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Highlights

- Utah's home-building industry is rebounding from its most severe contraction in over 70 years. After 39 months of decline, the change in the number of permits issued for new single-family homes turned positive in July of 2009 and has recorded increases for ten consecutive months. Through the first quarter of 2010 single-family permits are up 110 percent, with 1,523 single-family permits in 2010 versus 725 in 2009.
- Home building in most states registered serious losses in 2009. Utah was an exception. The number of new homes receiving building permits in Utah was down only 4.3 percent in 2009, about 300 units. Nationally the number of permits for new homes was down 24.4 percent, and surrounding western states all had much greater losses in home building activity than Utah. The stabilization of Utah's housing market in 2009 is encouraging and bodes well for a rebound in 2010.
- An improving Utah economy will help support a recovery in home building. Job losses are expected to decline from 63,500 in 2009 to only 7,900 in 2010, and then turn positive in 2011 with an increase of 19,300 jobs. In addition, interest rates should be very favorable. Mortgage rates are currently below 5 percent and are not projected to rise above 5.5 percent through 2011. Furthermore the inventory of unsold new homes has returned to normal levels, improving builders' confidence and balance sheets.
- Utah's demographic growth increases the number of households in the state by at least 18,000 annually. This creates demand for additional housing units well above the 10,000 units produced in each of the last two years. With lower levels of unsold inventory, less doubling-up of households as the job market improves, and the release of some pent-up demand, new home construction should continue to grow.
- A survey of home builders and suppliers identified the major challenges facing the industry over the next year as weak consumer confidence because of an uncertain job market, the unavailability of credit and the end of federal and state buyer incentive programs, downward pressure on housing prices and artificially low appraisal values due to competition from foreclosed and short sale properties, and credit market constraints for builders limiting the availability of construction, acquisition and development loans.
- Despite these significant challenges new home construction should register gains of close to 50 percent in 2010. Permits for single-family homes are projected to increase from 5,200 in 2009 to 7,500 in 2010, and grow to over 10,000 by 2011.

Utah's Home-Building Industry: Recovery and Challenges

James Wood, Director

This article is the second part of a study examining the impact of the recession on home building in Utah. Part I compared Utah with other states and the nation and reviewed in detail local home-building activity, past and present.[1] Part II describes the outlook for recovery and the challenges facing the local industry.

Impact of the Recession

In the past four years the number of permits issued for single-family homes in Utah has fallen 75 percent, the most severe homebuilding contraction on record, surpassing the 73 percent decline of the 1978–1982 homebuilding slump. The number of new home permits has fallen from a peak of 20,912 in 2005 to 5,217 in 2009.

The collapse has been devastating for the industry. Hundreds of small homebuilders have gone out of business. In 2005, the Construction Monitor reported that about 1,800 different builders drew at least one new home permit in the four Wasatch Front counties (Davis, Salt Lake, Utah, and Weber). In 2009 that number dropped to 600. Active home builders fell by two-thirds in four years, and with the loss of many small builders the industry has become more concentrated as larger firms gained market share.

In 2005 the top 50 builders accounted for 56 percent of all new homes; by 2009 their share had increased to 72 percent. Unlike small homebuilders—builders of five or fewer homes annually—most large builders have been able to ride out the downturn, but not without serious pain. The top ten builders in the Wasatch Front counties in 2005—with one exception, Desert Point Builders—are still operating; but for most, single-family production is down over 50 percent from their peak production in 2005 (Table 1).

In previous contractions construction employment dropped between 25 percent and 30 percent over a three- to five-year period, much less severe than the current contraction. Construction employment has fallen from 103,450 in 2007 to 70,800 in 2009, a 32 percent decline in two years. The 2010 forecast

1. James A. Wood, "Utah's Homebuilding Industry, Part 1: Present Perspective and Future Prospects," *Utah Economic and Business Review*, Volume 69, Number 1, 2009.

Table 1
Top Ten Home Builders in the Wasatch Front

Rank in 2005	Builder	2005 Units	2009 Units	Change	Rank in 2009
1	Ivory Homes	1,023	451	−55.9%	1
2	Richmond American Homes	878	224	−74.5%	3
3	Fieldstone Homes	577	154	−73.3%	5
4	Woodside Homes	452	188	−58.4%	4
5	Salisbury Homes	421	228	−45.8%	2
6	Holmes Homes	320	50	−84.4%	12
7	Hamlet Homes	242	67	−72.3%	13
8	Perry Homes	227	53	−76.7%	11
9	Desert Point Builders	205	na	na	na
10	DR Horton	200	145	−27.5%	6

Source: Construction Monitor.

is for a continued decline to 61,400 jobs, producing a 41 percent drop in construction employment over three years (Figure 1).

The sharp decline in construction employment has been a shock to many families and the Utah economy. For nearly 20 years construction has been a source of employment opportunities and growth. From 1988 to 2007 construction jobs grew at an average annual rate of 7.8 percent, quadrupling from 25,000 to 103,500. Construction employment's share of nonagricultural jobs increased from 3.8 percent in 1988 to 8.3 percent in 2007, an all-time high. In the final burst of growth from 2001 to 2007 construction job growth accounted for one out of every five new jobs in Utah. In 2009 construction employment's share of the Utah labor force dropped to 5.9 percent, close to the historic (1950–2009) average of 5.7 percent.

The pain of lost jobs has not been evenly distributed across the construction specialty trades. Employment for framers, drywallers, masons, and finish carpenters has fallen by 50 percent or more since 2006, with employment for framers down nearly 70 percent. Employment for plumbers and electricians held for the first two years of the contraction but in the past year even these trades have experienced sizeable declines in employment levels (Table 2).

The construction industry has significant linkages to other sectors of the economy. The loss of jobs and incomes ripples through the economy. Consequently the drop in residential construction value from $4.9 billion in 2006 to $1.7 billion in 2009 has serious impacts on earnings and jobs throughout Utah. Using the final demand earnings and employment multipliers for construction, this reduction in construction value resulted in a loss of $2.6 billion in total wages for the Utah economy and about 60,000 direct, indirect, and induced jobs statewide.

Housing Decline Ends

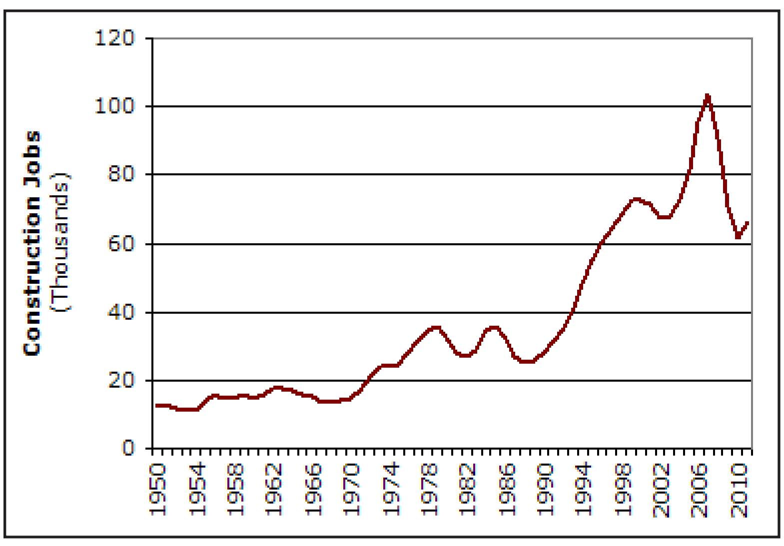
Recent housing data suggest that Utah home building probably hit bottom in the summer of 2009. The number of permits issued for new homes fell only 1.4 percent in June of 2009 versus a year earlier. They turned positive in July with an 8.8 percent gain and have remained positive for ten consecutive months. Positive numbers were a long time in coming. For 39 consecutive months—April 2006 to June 2009—the number of permits issued for new homes in Utah declined (Figure 2).

Table 2
Employment in Selected Specialty Trades in Utah

Sector	3rd Qtr. 2006	3rd Qtr. 2008	3rd Qtr. 2009	2006–2009 Change
Framing Contractors	3,633	2,036	1,143	−68.5%
Drywall and Insulation	3,586	2,508	1,689	−52.9%
Masonry	3,169	2,621	1,599	−49.5%
Finish Carpentry	2,355	1,807	1,189	−49.5%
Tile and Terrazzo	1,347	1,168	844	−37.3%
Roofing	1,375	1,175	867	−36.9%
Painting and Wall Covering	2,672	2,727	1,720	−35.6%
Plumbing and HVAC	5,811	5,719	4,557	−21.6%
Electrical Contractors	4,546	5,068	4,297	−5.5%

Source: Utah Department of Workforce Services.

