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State of the State's Housing Market, 2022-2024

The pandemic years created unmatched volatility in Utah's housing market.

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State of the State's Housing Market, 2022-2024

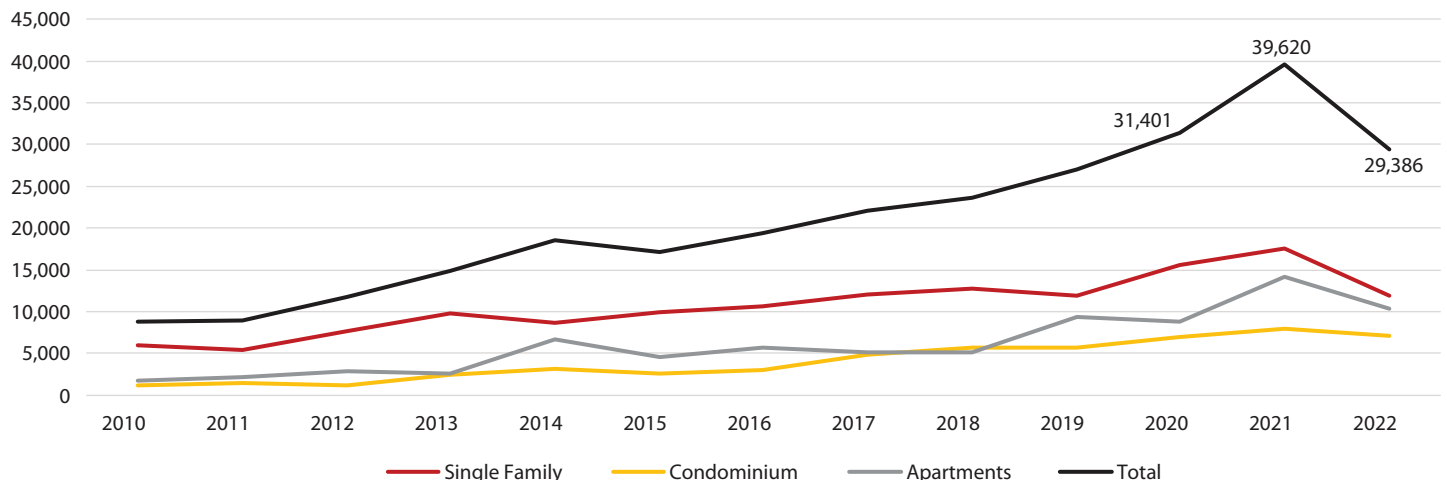
Analysis in Brief

The pandemic years created unmatched volatility in Utah's housing market. The volatility in these past two years surpassed 50 years of housing history. Building permits for residential units increased by 26% in 2021, only to fall by 26% in 2022. These COVID-19 pandemic years now join the Great Recession as one of those unique moments in Utah's housing market. The Great Recession produced 16 consecutive quarters of declining housing prices, while the pandemic produced the shortest and steepest homebuilding expansion and contraction on record.

Key Findings

- Utah's ten-year home building and real estate boom ended abruptly in 2022** - First quarter home building activity and real estate sales in 2022 seemed to indicate another exceptional year for Utah's housing market. But over the following nine months the mortgage rate increased from 4.0% to 6.5%, undercutting homebuyer demand. Consequently, the year-over number of residential units receiving building permits fell by 35% from April to December, sales of existing homes dropped 23%, and the median sales price of a home fell by 10%.¹
- The Federal Reserve's monetary policy affected all types of residential construction** - Year-over comparisons show single-family residential construction was hardest hit with a 32% drop in building permits in 2022, followed by a 27% decline in apartment unit permits, and a 9.5% decline in condominium, town home, and twin home permits.
- The housing market contraction continued through Q2 2023** - Through June 2023, the year-over number of residential units receiving building permits in Utah fell 37%, existing homes sales fell 20%, and the median sales price of a home fell by 7.5%.²
- Utah's housing shortage is likely to increase by 2024** - Utah's housing shortage decreased from 56,800 units in 2017 to 28,400 units in 2022; however, as homebuilding activity contracts, new households will outnumber new housing units. Consequently, Utah's housing shortage will likely increase to over 37,000 units by 2024.³
- Housing price increases peaked in 2022, then slowed, and declined in 2023** - The year-over median sales price of a home peaked in February 2022 with a record 28.2% increase.⁴ Over the next 10 months price increases slowed, falling to 1.1% by December and turned negative in January with a decline of 5.3%. Declines continued through the first four months of 2023, reaching 10.3% in April. By July, the year-over decline had narrowed to 2.0%.⁵

Number of Residential Units Receiving Building Permits in Utah, 2010-2022



Note: Does not include group quarters, manufactured homes, and cabins.
 Source: Kem C. Gardner Policy Institute

