

Salt Lake City's Current Apartment Boom: An Analysis of Salt Lake City's Record Apartment Growth

Authored by:
DJ Benway, M.P.P., Research Analyst

August 2018



DAVID ECCLES SCHOOL OF BUSINESS
INFORMED DECISIONS™

Salt Lake City's Current Apartment Boom

Analysis in Brief

Salt Lake City continues to add new residents and surpassed the 200,000 resident milestone in 2017. Much of this increase is the result of the recent and significant construction of apartments. Strong demand for rental units in recent years has evolved Salt Lake City into a rental dominated market, with rentals accounting for over half of housing units. Salt Lake City's population growth from 1990 to 2010 was primarily new populations of large, younger families moving into existing housing on the city's west side, replacing aging smaller households. In contrast, population growth since 2010 has primarily been enabled by strong demand for new higher density apartments in downtown locations. This historic expansion in the Salt Lake City rental market should continue as long as regional economic growth remains strong. Robust economic and demographic growth, combined with the locational advantages of the region, are driving demand for more housing opportunities within Salt Lake City.

Key Points

- From January 2000 to December 2017, Salt Lake City issued permits for 12,278 new residential units; 53 percent in the last four years.
- In one of the most abrupt reversals in Utah's construction history, residential construction in Salt Lake City rebounded from 38 permits issued in 2013 to 1,424 residential permits in 2014.
- Since 2014, Salt Lake City has issued building permits for 6,481 units; 91 percent were for apartments.
- In 2000, rental units accounted for 49 percent of all housing units in Salt Lake City; by 2016 the share increased to 53 percent.
- Since 2000, 74 percent of statewide residential permits were issued in the Wasatch Front counties, 88 percent for multifamily units.
- Since 2000, 84 percent of condominium, townhome, and duplex permits were issued in Salt Lake and Utah counties.
- High levels of apartment activity are likely to continue through 2020, at which point rental market conditions will likely soften with the increased capacity.
- Statewide, detached single-family homes remain the majority of residential permits; 65 percent of all residential permits issued since 2000. Outside of the Wasatch Front, detached single-family permits account for 70 percent of all residential permits.

At a Glance: Salt Lake City's Apartment Boom 2014 - Present

| Geography | |
|-------------------------------------|---|
| Salt Lake City | <ul style="list-style-type: none"> • 5,912 permits for apartments from 2014 – 2017. • In 2000, 49 percent of occupied housing units were rentals. By 2016, the share had increased to 53 percent. |
| Wasatch Front | <ul style="list-style-type: none"> • 74 percent of residential permits issued statewide from 2000 – 2017 were in the Wasatch Front. • 88 percent of multifamily units from 2000 – 2017 were in the Wasatch Front. • Nine of the top 10 ranked cities for apartment permits were in Salt Lake or Utah counties. |
| Time | |
| Pre-Recession (2000 – 2007) | <ul style="list-style-type: none"> • 55 percent of residential permits in Salt Lake City were for apartments. • 13 percent of statewide apartment permits were in Salt Lake City. |
| Recession Effects (2008 – 2012) | <ul style="list-style-type: none"> • 68 percent decline in statewide annual residential permits from the peak in 2005 to the trough in 2011. • 9 percent of statewide apartment permits were in Salt Lake City; 77 percent were in the Wasatch Front. |
| Recession Recovery (2013 – Present) | <ul style="list-style-type: none"> • 91 percent of residential permits in Salt Lake City since 2013 were for apartments. • In 2013, Salt Lake City issued permits for 38 residential units; in 2014, permits were issued for 1,424 units. • 24 percent of statewide apartment permits were issued in Salt Lake City. |

Table of Contents

| | |
|--|----|
| Analysis in Brief..... | 1 |
| Introduction..... | 2 |
| Salt Lake City Since 2000..... | 3 |
| The Great Recession and its Effects on the Utah Housing Market | 5 |
| The Concentration of New Homes Along the Wasatch Front | 7 |
| The Varying Composition of Regional Housing .Markets in Northern Utah | 14 |
| The Hachman Index and Types of Housing by Geographic Area..... | 15 |
| Conclusion: Continued Expansion | 16 |
| Appendix A: About Building Permit Data and the Ivory-Boyer Construction Database..... | 19 |

Introduction

Salt Lake City is experiencing historic levels of apartment construction. Since 2014, Salt Lake City has issued 6,481 building permits, 91 percent were for apartments. This boom indicates a clear shift toward higher density housing in Salt Lake City. These years of record apartment construction have not only increased the level of building activity, but shifted the composition of housing types in Salt Lake City. In 2000, rental units accounted for 49 percent of all occupied housing units in Salt Lake City (U.S. Census Bureau). By 2016, the share had increased to 53 percent. Since 2010, Salt Lake City has issued more residential permits for apartment units than any other city in the state, accounting for a fifth of the state’s apartment permits.

The Great Recession had a negative effect on the construction industry, slowing the building of new housing units across the state. As a result, Utah experienced a 68 percent decline in annual residential permits from the Pre-Recession peak in 2005 to the trough of the Recession in 2011. The contraction in residential construction was prolonged in Salt Lake City, continuing through 2013. By then, the number of annual residential permits issued had fallen by over 95 percent to only 38 units.

In one of the most abrupt reversals in Utah’s construction history, residential construction in Salt Lake City rebounded with a total of 1,424 residential permits issued in 2014. A citywide moratorium on impact fees, a favorable zoning environment, and strong demographic and economic growth in the county spurred development. Apartment construction drove much of this development. Since 2000, 75 percent of all residential permits in Salt Lake City were for apartment units. Nearly 84 percent of these permits were issued from 2014 through 2017.

Salt Lake City’s apartment boom is expected to last another couple of years. There are a number of large projects proposed that are projected to begin construction in 2018. By 2020, the number of permits issued for residential units in Salt Lake City will likely slow as rental market conditions soften. However, throughout the Wasatch Front demand for affordable mid-density condominium, townhome, and duplex units will remain strong. So far in 2018, there has been a slowdown in the volume of apartment units issued permits, but through the first half of the year, 91 percent of residential permits were for apartments. Apartment development is likely to remain the dominant residential construction type in the city.

The trend toward more multifamily construction including apartments, condominiums, townhomes, and duplexes is also occurring in the rest of Salt Lake County and Utah County. Along the Wasatch Front, 36 percent of units receiving building permits were multifamily units, Salt Lake City accounted for 17 percent of these permits. With an increase in housing density and a growing population along the Wasatch Front, it is also likely there will be an increase in residential construction in the

ring counties of Wasatch, Juab, Morgan, Summit, and Tooele. The market that demands lower density, detached single-family homes will likely move toward development in these counties as they offer more developable land than the urban core counties.

Salt Lake City Since 2000

From January 2000 to December 2017, Salt Lake City has issued permits for 12,278 new residential units. Fifty-three percent of residential units receiving permits were issued in the last four years. This is a direct result of an apartment boom, which began in 2014 (Table 1). Peaking at 3,049 residential units in 2016, 91 percent of residential construction receiving permits in 2016 were for apartments\

Figure 1 shows the cumulative residential permits issued in Salt Lake City from 2000 to 2017 by housing type. The increased share of apartment units is clearly visible. The apartment boom has not only increased residential construction activity in Salt Lake City, but has also shifted the composition of housing types toward more renter occupied units. In 2010, the total

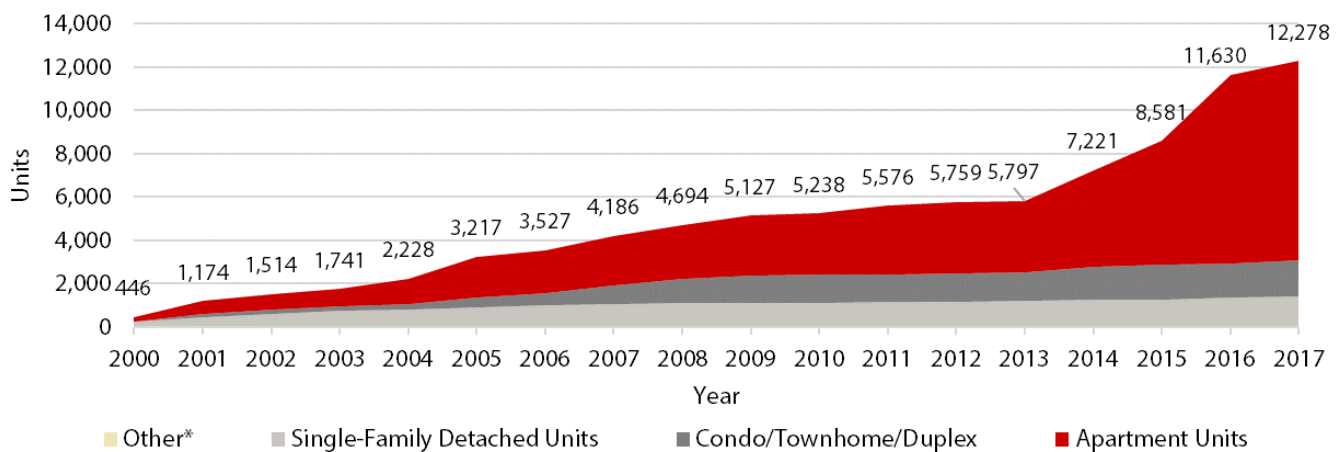
number of housing units in the city totaled 80,724; 51.6 percent were renter occupied (U.S. Census Bureau). As of 2016, renter occupied units accounted for 53 percent of the occupied housing units in Salt Lake City.

Table 1: Building Permits Issued for Residential Units in Salt Lake City by Year 2000-2017

| Year | Units | Year | Units |
|------|-------|------|-------|
| 2000 | 446 | 2009 | 433 |
| 2001 | 728 | 2010 | 111 |
| 2002 | 340 | 2011 | 338 |
| 2003 | 227 | 2012 | 183 |
| 2004 | 487 | 2013 | 38 |
| 2005 | 989 | 2014 | 1,424 |
| 2006 | 310 | 2015 | 1,360 |
| 2007 | 659 | 2016 | 3,049 |
| 2008 | 508 | 2017 | 648 |

Source: Ivory-Boyer Construction Database

Figure 1: Residential Building Permits Issued for Cumulative Number of Residential Units by Type in Salt Lake City, 2000 -2017



*Other includes: Group quarters, mobile homes, manufactured homes, cabins, accessory dwelling units and any other dwelling unit type not covered by apartments, condominiums, townhomes, duplexes, or detached single-family homes.

