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Highlights

- Utah's residential construction contraction in 2008 was the most severe on record. The number of single-family and multifamily building permits issued for new dwelling units fell 48.4 percent, breaking the 1987 record decline of 47.7 percent. For the single-family sector 2008 was even worse. Single-family permits were down 59.2 percent, falling from 13,510 in 2007 to 5,510 in 2008 and breaking the previous record decline of 38.3 percent set in 1980.
- Particularly hard hit have been many of Utah's high-growth cities. From the peak year, in most cases 2005, single-family permits have fallen over 80 percent. The worst declines were recorded in Herriman, with a drop of 95 percent, followed by Draper's 93 percent drop.
- Prior to 2000 condominiums/twin homes accounted for 8 percent of new residential construction while the share of apartment units was generally nearly twice as high. Since 2000 that pattern has reversed, with the share of condominiums/twin homes at 16 percent of residential construction compared with a 9 percent share for apartments.
- During the recent housing bubble, construction employment as a share of total employment rose to a peak of 8.3 percent in 2007. This level of concentration exceeded that of previous housing booms. During the bubble of the 1970s construction employment rose to 6.6 percent of total employment, and in the 1990s boom construction reached 6.9 percent of total employment. In 2008 construction's share of employment dropped to 7.2 percent and is expected to decline to 5.5 percent by 2010.
- From 2007 to 2010 the construction industry is expected to lose 38,450 jobs. The four-year decline would represent a 37.2 percent drop, which is considerably larger than the 29.6 percent decline in construction jobs during the 1985–88 contraction and the 24.6 percent decline in the 1979–82 contraction.
- In recent months there has been some moderation in the rate of decline for the homebuilding industry. In fact the year-over percent change in building permits issued in Utah was actually positive in December, January, and February before again turning negative in March (down 16 percent) and April (down 18 percent). Over the same period new building permits issued nationally were consistently down more than 40 percent. The diminished weakness in recent months allows for some hope that the bottom of the housing cycle in Utah is near.

Utah's Homebuilding Industry, Part I: Present Perspective, Future Prospects

James A. Wood, Director

The collapse of Utah's housing bubble has wiped out at least $20 billion in residential real estate wealth, eliminated over 18,000 construction jobs, and forced several hundred homebuilders out of business. Easy credit, fueled by subprime mortgages, paved the way for enormous overbuilding in California, Florida, Arizona, and Nevada, which ultimately led to a devastating correction—a credit market squeeze with impacts far worse than the double-digit mortgage rates of the 1980s.

It is little consolation to Utah homebuilders that Utah now enjoys the second highest homeownership rate in the country or that housing affordability is improving. The housing bubble produced a mix of positive and negative outcomes, which are part of the larger story of homebuilding in Utah. This two-part article examines in detail that story. Part I, in this issue, compares the performance of Utah to other states and the nation and reviews in detail local homebuilding activity, past and present. Next issue, Part II will discuss the threats of foreclosure and declining housing prices to the housing recovery and look at changes in demographic and economic conditions and the implications for future homebuilding in Utah.

Overview

In this housing cycle only 15 states have had steeper declines than Utah. Residential construction in Utah peaked in 2005 when 28,500 building permits were issued for new dwelling units. By 2008 the number of permits had dropped by 61.2 percent to 10,912 units. The state with the steepest slide is Michigan, where permits dropped from 52,800 in 2005 to 10,600 in 2008, a decline of 80 percent. New York suffered the least with building permits falling only 11.5 percent. Nearly all of the high-growth western states have registered declines worse than the national average of –58.4 percent; only

Table 1
Change in Building Permits Issued from Peak Year to 2008
(Selected Western States)

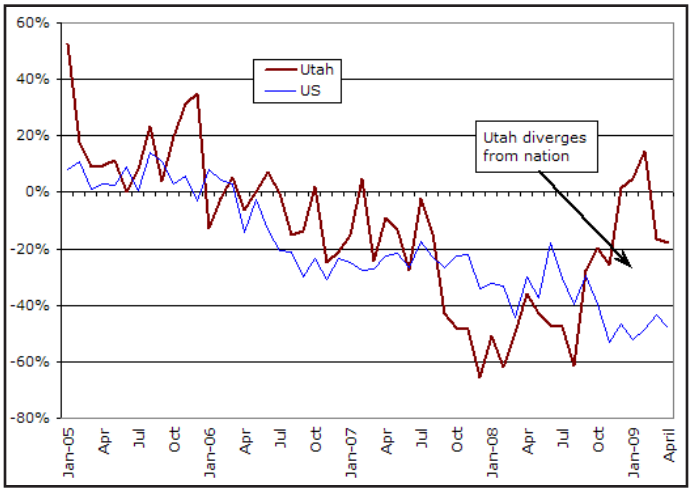
State	Change
Arizona	–72.4%
California	–70.6%
Colorado	–58.7%
Idaho	–66.6%
Nevada	–68.3%
New Mexico	–58.2%
Oregon	–61.7%
Utah	–61.2%
Washington	–46.2%
U.S.	–58.4%

Source: US Census Bureau.