- **A correction in prices was inevitable** - The median sales price of a home in Utah increased from \$336,300 in February 2020 to \$500,000 in February 2022.⁶ A price increase of this magnitude (49% in 24 months, the largest two-year increase on record), requires a future price correction. That correction began in March 2022 and continued through July 2023. The correction, however, looks to be modest with less than a 5% decline in year-over price. As such, this appears to be a one-year (2023) pause in price increases, likely followed by a price increase in 2024.
- **Despite the dip in housing prices, housing affordability continues to prevent homeownership opportunities for many households** - In Q2 2023, the median income household in the Salt Lake City Metropolitan Area could afford only 21% of the homes sold in that area.⁷ In an affordable housing market the median income household should be able to afford 50% of homes sold. Of the 241 metropolitan areas surveyed, 203 are more affordable than the Salt Lake City Metropolitan Area. State comparisons show that housing prices in Utah have increased by 72% since Q1 2018. Only seven states had greater price increases.⁸
- **Homeownership is a fading dream for many renter households** - Only 15% of Utah's renter households have enough income to purchase a modestly priced \$300,000 to \$400,000 home. High interest rates and housing prices will continue to exclude a growing share of renters from home ownership. These long-term renters will face a rental market with rising rents and low vacancy rates. The average rental rate in Wasatch Front counties has increased at a rate of 6.5% to 7.0% annually since 2011, nearly double the rate of increase in the median income of renters. The average rental rate in Salt Lake County is now \$1,570, which requires an income of \$60,000 to qualify as a tenant.⁹
- **Housing forecast for 2023 and 2024** - The 2023 forecast for the number of residential units receiving building permits in Utah is 22,750, the lowest level since 2016. Real estate sales of existing homes are likely to fall to 37,500 in 2023, the lowest level since 2014. Both homebuilding activity and real estate sales, however, are expected to increase in 2024. The 2023 forecast for the median sales price is \$500,000, just 2% below the statewide median in 2022. By year-end 2023, the mortgage rate will likely be near 7.0% but will trend lower in 2024 averaging 6.5% for the year.¹⁰

Introduction

The 2022-2024 edition of the Kem C. Gardner Institute’s State of the State’s Housing Market provides a detailed analysis of current housing market conditions in Utah. The report provides information on five areas: (1) residential construction activity,

(2) existing homes sales, (3) the housing shortage, (4) prices and affordability, and (5) a 2023 and 2024 forecast. Each section provides a statistical time series presented in tables and figures as well as an analysis of past trends and current conditions.

Homebuilding Whiplashed by Interest Rates

The historic expansion and contraction of the housing market in 2021 and 2022 reflects the Federal Reserve’s response to the COVID-19 pandemic. As the pandemic emerged, the Federal Reserve drove down interest rates to record low levels to avert a depression. The low interest rates ultimately led to higher inflation rates by 2022, which the Federal Reserve sought to counter with a historically rapid increase in interest rates. Consequently, mortgage rates doubled in less than a year.

Predictably, Utah’s housing market felt the full force of the Federal Reserve’s policy, both on the upside and the downside. The policy affected all types of residential construction. Year-over comparisons show single-family residential construction was hardest hit with a 32% drop in building permits in 2022, followed by a 27% decline in apartment unit permits, and a 9.5% decline in condominium, town home, and twin home permits (Table 1).

The weakened market conditions continued into 2023. Building permit data from the U.S. Census Bureau show Utah’s year-over January to June residential permits for all types of

units fell 37.2% (Figure 1). Only four states, Montana, New York, Wyoming, and Alaska have had sharper declines. Nationally, permits for all types of units fell 17% over the January-June period. Single-family permits dropped 41% in Utah compared to 21% nationally.

The rise in mortgage rates gave additional momentum to the shift from low density housing (single-family) to high density housing (condominiums and apartments). More high-density housing has been developed in Utah since 2021 than at any other time; 15,000 condominium units and 24,500 apartment units received building permits in the past two years. Sixty percent of all residential permits issued in 2022 were for apartments, condominiums, town homes, and twin homes, the highest share on record (Table 2 and Figure 2).

Table 1: Number of Residential Units Receiving Building Permits by Type of Unit in Utah, 2010-2022

Year	Single Family Units	Condominium Units	Apt. Units	Total
2010	5,947	1,169	1,723	8,839
2011	5,389	1,388	2,130	8,907
2012	7,655	1,228	2,880	11,763
2013	9,857	2,469	2,539	14,865
2014	8,712	3,122	6,742	18,576
2015	9,933	2,536	4,607	17,076
2016	10,668	3,034	5,735	19,437
2017	12,113	4,874	5,061	22,048
2018	12,766	5,741	5,185	23,692
2019	11,872	5,752	9,366	26,990
2020	15,569	7,016	8,816	31,401
2021	17,528	7,895	14,143	39,620
2022	11,873	7,146	10,367	29,386
YoY % Chg. 2021-2022	-32.2%	-9.5%	-26.7%	-25.7%