Figure 1
Construction Employment in Utah

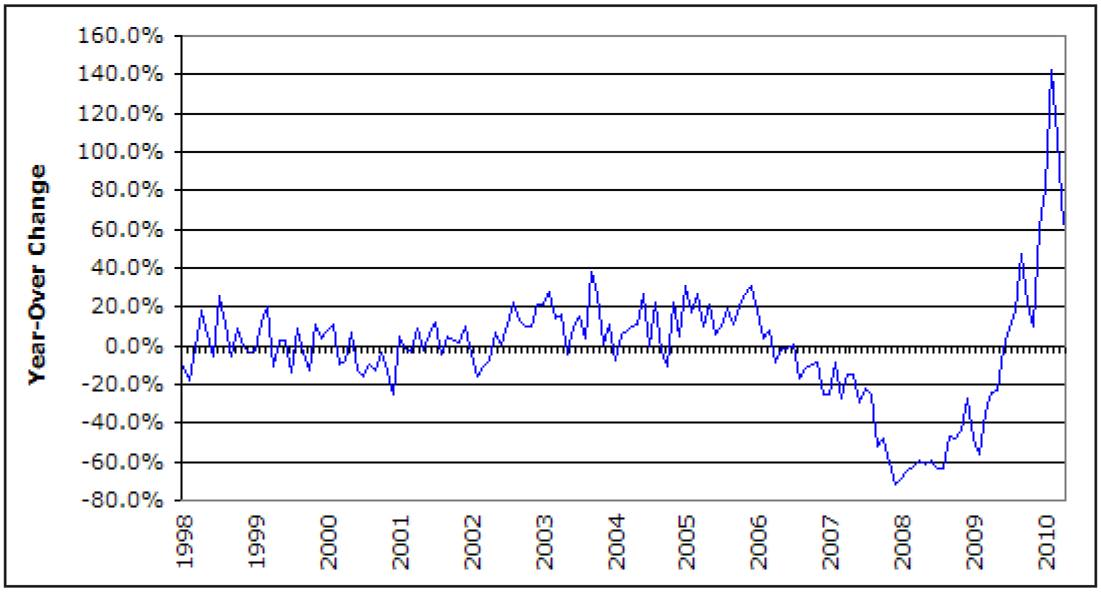


Source: Utah Department of Workforce Services.

The percentage gains in the summer of 2009 were achieved and benefited statistically by comparisons with extremely low levels of new home activity in 2008. So while gains have been recorded, these gains are on very low levels of activity. For example, the July 2009 number of 533 permits was up 19 percent over 2008 but only 40 percent of the ten-year average for July of 1,330 permits. Over the past ten months the permits for new homes were averaging about 40 percent of the ten-year average for a specific month. Nevertheless, the stabilization of Utah's housing market in 2009 is encouraging and bodes well for recovery.

Due to the beginnings of a turnaround in 2009, Utah's home-building industry has fared much better than

Figure 2
Monthly Change in Building Permits Issued for Single-Family Homes in Utah
(Year-Over Comparison)



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

other western states, and in fact better than the overall U.S. From the peak of 2005 to 2009 the number of residential building permits issued nationally fell by 73.4 percent (Table 3). Among the eight high-growth western states, Utah, with a decline of 61.8 percent, has had the smallest relative decrease in residential permits (single-family, condominiums, twin homes, and townhomes). Nevada, Arizona, and California have all reported drops of over 80 percent since their peak years. If Utah had experienced a similar level of decline, residential construction activity in 2009 would have been only 5,000 units rather than the 10,600 units reported.

Home building in most states registered serious losses in 2009. Utah was an exception. The number of residential units receiving building permits in the state last year was down only 2.5 percent, by less than 300 units. Nationally, residential permits were down 36.8 percent, and the eight other high-growth western states all had sizeable reductions in home-building activity in 2009. Again Nevada's industry suffered the largest losses (Table 4).

Utah's numbers in 2009 were helped by continued strength in the multifamily market, particularly apartments, but the single-family market held its own. Permits for single-family units in Utah were down only 4.3 percent in 2009 compared with 24.4 percent nationally.In 2009 47 states had greater declines in total residential permit activity than Utah, and in terms of single-family activity 45 states had more serious declines than Utah's 4.3 percent drop (Tables 5 and 6).

Unoccupied Inventory

The unoccupied inventory of new homes in Utah peaked in the fourth quarter of 2007 at 2,818 homes according to NewReach, a

Table 3
Change in Building Permits Issued from Peak Year to 2009
(Selected Western States)

State	Change
Nevada	−85.8%
Arizona	−84.4%
California	−83.7%
Colorado	−79.8%
Idaho	−75.4%
Oregon	−75.2%
Washington	−68.3%
New Mexico	−67.2%
Utah	−61.8%
U.S.	−73.4%

Source: US Census Bureau.

Table 4
Change in Residential Building Permits Issued for Selected Western States, 2008–2009

State	Total Units	Single-Family Units
Nevada	−54.6%	−35.9%
Colorado	−50.6%	−33.2%
California	−46.1%	−24.2%
Arizona	−45.8%	−33.5%
Washington	−42.1%	−26.3%
Oregon	−34.2%	−24.9%
New Mexico	−23.4%	−20.6%
Idaho	−18.2%	−18.9%
Utah	−2.5%	−4.3%
U.S.	−36.8%	−24.4%

Source: US Census Bureau.

Table 5
States Ranked by Percent Decline in Total Residential Permits Issued
(2008–2009)

Rank	State	Change
1	New York	−66.4%
2	Delaware	−65.7%
3	Nevada	−54.6%
4	Illinois	−51.6%
5	Colorado	−50.6%
48	Utah	−2.5%
	U.S.	−36.8%

Source: US Census Bureau.

Table 6
States Ranked by Percent Decline in Single-Family Permits Issued
(2008–2009)

Rank	State	Change
1	Georgia	−43.8%
2	Wyoming	−40.6%
3	North Carolina	−35.9%
4	Nevada	−35.9%
5	Connecticut	−34.9%
46	Utah	−4.3%
	U.S.	−24.4%

Source: US Census Bureau.

local real estate consulting firm (Table 7). The overbuilding was a result of three years of record-breaking residential construction capped by the financial crisis. In subsequent years new home construction has fallen to record low levels, which, along with government incentive programs, has cleared most of the unsold inventory from the market. In the fourth quarter of 2009 the unoccupied inventory of new detached homes in the four Wasatch Front counties plus Washington County had shrunk to 909 units, a 67 percent drop from its peak. The magnitude of the decline in excess inventory was confirmed by Metro Study, which reported a 71 percent drop in unsold detached inventory over the same time period.

Table 7
Unoccupied Inventory of New Detached Homes in Selected Counties, 2005–2009

County	2005	2006	2007	2008	2009
Salt Lake	256	300	705	559	284
Davis	141	176	567	277	95
Weber	28	100	383	185	103
Utah	146	241	843	698	279
Washington	60	298	320	218	148
Total	631	1,115	2,818	1,937	909

Source: NewReach.

Mortgage Rates

Over the past year the housing market has benefited from very low interest rates due in large measure to the Federal Reserve's program of purchasing mortgage-backed securities. In 2009 the Federal Reserve boldly intervened in the mortgage credit market with $1.25 trillion in purchases of mortgage-backed securities. The liquidity provided by the Fed helped to keep mortgage rates very low, often below 5 percent in 2009. In September 2009 the Fed announced their intention to leave the market at the end of the first quarter of 2010. The conventional wisdom held that the Fed's exit would inevitably lead to higher mortgage rates. After all, the Fed had become the largest buyer of Fannie Mae–, Freddie Mac–, and Ginnie Mae–backed securities, helping keep interest rates low and creating a wave of refinancing and other mortgage lending activity. However, in recent weeks investors seem more sanguine about the Fed's exit. The yield spread between the 30-year Fannie Mae and 5-year Treasuries has held steady.

The effects from the loss of the Fed appear to have been offset by a return of traditional buyers of mortgage-backed securities. These buyers left the market during the meltdown and have been accumulating cash reserves, and reentered the market once the Fed exited. Traditional buyers are more confident of the market with the recent announcement by Fannie Mae and Freddie Mac to repurchase about $200 billion of delinquent mortgage loans. With the removal of a significant number of delinquent loans the mortgage-backed securities market has become even more attractive to buyers, which in turn helps hold down interest rates. Most mortgage rate forecasts have rates moving in a narrow range between 5 and 6 percent through 2011.

Table 8
Percent Change in Building Permits Issued for Single-Family Homes in Utah
(Year-Over)

Month	Change	Month	Change
September 2008	−47.3%	July	8.8%
October	−48.3%	August	18.4%
November	−44.2%	September	47.2%
December	−27.5%	October	20.9%
January 2009	−47.8%	November	9.7%
February	−56.5%	December	60.8%
March	−34.5%	January 2010	81.7%
April	−23.9%	February	142.8%
May	−23.1%	March	107.7%
June	−1.4%	April	62.1%

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

Threats to Recovery: End of Government Support, Job Losses, Foreclosures, and Declining Prices

Government Programs

Can the recent improvement, albeit at very low levels, be sustained and gain some momentum, or is it just a temporary surge due to Utah's Home Run Grant program and the federal tax credit for first-time homebuyers? Grants and tax credits for home buyers certainly have played a role in the recent improvement of the home-building market. It is no coincidence that new home permit data began improving markedly after the introduction of these two programs in the Spring of 2009 (Table 8). Prior to March, new home permits were consistently down 40 to 50 percent. Since March the decline in permits has decreased steadily and as noted above turned positive in July.