Source: Ivory-Boyer Construction Database

Figure 2: Building Permits Issued for Apartment Units by Year in Salt Lake City, 2000 – 2017



Source: Ivory-Boyer Construction Database

1. Apartments in the City

In recent years, Salt Lake City has experienced a rapid expansion in apartment units receiving building permits. Over 64 percent, or 5,912, of the apartment units issued permits in Salt Lake City since 2000 were issued between 2014 and 2017 (Figure 2). Salt Lake City has averaged 512 apartment units annually since 2000. Since the first quarter of 2014, Salt Lake City has issued permits for an average of 1,478 apartment units per year, nearly a three-fold increase.

The largest volume of apartment permits was 2014 through 2016. During this time, 5,382 apartment units were issued permits, comprising 92 percent of all new residential permits in Salt Lake City. This period included a city moratorium on impact fees for new housing projects which was in place in 2015 and 2016. This moratorium likely boosted development activity. However, the principle drivers of the high levels of apartment activity has been the growing demand for rental housing in Salt Lake City due to strong economic and demographic growth and the local advantages of the city: proximity to jobs, transportation infrastructure, and services.

In 2017, permits were issued for 517 apartment units, accounting for 80 percent of Salt Lake City's residential units for the year. From 2000 to 2017, 75 percent of the residential permits issued by Salt Lake City were for apartment units. During the recent boom, that share increased to 91 percent, a trend that has continued through the first half of 2018. While the impact fee moratorium influenced the number of apartment permits while in effect, any lasting effect on the composition of residential permits going forward is unclear.

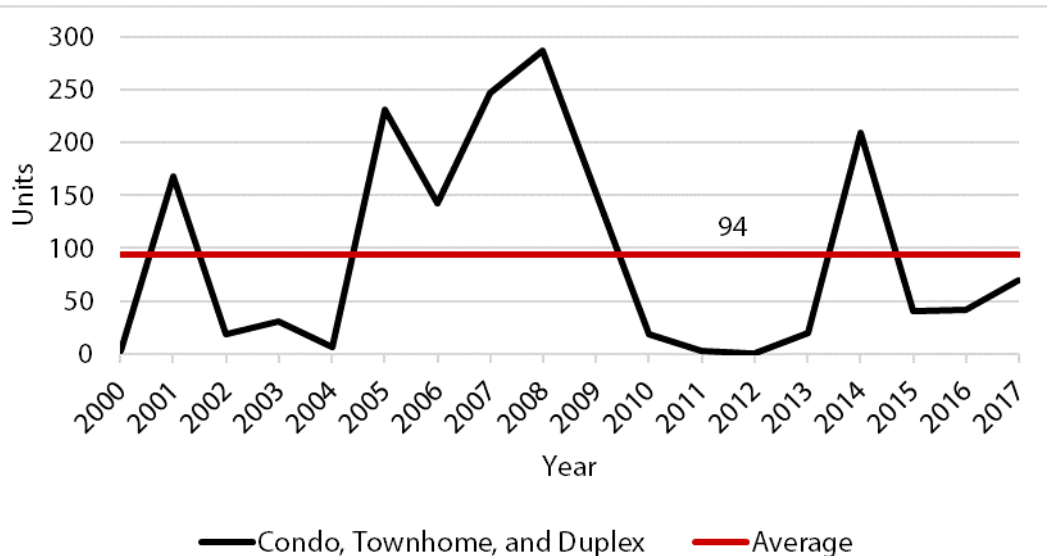
2. Condominium, Townhome, and Duplex Units in the City

While Salt Lake City has had a high concentration of new apartment construction, the development of condominium, townhome, and duplex units has been less common. Since 2000, only 1,686 condominium, townhome, and duplex permits have been issued. This is an annual average of 94 units, with the highest volume of permits occurring from 2005 through 2010 (Figure 3). The exception is 2001 and 2014 when 168 and 210 condominium, townhome, and duplex permits received building permits, respectively.

3. Detached Single-Family Homes in the City

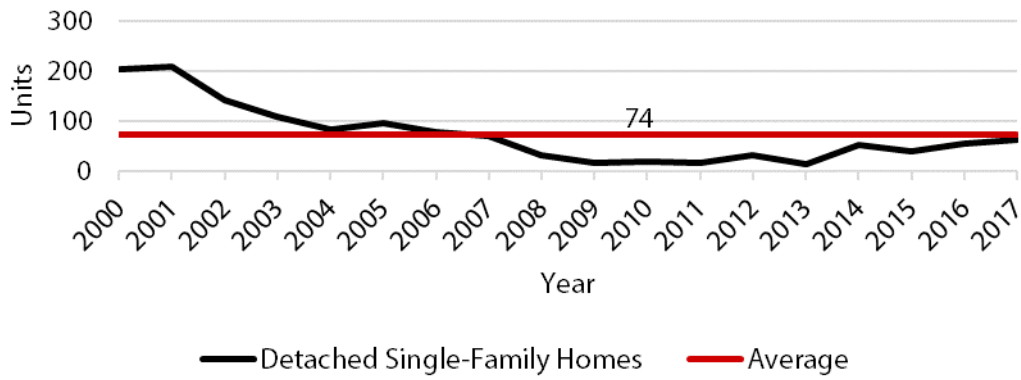
In 2000, Salt Lake City's housing stock was comprised of 49.3 percent of detached single-family homes (U.S. Census Bureau). The latest estimates from the Census Bureau show the city's housing stock to be 47.7 percent detached single-family homes. From 2000 to 2017, Salt Lake City averaged 74 detached single-family units receiving permits annually. There has been an increase in annual units issued permits since 2013, but the volume of units is still below average. Overall, Salt Lake City is trending toward fewer detached single-family permits and an overall decline in detached single-family units as a share of the total housing stock (Figure 4).

Figure 3: Building Permits Issued for Condominium, Townhome, and Duplex Units by Year in Salt Lake City, 2000 – 2017



Source: Ivory-Boyer Construction Database

Figure 4: Building Permits Issued for Detached Single-Family Units by Year in Salt Lake City, 2000 – 2017



Source: Ivory-Boyer Construction Database

The Great Recession and its Effects on the Utah Housing Market

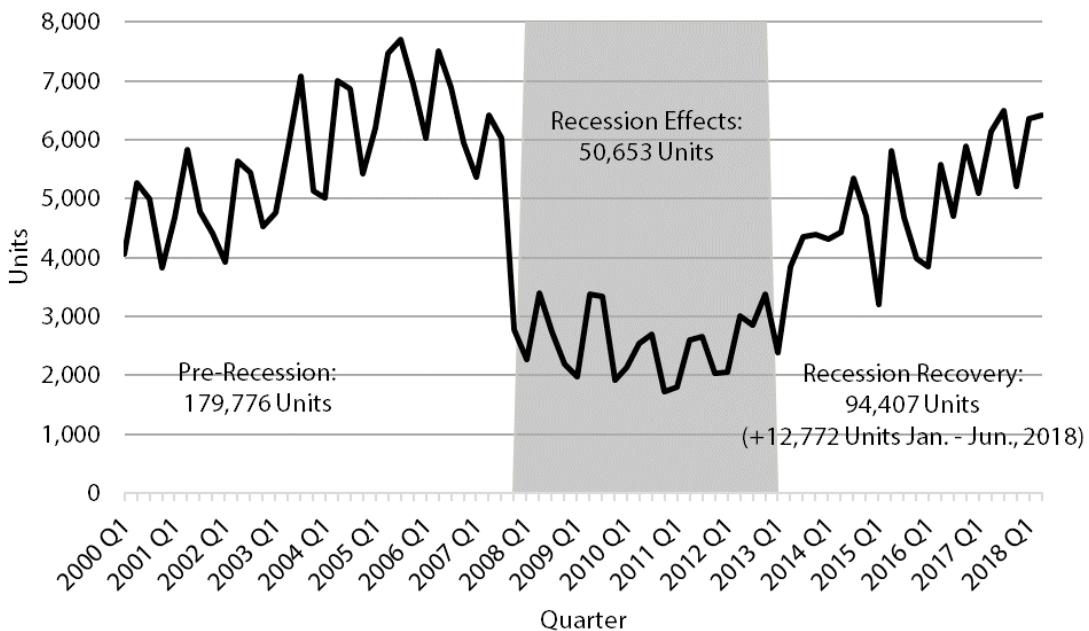
The Great Recession, which ran from late 2007 through 2009, had a devastating impact on the housing market. Utah's housing market began to feel the effects of the recession in late 2007. Building permits issued for new housing units decreased 64.6 percent from the second quarter of 2007 to the first quarter of 2008. It was not until the fourth quarter of 2013 that the state experienced three quarters of continuous growth in permit numbers and it was apparent a recovery was underway. There have been three major periods of activity in Utah's housing sector since 2000: "Pre-Recession" (prior to 2008), "Recession Effects" (2008 – 2012), and "Recession Recovery" (2013 – present). These three periods are shown in Figure 5.

During the eight years leading up to the recession, the state issued permits for an average of 22,472 new units per year. This figure fell to 10,131 new units annually from 2008 through 2012,

before rising to 18,881 new units annually from 2013 through 2017, still below the Pre-Recession average. If the number of permits issued statewide were to continue at the 2013 – 2017 average, by 2020 the state would experience approximately 151,050 new units receiving building permits, below the Pre-Recession total. The state has averaged a quarterly growth rate of 7.6 percent since 2013, using this average, the state would issue permits for approximately 198,408 units, more than the Pre-Recession total. If current building trends continue, Utah is on track to surpass Pre-Recession levels of residential permits.