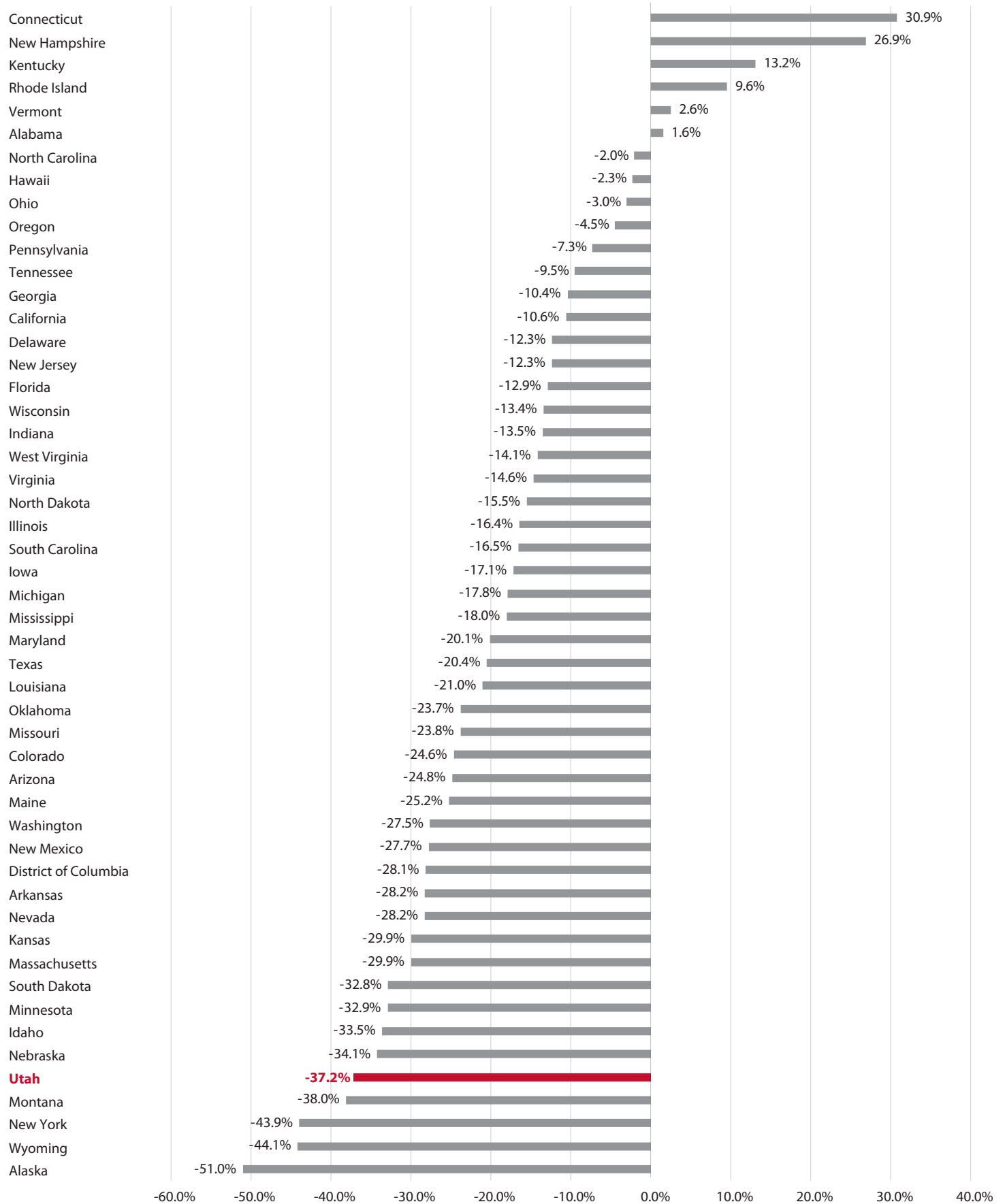
Note: Does not include group quarters, manufactured homes, and cabins.
Source: Kem C. Gardner Policy Institute

Table 2: Share of Utah Residential Building Permits Issued by Type of Unit, 2010-2022

Year	Single-Family Units	Multifamily Units		
		Condominium, Townhome, Twin Home Units	Apt. Units	Multifamily Share of Total
2010	67.3%	13.2%	19.5%	32.7%
2011	60.5%	15.6%	23.9%	39.5%
2012	65.1%	10.4%	24.5%	34.9%
2013	66.3%	16.6%	17.1%	33.7%
2014	46.9%	16.8%	36.3%	53.1%
2015	58.2%	14.9%	27.0%	41.8%
2016	54.9%	15.6%	29.5%	45.1%
2017	54.9%	22.1%	23.0%	45.1%
2018	53.9%	24.2%	21.9%	46.1%
2019	44.0%	21.3%	34.7%	56.0%
2020	49.6%	22.3%	28.1%	50.4%
2021	44.3%	20.0%	35.7%	55.7%
2022	40.4%	24.3%	35.3%	59.6%