Washington, where building permits dropped a "mere" 46.2 percent, outperformed the nation (Table 1).

Residential construction has been much more volatile in Utah than nationally. The monthly year-over percent change in permits issued began to decelerate in 2005 at both the national level and in Utah, drifting lower into 2006 when the change went negative for both Utah and the U.S. (Figure 1). Utah's residential construction shows an exaggerated oscillating pattern from July 2006 to July

Figure 1
Monthly Year-Over Change in Residential Building Permits, Utah and the U.S.



Source: U.S. Census Bureau.

2007, with year-over declines less severe than the national pattern. But in September 2007 permit activity plunged 45 percent in Utah, and for the next 12 months continued to record declines ranging from 45 percent to 67 percent. The magnitude of the monthly year-over declines in the state was significantly worse than those recorded nationally until September 2008, when the weakness in Utah's residential homebuilding industry moderated and became "less bad" than the nation. In fact the year-over percent change for Utah was actually positive in December, January, and February before again turning negative in March (down 16 percent) and April (down 18 percent). Over the same period new building permits issued nationally were consistently down more than 40 percent.

The diminished weakness in recent months allows for some hope that the bottom of the housing cycle in Utah is near. The descent from peak to trough for Utah's homebuilding has been devastating. An analysis by Ivory Company of the number of active builders in the first quarter of each year from 1990 to the present shows a peak of 719 homebuilders in 2003. By the first quarter of 2009 only one out of five of those was still active.

Table 2
Residential Building Permits Issued by Type of Unit

Type of Unit	2007	2008	Change
Single-Family	13,510	5,513	-59.2%
Twin Homes and Condos	4,551	2,345	-48.5%
Apartments	1,739	2,199	26.5%
Cabins	223	104	-53.4%
Manufactured Homes	516	442	-14.3%
Total	20,539	10,603	-48.4%

Source: Bureau of Economic and Business Research, University of Utah.

The residential construction contraction in 2008 was the most severe on record. In 2008 the number of building permits issued for new dwelling units fell 48.4 percent statewide, breaking the 1987 record decline of 45.7 percent (Tables 2 and 3).

Table 3
Worst Years for Residential Construction in Utah Since 1950

Year	Change from Prior Year
2008	-48.4%
1987	-45.7%
1951	-36.3%
1980	-34.9%
1966	-29.6%
1964	-26.0%
1973	-22.3%
2007	-22.0%

Source: Bureau of Economic and Business Research, University of Utah

Single-Family Construction

While total residential construction in 2008 was off 48.4 percent, new single-family home construction was down an incredible 59.2 percent, by far the worst year on record (Table 4). The freefall in new home construction—two of the three worst years on record were 2007 and 2008—is shown graphically in Figure 2.

Particularly hard hit have been Utah's high-growth cities. During the boom new home construction in cities like St. George, Lehi, Eagle Mountain, and Herriman reached levels that were unsustainable. In September 2007 both buyers and builders suddenly pulled back, forcing new home construction into a nosedive. In 2008 high-growth cities had declines of over 60 percent in new home construction. The worst performer was Eagle Mountain, where single-family building permits fell 85 percent, dropping from 616 permits in 2007 to only 92 in 2008. Draper, Herriman, and Saratoga Springs all had declines near 80 percent in 2008 (Table 5).

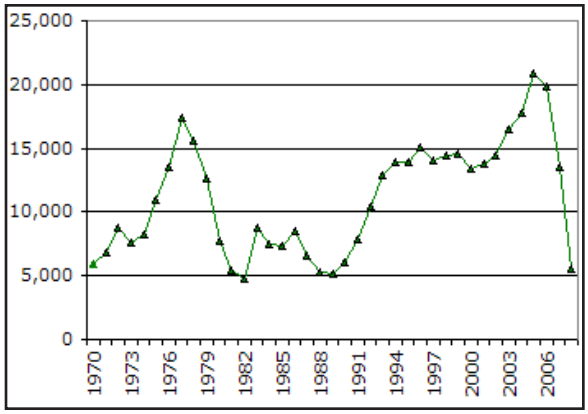
Table 4
Worst Years for Single-Family Construction in Utah Since 1950

Year	Change from Prior Year
2008	-59.2%
1980	-38.3%
2007	-32.1%
1981	-30.2%
1987	-23.3%
1979	-19.5%

Source: Bureau of Economic and Business Research, University of Utah.