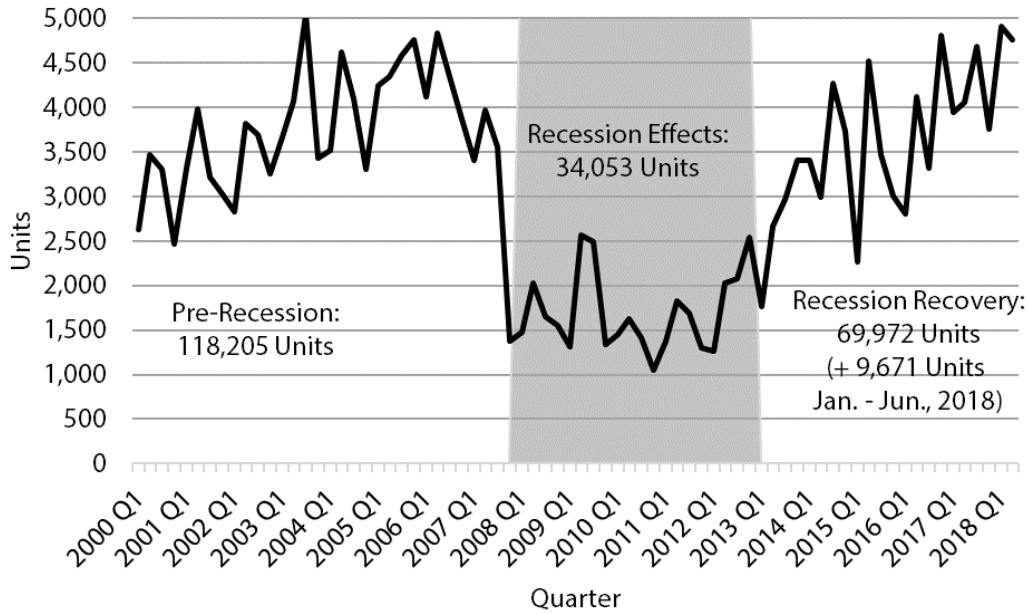
The Recession Recovery has been slightly stronger along the Wasatch Front. Since 2013, the Wasatch Front has issued permits for 69,972 units, or 31.5 percent, of all housing units receiving permits since 2000 (Figure 6). This is an average annual increase of 8.7 percent in residential permits. If this average continues through 2019, the Wasatch Front counties will issue permits for approximately 114,553 units; 97 percent of the Pre-Recession units.

Figure 5: Building Permits Issued for Residential Units in Utah by Quarter, 2000 – 2017



Source: Ivory-Boyer Construction Database

Figure 6: Building Permits Issued for Residential Units by Quarter in the Wasatch Front, 2000 – 2017

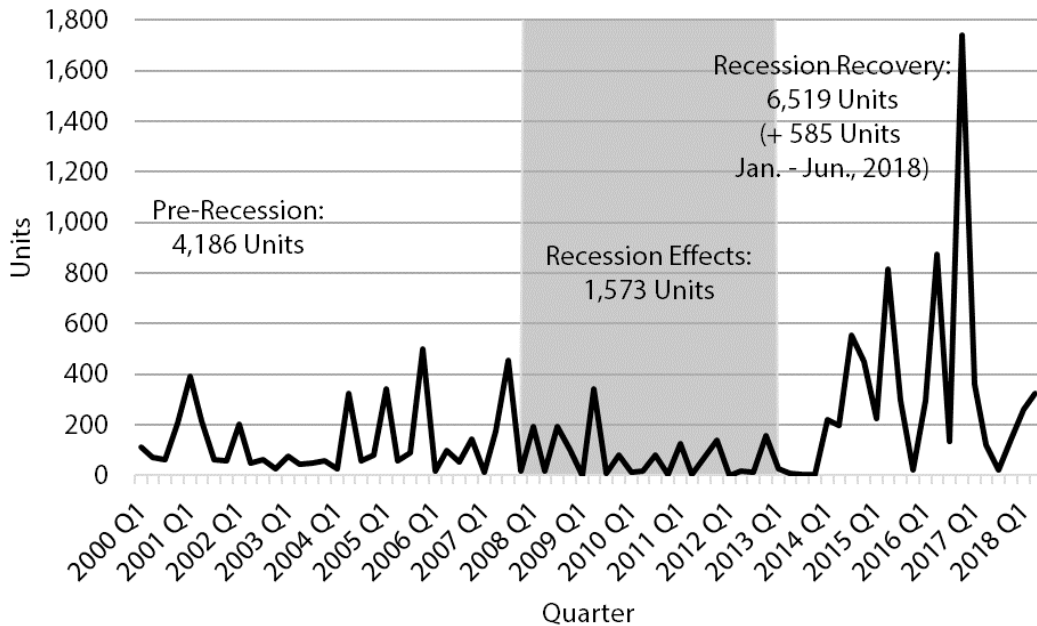


Source: Ivory-Boyer Construction Database

So far, in 2018, residential construction remains strong, with a continued concentration along the Wasatch Front. About a quarter of the units statewide are apartments. During the first quarter of 2018, permits have been issued for 6,357 dwelling units statewide. The second quarter saw permits for 6,415 units. Seventy-six percent of permits issued (9,681 units) during the first half of 2018 were issued in the Wasatch Front counties. In total, 2,716 units were apartments. The top three cities for apartment development so far in 2018 are Salt Lake City (378 units), Millcreek (337 units), and Bluffdale (535 units).

Salt Lake City is a unique housing market. The city is nearly built out, so permit activity fluctuates depending on permits issued for large multifamily projects. Though the Recession had a prolonged effect on residential permits in Salt Lake City, lasting through 2013, the recovery has been substantial. The magnitude of the apartment boom has brought on the highest level of new residential construction to the city in its history (Figure 7).

Figure 7: Building Permits Issued for Residential Units by Quarter in Salt Lake City, 2000 – 2017



Source: Ivory-Boyer Construction Database

In the first half of 2018, Salt Lake City issued permits for 585 residential units. Both quarters of 2018 have been higher than the Pre-Recession average of 135 units, at 260 units in the first quarter, and 325 in the second, but lower than the Recession Recovery period average up to fourth quarter 2017 of 326 units. Apartments account for 91 percent of Salt Lake City's residential permits so far in 2018.

The Concentration of New Homes Along the Wasatch Front

Salt Lake City ranks fourth among all cities in the number of residential units receiving permits since 2000 (Table 2). Salt Lake City has accounted for approximately four percent of all residential units receiving building permits in the state, 5.5 percent of permits issued in the four Wasatch Front counties, and nearly 13 percent of residential permits in Salt Lake County. The city is a major player in Utah residential construction, issuing more permits than most Utah counties (Table 3).

Table 2: Cities Ranked by Building Permits Issued for Residential Units, 2000-2017

| City | Units |
|------------------|--------|
| St. George | 16,871 |
| South Jordan | 14,762 |
| Lehi | 13,009 |
| Salt Lake City | 12,278 |
| Herriman | 11,979 |
| West Jordan | 11,525 |
| West Valley City | 7,798 |
| Saratoga Springs | 7,369 |
| Washington | 7,180 |
| Draper | 6,906 |

Source: Ivory-Boyer Construction Database

The four counties of the Wasatch Front account for nearly three-quarters of new housing unit permits issued in the state from 2000 to 2017. The ring counties of Juab, Morgan, Summit, Tooele, and Wasatch accounted for another 7.5 percent of housing units receiving permits during this time. Nearly 80 percent of new housing units receiving permits in Utah from 2000 to 2017 were in the Wasatch Front or surrounding ring counties (Figure 8).

Outside the Wasatch Front, Washington County issued permits for nearly 34,000 units. This high level of residential construction in Washington County, due in part, to the second home market, ranks fourth among all counties in residential units receiving building permits since 2000 (Table 3). St. George (ranked first) and Washington City (ranked ninth) account for a majority of these units and are ranked in the top 10 cities for new dwelling units receiving permits from 2000 to 2017.

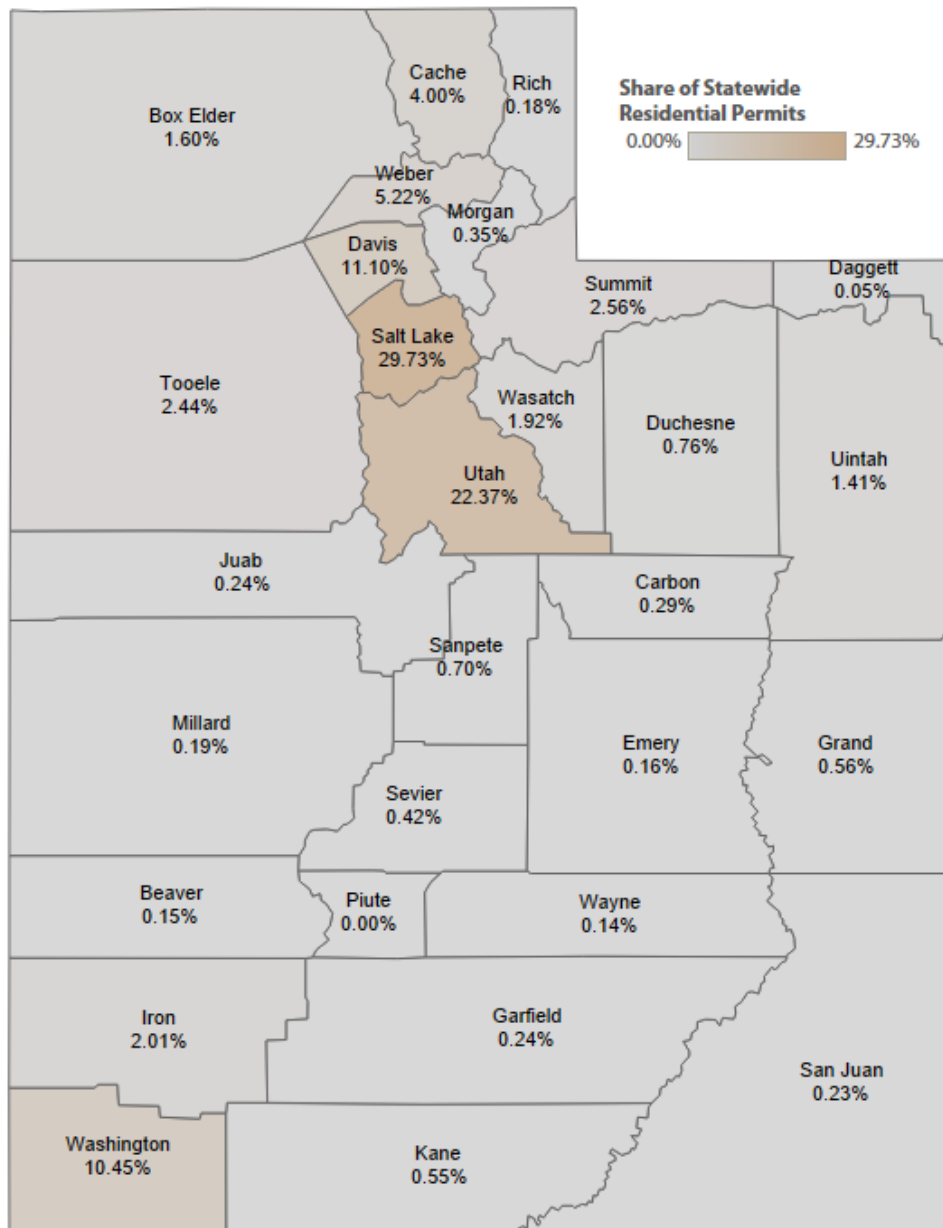
Table 3: Counties Ranked by Permits Issued for Residential Units, 2000-2017