Source: Kem C. Gardner Policy Institute

Figure 1: Percent Change in Number of Residential Units Receiving Building Permits by State, 2022-2023
 (Year-over change January to June 2022-2023)



Source: U.S. Census Bureau State Building Permit Survey Data

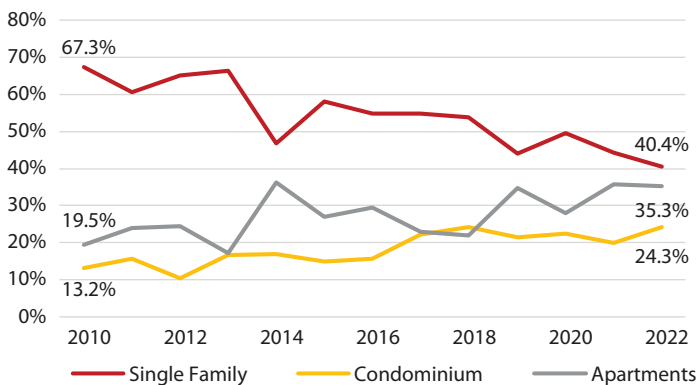
Residential Construction Concentrated in Five Cities

A handful of Utah cities accounted for a significant share of residential construction activity in 2022. The top five cities statewide are ranked by number of new units by type (single-family, condominium, townhome, twin home, and apartments) in Table 3 (the three multifamily designations of condominium, townhome, and twin home are referred as “condominiums” in the text below). St. George led all cities in permits issued for single-family with 834 units. Washington City ranked 4th with 581 new homes. The other three cities are all located in northern Utah County in the Silicon Slopes area: Eagle Mountain (724 units), Saratoga Springs (583 units), and Lehi (500 units). Building activity in these top five ranked cities represent 27% of single-family permits issued statewide.

Lehi was the dominant city in condominium development in 2022. The city issued permits for 914 units, roughly one out of every eight new condominiums units statewide. Salt Lake City ranked 2nd with 540 units. Two of the three remaining top five cities, Saratoga Springs and Eagle Mountain, are in northern Utah County. The fifth city, South Jordan (309 units), is nearby in Salt Lake County. The top five cities represented 36.5% of all new condominium units statewide in 2022.

Twenty percent of all new apartment units in 2022 were in Salt Lake City and the apartment boom in downtown Salt Lake City continues unabated by the pandemic. The city issued permits for 2,679 apartment units in 2022. The top five cities for

Figure 2: Share of Utah Residential Building Permits Issued by Type of Unit, 2010-2022



Source: Kem C. Gardner Policy Institute

Table 3: Top Five Utah Cities for Number of Permits Issued for Residential Units, 2022

Single-Family Units	Units	Share of State
St. George	834	7.0%
Eagle Mountain	724	6.1%
Saratoga Springs	583	4.9%
Washington	581	4.9%
Lehi	500	4.2%
Total	3,222	27.1%

Condominium, Townhome, Twin Home Units	Units	Share of State
Lehi	914	12.8%
Salt Lake City	540	7.6%
Saratoga Springs	502	7.0%
Eagle Mountain	345	4.8%
South Jordan	309	4.3%
Total	2,610	36.5%

Apartment Units	Units	Share of State
Salt Lake City	2,063	19.9%
West Valley	1,048	10.1%
Lehi	835	8.1%
Draper	571	5.5%
Unincorporated Salt Lake County	477	4.6%
Total	4,994	48.2%

Total Residential Units	Units	Share of State
Salt Lake City	2,679	9.1%
Lehi	2,249	7.6%
St. George	1,493	5.1%
West Valley	1,183	4.0%
Saratoga Springs	1,159	3.9%
Total	8,763	29.8%

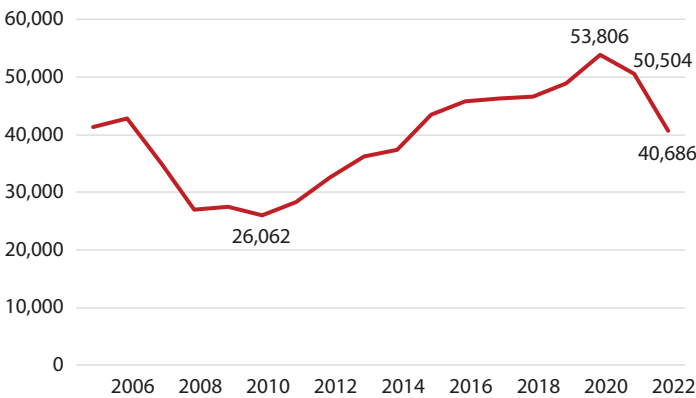
Source: Kem C. Gardner Policy Institute

apartment development in 2022 accounted for nearly half of all new apartment units statewide. Apartment development is not as sensitive to higher interest rates as single-family and condominium development due to the two-to-three-year lead time for approvals and financing. Consequently, projects that are underway with approvals and financing in strong economic periods may draw building permits during times of weak market conditions.