Anecdotes from builders provide numerous stories about grants and tax credits helping reduce their unsold inventory. In some cases the grants and tax credits were used on "newly constructed" homes, homes that had been completed but unsold, while in other cases home buyers used the incentives to purchase homes that were still under construction. Unlike the federal tax credit program, Utah's Home Run Grant program was targeted for the new, unsold home market. Grants were only used for new homes. In the first round (March–June 2009) 1,650 Home Run grants of $6,000 each were awarded to qualified buyers. The second round (August–November 2009) awarded 2,000 grants.

The first round of Home Run grants helped reduce unsold inventory and repair builders' balance sheets, while the second round had a more direct impact on stimulating new home construction. The percent gains in new home building over the last several months are due, in some part, to the second round of the Home Run Grant program. While the relative or percentage gains are impressive, home building is still at very low levels and the industry faces strong headwinds with mounting foreclosures and an uncertain job market. But on the other hand, household growth, low interest rates, and stable housing prices may be strong enough to support a recovery in 2010.

The state and federal programs enticed buyers into the market, cleaned up unsold inventories, provided some exceptional home-buying opportunities for buyers, and probably curbed construction job losses. But the programs did not create any new households, and it is new households that drive housing demand.

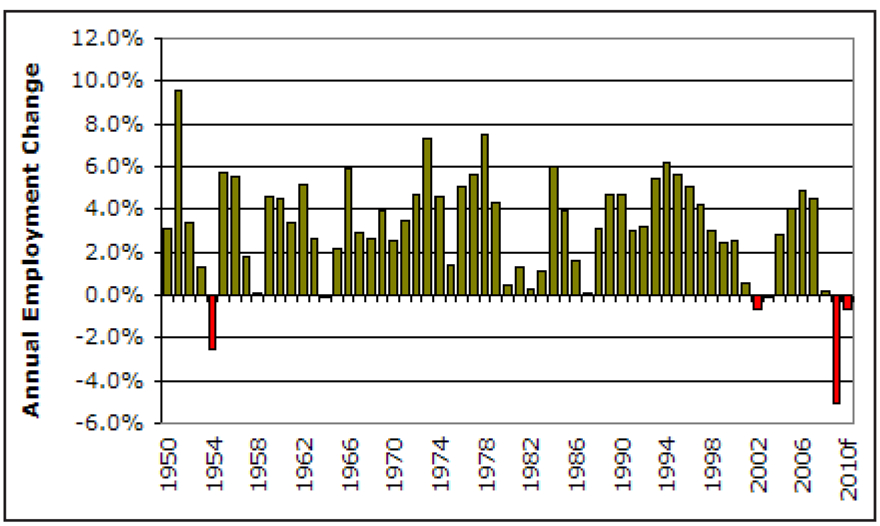
The government programs did change the timing of buyers' decisions, bringing some into the market in 2009 who probably would have been in the market a year or two later. Assuredly, some of the demand necessary for the recovery in 2010 and beyond has already been satisfied with home purchases induced by government programs in 2009.

There have been few occasions when the government has played as large a role in financing housing as in 2009. In the fourth quarter of 2009, 90 percent of all mortgages written in the U.S. were insured, guaranteed, and securitized by the federal government.[2] FHA loans have become an attractive alternative source of financing for many homebuyers. The number of FHA loans in Utah has increased by 70 percent in two years. In the first quarter of 2007 there were 48,196 FHA loans in the state. By the first quarter of 2010, the number of FHA loans in Utah, as reported by the Mortgage Bankers Association, had increased to 86,300. FHA loans now account for 20 percent of all mortgage loans in Utah and of course a much higher percentage of new loans.[3]

Employment and Housing

In 2009 the Utah economy lost about 60,000 jobs, a 4.9 percent decline in nonagricultural employment, which is the largest single-year decline since the Great Depression. Actual declines in Utah's nonagricultural workforce are rare. Since 1950 employment has declined in only five years, and in three of those years the decline was less than 1 percent (Figure 3). The second worst employment year was 1954, with a 2.5 percent drop, about half the rate of job loss in 2009. The employment forecast for 2010 shows another year of decline, with a 0.7 percent drop or the loss of 8,000 jobs.

Figure 3
Nonagricultural Employment Change in Utah



Source: Utah Department of Workforce Services.

It is hard to imagine the housing market making much of a recovery without some employment growth. Growth doesn't have to be sizeable, but sufficient to give a sense of security. But as long as unemployment continues to rise and job losses mount, the housing market will struggle. Relief and improvement should come in 2011 if the forecast of 20,000 new jobs, a 1.7 percent growth rate, is realized.

Table 9
States Ranked by Percent of Mortgages in Foreclosure Process
(Fourth Quarter 2009)

Rank	State	Share of Mortgage Loans Serviced in Foreclosure	Number of Loans with Foreclosure Filing
1	Florida	14.0%	476,400
2	Nevada	10.4%	56,025
3	New Jersey	6.2%	77,825
4	Arizona	5.9%	67,550
5	Illinois	5.9%	100,900
6	California	5.2%	298,400
7	Ohio	4.9%	70,100
8	Hawaii	4.8%	7,900
9	Maine	4.6%	6,400
10	Indiana	4.5%	37,500
20	Utah	3.4%	14,800
	U.S.	4.6%	2,054,000

Source: Mortgage Bankers Association.

Foreclosures, Short Sales, and Negative Equity

Perhaps the most serious side effect of the loss of jobs, at least for the housing market, is higher rates of foreclosure. The relentless rise of foreclosure filings in Utah over the past couple of years coincides with accelerating job losses. The Mortgage Bankers Association first-quarter data show Utah ranks 20th among all states with a foreclosure rate of 3.43 percent (Table 9). Although well down in the rankings, 3.43 percent represents the highest level of foreclosure filings ever reported in Utah. Of the 434,775 Utah mortgages surveyed in the first quarter of 2010, 14,800 were in the foreclosure process. From the fourth quarter of 2007 to the first quarter of 2010 the number of homes in the foreclosure process increased fourfold (Table 10).

Indicators such as employment prospects, housing prices, and percent of homes "underwater" point to another year of increasing foreclosures in Utah. The annual rate for 2010 will very likely exceed 3.5 percent, resulting in over 15,000 homes in the foreclosure process—more than double the high of 6,800 homes in the 2000–2001 housing contraction (Figure 4).

Another sign of distress in the housing market is short sales. In February 2010, 21 percent of all homes (single-family, twin homes,

2. Nicolas Restinas, Director of Harvard-MIT Joint Program on Housing, interview on *Tom Keene on Demand*, March 25, 2010.

3. FHA does not make loans or guarantee loans. It insures loans. The insurance removes or minimizes the default risk lenders face when buyers put down less than 20 percent. Down payments on FHA loans are typically 3 percent. FHA is more lenient on FICO scores, and households with bankruptcy or foreclosure may qualify if good credit has been maintained two years from discharge.

condominiums, and town homes) listed or under contract in Salt Lake County were short-sale homes (Tables 11 and 12).[4] Of the 1,702 short-sale homes, 1,455 or 85.5 percent were priced below $300,000, which makes for tough competition for home builders.

An important component of the demand for housing, particularly new housing, is generated internally as buyers living in the market move up to higher-priced homes. However, the possibility of moving up has been diminished by the decline in equity and an increasing number of homes with negative equity. Negative equity occurs when mortgage debt exceeds the appraised value, commonly referred to as being "underwater." Negative equity prevents or slows moving up as well as increases the risk of default and foreclosure. Utah ranks 11th among all states in percent of mortgage loans with negative or near negative equity (mortgages within 5 percent of negative equity) (Figure 5). Twenty-one percent of all mortgages in Utah have negative equity and 7 percent have near negative equity.

For those homeowners with negative equity perception is critical. If they perceive that housing prices will continue to decline and take years to recover or that their potential for higher wages is hopelessly remote, they will be more inclined to walk away from their homes and refuse to make further mortgage payments, hurting the housing market. In March 2010 the Obama Administration added two new components to the Home Affordable Modification Program to deter walkaways:

