

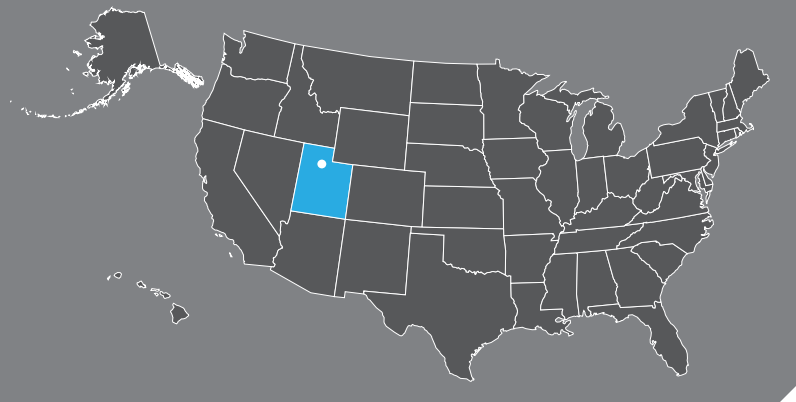
# HUD PD&R Housing Market Profiles

## Salt Lake City, Utah



### Quick Facts About Salt Lake City

- Current sales market conditions: balanced, but softening
- Current apartment market conditions: balanced, but softening
- The Great Salt Lake is the largest saltwater lake in the western hemisphere and has a statewide economic impact of \$2.5 billion annually, through tourism, mineral extraction, and aquaculture (Brigham Young University). The lake causes lake-effect snow in the nearby Wasatch Mountains, increasing annual snowfall by an estimated 5 to 10 percent. Four ski areas are in the metropolitan area, and eight more are in nearby counties.



By Katharine Jones | As of January 1, 2023

### Overview

The Salt Lake City metropolitan statistical area (hereafter, metropolitan area) includes Salt Lake and Tooele Counties in north central Utah along the western edge of the Wasatch Mountain Range. Salt Lake City is the state capital and the most populous city in the state. The metropolitan area is bounded by the Ogden-Clearfield metropolitan area to the north and the Provo-Orem metropolitan area to the south. Economic activities and population centers in the metropolitan area are primarily concentrated along the Interstate 15 corridor between the Wasatch Mountains to the east and the Great Salt Lake to the northwest. The state government has historically anchored the local economy, but broad growth in 8 of the 10 other sectors offset declines in the government sector during the past year. Slower migration in recent years and rising interest rates have suppressed demand for sales housing, and a large number of recently completed multifamily units, mostly apartments, have contributed to rising vacancy rates in the apartment market. In 2022, residential construction for single-family and multifamily housing units in the metropolitan area decreased 14 percent from a year earlier, with the steepest declines in single-family home construction; multifamily construction remained elevated compared with historical trends.

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- The Salt Lake City metropolitan area population is estimated at 1.28 million as of January 1, 2023, reflecting an average annual increase of 11,350, or 0.9 percent, since 2017, compared with an average annual increase of 18,450, or 1.6 percent, from 2013 to 2017 (U.S. Census Bureau population estimates as of July 1, and analyst estimates). Salt Lake County accounts for approximately 94 percent of the metropolitan area population, but Tooele County is increasing at a faster rate, averaging an increase of 3.2 percent annually since 2013, compared with a 1.4-percent average annual increase in Salt Lake County.
- From 2013 to 2017, net natural increase in the metropolitan area averaged 11,650 people annually before slowing to 8,875 people since 2017. Net natural increase was lower due to national trends of fewer births coupled with increased deaths, particularly notable during the COVID-19 pandemic,

but also a result of a relatively aging population. Nevertheless, net natural increase continues to be the largest component of population growth.

- Net in-migration averaged 6,775 people annually from 2013 to 2017 before slowing to an average of 2,450 people annually since 2017. Net in-migration slowed in part because of much lower international migration due to changes in immigration policies during the late 2010s and travel restrictions during the pandemic. In addition, some people are moving to nearby metropolitan areas such as Ogden-Clearfield, which is still a commutable distance to Salt Lake City area jobs and is connected by transit lines. Average home prices in the Ogden-Clearfield metropolitan area are approximately 11 percent lower than in the Salt Lake City metropolitan area (CoreLogic, Inc., with adjustments by the analyst).