Existing Homes Sales Fall to Lowest Level in Eight Years

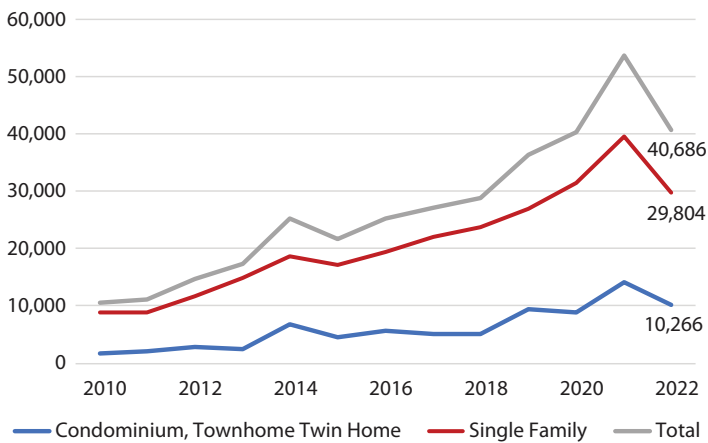
Utah realtors did not fare much better than homebuilders in 2022. Existing home sales dropped by 19.4% in 2022, well below the 26% decline in homebuilding. Statewide residential real estate sales totaled 40,686 units in 2022, the lowest level in eight years (Figure 3). Single-family sales fell to 29,804 homes, a decline of 19.3% while condominium, townhomes and twin homes had a nearly identical decline of 19.5%, a total of 10,266 homes (Figure 4). As a percentage of total sales, multifamily units (condominiums, townhomes, and twin homes) have steadily increased their share of sales. In 2000, multifamily sales accounted for 14% of total sales. By 2022 their share had increased to 25%.

Figure 3: Utah Residential Real Estate Sales, 2005-2022
(Number of units)



Source: UtahRealEstate.com

Figure 4: Utah Residential Real Estate Sales by Type of Unit, 2010-2022



Source: UtahRealEstate.com

Table 4: Residential Real Estate Sales in Wasatch Front Counties and the State, 2021-2023

(Single-family, condominium, townhome, twin home)

County	2021	2022	% Change
Davis	4,877	4,088	-16.2%
Salt Lake	18,014	13,447	-25.4%
Utah	11,549	9,901	-14.3%
Weber	4,465	3,749	-16.0%
State	50,504	40,686	-19.4%

County	January-June 2022	January-June 2023	% Change
Davis	2,141	1,829	-14.6%
Salt Lake	7,368	5,554	-24.6%
Utah	5,274	4,308	-18.3%
Weber	2,088	1,630	-21.9%
State	21,976	17,457	-20.6%

Source: UtahRealEstate.com

Residential sales fell in every Wasatch Front county in 2022. Salt Lake County had the steepest decline at 25.4%, while sales in the other three counties declined about 15% (Table 4). The declines have continued for each county over the first six months of 2023 with Salt Lake County reporting the largest decline of 24.6%. Statewide sales are down 20.6% through June 2023.

Real Estate Commissions Total \$1.5 Billion

Although sales fell in 2022, the value of residential sales was the second highest ever at \$25 billion, down only 10% from 2021 (Table 5). The value of residential sales held up better than the number of sales due to the increase in home prices. Consequently, residential real estate brokers and agents did remarkably well, not only in 2022, but over the last several years. The near doubling of housing prices since 2017 raised total commissions by a similar amount in 2022 (increasing from \$891 million to \$1.5 billion), the second highest year ever.

That said, the booming real estate market and growth in commissions attracted more agents to the profession and, consequently, total commissions are divided among a growing number of agents. The sales business has become more competitive for the individual agent as the number of licensed realtors in Utah grew from about 15,000 agents in 2017 to an all-time high of 20,000 in 2022.¹¹

Table 5: Utah Residential Real Estate Commissions, 2010-2022

(Millions)

Year	Value of Sales	Commissions
2010	\$6,007.4	\$360.4
2011	\$5,987.5	\$359.3
2012	\$7,207.9	\$432.5
2013	\$8,918.5	\$535.1
2014	\$9,642.8	\$578.6
2015	\$11,842.9	\$710.6
2016	\$13,364.5	\$801.9
2017	\$14,859.2	\$891.6
2018	\$16,417.7	\$985.1
2019	\$18,376.5	\$1,102.6
2020	\$23,478.1	\$1,408.7
2021	\$27,836.6	\$1,670.2
2022	\$25,001.5	\$1,500.1