Table 10
Mortgages with Foreclosure Filings in Utah

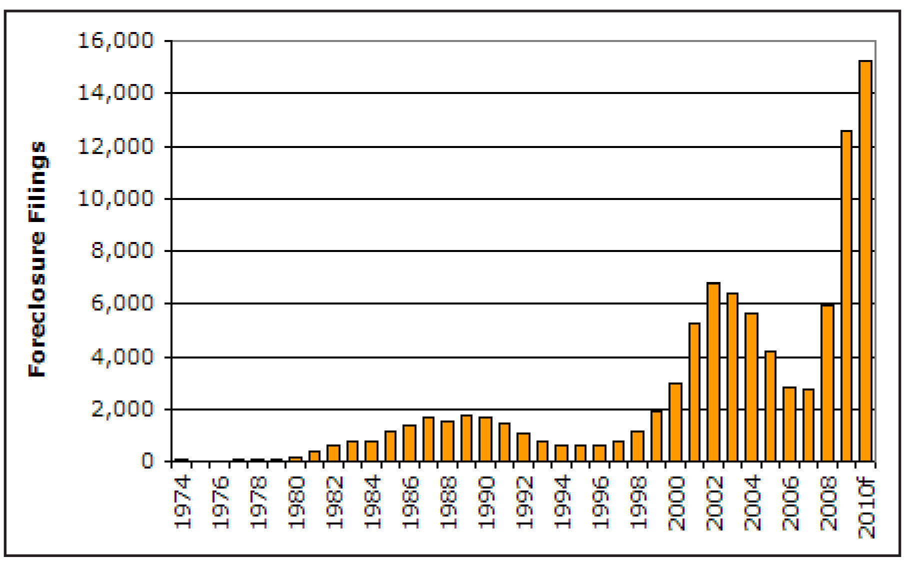
Period	Share	Number	Increase from Previous Qtr.
2007			
1st qtr.	0.57%	2,322	
2nd qtr.	0.55%	2,368	46
3rd qtr.	0.66%	2,796	428
4th qtr.	0.8%	3,557	761
Annual	0.65%	2,760	—
2008			
1st qtr.	1.02%	4,402	845
2nd qtr.	1.23%	5,347	944
3rd qtr.	1.43%	6,298	952
4th qtr.	1.79%	7,891	1,593
Annual	1.36%	5,985	—
2009			
1st qtr.	2.36%	10,301	2,410
2nd qtr.	2.85%	12,409	2,108
3rd qtr.	3.03%	13,325	916
4th qtr.	3.30%	14,369	1,044
Annual	2.89%	12,600	—
2010			
1st qtr.	3.43%	14,800	431

Source: Mortgage Bankers Association.

assistance for unemployed homeowners and reduction of the principal amount. The push to reduce mortgage balances for millions of homeowners has been applauded by many analysts although there are concerns that qualifying criteria (homeowner must be current on payments), the difficulties of reducing principal balances due to dispersion of claims, and another round of red tape will limit the program's effectiveness.

Homeowners, banks, and the federal government (taxpayers) are involved in a slow dance to allocate the trillions of dollars of losses suffered by the housing market over the past three years. Homeowners have taken a huge hit as shown by foreclosure rates and negative equity data, while bank losses have been cushioned by taxpayer bailouts. Many banks are playing a waiting game, hoping for prices to improve thus avoiding write-downs and losses. The final allocation of losses is a few years out, meanwhile negative equity will continue to threaten housing demand.

Figure 4
Number of Foreclosure Filings in Utah, 1974–2010



Source: Mortgage Bankers Association.

Price Trends

The best antidote for negative equity is price stabilization followed by some evidence of price gains. In the first quarter of 2010 price data at the national level are mixed, with some sources reporting a return of price weakness. In Utah housing prices in 2009 declined as measured by three indices: the Federal Housing Finance Agency, the National Association of Realtors, and the Wasatch Front Regional Multiple Listing Service. Respectively these three indices showed annual declines in 2009 of 7.7 percent, 7.8 percent, and 4.4 percent. A closer look at recent quarterly data from the Wasatch Front MLS doesn't show any clear signs of an end to price declines (Table 13).

4. A short sale of real estate is when the sale proceeds fall short of the balance owed on the property's loan.

Table 11
Short Sale Listings in Cities in Salt Lake County
(February 2010)

City	Total Listings	Short Sale Listings*	Short Sale Listings <$300,000*
Bluffdale	72	25	5
Cottonwood Heights	162	26	18
Draper	503	15	66
Herriman	395	132	99
Holladay	219	17	6
Kearns	117	45	45
Magna	253	65	63
Midvale	214	37	34
Murray	311	47	6
Riverton	327	72	63
Salt Lake City	2,124	368	300
Sandy	840	159	113
South Jordan	661	148	106
South Salt Lake	42	5	5
Taylorsville	281	62	60
West Jordan	945	268	257
West Valley	727	211	209
Total	8,193	1,702	1,455

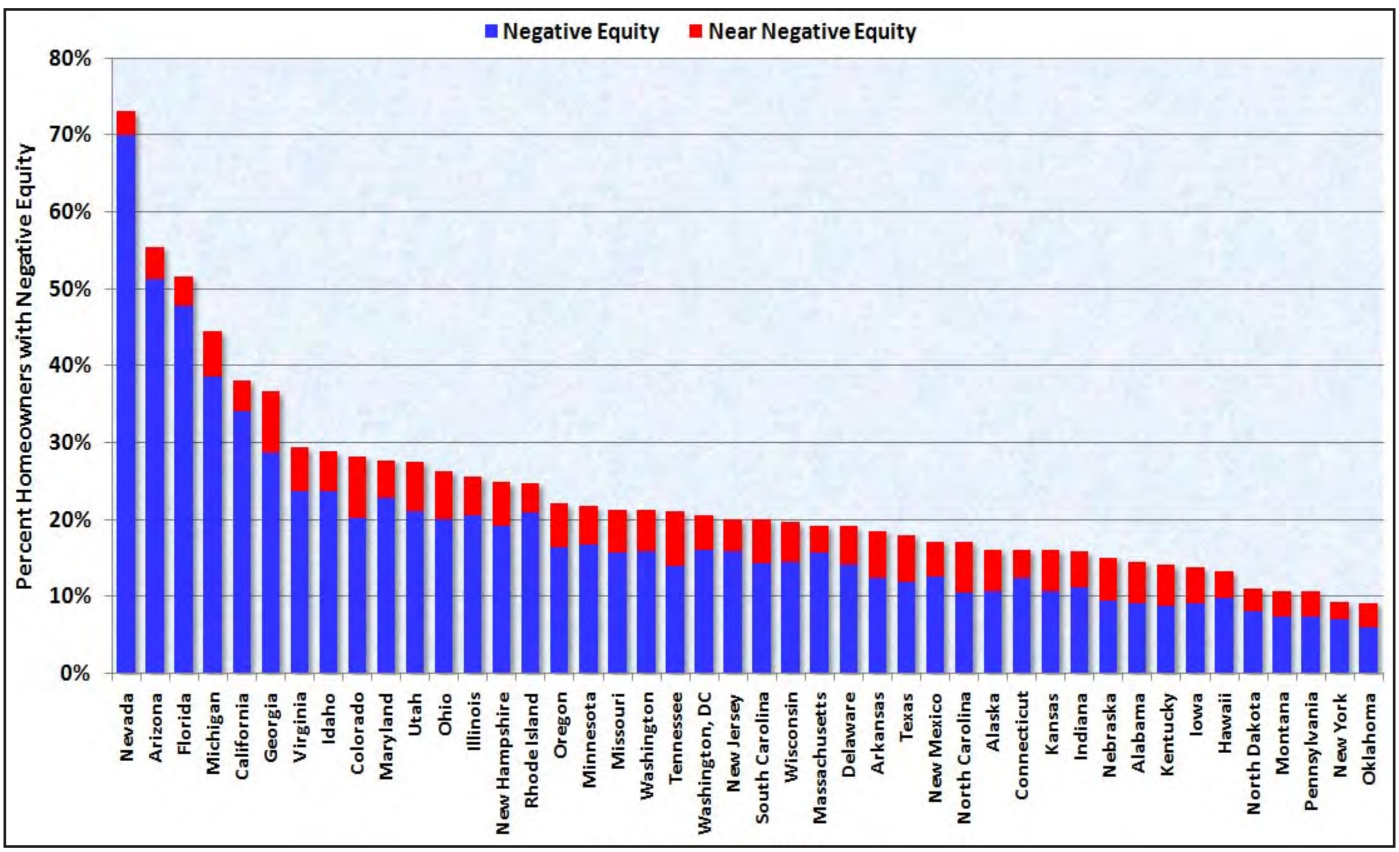
*Includes active and under contract listings.
Source: Wasatch Front Regional Multiple Listing Service.

Table 12
Short Sale Listings as Share of Total Listings by City in Salt Lake County
(February 2010)

City	Short Sale Listing as % of Total Listings*	% of Short Sale Listings <$300,000*
Bluffdale	34.7%	20.0%
Cottonwood Heights	16.0%	69.2%
Draper	30.0%	43.7%
Herriman	33.4%	75.0%
Holladay	7.8%	35.3%
Kearns	38.5%	100.0%
Magna	25.7%	96.9%
Midvale	17.3%	91.9%
Murray	15.1%	12.8%
Riverton	22.0%	87.5%
Salt Lake City	17.3%	81.5%
Sandy	18.9%	71.1%
South Jordan	22.4%	71.6%
South Salt Lake	11.9%	100.0%
Taylorsville	22.1%	96.8%
West Jordan	28.4%	95.9%
West Valley	29.0%	99.1%
Total	20.8%	85.5%

*Includes active and under contract listings.
Source: Wasatch Front Regional Multiple Listing Service.

Figure 5
Percent of Homeowners with Mortgage Negative Equity by State, Q1:2010



Source: First American CoreLogic and www.calculatedriskblog.com.

Table 13
Quarterly Change in Median Sales Price in Wasatch Front Counties
(Nominal Dollars)

Year/Qtr.	Median Sales Price	Chg. from Year Over	Chg. from Prev. Qtr.
2007 (1)	$226,950	22.4%	2.0%
(2)	$237,600	19.4%	4.7%
(3)	$239,900	9.0%	1.0%
(4)	$229,000	2.9%	–4.5%
2008 (1)	$229,000	0.9%	0.0%
(2)	$234,000	–1.5%	2.2%
(3)	$230,000	–4.1%	–1.7%
(4)	$225,500	–1.5%	–2.0%
2009 (1)	$226,000	–1.3%	0.2%
(2)	$223,000	–4.7%	–1.3%
(3)	$219,000	–4.8%	–1.8%
(4)	$212,500	–5.8%	–3.0%
2010 (1)	$209,900	–7.1%	–1.2%

Source: Wasatch Front Regional Multiple Listing Service.

