

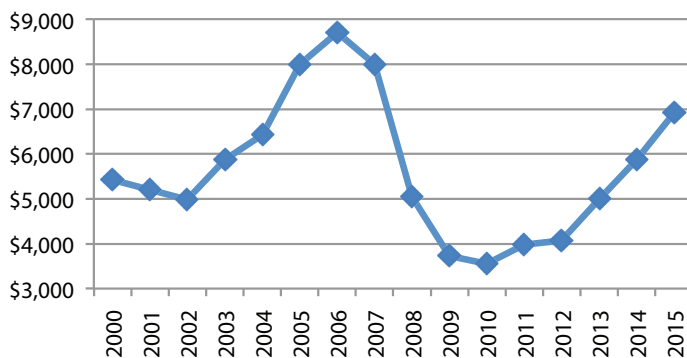
Ivory-Boyer Construction Industry Brief

In Partnership with The Ivory-Boyer Real Estate Center

A Closer Look at the Recovery of Utah's Construction Sector, 2010–2015

By 2010, the Great Recession had pushed construction spending in Utah down to a 20-year low of \$3.5 billion, the bottom of the cycle's trough. Since then the construction industry has had five consecutive years of expansion (see Figure 1). The first two years saw rather tepid growth but in the following three years construction value increased at an impressive rate of nearly 20 percent annually. In 2015, the value of permit authorized construction in Utah reached \$6.9 billion, the fourth highest year ever.

Figure 1
Value of Permit Authorized Construction in Utah
 (2015 dollars)



Source: Ivory-Boyer Construction Database, Kem C. Gardner Policy Institute, University of Utah.

The path of the five-year recovery has produced some surprises. Most notably:

- The emergence of Lehi and South Jordan as two of the top three cities statewide in real estate development and construction activity. During the five year recovery Lehi has had \$1.6 billion in construction activity and South Jordan \$1.5 billion (see Table 1).
- St. George's position among the top five cities, bumping out much larger Wasatch Front cities like West Jordan, West Valley, and Sandy.

Table 1
Total Value of Permit Authorized Construction: Top Five Cities in Utah, 2010-2015
 (Residential and Nonresidential)

	Total (million)	% Share of State
Salt Lake City	\$2,433.4	8.5%
Lehi	\$1,598.2	5.6%
South Jordan	\$1,503.8	5.2%
Provo	\$1,013.8	3.5%
St. George	\$856.6	3.0%
Top Five Total	\$7,405.8	25.8%
State Total	\$28,695.4	100.0%

Source: Ivory-Boyer Construction Database, Kem C. Gardner Policy Institute, University of Utah.

- The strong second ranked position for St. George as a location of single-family development; only 23 homes behind South Jordan and more than 400 homes ahead of Lehi (see Table 2).
- The presence of Washington City among the top five cities in single-family construction, ahead of rapidly growing cities like Saratoga Springs and Eagle Mountain.

Table 2
Single Family Homes: Top Five Cities in Utah, 2010-2015

	Single Family Units	% Share of State
South Jordan	2,877	3.6%
St. George	2,854	3.5%
Lehi	2,446	3.0%
Herriman	2,051	2.5%
Washington	1,771	2.2%
Top Five Total	11,999	14.9%
State Total	80,593	100.0%

Source: Ivory-Boyer Construction Database, Kem C. Gardner Policy Institute, University of Utah.

- The concentration of condominium development during the recovery in the southwest quadrant of Salt Lake County. Nearly 30 percent of all condominiums built statewide from 2010 to 2015 were located in South Jordan, Midvale, and Herriman (see Table 3).

Table 3
Condominiums: Top Five Cities in Utah, 2010-2015

	Condominiums Units	% Share of State
South Jordan	1,267	11.8%
Midvale	976	9.1%
Herriman	799	7.5%
St. George	664	6.2%
Lehi	359	3.3%
Top Five Total	4,065	37.9%
State Total	10,721	100.0%

Source: Ivory-Boyer Construction Database, Kem C. Gardner Policy Institute, University of Utah

- The dominance of Salt Lake City as a location for apartment development. Nearly one in six apartment units developed from 2010-2015 was located in Salt Lake City; 3,000 units in five years. New downtown rental housing has introduced high rise living (more than three stories) to the local rental market.

Table 4
Apartments: Top Five Cities in Utah, 2010-2015

	Apartments Units	% Share of State
Salt Lake City	2,988	14.7%
Sandy	1,878	9.2%
Orem	1,734	8.5%
Provo	906	4.5%
South Jordan	825	4.1%
Top Five Total	8,331	40.9%
State Total	20,357	100.0%

Source: Ivory-Boyer Construction Database, Kem C. Gardner Policy Institute, University of Utah.

- The stunning level of new office construction in Lehi. Over 20 percent of the value of new office construction in the past five years statewide has been in Lehi (see Table 5).

Table 5
Value of Office Buildings: Top Five Cities in Utah, 2010-2015

	Office (million)	% Share of State
Salt Lake City	\$394.9	25.9%
Lehi	\$336.5	22.1%
Provo	\$121.3	8.0%
Midvale	\$107.7	7.1%
Draper	\$95.7	6.3%
Top Five Total	\$1,056.1	69.2%
State Total	\$1,525.5	100.0%

Source: Ivory-Boyer Construction Database, Kem C. Gardner Policy Institute, University of Utah.

- The unlikely ranking of West Bountiful among the top five cities in industrial construction. This surprise is due to the \$216 million expansion of the HollyFrontier refinery in West Bountiful.

Table 6
Value of Industrial Buildings: Top Five Cities in Utah, 2010-2015

	Industrial (million)	% Share of State
Salt Lake City	\$237.2	14.6%
West Bountiful	\$216.7	13.3%
West Valley	\$64.9	4.0%
South Jordan	\$64.2	3.9%
Lehi	\$33.7	2.1%
Top Five Total	\$616.7	37.9%
State Total	\$1,627.4	100.0%

Source: Ivory-Boyer Construction Database, Kem C. Gardner Policy Institute, University of Utah.

- The relatively low level of retail construction activity; only \$863 million over the past five years, half the level of office and industrial construction.
- All top five cities in retail construction are in Salt Lake County.

Table 7
Value of Retail Buildings: Top Five Cities in Utah,
2010-2015

	Retail (million)	% Share of State
Sandy	\$98.5	11.4%
South Jordan	\$83.3	9.6%
Murray	\$53.2	6.2%
Salt Lake City	\$51.7	6.0%
West Valley	\$32.7	3.8%
Top Five Total	\$319.4	37.0%
State Total	\$863.9	100.0%

Source: Ivory-Boyer Construction Database, Kem C. Gardner Policy Institute, University of Utah.

The “what” and “where” of the recovery are revealing. South Jordan and Lehi are the recovery’s hottest cities. The main driver of South Jordan’s remarkable performance is residential construction while in Lehi it is office development. Salt Lake City is a major player in the apartment boom as housing preferences shift slightly toward downtown rental housing. And the St. George market, while still well below the glory days of ten years ago, remains a top five residential market.



The Kem C. Gardner Policy Institute partners with the Ivory-Boyer Real Estate Center to prepare this report. Both entities are located in the David Eccles School of Business. Together they seek to share data and analysis and train real estate professional to support a vibrant housing, construction, and real estate industry in Utah. To learn more visit www.eccles.utah.edu or contact the Eccles School at 801-587-8533.

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