Source: UtahRealEstate.com

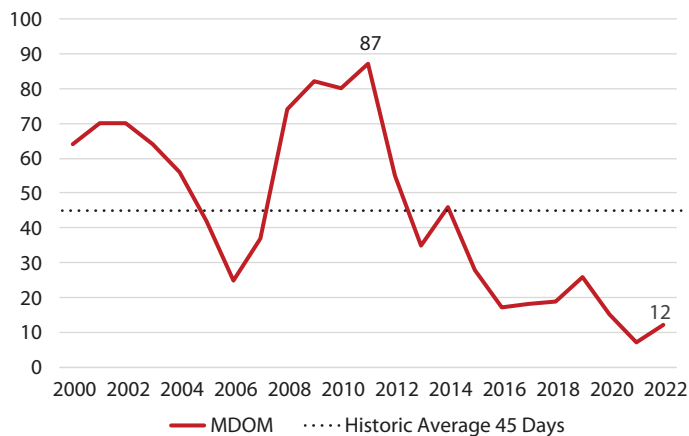
Median Days on Market Declines in 2023

An important indicator of real estate market conditions is the median days on market (MDOM). This metric measures the number of days from the listing of a home to a signed purchase contract, i.e., the number of days a home is unsold. The historic MDOM average from 2000 to 2022 is 45 days. During the Great Recession (2008-2011), when housing demand was devastated by the financial crisis, the MDOM increased to a high of 87 days and averaged 81 days. This is in sharp contrast to the era of low interest rates which begin in 2014 (Figure 5).

Low rates spurred housing demand by effectively making housing more affordable. For five years (2016-2020) the days on market averaged around 20 days but fell to a low of seven days by 2021 as the Federal Reserve’s interest rate policy resulted in mortgage rates dropping below 3%. The sensitivity of the days

Figure 5: Utah Residential Real Estate Median Days on Market, 2000-2022

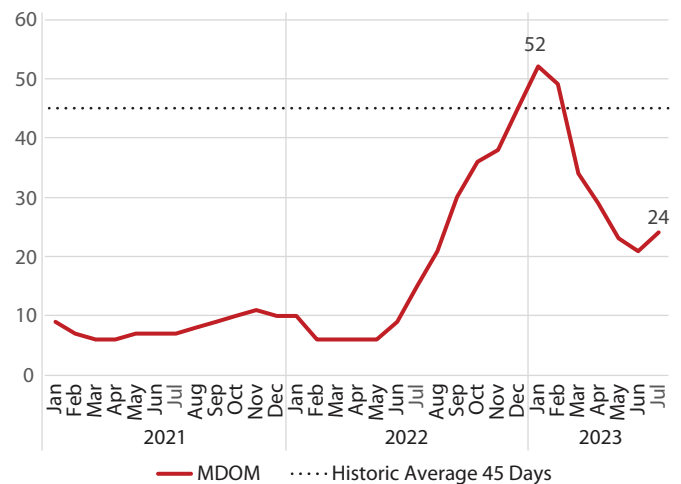
(Annual Average)



Source: UtahRealEstate.com

Figure 6: Utah Residential Real Estate Median Days on Market by Month, Jan 2021 to July 2023

(Annual Average)



Source: UtahRealEstate.com

on market indicator to the mortgage rate is shown in Figure 6. As the Federal Reserve began their interest rate hikes in spring 2022 the days on market moved in short order to 20 days by July. From July to January the indicator rose to 52 days, the highest level since the Great Recession. But since then, it has fallen to 24 days by July indicating that demand may be recovering despite relatively high mortgage rates.

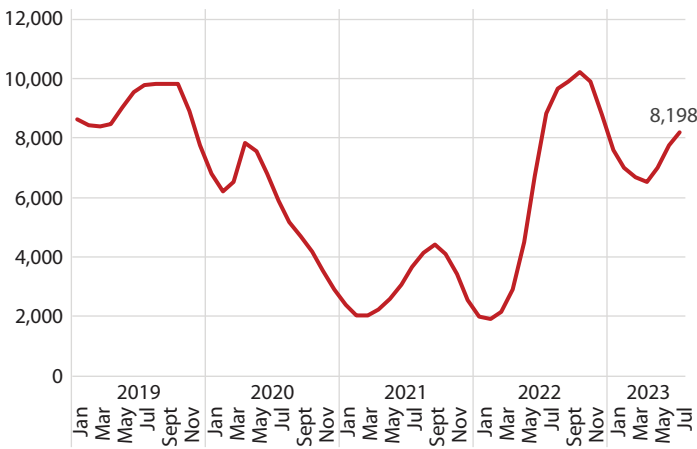
Residential Real Estate Listings Impacted by Interest Rate Volatility

Low interest rates produced a strong demand for housing from 2020 to early 2022, which in turn drove down the number of active listings (Figure 7). Homes for sale quickly cleared the market, depleting the number of active listings. By Q1 2022, statewide active listings fell to 2,000 homes. The number of listings in the first quarter is typically well over 6,000 homes.