| Region | Units | Region | Units |
|-----------------------|---------------|-----------------|-------|
| Salt Lake County* | 84,307 | Grand County | 1,825 |
| Utah County | 72,661 | Kane County | 1,772 |
| Davis County | 36,041 | Sevier County | 1,350 |
| Washington County | 33,953 | Morgan County | 1,124 |
| Weber County | 16,943 | Carbon County | 946 |
| Cache County | 12,989 | Garfield County | 785 |
| Salt Lake City | 12,278 | Juab County | 768 |
| Summit County | 8,321 | San Juan County | 762 |
| Tooele County | 7,916 | Millard County | 616 |
| Iron County | 6,530 | Rich County | 588 |
| Wasatch County | 6,238 | Emery County | 513 |
| Box Elder County | 5,198 | Beaver County | 502 |
| Uintah County | 4,569 | Wayne County | 452 |
| Duchesne County | 2,467 | Daggett County | 152 |
| Sanpete County | 2,270 | Piute County | 0 |

*Salt Lake County with Salt Lake City removed.

Source: Ivory-Boyer Construction Database

Figure 8: County Share of Building Permits Issued for Residential Units, 2000 – 2017



Source: Ivory-Boyer Construction Database

1. Apartment Development Outside City Limits

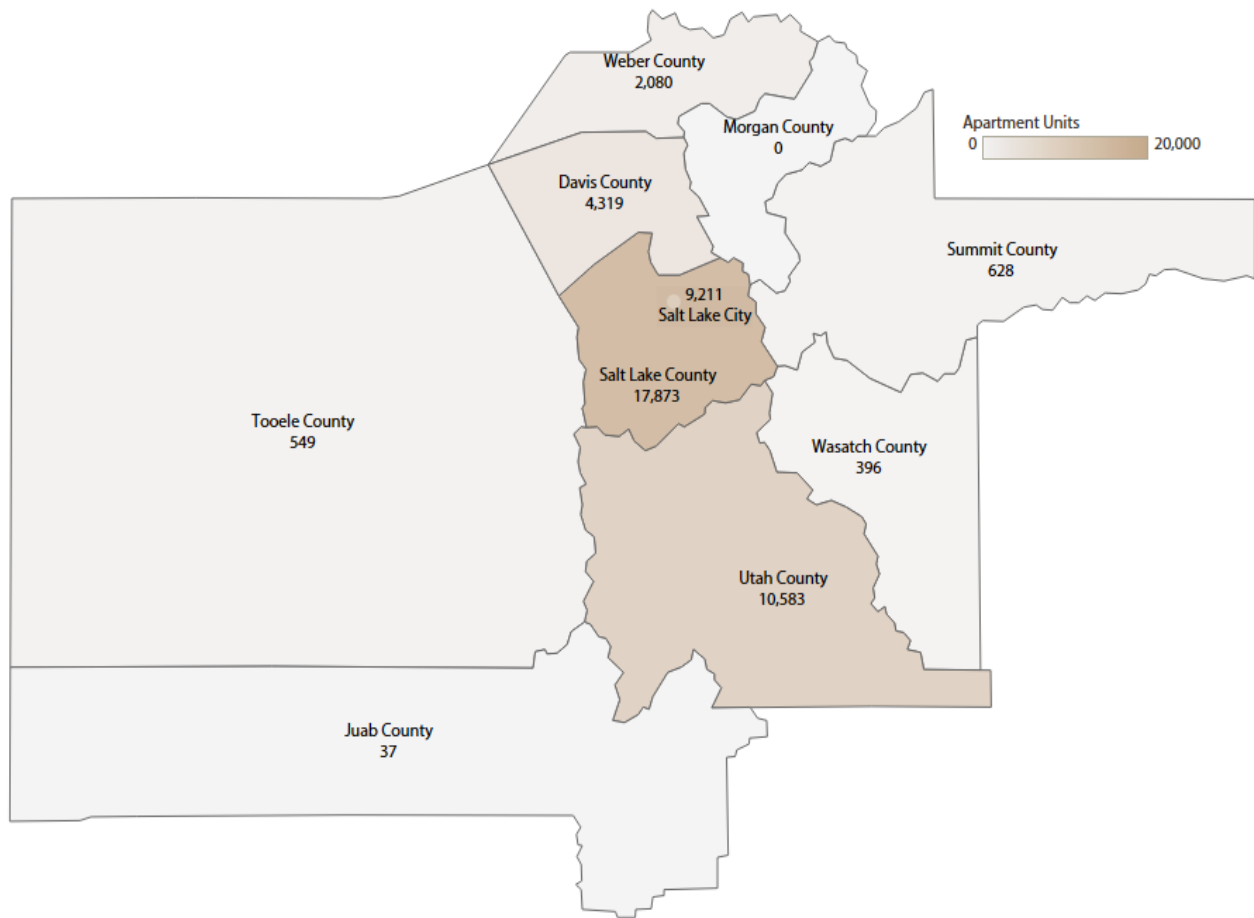
Eighty-four percent (44,066 units) of apartment units receiving building permits from 2000 to 2017 were in the Wasatch Front (Figure 9). Salt Lake County accounted for 61 percent of these units and Salt Lake City, 21 percent. Salt Lake City had nearly three times as many apartments as the next highest ranked city, Sandy (Table 4). Nine of the top 10 ranked cities were in Salt Lake or Utah counties, with North Salt Lake ranking 10th. Combined, the five ring counties have issued permits for 1,610 apartment units.

Table 4: Top 10 Cities Ranked by Building Permits Issued for Apartment Units, 2000 – 2017

| City | Units |
|-----------------|-------|
| Salt Lake City | 9,211 |
| Sandy | 3,341 |
| West Jordan | 3,293 |
| Orem | 2,933 |
| Herriman | 2,000 |
| Provo | 1,840 |
| South Jordan | 1,826 |
| Midvale | 1,540 |
| Pleasant Grove | 1,189 |
| North Salt Lake | 1,189 |

Source: Ivory-Boyer Construction Database

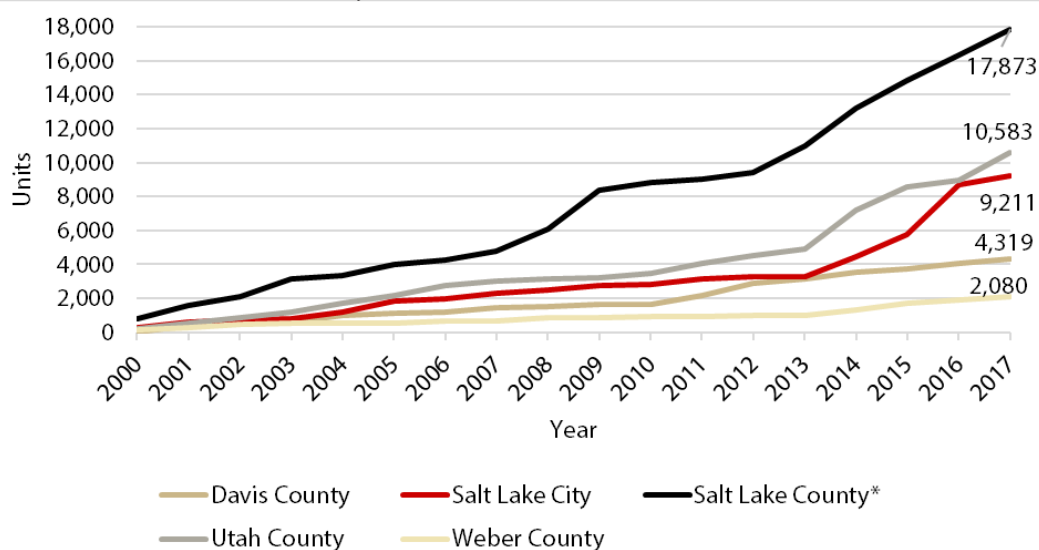
Figure 9: Building Permits Issued for Apartment Units in the Wasatch Front and Ring Counties, 2000 – 2017



Note: Salt Lake County’s total does not include Salt Lake City.
 Source: Ivory-Boyer Construction Database

Since 2000, apartment growth has remained concentrated in Salt Lake and Utah counties. Salt Lake City has experienced a rapid expansion of apartment units receiving building permits since 2014 (Figure 10). New apartment construction can be volatile from year to year due to the timing of, and resources for, large projects. Between 2014 and 2016, Salt Lake City accounted for nearly one-third of all new apartment units issued permits along the Wasatch Front. Since 2017, there has been a dip in the number of apartment units receiving permits. It is too soon to know definitively if 2017 marks the beginning of a slowdown in apartment construction or not. However, given the large number of proposed projects and continued favorable market conditions in Salt Lake County, it is unlikely.

Figure 10: Cumulative Number of Apartment Units Issued Building Permits in the Wasatch Front Counties and Salt Lake City, 2000 – 2017



*Salt Lake County's total does not include Salt Lake City.
Source: Ivory-Boyer Construction Database

2. The Importance of Condominiums, Townhomes, and Duplexes Outside of Salt Lake City

Since 2000, 71 percent of the 50,891 condominium, townhome, and duplex permits issued statewide were along the Wasatch Front, but only 1,686, or 3.3 percent, of the units were issued in Salt Lake City. Statewide, Salt Lake City ranked ninth among all cities in the number of condominium, townhome, duplex units receiving building permits since 2000 (Table 5).