When new home construction is measured from the city's peak year, generally 2005 or 2006, the construction contractions in eleven of the twelve high-growth cities have been at least 80

Figure 2
Single-Family Building Permits Issued in Utah, 1970–2008



Source: Bureau of Economic and Business Research, University of Utah.

percent (Table 6). In the case of Herriman, new home permits are down 95 percent, falling from 900 in 2005 to only 44 in 2008. The only high-growth city to escape an 80 percent or worse decline was South Jordan, where permit activity is "only" down 55 percent since the peak year of 2005.

Table 5
One-Year Decline in Single-Family Permits for Selected High-Growth Cities

City	2007	2008	Change
Clinton	52	37	-28.8%
Draper	234	51	-78.2%
Eagle Mountain	616	92	-85.1%
Herriman	203	44	-78.3%
Lehi	641	197	-69.3%
Riverton	257	102	-60.3%
Saratoga Springs	420	96	-77.1%
South Jordan	748	428	-42.8%
St. George	503	182	-63.8%
Syracuse	255	69	-72.9%
West Jordan	161	86	-46.6%
West Valley	231	98	-57.6%
State	13,510	5,513	-59.2%

Source: Bureau of Economic and Business Research, University of Utah.

Homebuilders responded to the collapse in demand by cutting back on new home production. Nevertheless, they were caught with a glut of unsold homes. The number of completed and unoccupied new homes rose dramatically in 2008. A tally of the completed and unoccupied inventory in the first quarter of each year since 2005 shows nearly a doubling between 2007 and 2008 in the state's five major homebuilding counties: Salt Lake, Utah, Davis, Weber, and Washington (Table 7). In 2007 the combined inventory of completed and unoccupied homes was 1,370, but by 2008 that inventory had increased to 2,623 homes. This excess supply forced builders to scale back new home production throughout 2008. Consequently, some of the unoccupied inventory has cleared the market, dropping it to 1,617 homes in the first quarter of 2009, a reduction of nearly 40 percent from first quarter 2008.

Table 6
Decline in Single-Family Permits from Peak Year for Selected High-Growth Cities

City	Peak Year	Permits Issued	Change from Peak to 2008
Clinton	2005	317	-88.3%
Draper	2004	677	-92.5%
Eagle Mountain	2006	845	-89.1%
Herriman	2005	900	-95.1%
Lehi	2005	1,519	-87.0%
Riverton	2005	655	-84.4%
Saratoga Springs	2006	600	-84.0%
South Jordan	2005	957	-55.3%
St. George	2005	1,122	-83.8%
Syracuse	2005	495	-86.1%
West Jordan	2005	838	-89.7%
West Valley	2006	485	-79.8%
State	2005	20,912	-73.7%

Source: Bureau of Economic and Business Research, University of Utah.

Table 7
Number of Completed and Unoccupied New Single-Family Homes
(First Quarter)

Year	Davis	Salt Lake	Utah	Washington	Weber	Total
2005	165	409	242	28	61	905
2006	121	229	131	172	42	695
2007	269	384	229	343	145	1,370
2008	478	719	867	287	272	2,623
2009	224	486	586	184	137	1,617

Source: New Reach.

Low mortgage rates and easy credit not only fueled a housing bubble and higher home prices but also encouraged homebuilders to build larger homes. According to data from the Salt Lake County Assessors Office, the median square footage (excluding basement) of a new home in the county rose from 1,607 square feet in 2000 to 2,041 square feet in 2007, an increase of 27 percent. The size of new homes seems to have peaked in 2007, as the median size fell to 1,903 square feet in 2008 (Table 8).

While the square footage of new homes increased between 2000 and 2007, the median size of the building lot declined. Smaller lots with their lower land costs facilitated a shift of home buying resources to a larger structure. The median building lot size has dropped 20 percent from .23 acre in 2000 to .18 acre in 2008. This demonstrates a greater willingness by cities to accept high-density housing.