Once interest rates began to rise in Q2 2022, the number of active listings also rose as homes took longer to sell and new listings from prospective sellers added to the number of listings. The increase, however, was short-lived. By Q1 2023, the number of active listings peaked as sellers pulled back resulting in fewer new listings. Many homeowners became reluctant sellers, scared off by steep prices and the high mortgage rates they would face as buyers. Consequently, the number of active listings fell for six consecutive months, falling from 10,221 in October to 6,528 in April 2023. With the spring housing market, the prime time for selling a home, active listings have increased in the past three months.

Although active listings have increased, the number of listings entered (new listings) is well below the levels of the last four years. The number of entered listings in July (2019-2022)

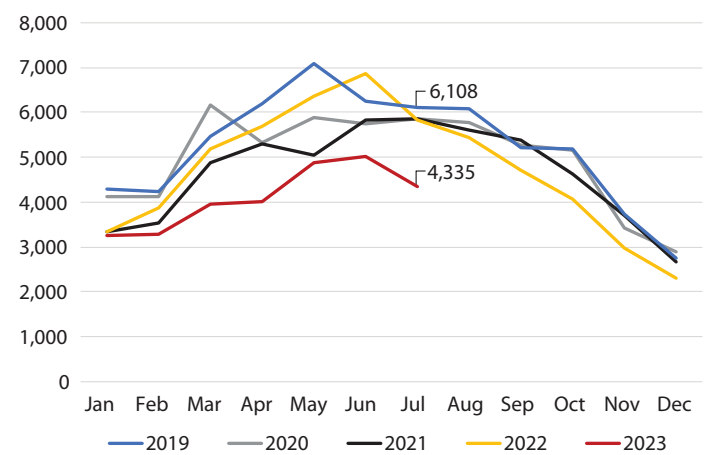
Figure 7: Utah Active Residential Real Estate Listings, Jan 2019 to July 2023



Source: UtahRealEstate.com

averaged 6,000 listings compared to only 4,335 in July 2023 (Figure 8). Due to the years of mortgage rates below 4% (2019 to spring 2022), many homeowners now have mortgages carrying interest rates below 4%. At the end of 2022, 62% of mortgage holders nationally had a mortgage rate below 4% (according to Redfin News). Many of these low mortgage rate

Figure 8: Entered Residential Real Estate Listings in Utah, 2019-2023



Source: UtahRealEstate.com

homeowners have become unwilling sellers in a period of high rates, thus reducing the number of entered listings. The effect of years of low interest rates and the subsequent rapid rise in 2022-2023 is now limiting the supply of new listings with implications for Utah's housing shortage and housing affordability.

Homebuilding Contraction Likely to Increase Utah's Housing Shortage

A commonly used measure for a housing shortage compares increases in households against increases in housing units. This measure assumes that an additional household requires an additional housing unit. This assumption is consistent with the U.S. Census Bureau's methodology, which reports occupied housing units and households as equal and interchangeable estimates.

A housing shortage occurs when growth in households exceeds growth in housing units, historically an uncommon condition in Utah. A review of changes in households and housing units shows that from the 1970s through the 2000s, the decadal growth in housing units exceeded growth in households by nearly 15% (Table 6). The surplus is, in part, explained by the addition of units that are not occupied by a full-time resident (household), such as second homes, recreational condominiums (timeshare units), and cabins.

From 2010 to 2017, however, the housing-units-to-households relationship flipped, with additional households outnumbering additional housing units, thus creating Utah's first prolonged housing shortage. Each year, from 2010 to 2017, the growth in households was greater than the growth in housing units, although the gap gradually declined over the seven-year period (Figure 9). The cumulative shortage from 2010 to 2022 totaled 28,415 housing units (Figure 10). This

Table 6: Change in Utah Households and Housing Units by Decade, 1970-2000

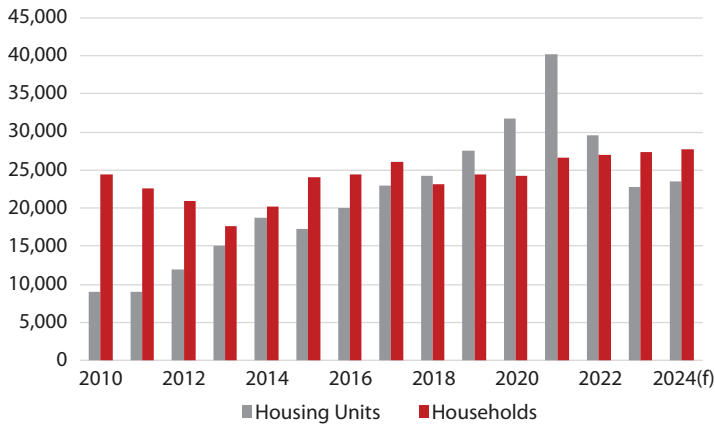
Decade	Increase in Households	Increase in Housing Units	Increase in Housing Units Compared to Increase in Households
1970s	150,669	174,241	Higher by 15.6%
1980s	88,670	108,382	Higher by 22.2%
1990s	164,008	170,206	Higher by 3.8%
2000s	176,411	213,227	Higher by 20.9%
Total	579,758	666,056	Higher by 14.9%