## Economic Conditions

Economic conditions in the Salt Lake City metropolitan area are strong. As of early 2021, the area had fully recovered from the impacts of the recession induced by the COVID-19 pandemic in early 2020, a year ahead of the national recovery. During the fourth quarter of 2022, nonfarm payrolls increased by 13,600 jobs, or 1.7 percent, from a year earlier, compared with 3.9-percent year-over-year growth in 2021 and a 0.3-percent decline in 2020. The number of jobs during the fourth quarter of 2022 were up 4 percent from the fourth

quarter of 2019, prior to the impacts from the pandemic, compared with a 2-percent gain nationally. Job growth during the past year was much slower than the gains during the economic expansion of the 2010s. Fourth quarter job gains averaged 2.8 percent annually from 2013 through 2019.

During the fourth quarter of 2022—

- The mining, logging, and construction sector led job growth, adding 4,900 jobs, or 9.0 percent, from a year earlier.

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**Nonfarm payrolls in the Salt Lake City metropolitan area increased in 8 of the 11 sectors during the fourth quarter of 2022, despite the low unemployment rate contributing to tight labor market conditions.**

	3 Months Ending		Year-Over-Year Change	
	December 2021 (Thousands)	December 2022 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	782.9	796.5	13.6	1.7
Goods-Producing Sectors	115.8	122.4	6.6	5.7
Mining, Logging, & Construction	54.4	59.3	4.9	9.0
Manufacturing	61.4	63.1	1.7	2.8
Service-Providing Sectors	667.1	674.1	7.0	1.0
Wholesale & Retail Trade	117.2	121.4	4.2	3.6
Transportation & Utilities	44.6	45.8	1.2	2.7
Information	22.2	24.3	2.1	9.5
Financial Activities	63.7	60.5	-3.2	-5.0
Professional & Business Services	136.9	137.2	0.3	0.2
Education & Health Services	91.2	93.1	1.9	2.1
Leisure & Hospitality	60.4	63.9	3.5	5.8
Other Services	22.5	22.2	-0.3	-1.3
Government	108.4	105.7	-2.7	-2.5
<b>Unemployment Rate</b>	2.0%	2.0%		

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

Source: U.S. Bureau of Labor Statistics



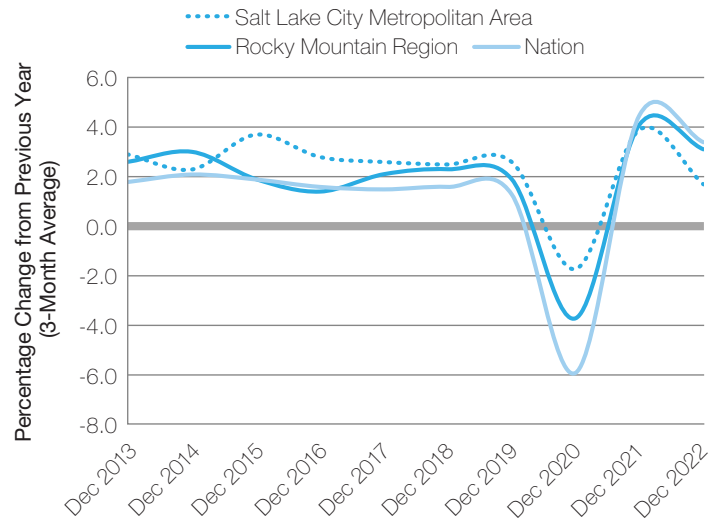
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Renovations at the Salt Lake City International Airport, a project that will essentially rebuild the airport while keeping it open, began in 2014 and are ongoing through 2024. The renovations include new terminals, concourses, gates, and parking, with an expected cost of \$5.1 billion.

- Partially offsetting job gains, three sectors lost jobs compared with a year earlier: the financial activities sector, the other services sector, and the government sector. The steepest declines were in the financial activities sector, which lost 3,200 jobs, or 5.0 percent, partly because rising interest rates tempered demand for mortgage and refinancing applications, leading to job losses in the real estate industry.
- The professional and business services sector is the largest sector in the metropolitan area, accounting for 17 percent of nonfarm payrolls. Sector jobs increased by 300 jobs, or 0.2 percent, from a year earlier.
- The unemployment rate was unchanged year over year at 2.0 percent, the lowest level for a fourth quarter since at least 2000. The unemployment rate in 2019, before the impacts of the pandemic, was 2.1 percent.