Table 8
Median Square Footage and Lot Size

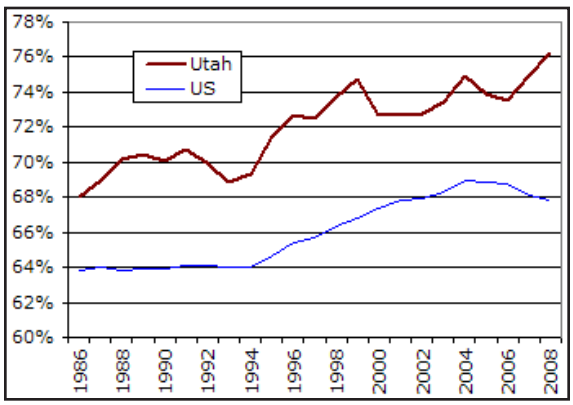
Year	Median Square Footage Above Grade	Median Lot Size (Acres)
2000	1,607	0.23
2001	1,606	0.22
2002	1,622	0.23
2003	1,708	0.22
2004	1,771	0.19
2005	1,886	0.19
2006	1,928	0.18
2007	2,041	0.19
2008	1,903	0.18

Source: Salt Lake County Assessor.

Homeownership Rates

Homeownership has received nearly all the press coverage and most of the benefits of government housing policies, low interest rates, and lax mortgage lending. Consequently a higher percentage of Utahns are now homeowners than at any time in history. In 2008, the Census Bureau estimated that 76.2 percent of all Utah households were homeowners. Utah ranks second among all states in homeownership, tied with Delaware and behind West Virginia's 77.8 percent. Fifteen years ago 70 percent of Utah households were homeowners, a rate that today would yield 56,000 fewer homeowners. Typically Utah's homeownership rate is about 6 percentage points higher than the national average, but in 2008 the difference grew to 8.4 percentage points. Nationally the homeownership rate is 67.8 percent, down from the record high of 69.0 percent in 2004 (Figure 3).

Figure 3
Homeownership Rates in Utah and the U.S.



Source: U.S. Census Bureau.

Apartment Construction

Despite the recent gains in homeownership, rental housing remains a crucial component of the housing market. Nearly one in four Utah households live in rental housing. There are an estimated 214,400 renters in Utah (Table 9). Since 2000 the number of renters has increased by 19,300 households, however during this period only 16,000 new apartment units have been built. It appears that nearly 20 percent of the increase in renters has been accommodated by "for rent" condominiums, town homes, and single-family homes rather than traditional apartment communities.

Table 9
Households by Tenure in Utah

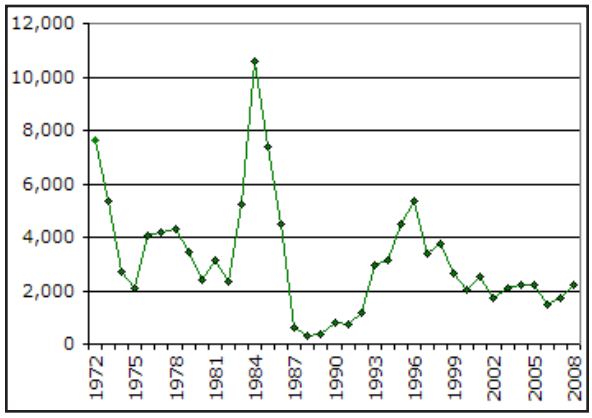
	2000	2008	Numeric Change	Percent Change
Households	707,000	900,900	193,900	27.4%
Owner Households	511,900	686,500	174,600	34.1%
Renter Households	195,100	214,400	19,300	9.9%

Source: Governor's Office of Planning and Budget, Demographic and Economic Analysis Division.

The number of new apartment units built in Utah has averaged about 2,000 units annually for the past ten years (Figure 4). Since 2000, apartment construction has accounted for only 9 percent of new residential units. In contrast, apartment construction in the mid-1980s represented up to half of all new residential construction. The peak period for apartment construction in Utah was 1984 and 1985, when impending changes in tax treatment of rental property created financial incentives for the development of new rental units. In this two-year period nearly 18,000 new rental units were added to the inventory.

West Jordan ranks first in new apartment construction since 2000 with 1,808 units—24.6 percent of all new residential construction in the city (Table 10). Only in South Ogden have new apartments captured more than 30 percent of residential construction activity. South Ogden issued permits for 306 new apartment units between 2000 and 2008, which was one-third of new residential construction. In most rapidly growing cities apartment construction has been less than 20 percent of all new residential construction.

Figure 4
Number of Apartment Permits Issued in Utah



Source: Bureau of Economic and Business Research, University of Utah.

Although any threat of overbuilding the rental market has been held in check by low levels of new apartment construction, nevertheless vacancy rates are on the rise. The recession has hurt the rental market. Apartment managers report that job losses are driving up vacancy and turnover rates as well as the cost of operation.