Table 5: Cities Ranked by Building Permits Issued for Condominium, Townhome, and Duplex Units, 2000-2017

| City | Units |
|------------------|-------|
| St. George | 4,018 |
| South Jordan | 2,888 |
| Herriman | 2,468 |
| Lehi | 2,077 |
| Other Summit Co | 2,044 |
| Midvale | 1,803 |
| West Valley City | 1,777 |
| Orem | 1,692 |
| Salt Lake City | 1,686 |
| Pleasant Grove | 1,541 |

Source: Ivory-Boyer Construction Database

While the remaining cities of Salt Lake County issued permits for nearly one-third of the state's condominium, townhome, and duplex units; Utah, Washington, Davis, and Summit counties round out the top five counties for this construction type (Table 6). All of these counties are experiencing high population growth, adding upward pressure on housing prices and increasing the demand for more affordable, higher density homes. Washington County stands out as one of the

leading counties in condominium, townhome, and duplex development, which is driven, in part, by the demand for second homes.

Table 6: Counties Ranked by Building Permits Issued for Condominium, Townhome, and Duplex Units, 2000 – 2017

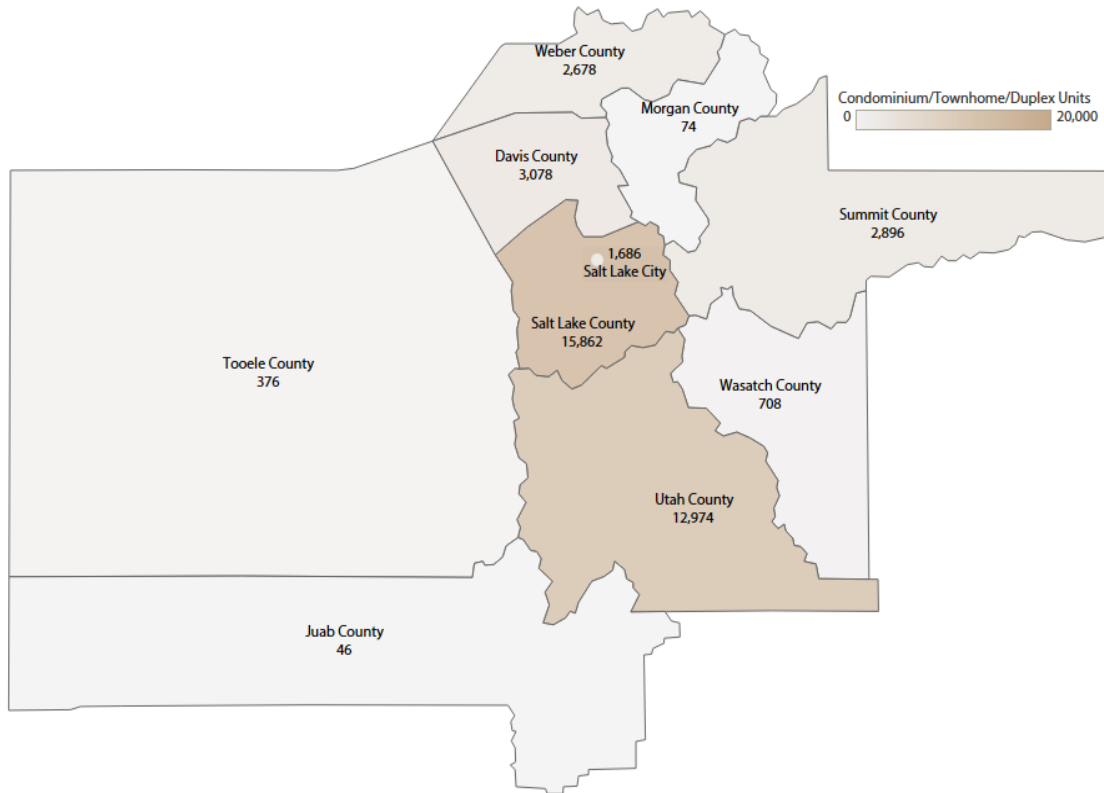
| Region | Units | Region | Units |
|-----------------------|--------------|-----------------|-------|
| Salt Lake County* | 15,862 | Kane County | 129 |
| Utah County | 12,974 | Morgan County | 74 |
| Washington County | 5,299 | Sanpete County | 71 |
| Davis County | 3,078 | Rich County | 62 |
| Summit County | 2,896 | Juab County | 46 |
| Weber County | 2,678 | Duchesne County | 23 |
| Cache County | 2,069 | Carbon County | 20 |
| Salt Lake City | 1,686 | Beaver County | 12 |
| Iron County | 1,463 | Wayne County | 10 |
| Wasatch County | 708 | Millard County | 7 |
| Uintah County | 540 | Garfield County | 2 |
| Tooele County | 376 | Daggett County | 0 |
| Grand County | 353 | Emery County | 0 |
| Box Elder County | 271 | Piute County | 0 |
| Sevier County | 182 | San Juan County | 0 |

*Salt Lake County with Salt Lake City removed.
Source: Ivory-Boyer Construction Database

While Salt Lake City's share of condominium, townhome, duplex permits are a fraction of the city's share of construction, the remainder of Salt Lake County and Utah County account for one in every two condominium, townhome, or duplex units receiving a building permit in the Wasatch Front counties (Figure 11). Combined, the five ring counties account for an additional 4,100 additional condominium, townhome, and

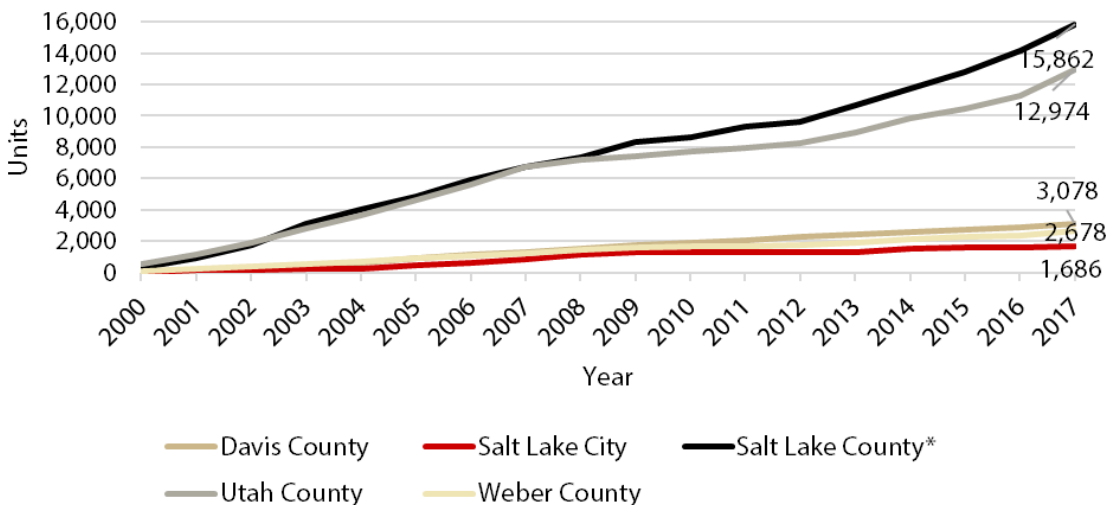
duplex permits. Condominiums, townhomes, and duplex construction account for 16.8 percent of all units issued permits in the ring counties, and eight percent of all construction in this category in the state.

Figure 11: Building Permits Issued for Condominium, Townhome, and Duplex Units in the Wasatch Front and Ring Counties, 2000 – 2017



Note: Salt Lake County's total does not include Salt Lake City.
Source: Ivory-Boyer Construction Database

Figure 12: Cumulative Number of Condominium, Townhome, and Duplex Units Issued Building Permits in the Wasatch Front Counties and Salt Lake City, 2000 – 2017



Note: Salt Lake County's total does not include Salt Lake City.
Source: Ivory-Boyer Construction Database

Since 2000, the balance of Salt Lake County and Utah County accounted for 79 percent of all new condominium, townhome, and duplex units receiving permits along the Wasatch Front. The balance of Salt Lake County without Salt Lake City has outpaced Davis County, Weber County, and Salt Lake City permits by more than five-to-one and Utah County has lead Davis County, Weber County, and Salt Lake City by more than four-to-one (Figure 12).

While condominium, townhome, and duplex permits have decreased recently in Salt Lake City, the rest of Salt Lake County and Utah County have been experiencing an increase. The demand for more affordable and mid-density housing options in the more suburban areas of the region are a key driver. These units represent a more affordable alternative to higher priced detached single-family homes.

3. Trends in Detached Single-Family Construction

Statewide, detached single-family homes are the most common type of dwelling unit. Nearly two out of every three units receiving a building permit from 2000 to 2017 was a detached single-family home. Sixty-six percent of detached single-family units receiving permits statewide were in the Wasatch Front counties (Table 7). St. George and Washington were the only two cities outside the Wasatch Front to rank in the top 10 cities (Table 8). Salt Lake City ranked 49th statewide with 1,331 units.

Table 7: Counties Ranked by Building Permits Issued for Detached Single-Family Units, 2000-2017

| Region | Units | Region | Units |
|-----------------------|--------------|-----------------|-------|
| Salt Lake County* | 49,382 | Morgan County | 1,040 |
| Utah County | 48,717 | Grand County | 916 |
| Davis County | 28,242 | Sevier County | 869 |
| Washington County | 26,184 | Juab County | 664 |
| Weber County | 11,883 | Kane County | 608 |
| Cache County | 8,293 | San Juan County | 519 |
| Tooele County | 6,841 | Rich County | 450 |
| Wasatch County | 5,019 | Millard County | 441 |
| Summit County | 4,486 | Garfield County | 431 |
| Iron County | 4,053 | Carbon County | 430 |
| Box Elder County | 3,974 | Beaver County | 371 |
| Uintah County | 2,518 | Wayne County | 315 |
| Sanpete County | 1,549 | Emery County | 256 |
| Duchesne County | 1,511 | Daggett County | 64 |
| Salt Lake City | 1,331 | Piute County | 0 |

*Salt Lake County with Salt Lake City removed.