The government sector is the third-largest payroll sector, accounting for 13 percent of total nonfarm payrolls. With the state capital, that sector typically provides a source of stable employment in the metropolitan area. Government payroll declines in the past year, however, were led by a loss of 3,100 jobs, or 6.5 percent, in the state government subsector during the fourth quarter of 2022. The tight labor market conditions have made it difficult to fill many positions, including the approximately 400 workers still needed at the state prison that opened near the Salt Lake City airport in July 2022. Nevertheless, growth continues in some state industries. At The University of Utah, a public university in Salt Lake City, faculty employment increased approximately 2 percent from the fall 2021 to the fall 2022 semester. The University of Utah, which includes University of Utah Health, is the largest employer in the HMA, with more than

**Nonfarm payrolls in the Salt Lake City metropolitan area have typically increased faster than in the region and the nation, but growth has slowed in the past 2 years.**



Source: U.S. Bureau of Labor Statistics

### Largest Employers in the Salt Lake City Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
The University of Utah	Government	20,000+
Intermountain Healthcare	Education and Health Services	20,000+
State of Utah	Government	10,000–14,999

Note: Excludes local school districts.

Source: Utah Department of Workforce Services, November 2022

20,000 workers. During the fall 2022 semester, nearly 34,750 students were enrolled, up slightly more than 1 percent from a year earlier. In 2019, The University of Utah accounted for \$2.7 billion of the state gross domestic product (The University of Utah 2020 Report).

## Sales Market Conditions

Sales market conditions are balanced and showing signs of softening, compared with tight conditions a year ago. During the past year, rising interest rates suppressed demand for home sales. The average 30-year fixed mortgage rate in the United States was 6.4 percent during the last week of December 2022, more than twice the 3.1-percent rate during the same period a year earlier (Freddie Mac). In addition, for-sale inventory has increased year over year, which coincided with a drop in home sales. As of December 2022, the metropolitan area had

a 2.9-month supply of homes for sale, up from 0.7 month a year earlier (Redfin, a national real estate brokerage). The past year had the lowest level of for-sale inventory in the month of December since at least 2012, and the current inventory is at the highest level since 2014. During the 12 months ending November 2022, 24,000 homes were sold, down 25 percent from the previous 12-month period (CoreLogic, Inc., with adjustments by the analyst). The average price increased 13 percent year over year to \$566,100. The impacts of the rising

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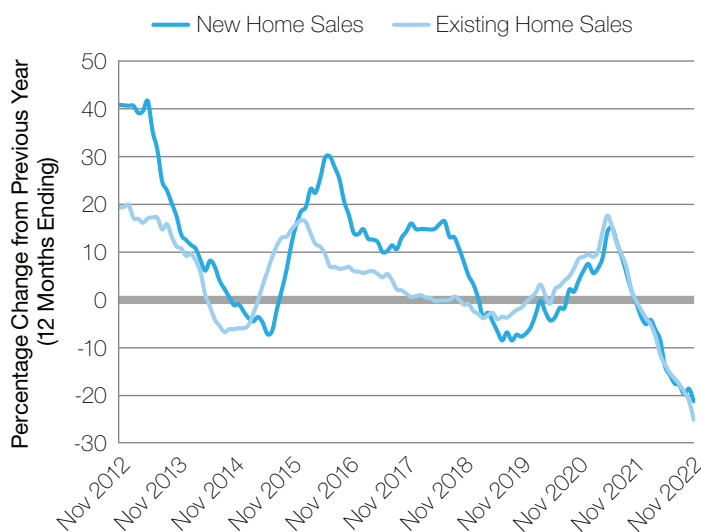


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interest rates are more pronounced when looking at recent sales. During the 3 months ending November 2022, home sales decreased 43 percent, and price growth was slower, averaging 7 percent year over year.

- Existing home sales, including resale sales and distressed sales, decreased 25 percent during the 12 months ending November 2022 to 20,750 homes sold. The average price of an existing home increased 12 percent year over year to \$563,000.
- New home sales totaled 3,275 during the 12 months ending November 2022, down 21 percent from a year earlier, and accounted for nearly 14 percent of all homes sold. Price growth was strong among new homes, increasing an average of 20 percent year over year to \$586,000.
- Approximately 91 percent of all homes sold in the metropolitan area are in Salt Lake County, down from 94 percent in 2013. Since 2013, home sales in Tooele County increased an average of 4.2 percent annually, in part because home prices in the county are lower than in other parts of the metropolitan area (CoreLogic, Inc., with adjustments by the analyst). Home prices in Tooele County during the 12 months ending November 2022 were approximately 17 percent lower than in Salt Lake County.
- The percentage of home loans in the Salt Lake City metropolitan area that were seriously delinquent or had transitioned into real estate owned status declined from

During the 12 months ending November 2022, new and existing home sales in the Salt Lake City metropolitan area decreased from a year earlier, continuing a trend that started in 2021.