There are several sources of rental vacancy statistics. Although each source reports a slightly different vacancy rate, all agree that rates have risen in the past year. The U.S. Census Bureau estimates rental vacancy rates for the 75 largest metropolitan statistical areas (MSA) in the U.S. The Salt Lake MSA had a vacancy rate of 9.2 percent in 2008, compared with 5.3 percent in 2007 and 4.7 percent in 2006. The vacancy rate reported by the Census Bureau is considerably higher than rates reported by three local commercial real estate brokerage firms. Surveys conducted by each of the firms show that the vacancy rate in Salt Lake County has risen from about 4.5 percent to nearly 7 percent over the past year (Table 11). Despite the rise in vacancy rates, average rents for a two-bedroom, two-bath unit increased between 5 and 8 percent from 2007 to 2008. There will likely be greater resistance to rental rate increases in 2009 as the recession takes its toll on demand.

Table 10
Selected Cities Ranked by New Apartment Construction

City	Apartment Units 2000–2008	Total Residential Units, 2000–2008	Apartments as Share of Total
West Jordan	1,808	7,356	24.6%
St. George	1,043	10,717	9.7%
Provo	818	3,626	22.6%
Orem	763	2,931	26.0%
Riverton	644	4,346	14.8%
Logan	564	2,520	22.4%
Uninc. Salt Lake County	546	4,923	11.1%
Draper	519	5,277	9.8%
North Salt Lake	509	2,395	21.3%
Cedar City	506	3,378	15.0%
Ogden	373	2,390	15.6%
South Ogden	306	927	33.0%
Layton	264	3,297	8.0%
Lehi	221	7,548	2.9%
Bluffdale	190	913	20.8%

Source: Bureau of Economic and Business Research, University of Utah.

Traditional apartment projects have also been hurt by competition from the rental of condominium, town home, and investor-owned single-family units. This last category gained prominence during the housing boom as investors sought to take advantage of rising real estate values. In most cases the condominium and town home units were originally intended as owner-occupied units, but buyer interest never materialized. Consequently some developers have resorted to renting units to generate revenue. This "shadow rental market" has been particularly troublesome for the rental markets in Washington County and downtown Salt Lake City.

Table 11
Vacancy and Rental Rates in Salt Lake County

Source	Vacancy Rate 2007	Vacancy Rate 2008	Avg. Rent for Two-Bedroom, Two-Bath Unit 2007	Avg. Rent for Two-Bedroom, Two-Bath Unit 2008
Apartment Realty Advisors	4.5%	6.8%	$894	$941
Commerce CRG	4.6%	6.9%	$842	$904
Hendricks & Partners	4.0%	7.1%	$792	$860

Source: ARA, Commerce CRG, and Hendricks & Partners.

Condominium and Twin Home Construction†

Condominium construction in Utah has had two periods of relative prominence, 1974–82 and 2001–07. Both periods were characterized by increased levels of condominium development in Summit and Washington counties, coinciding with condominium development concentrated primarily in Salt Lake and Utah counties. Three-quarters of condominium/twin home development since 2000 has occurred in Salt Lake, Utah, Summit, and Washington counties (Table 12). In the final stages of both condominium expansions developers turned their attention to the Salt Lake downtown market. Between 2003 and 2007 the inventory of condominium units in downtown Salt Lake City increased from 1,600 to 2,900, and in 2008 an additional 1,300 units were proposed. Fortunately only one of the proposed condominium projects got underway before the credit market collapse. That project, City Creek Center, includes three condominium towers with over 500 units.

In the first period of prominence (1974–82) condominium units never exceeded 15 percent of total residential units. However, in the current cycle condominium development has been at or above a 15 percent share since 2003. In the past two years condominium units have captured 22 percent of the residential construction activity. As the demand for renting waned with lax lending requirements for home ownership, condominiums became an attractive housing alternative for moderate-income families. Suburban Salt Lake County is dotted with over 30 stacked condominium projects developed between 2002 and 2007. Most of these projects were less than 100 units and priced at the time under $140/square foot.

Table 12
Condominium/Twin Home Permits Issued by Selected Counties

Year	Salt Lake	Utah	Summit	Washington	Other	State
2000	319	508	134	188	468	1,617
2001	773	651	453	274	440	2,591
2002	877	774	16	210	118	1,995
2003	1,323	891	236	530	429	3,409
2004	964	806	197	761	892	3,620
2005	1,043	1,012	327	864	1,080	4,326
2206	1,238	999	374	465	1,155	4,231
2007	1,052	1,103	762	431	1,203	4,551
2008	887	432	48	70	908	2,345
Total	8,476	7,176	2,547	3,793	6,693	28,685

Source: Bureau of Economic and Business Research, University of Utah.