How far have housing prices in the state, metropolitan area, and Salt Lake County fallen since price peaks were established in the 3rd quarter of 2007, the peak quarter for all three indices? From peak quarter to the first quarter of 2010 housing prices have fallen from 14 to 20 percent depending on the index (Table 14).

Table 14
Change in Housing Prices from Peak Quarter to First Quarter 2010

Metric	Area	Peak Value	Peak Quarter	1st Qtr. 2010	Change
FHFA (Index)	Statewide	324.3	3rd Qtr. 2007	258.6	–20.3%
NAR (Median)	Salt Lake Metropolitan Area	$246,600	3rd Qtr. 2007	$203,800	–17.4%
WFRMLS (Median)	Salt Lake County	$254,900	3rd Qtr. 2007	$219,000	–14.1%

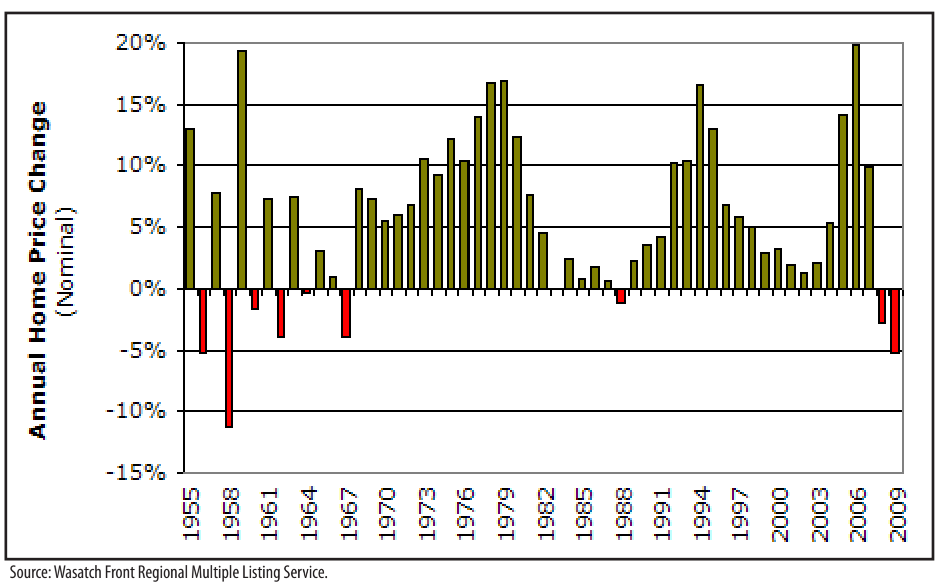
Source: Federal Housing Finance Agency, National Association of Realtors, Wasatch Front Regional Multiple Listing Service.

Price declines are a rare event for the local housing market. Just how rare is shown in data from the Wasatch Front Regional Multiple Listing Service. WFRMLS price data for Salt Lake County extend back to 1955, the longest time series for any housing price data. Unfortunately this time series uses the average sales price rather than the median price, nevertheless given the length of the time series the data are instructive. Over the 55-year period there have been only eight years when the average price of homes sold was lower than the average sales price in the preceding year (Figure 6). Five of the declines occurred before 1968. The largest single-year decline in housing prices was in 1958 when the average sales price dropped by 11.3 percent. The second worst year for prices was 2009 when the average price of homes sold in the county fell 7.1 percent. In terms of price appreciation, 2006 was the peak year with an increase of 19.9 percent. While housing prices in the current decade are certainly the most volatile in thirty years, they do not compare with the price volatility of the 1950s and 1960s.

Back-to-back years of housing price declines in Salt Lake County had never occurred until 2008 and 2009, and now there is a strong possibility that declines will extend to a third year. Despite this recent price weakness, long-term housing price appreciation in Utah has outperformed most states. Since 1991, only four states and the District of Columbia have registered greater gains in housing prices than Utah, at least as measured by the Federal Housing Finance Agency's (FHFA) price index (Figure 7). The FHFA index tracks repeat sales of the same house, a highly regarded methodology that avoids the comparability problems inherent in the MLS and National Association of Realtors price data, which are just the median of all homes sold. The price index for Utah has risen from 100 in the first quarter of 1991 to 258.6 in the first quarter of 2010, a 158.6 percent increase in 19 years. The average annual growth rate in housing prices in Utah of 5.1 percent is more than triple the rate of 1.5 percent for Nevada, the worst performing state, and well above the national average of 3.5 percent.

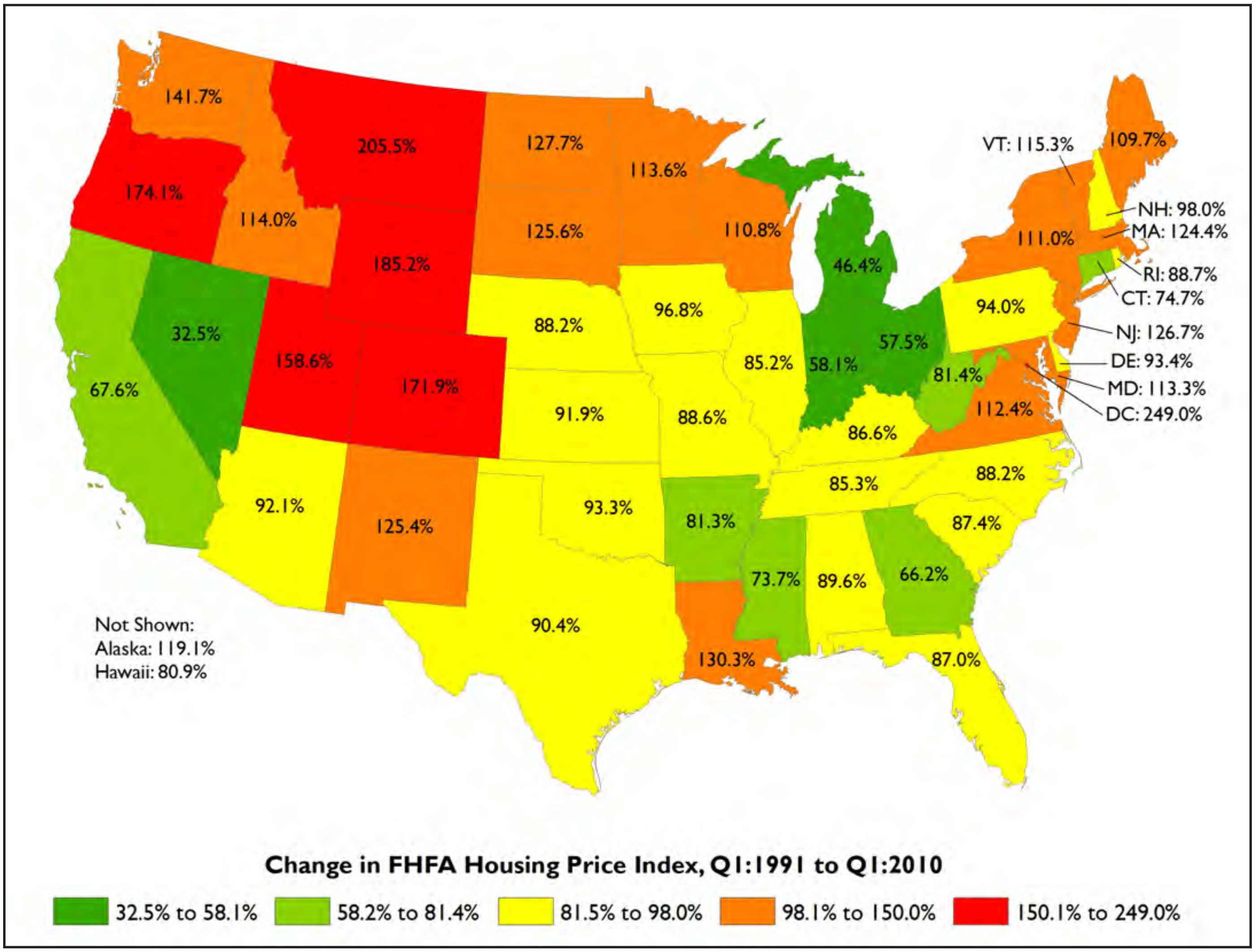
The data from the National Association of Realtors show that housing price increases in the Salt Lake Metropolitan Area have exceeded other major metropolitan areas in the West (Table 15). Since 1990 the median sales price of a home in the Salt Lake metro area has increased from $69,400 to $217,000, an increase of 212.7 percent, much greater than any other metro area except Portland. Nationally the median price of a home sold increased by only 81.4 percent over the period.

Figure 6
Change in Average Sales Price of Homes in Salt Lake County, 1955–2009



Source: Wasatch Front Regional Multiple Listing Service.