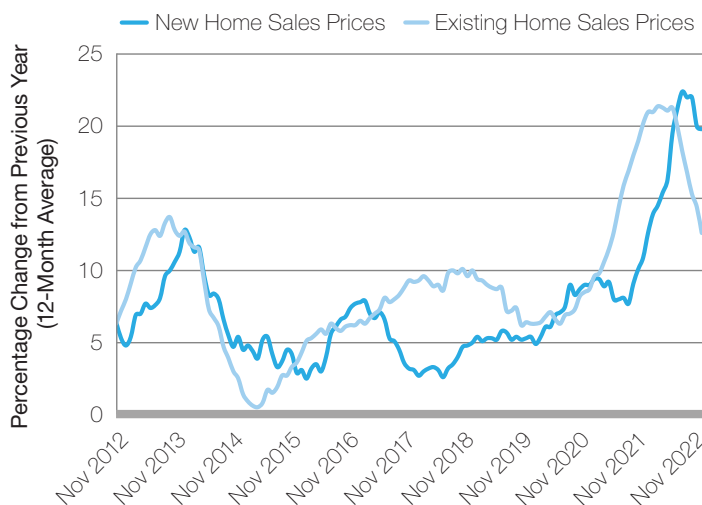


Note: Includes single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc., with adjustments by the analyst

1.1 percent in November 2021 to 0.6 percent in November 2022, and the decline came from a 46-percent reduction in mortgages that were 90 or more days delinquent (CoreLogic, Inc.). The current rate is the same as the 0.6-percent rate for Utah and below the 1.2-percent rate for the nation.

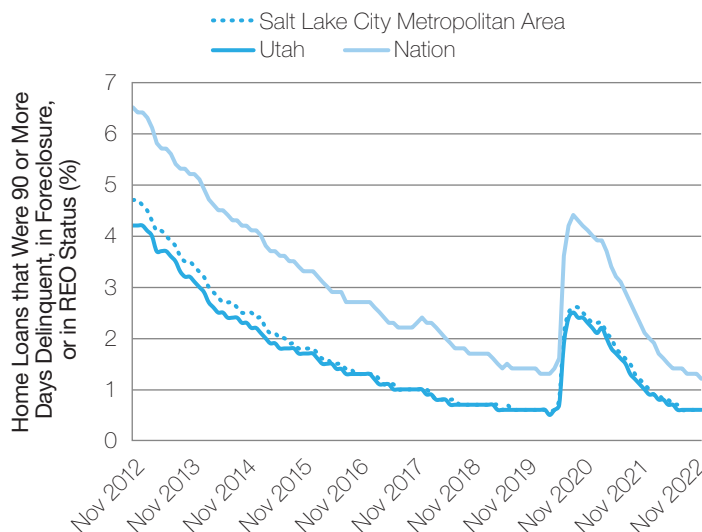
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During the 12 months ending November 2022, the average price increase for existing homes in the Salt Lake City metropolitan area slowed from a year earlier, whereas new home price growth accelerated.



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

The percentage of home loans 90+ days delinquent, in foreclosure, or recently transitioned to REO status is consistently lower in the Salt Lake City metropolitan area and Utah than in the nation.



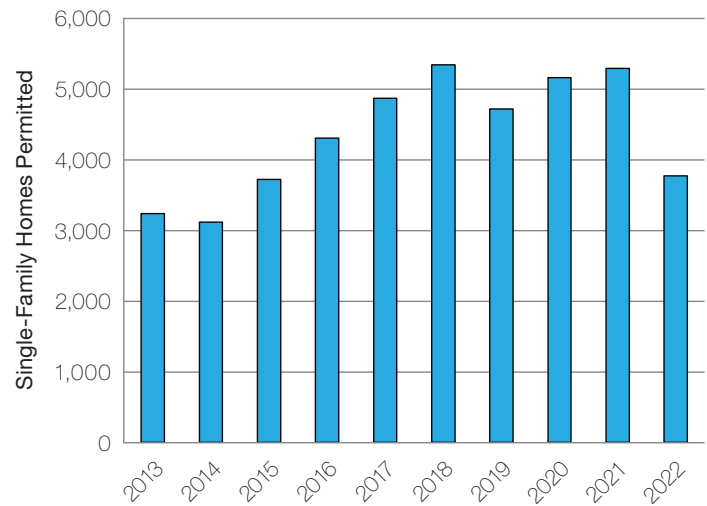
REO = real estate owned.  
Source: CoreLogic, Inc.