A comparison of the number of permits issued for condominiums/twin homes and apartment units since 1995 shows an interesting symmetry. Prior to 2000 condominiums/twin homes accounted for 8–9 percent of new residential construction, while the share of apartment units was generally nearly twice as high (Table 13). Since 2000 the pattern has reversed, with the share of condominiums/twin homes about twice that of apartments. Although condominiums/twin homes maintained a 22 percent share of residential construction in 2008, the number of permits issued dropped by 48 percent. As credit guidelines tighten for mortgages, the condominium/twin home market will likely see some erosion in its market share while apartments will likely capture a larger share of new residential construction.

† Condominiums include town homes; twin homes include duplexes.

Table 13
Share of Building Permits Issued for Condominium/Twin Home Units and Apartment Units

Year	Condos and Twin Homes	% of Total Residential	Apartments	% of Total Residential
1995	1,912	8.9%	4,513	20.9%
1996	1,864	7.9%	5,326	22.4%
1997	1,909	9.2%	3,356	16.2%
1998	1,996	9.2%	3,766	17.3%
1999	1,775	8.7%	2,668	13.1%
2000	1,617	8.9%	2,012	11.1%
2001	2,591	13.2%	2,498	12.7%
2002	2,399	12.3%	1,750	9.0%
2003	3,489	15.3%	2,066	9.0%
2004	3,620	14.9%	2,233	9.2%
2005	4,326	15.3%	2,236	7.9%
2006	4,231	16.1%	1,427	5.4%
2007	4,551	22.2%	1,739	8.5%
2008	2,345	22.1%	2,199	20.8%

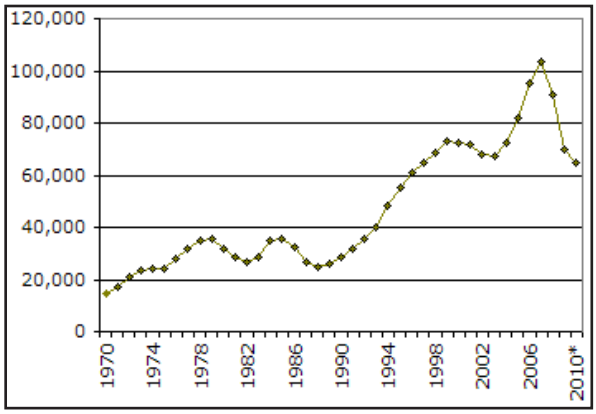
Source: Bureau of Economic and Business Research, University of Utah.

Employment Impacts

Inevitably, severe contractions in home building result in significant job losses for the construction industry. In 2003 Utah's construction industry had 67,600 jobs. Over the next four years this increased to 103,500 but then fall back in 2008 to 90,500 jobs, a 12.5 percent loss (Figure 5). The decline in 2008 marks one of the worst single-year declines in construction jobs in Utah's history. Only two years since World War II have had steeper declines in construction jobs: 1967, when jobs dropped by 13.4 percent, and 1987, when job losses reached 17.1 percent.

The job forecast, by the Utah Department of Workforce Services, for the construction industry in 2009 shows a record loss of 22.9 percent or 20,735 jobs, which would push the total job count for the industry down to 69,800. The forecast for 2010 anticipates significant moderation in job losses but still a 6.9 percent drop and the loss of another 4,800 construction jobs. From the peak in 2007 to 2010 the construction industry is expected to lose 38,450 jobs. The four-year decline would represent a 37.2 percent drop, which is considerably larger than the 29.6 percent decline in

Figure 5
Construction Employment in Utah



* Forecast for 2009 and 2010 of 69,800 and 65,000 respectively.
Source: Utah Department of Workforce Services.

construction jobs during the 1985–88 contraction and the 24.6 percent decline in the 1979–82 contraction.

The decline in housing has had a mixed impact on specialty trade contractors and employees. By far the worst hurt are framers. Framing employment is down 46.4 percent from the fourth quarter of 2007 to the fourth quarter of 2008, and the number of business establishments is down 20.6 percent (Table 14). In terms of employment, masonry and drywall follow, with declines of 32.8 percent and 31.6 percent respectively. However, employment of electricians fell only 3.7 percent over the period and the number of establishments shrank by just 2.1 percent.