Source: Ivory-Boyer Construction Database

Table 8: Cities Ranked by Building Permits Issued for Detached Single-Family Units, 2000-2017

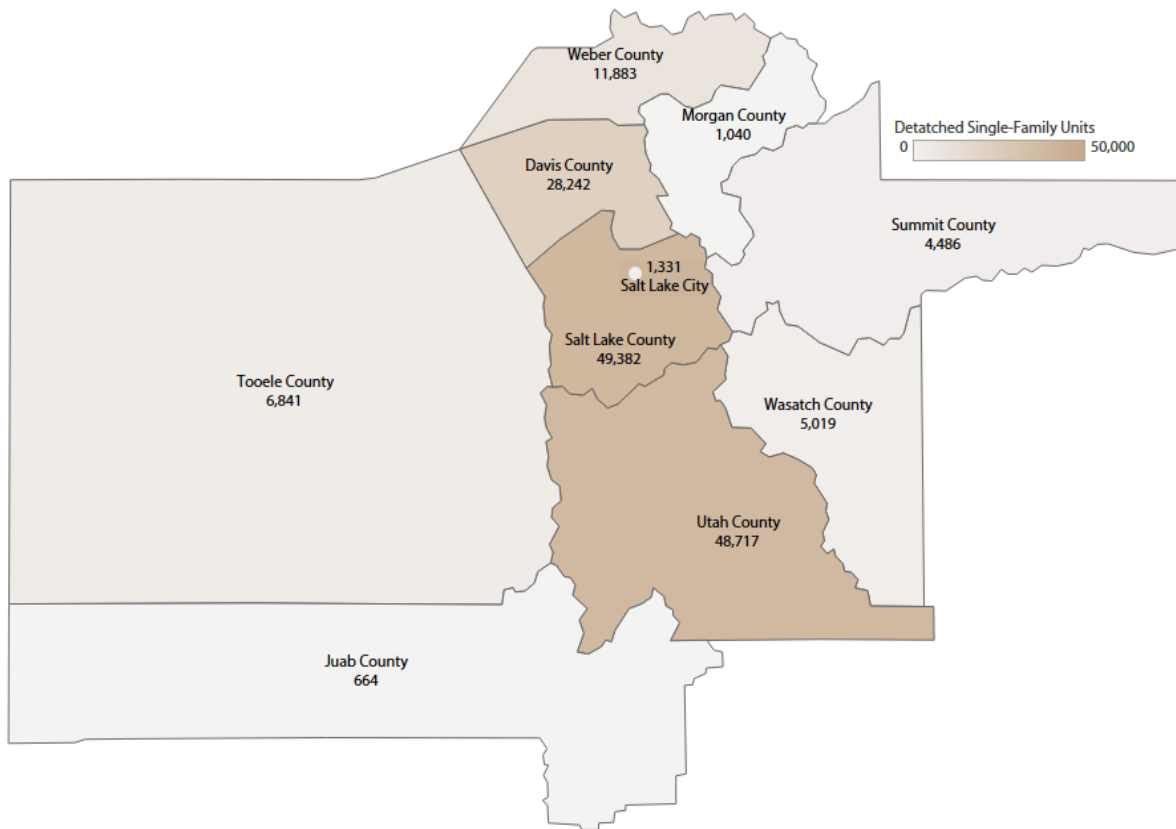
| City | Units |
|------------------|--------|
| St. George | 11,280 |
| South Jordan | 10,023 |
| Lehi | 9,878 |
| Herriman | 7,500 |
| West Jordan | 6,844 |
| Washington | 6,636 |
| Saratoga Springs | 5,950 |
| Eagle Mountain | 5,871 |
| Syracuse | 5,218 |
| Draper | 5,194 |

Source: Ivory-Boyer Construction Database

From 2000 to 2017, 71 percent of new detached single-family home permits along the Wasatch Front were issued in Salt Lake and Utah counties; less than one percent of those were issued in Salt Lake City (Figure 13). The five ring counties of the Wasatch Front issued permits for 18,050 detached single-family units, approximately 8.5 percent of all new detached single-family units since 2000.

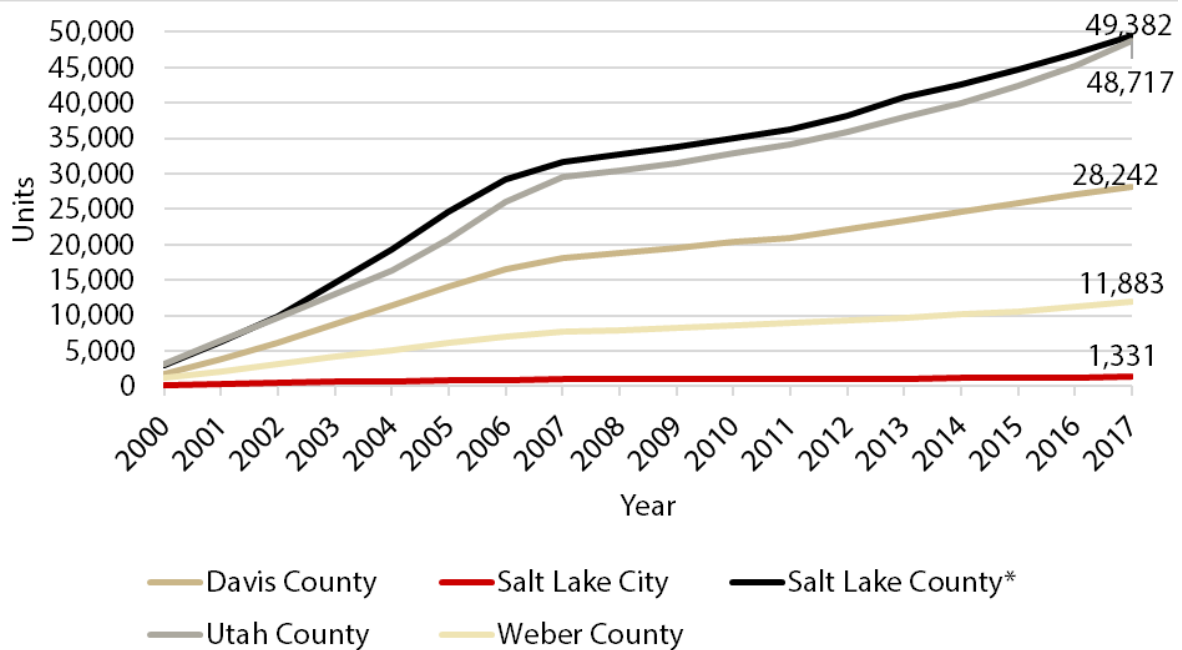
Sixty-three percent of new detached single-family units in the Wasatch Front counties since 2000 were issued prior to 2008. In Salt Lake City nearly 75 percent were issued prior to 2008. The Great Recession slowed the number of new detached single-family permits statewide and has still not rebounded to Pre-Recession levels. The cumulative increase in detached single-family permits for Wasatch Front Counties and Salt Lake City is shown in Figure 14.

Figure 13: Building Permits Issued for Detached Single-Family Units in the Wasatch Front and Ring



Note: Salt Lake County's total does not include Salt Lake City.
 Source: Ivory-Boyer Construction Database

Figure 14: Cumulative Number of Detached Single-Family Units Issued Building Permits in the Wasatch Front Counties and Salt Lake City, 2000 – 2017



*Salt Lake County's total does not include Salt Lake City.
 Source: Ivory-Boyer Construction Database

The Varying Composition of Regional Housing Markets in Northern Utah

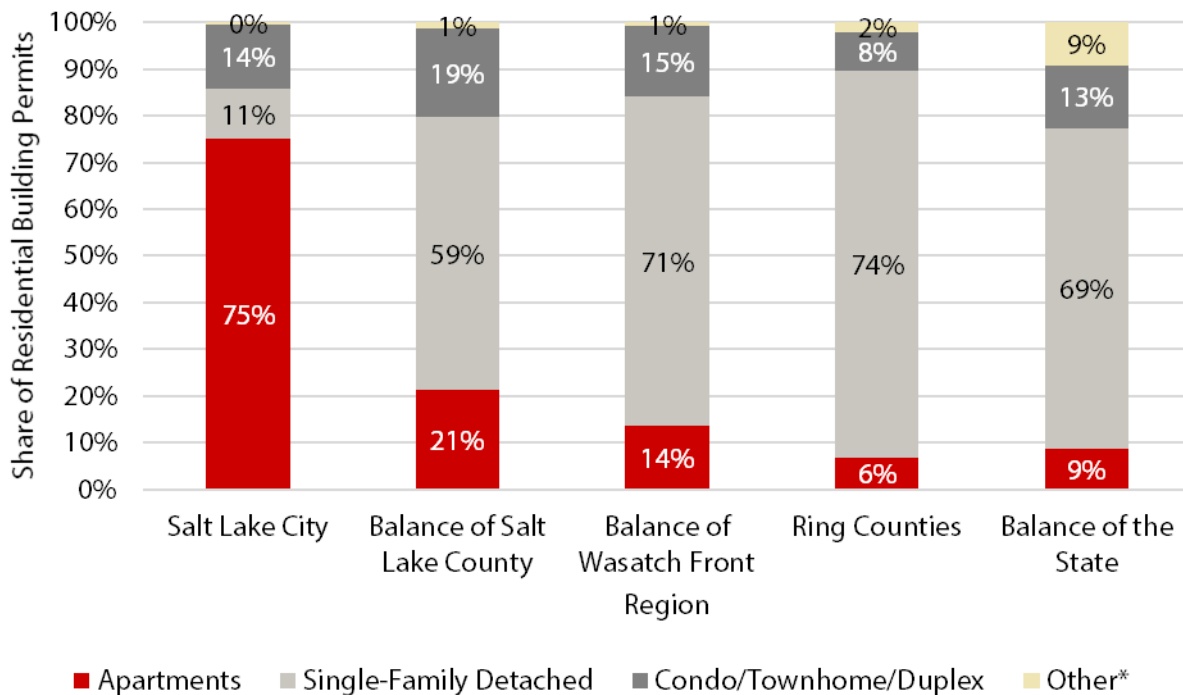
The composition of housing units receiving permits in Salt Lake City differs greatly from the rest of the state. Due to the apartment boom in Salt Lake City, three-quarters of the city's housing units receiving permits since 2000 have been apartments (Figure 15). Comparatively, less than a quarter of the balance of Salt Lake County's units were apartments, and about a seventh of Wasatch Front units outside of Salt Lake County have been apartments.