Figure 7
Housing Price Changes by State, 1991–2010



Source: Federal Housing Finance Agency and Bureau of Economic and Business Research, University of Utah.

In 1990 the median price nationally was $95,500 compared with only $69,400 for the Salt Lake metro area. By 2009 the positions were reversed, with Salt Lake's median at $217,000 compared with only $173,200 nationally. While prices for both the nation and the Salt Lake metro area have declined in the past few years, price weakness at the national level preceded the Salt Lake area by at least a year. Prices increased 14.3 percent in the Salt Lake metro area in 2007 while falling 1.8 percent nationally (Figure 8).

The long-term performance and current level of housing prices in Utah raise the question of affordability. Surprisingly the Housing Opportunity Index (HOI) produced by the National Association of Home Builders (NAHB) shows that housing is relatively affordable in the Salt Lake Metropolitan Area. According to the 2009 HOI index, 76.4 percent of homes sold in the Salt Lake Metro Area were affordable to the median income family. Salt Lake housing has comparable affordability to Denver and is more affordable than San Francisco, Los Angeles, Seattle, and Portland as well as the nation as a whole (Table 16). Affordability, at least for the present, does not seem to be a serious issue threatening housing demand. The Salt Lake Metropolitan Area's HOI has been helped by the surprising growth in household income. Between 1990 and 2008 household income in the metro area increased by 94.3 percent, a larger increase than in any of the surrounding major metropolitan areas (Table 17).

Table 15
Change in Median Sales Price of Homes in Selected Metropolitan Areas
(Nominal Dollars)

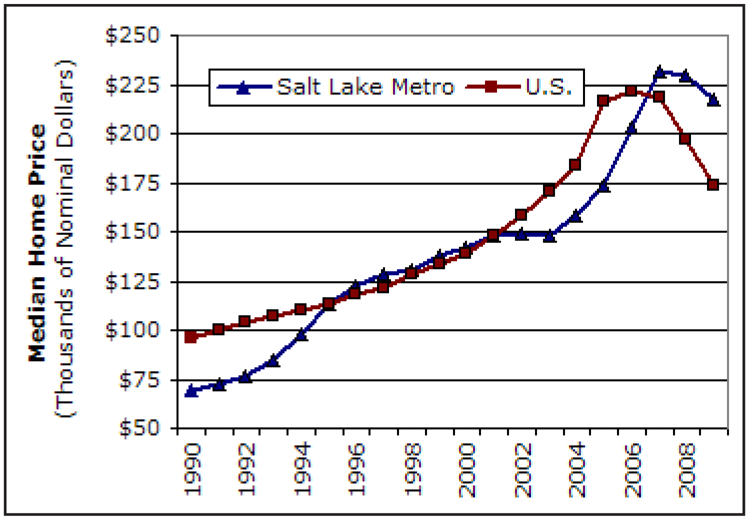
Metropolitan Area	1990	2009	Change
Denver	$86,400	$219,900	154.5%
Las Vegas	$93,000	$142,900	53.7%
Los Angeles	$212,100	$333,900	57.4%
Phoenix	$84,000	$137,000	63.1%
Portland	$79,500	$244,100	207.0%
Salt Lake	$69,400	$217,000	212.7%
San Francisco	$259,300	$493,300	90.2%
Seattle	$142,000	$306,200	115.6%
U.S.	$95,500	$173,200	81.4%

Source: National Association of Realtors.

Price Outlook

Despite Utah's good fortune with respect to long-term housing prices and current affordability, the historic ratio of Utah housing prices to national housing prices is relatively high for both the FHFA and National Association of Realtor's data, indicating housing prices in Utah probably have a bit more downward momentum than national markets. The downward turn in prices in Utah came 12 to 18 months later than in many markets and this lag, combined with the robust run-up in local housing prices, the expected continued increase in foreclosures, and the relatively high number of homes with negative equity, increases the possibility of another year of downward pressure on prices in Utah. The FHFA index for Utah will likely decline another 4 to 6 percent in 2010.

Figure 8
Median Sales Price of Homes in the Salt Lake Metropolitan Area and the U.S., 1990–2009



Source: National Association of Realtors.

Demographic Trends Reduce Demand

Housing demand and preferences are shaped by demographics. Three of the most important demographic determinants of housing demand are household growth, age structure of the population, and net in-migration.

Table 16
Housing Opportunity Index in Selected Metropolitan Areas

Metropolitan Area	Housing Opportunity Index
Denver	76.7%
Las Vegas	84.2%
Los Angeles	36.8%
Phoenix	81.5%
Portland	65.1%
Salt Lake	76.4%
San Francisco	22.3%
Seattle	59.3%
U.S.	70.8%

Source: National Association of Home Builders.

Change in Number of Households

One of the biggest demographic surprises in the current decade is the trend toward larger households. Most demographers assumed that the long-term trend of declining household size would continue into the 21st century, but recent data from the U.S. Census Bureau's American Community Survey (ACS) show average household size is increasing.[5] In the 2000 Census the average household size in Utah was 3.13 persons. For 2008 the Utah Governor's Office of Planning and Budget estimates an average household size in Utah of 3.03 whereas the American Community Survey estimates Utah's average household size at 3.15 persons. What seems like a rather small difference has large implications for housing estimates and projections. For example, assuming a population of 2.7 million people in households, a 3.03 average household size would yield 891,000 households for Utah in 2008 compared with only 857,150 households if the average household size were 3.15. If this difference of nearly 34,000 households is spread over the 2000–2008 period, the average annual increase in households is reduced by 4,250 units, from 23,750 using the GOPB estimates to 19,500 using the Census Bureau estimates. Since household growth drives housing demand—nearly all additional households need a dwelling unit—the Census household estimates effectively reduce the demand for additional residential units over the 2000–2008 period by nearly 20 percent.

Table 17
Change in Median Household Income in Selected Metropolitan Areas
(Nominal Dollars)

Metropolitan Area	1990	2008	Change
Denver	$33,126	$60,344	82.2%
Las Vegas	$30,746	$56,696	84.4%
Los Angeles	$36,711	$60,264	64.2%
Phoenix	$30,797	$55,887	81.5%
Portland	$31,071	$58,758	89.1%
Salt Lake	$30,882	$60,012	94.3%
San Francisco	$41,459	$76,848	85.4%
Seattle	$35,047	$66,465	89.6%

Source: U.S. Census Bureau.

The ACS estimates of household growth appear quite reasonable and square with housing market conditions over the past few years. The ACS average household growth of 18,000 to 19,000 annually indicates that during the three-year period of 2004 through 2006, the Utah housing market was probably overbuilt by some 20,000 units.[6] The excess capacity has been absorbed over the last two years as the number of permits issued dropped to about 10,500 annually in 2008 and 2009.

The lower household growth estimates make clear that a healthy housing market in Utah could sustain 20,000 new units annually. A return to the 25,000-plus-units level

5. The possible causes of larger households include rising immigration, higher fertility rates, severe economic contraction and job losses, sluggish income growth, high cost of housing, and changing age structure of the population.

6. In 2004 residential building permits were issued for 24,292 units, in 2005 28,285 units, and in 2006 26,322 units.

of the 2004–2006 boom would require some dramatic shifts in economic and demographic conditions. Without such shifts it will probably be a generation before the home-building industry breaks the record of 28,285 units set in 2005.

Age Structure

Age structure is defined as the age composition of a population and that age composition is generally categorized into age groups, often at five- or ten-year intervals. For example, an important age group for the housing market is the 20-to-29-year-old age group. These are the prime household formation ages. As these young people leave home to live alone or with friends or get married, new households are formed, the demand for housing increases, and the home-building business grows.

A look at the population estimates and projections of the 20–29 age group is a good example of the changing age structure of the Utah population (Table 18). From 2000 to 2005 the number of 20-to-29-year-olds in Utah increased by 65,350. During this period this age group consistently accounted for about 18 percent of the Utah population. However, from 2005 to 2010 the increase in this age group dropped to 24,250 and its share of total population declined to 17 percent. This trend is projected to continue over the next five years, 2010 to 2015, when the number of people in the 20–29 age group increases by only 10,650 and the age group's share of the population drops to 15.4 percent by 2015.

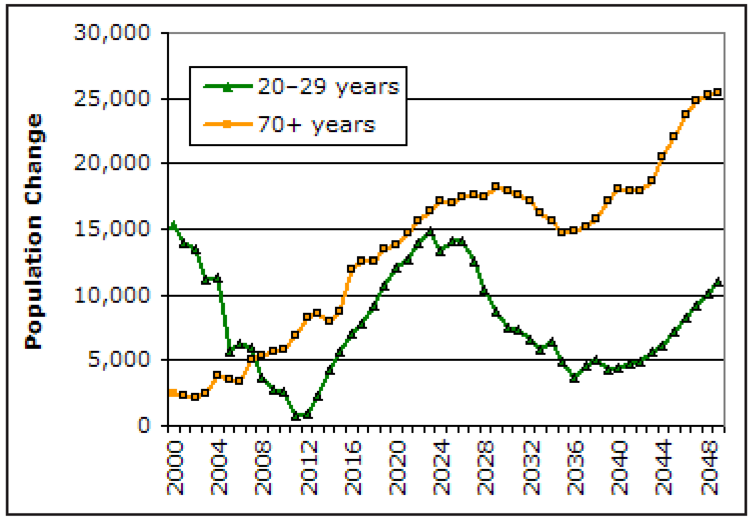
This changing age structure that results in fewer 20-to-29-year-olds has important implications for the rate of household growth and the demand for starter homes and apartments, two types of housing that target young households. In order to maintain a consistent level of household growth of approximately 20,000 annually, the declining share of 20-to-29-year-olds must be offset by higher rates of net in-migration or household formation, or a decline in household size. Without offsetting shifts in other demographic characteristics, the changing age structure of Utah's population will tend to reduce the overall growth in households resulting in lower levels of housing demand.

