and sold to an unaffiliated third party.  |
| Home Sales/Home Sales Prices                | Includes single-family home, townhome, and condominium sales.   |
| Net Natural Increase                        | Resident births are greater than resident deaths.   |
| Seriously Delinquent Mortgages              | Mortgages 90 or more days delinquent or in foreclosure.   |

### B. Notes on Geography

|    |   |
|----|---|
| 1. | The metropolitan statistical area definitions noted in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018. |
| 2. | The HUD Rocky Mountain region includes Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming.  |