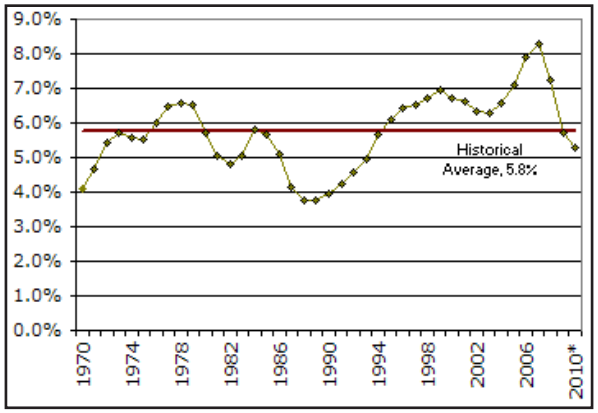
The forecast by DWS indicates that the construction industry's share of total nonagricultural employment is expected to revert to near the historic average of 5.8 percent. During the recent housing bubble construction employment as a share of total employment rose to a peak of 8.3 percent in 2007 (Figure 6). This level of concentration exceeds that of previous housing booms. During the bubble of the 1970s construction employment rose to 6.6 percent of total employment, and in the 1990s boom construction reached 6.9 percent of total employment. In 2008 construction's share of employment dropped to 7.2 percent and is expected to decline to 5.3 percent by 2010.

Table 14
Change in Employment and Establishments for Selected Specialty Trade Contractors

	Employment			Establishments		
Trade	4th Qtr. 2007	4th Qtr. 2008	Change	4th Qtr. 2007	4th Qtr. 2008	Change
Concrete Foundations	2,888	2,069	-28.4%	450	409	-9.1%
Drywall and Insulation	3,357	2,297	-31.6%	400	371	-7.3%
Electrical	4,964	4,778	-3.7%	724	709	-2.1%
Framing	3,138	1,681	-46.4%	559	444	-20.6%
Masonry	3,474	2,336	-32.8%	447	406	-9.2%
Painting and Wall Covering	2,863	2,487	-13.1%	591	554	-6.3%
Plumbing and HVAC	6,215	5,301	-14.7%	1,065	1,063	-0.2%
Roofing	1,324	1,092	-17.5%	227	218	-4.0%

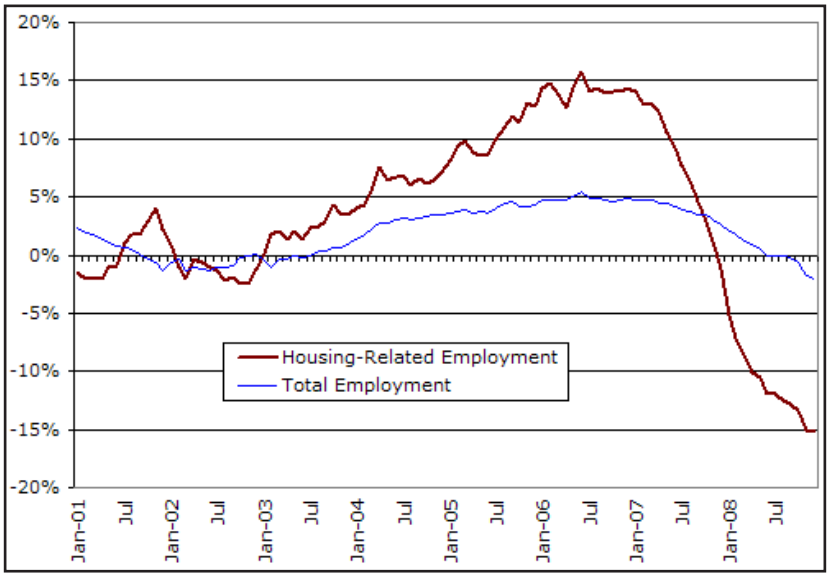
Source: Utah Department of Workforce Services.

Figure 6
Construction's Share of Total Employment in Utah



*Forecast for 2009 and 2010 of 5.7 percent and 5.3 percent respectively.
Source: Utah Department of Workforce Services.

Figure 7
Monthly Year-Over Change in Total and Housing-Related Employment in Utah*



*Housing-related employment defined by Economy.com as residential building construction, specialty trade contractors, building material and garden supply stores, lumber and construction supply merchant wholesalers, mortgage and nonmortgage loan brokers, real estate credit lenders, real estate agents and brokers, real estate appraisers.
Source: Economy.com and Utah Department of Workforce Services.

The construction industry has significant backward and forward linkages in the economy. Consequently, when housing suffers many other industries are affected and job losses follow. Economy.com has developed a "housing-related" category of employment, which includes a number of sectors such as mortgage brokers, real estate brokers and agents, building and garden establishments, etc.