While the Wasatch Front is experiencing a growth in permits for multifamily units, building activity in the ring counties is dominated by detached single-family homes. The ring counties have the highest share of new detached single-family units at 74 percent (Figure 15). Even the balance of the state (all counties outside of the Wasatch Front and the five ring counties) has a lower share of detached single-family home permits than the ring counties.

Outside of the Wasatch Front and the ring counties, detached single-family homes are still the preference for new units, accounting for 70 percent of residential permits. Apartments comprise nine percent of the permits in this region. In total, multifamily units account for nearly a fifth of the residential unit permits, many of which are a result of building activity in Washington County. Other unit types, which consists primarily of mobile and manufactured homes, a popular housing alternative, prevalent rural counties, comprise another nine percent of residential permits outside the Wasatch Front and ring counties.

Outside Salt Lake City, Sandy was the only other city where more than 50 percent of building permits issued were for apartment units (Table 9). Murray, Orem, North Logan, and Vineyard issued permits of at least 40 percent apartments. In most other cities apartment units were less than one-third of the building permits issued.

Figure 15: Composition of Building Permits Issued for Residential units by Housing Type, 2000 – 2017



Note: The balance of Salt Lake County is the county sans Salt Lake City. The balance of the Wasatch Front is Davis, Utah, and Weber counties. The balance of the State is all counties sans Davis, Morgan, Juab, Salt Lake, Summit, Tooele, Utah, Wasatch, and Weber counties.

*Other includes: Group quarters, mobile homes, manufactured homes, cabins, accessory dwelling units and any other dwelling unit type not covered by apartments, condominiums, townhomes, duplexes, or detached single-family homes.

Source: Ivory-Boyer Construction Database

Table 9: Top Cities for Share of Building Permits Issued for Apartment Units, 2000 – 2017

| City | Apartments | Condominiums, Townhomes, and Duplexes | Detached Single-Family | Other* | Grand Total | Apartments Share |
|-----------------|------------|---------------------------------------|------------------------|--------|-------------|------------------|
| Salt Lake City | 9,211 | 1,686 | 1,331 | 50 | 12,278 | 75.0% |
| Sandy | 3,341 | 1,076 | 1,783 | 203 | 6,403 | 52.2% |
| Murray | 1,049 | 287 | 891 | 22 | 2,249 | 46.6% |
| Orem | 2,933 | 1,692 | 1,695 | 27 | 6,347 | 46.2% |
| North Logan | 731 | 113 | 693 | 49 | 1,586 | 46.1% |
| Vineyard | 1,131 | 782 | 778 | 0 | 2,691 | 42.0% |
| Midvale | 1,540 | 1,803 | 598 | 22 | 3,963 | 38.9% |
| South Salt Lake | 254 | 145 | 250 | 7 | 656 | 38.7% |
| Brigham City | 434 | 172 | 476 | 46 | 1,128 | 38.5% |

*Other includes: Group quarters, mobile homes, manufactured homes, cabins, accessory dwelling units and any other dwelling unit type not covered by apartments, condominiums, townhomes, duplexes, or detached single-family homes.

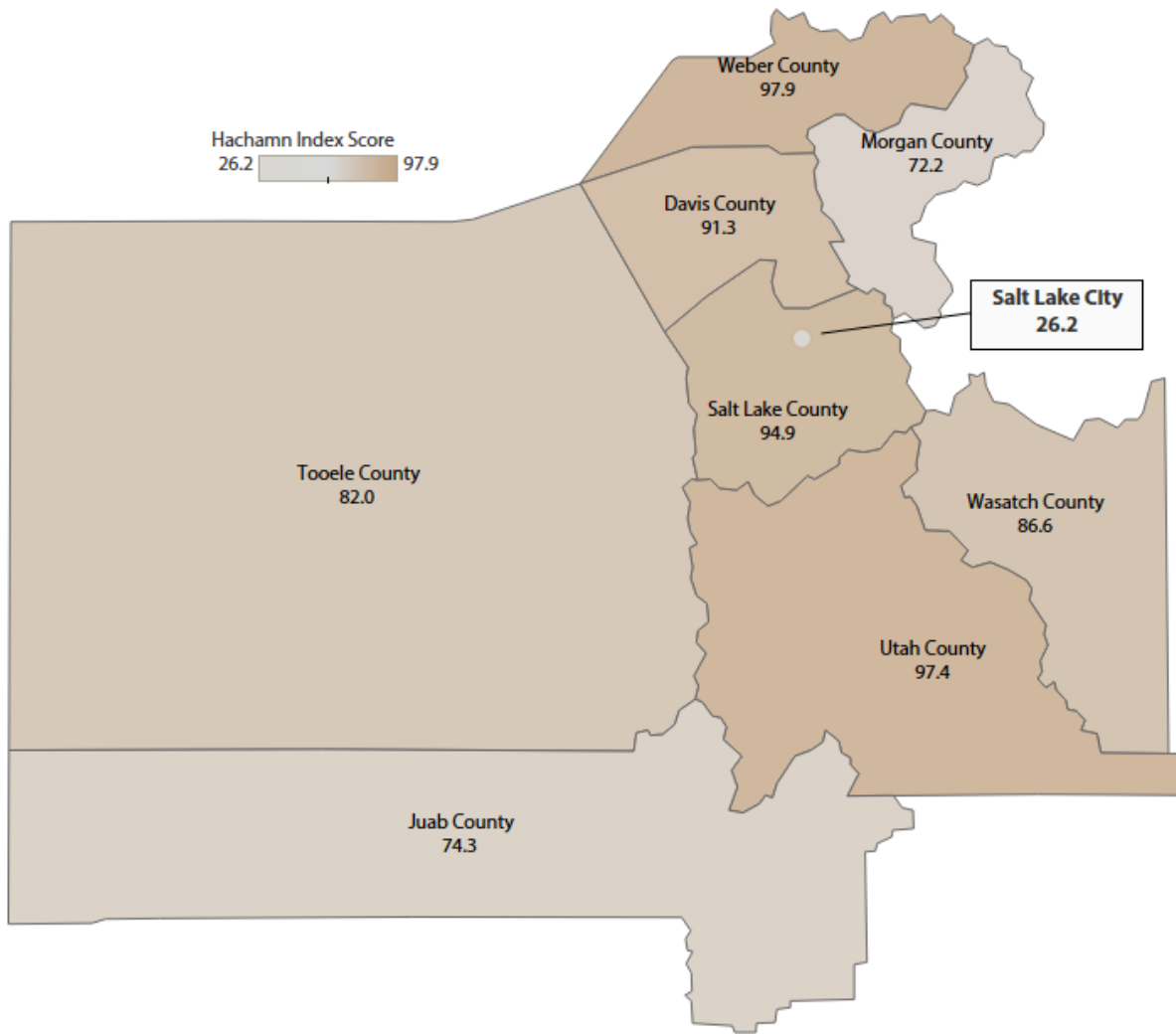
Source: Ivory Boyer Construction Database

The Hachman Index and Types of Housing by Geographic Area

The Hachman Index is a measure of diversity that can show the degree of similarity between a subject and a reference, in this case housing types. This index uses the assumption that the state, as a whole, has issued permits for the most diverse portfolio of housing types (every permit issued between 2000 and 2017). A Hachman Index score ranges from 0 to 100. A higher score shows that the area's portfolio of residential permits more closely resembles the state and has more diverse housing permits. A lower score shows a region is more homogenous in its housing permits than the state and issues permits for fewer, or more concentrated volumes of one housing type. Diversity of housing options, as represented by a diverse portfolio of housing permit types, is considered a positive aspect of a future housing market.

Considering nearly three-quarters of the housing permits are issued in the Wasatch Front counties, it is not surprising these counties are all relatively diverse, and similar to the state, with a Hachman Index scores in the 90s (Figure 16). However, when comparing Salt Lake City to the state, it is clear the city varies significantly in terms of diversity and composition of new housing types. This is due mostly to the high volume of apartment units receiving permits, but also the low levels of new detached single-family homes. Outside of Salt Lake City and a few other Wasatch Front cities, detached single-family activity remains the dominant type of residential construction.

Figure 16: Regional Hachman Index Score of Building Permits Issued for Residential Units, 2000 – 2017



*Salt Lake County's total does not include Salt Lake City.
Source: Ivory-Boyer Construction Database

Among all Wasatch Front and ring county cities, Salt Lake City is the third least diverse city for residential permits (Table 10). Only Goshen (Utah County) and Sunset (Davis County) had lower Hachman Index scores than Salt Lake City. This is due to a low number of overall permits and a high concentration of mobile/manufactured (39 percent) and detached single-family homes (61 percent) in Goshen, and a very high concentration of condominium and townhome (80 percent) permits in Sunset.

Conclusion: Continued Expansion

Despite an anticipated slowdown in apartment development in Salt Lake City by 2020, the city's post-recession recovery compares favorably to other cities. Salt Lake City has had more building permits issued during the recovery than any other city in Utah (Table 11). Already, Salt Lake City has surpassed Pre-Recession levels of new housing permits.