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Slower population growth since 2017 and rising interest rates in 2022 led to subdued demand for home sales, contributing to fewer new home starts during the past year.

- During 2022, single-family permits totaled 3,775 homes, down 29 percent from 2021 (preliminary data). Nearly 83 percent of single-family permitting occurred in Salt Lake County, with the remaining 17 percent in Tooele County.
- From 2013 through 2016, an average of 3,600 single-family homes were permitted, and permitting increased to an average of 5,025 from 2017 through 2020, despite the slower population growth.
- Historically, from 1980 to 2012, approximately 92 percent of single-family permitting occurred in Salt Lake County, but as population growth transitions toward more affordable areas of the metropolitan area such as Tooele County, single-family construction is also gradually shifting. From 2013 through 2016, Salt Lake County accounted for 89 percent of single-family permitting; that share decreased to 87 percent from 2017 through 2020.

### Single-family home permitting in the Salt Lake City metropolitan area decreased in 2022.



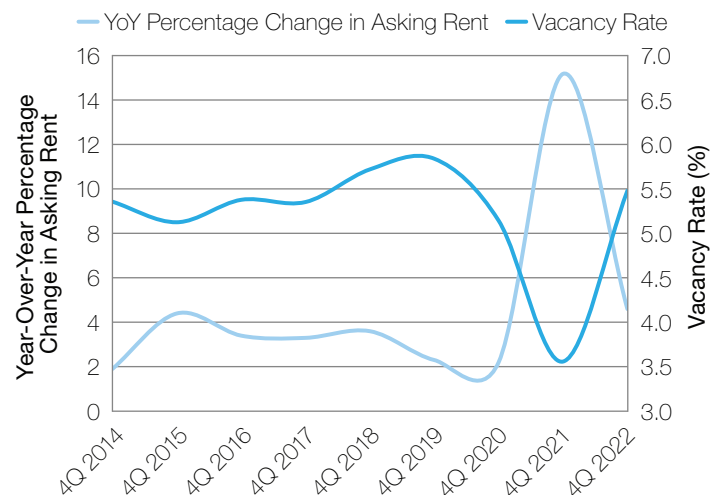
Sources: U.S. Census Bureau, Building Permits Survey; 2013–20—final data and estimates by the analyst; 2021–22—preliminary data and estimates by the analyst

## Apartment Market Conditions

Apartment market conditions are currently balanced, but softening. Strong apartment construction activity in recent years has contributed to an elevated number of properties in lease up and under construction. The apartment vacancy rate averaged 8.1 percent as of the fourth quarter of 2022, up from 5.1 percent a year earlier (CoStar Group). The stabilized vacancy rate, however, which excludes new properties in the lease-up phase, was 5.5 percent as of the fourth quarter of 2022, up from 3.6 percent a year earlier. During 2022, approximately 3,750 new apartment units entered the market, up 4 percent from 2021. By comparison, an average of 3,075 new units entered the market each year from 2013 through 2020, a period that included stronger population growth. The average rent as of the fourth quarter of 2022 was \$1,511, up nearly 5 percent from a year earlier. From 2014 to 2020, the fourth quarter average rent increased 3 percent annually and spiked with an increase of 15 percent in 2021, partly because of the low vacancy rate.

- Absorption of units slowed dramatically during the fourth quarter of 2022 when 10 units were absorbed, down from 850 units a year earlier and an average of 420 units each year during the fourth quarters of 2013 through 2020. The slower absorption, coupled with the increase in new apartments opening, contributed to the rise in the overall vacancy rate.

### The stabilized vacancy rate as of the fourth quarter of 2022 increased in the Salt Lake City metropolitan area compared with a year earlier, and rent growth slowed in response.



4Q = fourth quarter. YoY = year-over-year.

Source: CoStar Group

- Market conditions across the 14 CoStar Group-defined market areas ranged from slightly tight in the East Salt Lake City market area to slightly soft in the Holladay area, with average stabilized vacancy rates of 4.1 and 8.8 percent, respectively, as of the fourth quarter of 2022. Most other

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market areas were balanced. The vacancy rate increased in all the market areas during the past year.