Utah's Department of Workforce Services has calculated the change in employment for the housing-related sector (Figure 7). By December of 2008 Utah's housing-related employment was down 15.2 percent from a year earlier, compared with 2.1 percent for all employment categories. DWS estimates that housing-related employment accounts for about two-thirds of the overall job loss in Utah from December 2007 to December 2008.

The construction of new homes in Utah has fallen nearly 75 percent in just three years. The scale of this contraction is beyond any experienced by the local housing industry since World War II, and the collapse has taken a heavy toll not only on the homebuilding industry but also on the Utah economy. When will the housing recovery begin and what will that recovery look like? Part II of this article will explore these questions as well as examine the changing demographic and economic forces that will shape the future demand and supply of housing in Utah.

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Appendix Table 1
Residential Permits Issued and Value of New Residential Construction in Utah
(Shaded Areas Depict Residential Construction Contractions)

Year	Single-Family	Multi-Family (Total)	Multi-Family: Apartments*	Multi-Family: Condos and Twin Homes*	Manufactured Homes and Cabins†	Total	Value: Current Dollars, Millions	Value: Constant 2008 Dollars, Millions
1970	5,962	3,108				9,070	$117.0	$783.3
1971	6,768	6,009				12,777	$176.8	$1,118.3
1972	8,807	8,513				17,320	$256.5	$1,511.2
1973	7,546	5,904				13,450	$240.9	$1,300.4
1974	8,284	3,217				11,501	$237.9	$1,162.4
1975	10,912	2,800				13,712	$330.6	$1,488.4
1976	13,546	5,075				18,621	$507.0	$2,142.3
1977	17,424	5,856				23,280	$728.0	$2,779.9
1978	15,618	5,646				21,264	$734.0	$2,473.1
1979	12,570	4,179				16,749	$645.8	$1,941.2
1980	7,760	3,141				10,901	$408.3	$1,110.7
1981	5,413	3,840				9,253	$451.5	$1,149.4
1982	4,767	2,904				7,671	$347.6	$859.4
1983	8,806	5,858				14,664	$657.8	$1,580.9
1984	7,496	11,327				18,823	$786.7	$1,822.7
1985	7,403	7,844				15,247	$706.2	$1,603.7
1986	8,512	4,932				13,444	$715.5	$1,556.3
1987	6,530	755				7,305	$495.2	$1,029.3
1988	5,297	418				5,715	$413.0	$825.2
1989	5,197	453				5,632	$447.8	$859.7
1990	6,099	910				7,009	$579.4	$1,078.3
1991	7,911	958	681	277	534	9,441	$791.0	$1,458.9
1992	10,375	1,722	1,154	568	572	13,001	$1,113.6	$2,014.2
1993	12,929	3,865	2,925	931	904	17,804	$1,504.4	$2,593.7
1994	13,947	4,646	3,163	1,483	1,010	19,747	$1,730.1	$2,854.0
1995	13,904	6,425	4,513	1,912	1,154	21,558	$1,854.6	$2,932.7
1996	15,139	7,190	5,326	1,864	1,229	23,737	$2,104.5	$3,267.7
1997	14,079	5,265	3,356	1,909	1,408	20,687	$1,943.5	$2,929.5
1998	14,476	5,762	3,766	1,996	1,343	21,743	$2,188.7	$3,214.5
1999	14,561	4,443	2,668	1,775	1,505	20,350	$2,238.0	$3,147.9
2000	13,463	3,629	2,012	1,617	1,346	18,154	$2,140.1	$2,876.7
2001	13,851	5,089	2,498	2,591	1,062	19,675	$2,352.7	$3,024.5
2002	14,466	4,149	1,750	2,399	735	19,941	$2,491.0	$3,128.2
2003	16,515	5,555	2,066	3,489	926	22,836	$3,046.4	$3,647.9
2004	17,724	5,853	2,233	3,620	766	24,293	$3,552.6	$3,938.4
2005	20,912	6,562	2,236	4,326	716	28,285	$4,662.6	$4,807.1
2006	19,888	5,658	1,427	4,231	811	26,322	$4,955.2	$4,810.6
2007	13,510	6,290	1,739	4,551	739	20,359	$3,963.2	$3,811.6
2008	5,513	4,544	2,199	2,345	546	10,603	$1,877.0	$1,877.0

* Prior to 1991 apartments, twin homes, and condominiums were not disaggregated from multifamily units.
† Prior to 1991 manufactured homes and cabins were not disaggregated from total residential units.
Source: Bureau of Economic and Business Research, University of Utah.

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