Table 10: City Hachman Index Score of Building Permits Issued for Residential Units in Wasatch Front and Ring County Cities, 2000 – 2017

| City | Hachman Index Score | City | Hachman Index Score | City | Hachman Index Score |
|------------------------|---------------------|--------------------|---------------------|--------------------|---------------------|
| Other Salt Lake County | 97.0 | Roy | 78.2 | Kaysville | 66.7 |
| Riverton | 95.4 | Eagle Mountain | 77.3 | Woodland Hills | 66.3 |
| Layton | 94.4 | Springville | 76.4 | Plain City | 66.2 |
| South Jordan | 93.1 | Heber | 75.9 | Pleasant Grove | 65.7 |
| Herriman | 93.1 | American Fork | 75.3 | Riverdale | 65.6 |
| Lehi | 91.6 | Highland | 75.1 | Huntsville | 65.6 |
| Tooele | 91.5 | West Point | 75.0 | West Bountiful | 65.4 |
| Clearfield | 91.1 | Bountiful | 73.2 | Alta | 65.1 |
| West Valley City | 91.0 | North Salt Lake | 73.0 | Eureka | 65.1 |
| Ogden | 87.6 | Farmington | 72.4 | Millcreek | 65.1 |
| Woods Cross | 86.7 | Grantsville | 72.2 | Mona | 65.1 |
| Saratoga Springs | 86.6 | Elk Ridge | 71.6 | South Salt Lake | 64.4 |
| Payson | 86.4 | Alpine | 71.3 | Coalville | 61.0 |
| Holladay | 86.0 | Taylorsville | 71.2 | Other Summit Co | 59.1 |
| Bluffdale | 85.2 | Kamas | 71.1 | Levan | 58.6 |
| West Haven | 85.0 | Draper | 70.8 | Other Davis Co | 58.0 |
| Lindon | 84.1 | Clinton | 70.4 | Murray | 55.1 |
| South Weber | 84.1 | Centerville | 70.3 | Harrisville | 53.7 |
| Provo | 83.8 | Nephi | 69.8 | Other Juab Co | 53.2 |
| Santaquin | 82.5 | Other Morgan Co | 69.6 | Orem | 52.1 |
| Other Wasatch Co | 82.0 | Mapleton | 69.3 | Vineyard | 51.6 |
| West Jordan | 81.7 | South Ogden | 68.8 | Washington Terrace | 45.5 |
| Pleasant View | 81.3 | Other Utah Co | 68.5 | Sandy | 44.5 |
| North Ogden | 80.6 | Park City | 68.4 | Midvale | 42.9 |
| Other Weber Co | 80.6 | Other Tooele Co | 68.3 | Wendover | 37.7 |
| Fruit Heights | 79.5 | Syracuse | 68.0 | Uintah | 28.4 |
| Cedar Hills | 79.0 | Morgan | 67.7 | Salt Lake City | 26.2 |
| Salem | 78.6 | Farr West | 67.1 | Sunset | 19.6 |
| Spanish Fork | 78.4 | Cottonwood Heights | 67.0 | Goshen | 13.1 |
| Midway | 78.4 | Oakley | 66.9 | | |

Source: Ivory-Boyer Construction Database

Table 11: Top Cities Issuing Permits for More Residential Units during the Recession Recovery Period vs. Pre-Recession

| City | Pre-Recession | Recession Recovery | Difference |
|----------------|---------------|--------------------|------------|
| Salt Lake City | 4,186 | 6,519 | 2,333 |
| Herriman | 4,563 | 5,647 | 1,084 |
| Sandy | 2,470 | 3,412 | 942 |
| Bluffdale | 902 | 1,596 | 694 |
| Midvale | 958 | 1,414 | 456 |
| American Fork | 1,361 | 1,782 | 421 |
| Murray | 868 | 1,174 | 306 |
| Orem | 2,805 | 2,919 | 114 |
| Ballard | 29 | 90 | 61 |
| Sunset | 8 | 55 | 47 |

Source: Ivory-Boyer Construction Database

In the first half of 2018, Salt Lake City has issued permits for 585 residential units, 535 units, or 91 percent, were for apartments. So far in this year, Salt Lake City is continuing to experience both a high volume of permits and a high share of apartment construction, consistent with the last few years. Based on the amount of apartment development in Salt Lake City over the last 17 years, Salt Lake City zoning and attitude toward higher density housing appears favorable. The expansion of the apartment market in the city will likely continue given the large number of projects proposed and current tight rental market conditions.

Increasingly, Salt Lake City is experiencing an increase in apartment construction. Along with the major shift toward density within the city, the rest of Salt Lake County and Utah County are making a shift toward multifamily units as well. As more land in the Wasatch Front is developed, it is reasonable to expect more multifamily construction in these counties. Detached single-family development will continue, but will constitute a smaller share of residential construction and in some years may not even account for a majority of new dwelling units.

As density increases in the metro areas, residential construction in Wasatch, Juab, Morgan, Summit, and Tooele counties is expected increase. However, unlike the more urban areas of the Wasatch Front counties, detached single-family homes are likely to continue to outpace multifamily construction in the ring counties, at least for the near future.

In the meantime, the Wasatch Front, especially in Salt Lake and Utah counties, is likely to see a continued rise in mid-density condominium, townhome, and duplex permits as builders attempt to fill the need for more affordable housing. While not at the same density as Salt Lake City, some cities in Salt Lake County and Utah County are permitting an increasing number of condominium, townhome, and duplex units, increasing the availability of more affordable housing options in suburban cities. The same is true of St. George and Washington City

where development of detached single-family homes is widespread, and condominium, townhome, and duplex activity is increasing. In summary, the demand for housing in Salt Lake City as well as the state will remain strong over the next few years, supported by high levels of economic and demographic growth. In most markets the move toward higher density, more affordable housing will continue.

Using building permit data from the Ivory-Boyer Construction Database this report analyzes housing growth and composition in Salt Lake City and its surrounding communities from 2000 to 2017. The Ivory-Boyer Construction Database is a primary source for monthly building permit data throughout the state of Utah.

In addition to an analysis of Salt Lake City's building permit data, this report contextualizes the volume and composition of the city's permits through geographic comparisons of the surrounding region. The unique composition and volume of Salt Lake City's building permit data provides a basis to assess population, density, and housing in the state's capital city.

The Ivory-Boyer Construction Database collects monthly aggregate building permit data directly from cities and counties throughout the state. Each issuing entity reports via a monthly survey or through contact with research analysts at the Gardner Policy Institute. Non-responses are supplemented via secondary sources and are periodically updated and assessed for accuracy until primary data is made available. As of July 1, 2018, the database collects permit data for 201 cities and 29 counties.

The information in this database is based on issued building permits. Each housing unit listed in the database is not guaranteed to be built and/or occupied and the database does not measure housing starts nor certificates of occupancy. Similarly, the data is collected based on date of permit issue, so dates of the start of construction or occupancy are not known in the database. Traditionally, the larger scale the project, the longer the lag time between the permit's date of issue and occupancy. Construction of large-scale residential projects of 100 or more units can take as much as a few years from permit issue to occupancy.

The Ivory-Boyer Construction Database strives to be the most accurate source of building permit data on the state of Utah. As a result, when new or corrected data is available, the database is updated. The data includes 27 data categories: nine for residential construction, 16 for non-residential construction, and two for additions, alterations, and repairs. The categories for residential construction are:

1. Detached Single-Family Homes
2. Condominiums and Townhomes
3. Duplexes/Twin Homes
4. Apartments, 3 or 4 Family
5. Apartments, 5+ Families
6. Group Quarters (Housing for group living situations such as dormitories, prisons, etc.)
7. Other Residential Units (Casitas, Accessory Dwelling Units, etc.)
8. Cabins
9. Manufactured/Mobile Homes

PARTNERS IN THE COMMUNITY

The following individuals and entities help support the research mission of the Kem C. Gardner Policy Institute.

Legacy Partners

The Gardner Company
 Intermountain Healthcare
 KSL and Deseret News
 Larry H. & Gail Miller
 Family Foundation
 Mountain America
 Credit Union
 Mitt and Ann Romney
 Salt Lake City Corp.
 Salt Lake County
 University of Utah Health
 Utah Governor's Office of
 Economic Development
 Zions Bank

Executive Partners

The Boyer Company
 Ivory Homes
 Mark and Karen Bouchard
 Salt Lake Chamber
 Sorenson Impact Center
 WCF Insurance

Sustaining Partners

Clyde Companies
 Dominion Energy
 Staker Parson Companies

KEM C. GARDNER POLICY INSTITUTE ADVISORY BOARD

Conveners

Michael O. Leavitt
 Mitt Romney

Board

Scott Anderson, Co-Chair
 Gail Miller, Co-Chair
 Doug Anderson
 Deborah Bayle
 Cynthia A. Berg
 Roger Boyer
 Wilford Clyde
 Sophia M. DiCaro
 Cameron Diehl
 Lisa Eccles
 Spencer P. Eccles
 Matt Eyring
 Kem C. Gardner

Christian Gardner
 Matthew S. Holland
 Clark Ivory
 Ron Jibson
 Mike S. Leavitt
 Kimberly Gardner Martin
 Derek Miller
 Ann Millner
 Sterling Nielsen
 Cristina Ortega
 Jason Perry
 Gary B. Porter
 Taylor Randall
 Jill Remington Love
 Brad Rencher
 Josh Romney
 Charles W. Sorenson
 James Lee Sorenson

Vicki Varela
 Ruth V. Watkins
 Ted Wilson
 Natalie Gochnour,
 Director

Ex Officio

Senator Orrin Hatch
 Governor Gary Herbert
 Speaker Greg Hughes
 Senate President Wayne
 Niederhauser
 Representative Brian King
 Senator Gene Davis
 Mayor Ben McAdams
 Mayor Jackie Biskupski

KEM C. GARDNER POLICY INSTITUTE STAFF AND ADVISORS

Leadership Team

Natalie Gochnour, Director
 Jennifer Robinson, Associate Director
 Dianne Meppen, Director of Survey Research
 Pamela S. Perlich, Director of Demographic Research
 Juliette Tennert, Director of Economic and
 Public Policy Research
 James A. Wood, Ivory-Boyer Senior Fellow

Faculty Advisors

Adam Meiowitz, Faculty Advisor
 Matt Burbank, Faculty Advisor

Senior Advisors

Jonathan Ball, Office of the Legislative Fiscal Analyst
 Gary Cornia, Marriott School of Business
 Dan Griffiths, Tanner LLC
 Roger Hendrix, Hendrix Consulting
 Joel Kotkin, Chapman University
 Darin Mellott, CBRE
 Chris Redgrave, Zions Bank
 Bud Scurggs, Cynosure Group
 Wesley Smith, Western Governors University

Staff

Samantha Ball, Research Associate
 Mallory Bateman, Research Analyst
 DJ Benway, Research Analyst
 Marin Christensen, Research Associate
 Mike Christensen, Scholar-in-Residence
 John C. Downen, Senior Managing Economist
 Dejan Eskic, Senior Research Analyst
 Emily Harris, Demographic Analyst
 Michael T. Hogue, Senior Research Statistician
 Mike Hollingshaus, Demographer
 Thomas Holst, Senior Energy Analyst
 Meredith King, Research Associate
 Colleen Larson, Administrative Manager
 Shelley Kruger, Accounting and Finance Manager
 Jennifer Leaver, Research Analyst
 Angela Oh, Senior Managing Economist
 Levi Pace, Senior Research Economist
 Joshua Spolsdoff, Research Associate
 Laura Summers, Senior Health Care Analyst
 Nicholas Thiriot, Communications Director
 Natalie Young, Research Analyst

INFORMED DECISIONS™