Table 18
Change in Utah Population of the 20-to-29-Year-Old Age Group

Year	Population of 20–29-year age group	Change	Share of Total Population
2000	405,975		18.1%
2001	421,228	15,253	18.3%
2002	435,176	13,948	18.5%
2003	448,719	13,543	18.6%
2004	459,941	11,222	18.6%
2005	471,329	11,388	18.5%
2006	476,934	5,605	18.2%
2007	483,161	6,227	17.9%
2008	489,181	6,020	17.6%
2009	492,854	3,673	17.3%
2010	495,591	2,737	16.9%
2011	498,171	2,580	16.6%
2012	498,910	739	16.2%
2013	499,773	863	15.9%
2014	502,023	2,250	15.6%
2015	506,251	4,228	15.4%

Source: Governor's Office of Planning and Budget.

Figure 9
Changes in Utah Population in Selected Age Groups: 20–29 Years and 70 Years and Over



Source: Governor's Office of Planning and Budget.

The current deceleration in 20-to-29-year-olds will be offset, in the long term, by the wave-like patterns inherent in the projected age structure of Utah's population. The current deceleration in growth is expected to hit its trough in 2012 and then accelerate over the following 12 years, cresting in 2024 when the 20–29 age group grows by 14,800 (Figure 9).

Another feature of Utah's changing age structure is the increasing number of people 70 years and older. In 2009 the increase in the number of individuals in this age group exceeded the increase in the 20–29 age group, and this condition will prevail for years to come (Figure 9). However, the implications for the home-building industry differ from the case of the 20-to-29-year-old age group. Unlike population changes in the younger age group, which directly affect the rate of new household formations and housing demand, the increasing number of individuals over 70 does not generally translate into demand for additional housing units, but rather simply reflects the aging of existing households into an older age group.[7] But the aging baby boomers will certainly impact housing design and development concepts as some of these senior households sell the family home and move to senior active-living or high-density condominium developments, or for the frail elderly assisted-living facilities.

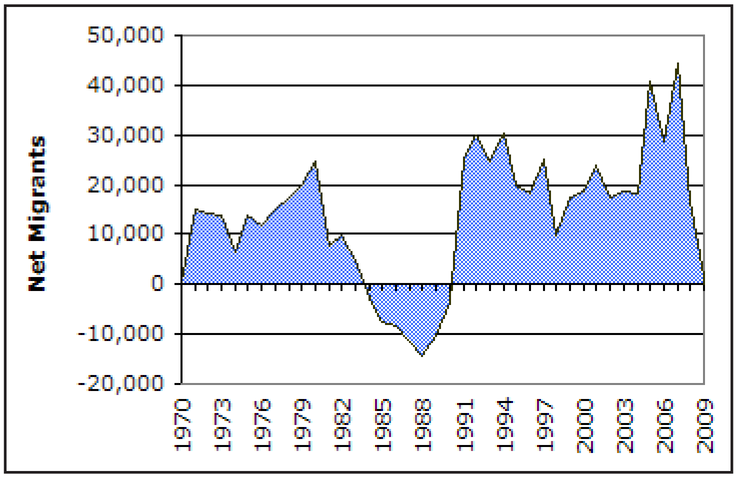
Net Migration

Net migration is defined as the difference between immigration and emigration. If more people move into the state than leave it in a given year that difference is net in-migration. Net in-migration

7. The exception, for the most part, would be net in-migration of retirees 70 years or older, which would effectively create demand for additional housing units, as would second-home demand by retirees.

is generally the case for Utah; although during the 1980s there were several years when more people moved out of the state than moved in, leading to net out-migration (Figure 10).

Figure 10
Net Migration in Utah, 1970–2009



Source: Governor's Office of Planning and Budget.

Utah housing booms are accompanied by high levels of net in-migration. Net in-migration creates direct demand for new housing, which supports ramped-up levels of home building. The recent housing boom was driven in part by three years of very high rates of net in-migration: 2005 with net in-migration of 40,650, 2006 with 28,730, and 2007 with 44,252. The net in-migration during these years was the source of housing demand for at least 30,000 of the 75,000 units built over the period.[8]

Net in-migration is closely related to job growth. When Utah has experienced high rates of job growth—e.g., 1976–1979, 1993–1996, and 2005–2007—net in-migration and home building have hit record levels. Increasing job opportunities stimulate net in-migration, which in turn produces higher levels of demand for housing. High levels of job creation and net in-migration are crucial to a healthy recovery of Utah's home-building industry.

8. Migration estimates are expressed in numbers of individuals, not households. The demand for housing associated with net in-migration corresponds to the number of additional households due to net in-migration. For example, assuming a net in-migration of 30,000 and an average household size of 3.0, the number of additional households and housing demand generated by net in-migration is 10,000.

Recovery and Challenges

The recovery of Utah's home-building industry is underway. The number of new homes has increased for ten consecutive months, and the 2010 first-quarter data show a 110 percent increase in new home permits over the same quarter a year ago. Low mortgage rates, the depletion of unsold inventory, and pent-up demand are helping the industry, but foreclosures, an uncertain job market, and declining prices will sap strength from the recovery. And demographic trends over the next few years suggest that the rate of new household formation will be slower than it was at the start of the decade. Despite these headwinds, higher levels of demand for new homes will prevail and new home construction should register gains of close to 50 percent in 2010. Permits for single-family homes will jump from 5,200 in 2009 to at least 7,500 this year and should grow to over 10,000 by 2011.

There will be challenges for the industry. Robert C. Tippets, owner of Village Communities and past president of the Salt Lake Home Builders Association, conducted a survey of builders and builder industry associates (suppliers) to identify and rank those challenges. His discussion of his findings follows.

The Housing Industry—Back to the Future

By Robert C. Tippets, Owner, Village Communities and Past President, Salt Lake Home Builders Association

The home-building industry has been at the center of the economic storm during the last three years. For home builders and trade associates it has been the survival of the fittest and the luckiest. Most of the builders/developers that have survived are those who had little or no debt on land and lots, who build product for the starter home market, who had private financing, or who have been able to restructure or are in the process of restructuring debt with their lenders. Those who financed with banks that were unwilling to modify terms or to restructure debt had few options for survival. Those who financed with banks that closed their doors or were taken over by FDIC were caught in a whirlpool that required a cash lifeline that was elusive, since there were so many to save or other investment opportunities with greater returns.

The result is that the number of home builders in business is significantly less than it was three years ago. The majority of surviving home builders are focused on starter homes or constructing homes that are priced below $225,000. Stimulus efforts at the federal and state levels have kept the first-time home market alive, although even that has had its challenges due to tighter underwriting for mortgages and concern about job security.

New housing priced over $225,000 was gutted during the "Great Recession." The only efforts to stimulate a broader recovery have been Utah's second Home Run Grant and the incentive for move-up buyers in the last federal stimulus package. There are two underlying challenges that have stymied recovery in the market for homes priced over $225,000. Both relate to foreclosures and short sales. First, foreclosures and short sales have effectively become the competition for home builders, with prices often lower than the cost of production. Second, the preponderance of foreclosures and short sales has deflated house values to the point that home equity has been substantially reduced or homeowners are even "underwater," i.e., loans exceed values. Since most homebuyers with existing homes use cash from equity from the sale of their existing homes, there is great reluctance to make a

Table 1
Most Significant Housing Issues and Challenges During the Next Year

Description	Rating
Recession Overhang – Slow Recovery or Double-Dip Recession	87.78
Foreclosures & Short Sales – Impact on New Home Construction	87.37
Valuation of Foreclosures and Short Sales – Systemic Deflation of Home Values	87.37
Acquisition & Development (A&D) Loans – Availability & Terms	86.67
FHA, GSE's (Freddie Mac and Fannie Mae)	86.67
Unemployment – Jobs	86.32
Mortgage Underwriting Requirements – Tightening	86.00
Capitalization of Business and Projects	85.00
Construction (C) Loans – Availability & Terms	84.21
Bank Regulations – Overhaul	82.11
Increase in Equity Required for A&D Loans and C Loans	78.75
Mortgage-Backed Securities (MBS)	76.84
Valuation of New Homes for Construction Loans	75.56
Sunset of Tax Credits for Home Purchase	74.74
Valuation of Houses for Mortgages	74.12
Impact Fees	73.68
Mortgage Interest Rates – Increasing	73.00
Valuation of Development Projects for A&D Loans	72.94
Global Economy	72.94
Profitability	71.00
Pricing in an Inelastic Economic Environment	68.24
Health Care Cost	66.67
Move-up Markets – When Will They Ever Return?	64.00
Zoning and Density	63.16
Commercial Real Estate Crisis – Impact on Housing	62.11
Federal: EPA (stormwater, lead paint), HUD, Codes, Environmental Protection	61.43
Growth Management Initiatives and Policy	58.95
Construction Defect Law – Impact of Davencourt Decision	58.75
Land Cost	52.94
Energy Cost	52.22
Production Cost	51.11
Competition	50.67

Source: Housing Issues Survey conducted by Robert Tippets.

move. New home sales will remain in the doldrums until the foreclosure and short sale epidemic is absorbed by the market.