- The Downtown Salt Lake City market area, which includes the central business district and the area around The University of Utah, accounts for approximately 17 percent of the apartment inventory in the metropolitan area. As of the fourth quarter of 2022, the average stabilized vacancy rate was 5.6 percent, up from 4.0 percent a year earlier, and the average rent increased 4 percent to \$1,669. Construction of several dormitories on The University of Utah campus is underway to accommodate approximately 1,750 students. The new dormitories will help alleviate some of the shortage of on-campus housing; nearly 3,000 students are on a waiting list to move on campus.
- The Sugar House market area, which includes a neighborhood in southern Salt Lake City, has the highest rents in the metropolitan area, averaging \$1,895 as of the fourth quarter of 2022, up 5 percent from a year earlier. The stabilized vacancy rate as of the fourth quarter of 2022 was 5.8 percent, up from 2.6 percent a year earlier.

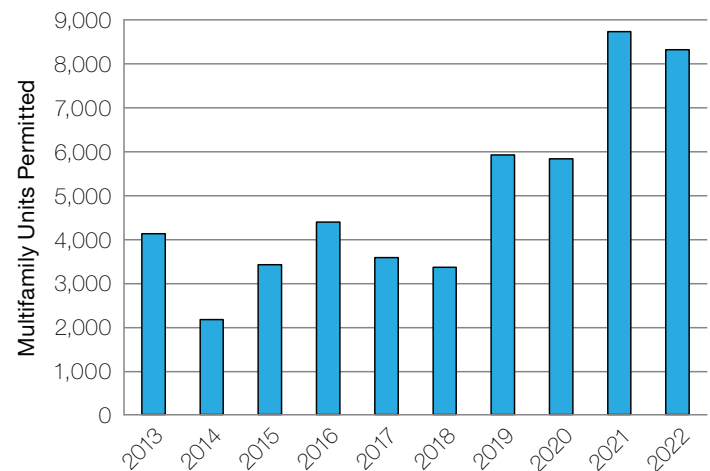
Multifamily construction, which primarily includes apartments, began increasing in 2011, following the Great Recession. Construction since 2021 has been elevated, despite a slight decrease during the past year.

- During 2022, approximately 8,325 multifamily units were permitted, down 5 percent from 2021, when a record level of 8,725 multifamily units were permitted (preliminary data, with adjustments by the analyst). Previously, permitting averaged 3,500 units annually from 2013 through 2018 and increased to average 5,875 each year in 2019 and 2020.
- Multifamily permits, which averaged 49 percent of total residential construction from 2013 through 2020, increased to average 65 percent of construction in 2021 and 2022.

Multifamily construction overwhelmingly occurred in Salt Lake County, which has accounted for approximately 99 percent of multifamily units permitted since 2013, a trend that has been generally consistent over time.

- One of the newest completed apartment properties in the metropolitan area is the 580-unit Post District residences, which opened in September 2022 in downtown Salt Lake City. Current rents for studio, one-, two-, and three-bedroom units are \$1,314, \$2,406, \$3,016, and \$4,040, respectively.
- Construction began on the 264-unit The Citizen Apartments, also in downtown Salt Lake City, in November 2021. The studio, one-, two-, and three-bedroom units are expected to open in June 2023.

### Multifamily permitting decreased in 2022 in the Salt Lake City metropolitan area but remains elevated.



Sources: U.S. Census Bureau, Building Permits Survey; 2013–20—final data and estimates by the analyst; 2021–22—preliminary data and estimates by the analyst

## Terminology Definitions and Notes

### A. Definitions

<b>Building Permits</b>	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.
<b>Distressed Sales</b>	Short sales and real estate owned (REO) sales.
<b>Existing Home Sales</b>	Includes resales, short sales, and REO sales.
<b>Home Sales/Home Sales Prices</b>	Includes single-family home, townhome, and condominium sales.
<b>Net Natural Increase</b>	Resident births are greater than resident deaths.
<b>Rental Market/Rental Vacancy Rate</b>	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
<b>Resales</b>	These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.
<b>Seriously Delinquent Mortgages</b>	Mortgages 90+ days delinquent or in foreclosure.
<b>Stabilized Vacancy Rate</b>	The vacancy rate for stabilized apartments, which excludes properties in the lease up stage. A stabilized property, as defined by CoStar Group, has been open for at least 18 months or has reached 90 percent occupancy.

### B. Notes on Geography

1.	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 April 10, 2018.
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