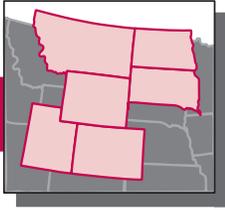


Housing Market Profile

Rocky Mountain • HUD Region VIII



Salt Lake City, Utah

The Salt Lake City metropolitan area, located along the Wasatch Mountain Range in north central Utah, consists of Salt Lake, Summit, and Tooele Counties. Salt Lake City, the state capital, is a regional center for education, healthcare, and government activity. As of October 1, 2010, the population of the metropolitan area was estimated at 1.15 million, an increase of 18,300, or 1.6 percent, compared with the estimated population as of October 1, 2009. Weak economic conditions and decreased immigration have slowed the rate of population growth from the 1.8-percent average annual rate recorded during the previous 3 years. Salt Lake County accounts for 90 percent of the population of the metropolitan area and 40 percent of the population of Utah. The University of Utah, located in Salt Lake City, has an enrollment of 30,800 students, employs more than 15,000 workers, and has an annual budget of about \$2 billion. Other leading employers in the area include Intermountain Healthcare, Delta Air Lines, Inc., and Zions Bancorporation, with about 17,500, 3,600, and 3,500 employees, respectively.

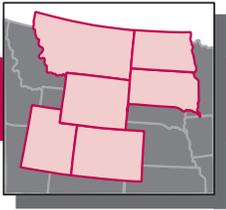
Economic conditions remained weak during the 12 months ending August 2010, continuing a 2-year trend, although job losses were less severe than they were in the previous year. During the 12 months ending August 2010, total nonfarm payrolls declined by 19,800 jobs, or 3.2 percent, to 600,600 jobs. In comparison, during the 12 months ending August 2009, nonfarm payrolls declined by 22,200 jobs, or 3.5 percent. Job losses were reported in nearly all sectors. During the 12 months ending August 2010, the mining, logging, and construction sector declined by 4,800 jobs, or 12 percent, which accounted for nearly 25 percent of the job losses in the metropolitan area during the period. The large loss of construction jobs resulted from the lower demand for new homes and commercial real estate. The next largest decline was reported in the professional and business services sector, which lost 4,300 jobs, or 4.5 percent, primarily in the administrative and support services subsector. During the 12 months ending August 2010, the only sectors that gained jobs were the education and health services and the government sectors, which added 2,300 and 700 jobs, or 3.6 and 0.7 percent, respectively. In late 2009, Intermountain Healthcare opened its \$162 million Riverton Hospital, which contributed to the increase in education and health services employment by adding 700 jobs. During the 12 months ending August 2010, the unemployment rate in the metropolitan area

averaged 6.8 percent, up from the 5.6-percent rate recorded during the previous 12 months.

The existing home sales market in the Salt Lake City area remains soft as a result of the continued weak economic conditions, but it has recently shown some signs of improvement. According to NewReach, Inc., during the 12 months ending June 2010, sales of existing attached and detached single-family homes were up 28 percent to 11,700 units sold compared with 9,200 homes sold during the same period a year earlier. In June 2010, the inventory of unsold homes totaled 5,700, relatively unchanged from a year earlier, which represents a 7-month supply, down from the 9-month supply in June 2009. During the past 12 months, the average price of existing townhomes and condominiums increased by 7 percent to \$171,800, but the average price of existing single-family homes declined by nearly 3 percent to \$252,600. According to Lender Processing Services Mortgage Performance Data, in August 2010, 6.1 percent of total loans in the metropolitan area were 90 days or more delinquent, in foreclosure, or in REO (Real Estate Owned), up from the 5-percent rate recorded in August 2009. According to Hanley Wood, LLC, during the past 12 months, sales of foreclosed and REO homes represented nearly 40 percent of single-family home sales, up from 26 percent in 2009 and 13 percent in 2008.

According to NewReach, Inc., during the 12 months ending June 2010, sales of new detached homes increased by 20 percent to 1,600 homes, although the 12-month period ending June 2009 represented one of the lowest levels of sales in 20 years. During the 12 months ending June 2010, the average sales price of new single-family homes declined by nearly 2 percent to \$318,500. New townhome and condominium sales increased from 650 to 980 units, but the average sales price declined by 5 percent to \$204,400.

After a 3-year decline in the number of single-family homes permitted, local home builders responded to increased home sales with an increase in building activity during the past year. During the 12 months ending August 2010, based on preliminary data from the *Utah Construction Report*, the number of single-family homes permitted increased to 1,600 homes, up 39 percent from the 1,150 homes permitted during the same period a year earlier. In comparison, an average of 5,900 homes were permitted annually from 2003 to 2006. During the 12 months ending August 2010, in response to competition from less expensive attached and detached single-family homes, condominium permitting declined by 60 percent to 460 units. Daybreak, a 4,000-acre development in South Jordan, is the largest planned community currently under construction in the



metropolitan area. Prices start at \$139,000 for one-bedroom townhomes and slightly more than \$200,000 for two-bedroom detached homes.

Several transit-oriented developments (TOD) are currently planned or under construction in anticipation of the light rail and commuter rail extensions that will further link downtown Salt Lake City with other cities in Salt Lake County. The \$2.4 billion rail project that began in 2008 will add 70 miles of track to the existing 64-mile rail system by 2015. Two condominium towers, The Regent with 150 units and Promontory with 185 units, are currently under construction at City Creek Center, a \$1.5 billion mixed-use residential and commercial TOD in downtown Salt Lake City. Another project at City Creek Center, Richards Court, recently completed construction on 90 units and has about 60 units remaining for sale. Asking prices start at \$442,000 for a studio unit and increase to \$2 million for a penthouse unit.

Rental housing market conditions in the metropolitan area are somewhat soft compared with the more balanced

conditions a year earlier. According to Reis, Inc., in the second quarter of 2010, the average apartment vacancy rate increased to 7.4 percent, up from 5.8 percent recorded in the second quarter of 2009. Vacancy rates have increased because 2,400 new apartments entered the market in the past year. Average monthly rents were relatively unchanged at about \$660 for a one-bedroom unit, \$790 for a two-bedroom unit, and \$1,000 for a three-bedroom unit. According to preliminary permit data from the *Utah Construction Report*, during the 12 months ending August 2010, apartment construction activity decreased by 50 percent to 1,350 units, although the current level of activity remains above the annual average of 900 apartments permitted from 2000 to 2007. Strong absorption rates and reduced apartment permitting activity during the past year are expected to result in improved rental market conditions over the next 12 months. Construction was recently completed on 315 units at Crossing at Daybreak in South Jordan, with rents starting at \$875 for one-bedroom units, \$1,115 for two-bedroom units, and \$1,425 for three-bedroom units.