Foreclosures and short sales are only one of many challenges that the surviving home builders will be facing in the next year. In order to evaluate these challenges, approximately 50 builders and home-building industry associates in Utah responded to a housing issues survey.

The survey asked business leaders in the home-building industry to rate and rank the most significant issues and challenges that they expect to face during the next year. The results in Table 1 below list those concerns in order of rating based on a scale of 0 to 100, with the highest number being the highest-rated concern.

In many ways, rating the significance of housing issues depends upon the challenge "du jour." As can be seen in the list, there are numerous issues in the housing industry. What may be rated as the least significant today may be the most significant tomorrow. For example, when the FHA changed its policy to limit its share of loans in a multistory condominium to a maximum of 50 percent of the units within a building, overnight this became a major issue for builders with condominium projects. Why? As a result of the financial crisis, FHA-guaranteed loans now represent 95 percent of new mortgages. The change in policy effectively created a new and serious financing obstacle for condominium developers.

When asked to identify and rank the most significant challenges facing the home-building industry in the next year, respondents indicated the following top five issues:

#1 *Consumer Confidence*: The survey did not specifically include consumer confidence as a housing issue to be rated or ranked. The survey included a line for write-in responses. Although consumer confidence was a write-in response, it was the number one issue that builders identified as being the biggest challenge they will be facing during the next 12 months. Based on the fact that the first-time homebuyer market is the most active, it can be assumed that most potential new-home buyers visiting model homes are young. These potential home buyers are concerned about their jobs and qualifying for a mortgage. That is not to say that the potential buyers for housing priced over $225,000 are not also concerned about the future. Everyone thinking about buying a new home is being very conservative until there is more stability in the economy.

#2 *Foreclosures and Short Sales—Impact on New Home Construction*: Foreclosures and short sales are still having a significant impact on the new home market. Many of the foreclosures and short sales are coming back onto the market at prices below the cost of production. Forecasters predict that the market will recover soon since the inventory of unsold new homes on the market is relatively low, but the underlying challenge is that there are still a lot of homes in the default pipeline. The first wave of foreclosures was a result of the subprime loan crisis. The second wave is due to job losses. The third wave of predicted foreclosures will include many of the homeowners with adjustable-rate mortgages (ARMs) and exotic loans with teaser rates who are currently underwater. The conundrum of increased mortgage payments due to reset criteria along with decreasing house value has been a formula for increasing defaults and foreclosures. Although the builder product may be higher quality, in a better location, and have a warranty, it is extremely difficult to compete with the prices of foreclosed properties. Foreclosures and short sales will be a drag on the new home market for the next year.

#3 *Construction (C) Loans and Acquisition & Development (A&D) Loans*: Acquiring building lots, developing sites for homebuilding, and financing the cost of constructing houses or attached units requires a significant amount of capital. Typically builders have used institutional financing (bank loans) as a source of funding approximately 70 to 80 percent of construction cost. The balance of cost was covered by builder/developer working capital, deposits, or in some cases investor contributions. The banking system for financing new home construction is currently broken or working under strict constraints. It almost appears as if there is currently an unwritten moratorium on new C and A&D loans. Unless a builder/developer has another source for funding new construction or banks continue to fund lines of credit, the lack of money can financially strangle the industry.

#4 *Unemployment—Jobs*: The concern about unemployment and jobs is at the root of our economic challenges. Obviously job security has a huge impact on consumer confidence and the decision to buy a home. In the bigger picture, getting people back to work is the best solution for the sick economy. It is all about jobs!

#5 *Appraisals and Valuation Methods Used for Foreclosures—Systemic Deflation of Home Values*: Item #2 addressed the impact of foreclosures and short sales on the new housing market. Item #5, regarding valuation methods used for foreclosures and short sales, affects all home owners. Valuation methods used for foreclosures are designed to help lenders expedite liquidation. Comparables used for appraisals of properties in default are typically distressed sales in the vicinity. "Vicinity" can be a loosely defined area. The rules and guidelines used for appraisals of properties in default are being improved; nevertheless, the affect of a large number of foreclosures and short sales has a deflationary impact on the value of all homes. These "artificially" low prices have depressed the housing market. Until the impact of foreclosures and short sales subsides and prices stabilize, new home construction will be sluggish.

In the long term, there will be substantial changes made in the financing of real estate development and construction, as well as in mortgage lending, that will have a dramatic effect on the home-building industry. It will be more difficult for the small and midsize builders to obtain the financing they need to stay in business. For some of the large home builders or those that still have financial resources, these difficult times represent the opportunity of a lifetime. There are and will be fewer home builders as a result of the recession. The consolidation in the home-building industry will favor large and public builders that have financial capacity or have access to corporate bonds. Large building companies will have more options and opportunities than the small and midsize builders with depleted resources. For example, builders with financial capacity or a source of funds will be the ones to complete housing projects that will come back into the market at a lower cost basis.

The future outlook for the housing industry in Utah is promising due to demand pressures from population increase and in-migration. It will just take time and money to get there.

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Appendix Table 1
Residential Permits Issued and Value of New Residential Construction in Utah, 1970–2009

(Shaded Areas Depict Residential Construction Contractions)

			Multifamily		Manufactured		Value (Millions)	
Year	Single-Family	Multifamily (Total)	Apartments*	Condos and Twin Homes*	Homes and Cabins†	Total	Current Dollars	Constant 2009 Dollars
1970	5,962	3,108				9,070	$117.0	$755.9
1971	6,768	6,009				12,777	$176.8	$1,079.2
1972	8,807	8,513				17,320	$256.5	$1,458.4
1973	7,546	5,904				13,450	$240.9	$1,255.0
1974	8,284	3,217				11,501	$237.9	$1,121.9
1975	10,912	2,800				13,712	$330.6	$1,436.4
1976	13,546	5,075				18,621	$507.0	$2,067.5
1977	17,424	5,856				23,280	$728.0	$2,682.8
1978	15,618	5,646				21,264	$734.0	$2,386.7
1979	12,570	4,179				16,749	$645.8	$1,873.4
1980	7,760	3,141				10,901	$408.3	$1,071.9
1981	5,413	3,840				9,253	$451.5	$1,109.2
1982	4,767	2,904				7,671	$347.6	$829.4
1983	8,806	5,858				14,664	$657.8	$1,525.7
1984	7,496	11,327				18,823	$786.7	$1,759.0
1985	7,403	7,844				15,247	$706.2	$1,547.7
1986	8,512	4,932				13,444	$715.5	$1,501.9
1987	6,530	755				7,305	$495.2	$993.4
1988	5,297	418				5,715	$413.0	$796.4
1989	5,197	453				5,632	$447.8	$829.7
1990	6,099	910				7,009	$579.4	$1,040.6
1991	7,911	958	681	277	534	9,441	$791.0	$1,408.0
1992	10,375	1,722	1,154	568	572	13,001	$1,113.6	$1,943.9
1993	12,929	3,865	2,925	931	904	17,804	$1,504.4	$2,503.1
1994	13,947	4,646	3,163	1,483	1,010	19,747	$1,730.1	$2,754.3
1995	13,904	6,425	4,513	1,912	1,154	21,558	$1,854.6	$2,830.3
1996	15,139	7,190	5,326	1,864	1,229	23,737	$2,104.5	$3,153.6
1997	14,079	5,265	3,356	1,909	1,408	20,687	$1,943.5	$2,827.2
1998	14,476	5,762	3,766	1,996	1,343	21,743	$2,188.7	$3,102.2
1999	14,561	4,443	2,668	1,775	1,505	20,350	$2,238.0	$3,037.9
2000	13,463	3,629	2,012	1,617	1,346	18,154	$2,140.1	$2,776.3
2001	13,851	5,089	2,498	2,591	1,062	19,675	$2,352.7	$2,918.9
2002	14,466	4,149	1,750	2,399	735	19,941	$2,491.0	$3,018.9
2003	16,515	5,555	2,066	3,489	926	22,836	$3,046.4	$3,520.5
2004	17,724	5,853	2,233	3,620	766	24,293	$3,552.6	$3,800.9
2005	20,912	6,562	2,236	4,326	716	28,285	$4,662.6	$4,639.3
2006	19,888	5,658	1,427	4,231	811	26,322	$4,955.2	$4,642.6
2007	13,510	6,290	1,739	4,551	739	20,359	$3,963.2	$3,678.5
2008	5,513	4,544	2,199	2,345	546	10,603	$1,877.0	$1,794.1
2009	5,217	4,951	2,978	1,973	320	10,488	$1,674.0	$1,674.0

*Prior to 1991 apartments, twin homes, 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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