Source: U.S. Census Bureau

should not be interpreted as leading to 28,415 homeless households. Rather, the shortage created record low rental vacancy rates in both rental units and owner-occupied units. In other words, the shortage removed vacant units from the housing market, and created an unhealthy condition leading to higher housing prices, higher rental rates, and few housing alternatives especially for moderate to low-income households.

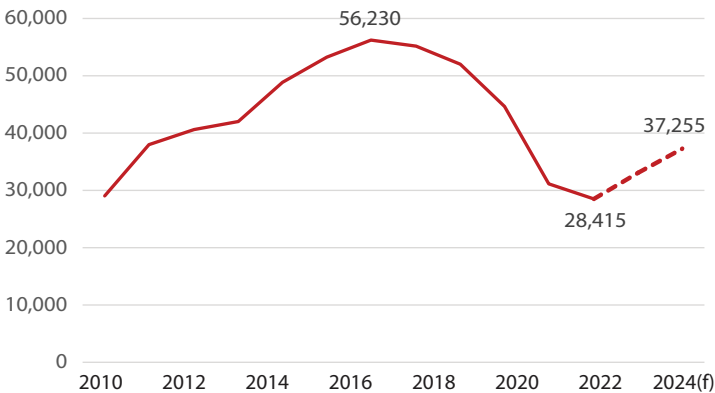
By 2018, the housing shortage began to ease as the building boom finally caught up with household growth and new housing units exceeded the number of new households. In that year, new housing units totaled 24,245 while households increased by 23,139, thus reducing the housing shortage by

Figure 9: Increase in Utah Housing Units vs. Increase in Utah Households, 2010-2024(f)



(f) = forecast (2023-2024)
Source: Kem C. Gardner Policy Institute

Figure 10: Cumulative Housing Shortage in Utah, 2011-2024(f)



(f) = forecast (2023-2024)
Source: Kem C. Gardner Policy Institute

about 1,100 units. Over the next four years more housing units were built than new households created, shrinking the housing shortage to a little more than 28,000 units. But the rapid rise in mortgage rates threatens to undo some of this recent progress. Although new housing units did exceed new households in 2022, residential construction projections indicate the five-year decline in the shortage may soon end. Household growth is expected to exceed housing unit growth in 2023 and 2024 by about 8,800 units. This shortfall would push the housing shortage up by 31% to 37,255 units (Table 7).

Market Conditions and the Housing Shortage

Another measure of a housing shortage looks at conditions “on the ground.” The housing market has three entry points: buying a new home, buying an existing home, or renting a unit. For the past several years these points of entry have shown the

Table 7: Utah’s Housing Shortage, 2010-2024(f)

Year	Increase in Housing Units	Increase in Households	Cumulative Shortage
2010	9,079	24,460	
2011	9,085	22,615	28,911
2012	11,918	20,998	37,991
2013	15,009	17,631	40,613
2014	18,810	20,210	42,013
2015	17,294	24,151	48,870
2016	20,064	24,426	53,232
2017	23,002	26,000	56,230
2018	24,245	23,139	55,124
2019	27,610	24,461	51,975
2020	31,797	24,312	44,490
2021	40,144	26,689	31,035
2022	29,529	26,909	28,415
2023 (f)	22,750	27,349	33,014
2024 (f)	23,500	27,741	37,255

(f) = forecast
Source: Kem C. Gardner Policy Institutew

stress of demand outstripping supply, however, in 2022 these indicators told a mixed story. The rental market showed demand outpacing supply as rental vacancy rates in the Wasatch Front counties were around 4%. An acute shortage of affordable rental housing—rental units affordable to households with incomes equal to or less than 50% area median income (AMI)—persisted with tax credit, public housing, and housing voucher programs all carrying long waitlists.

The story is mixed because of the historically rapid increase in mortgage rates, which doubled in less than 12 months and created a sudden and unexpected shock to the housing market. The psychological and financial impact on homebuyers cut into the demand for both new and existing homes. Consequently, these two points of entry, new home or existing home purchase, as indicators of a housing shortage, at least in the short-term, have been rendered less meaningful. To be brief, does the 26% decline in new housing units and the 19% decline in the sales of existing homes signal a significant shrinkage of the housing shortage? Or what does the rise of MDOM from six days in March 2022 to 45 days in December 2022 tell us about the housing shortage? The interest rate increase of 2022 interrupted and created short-term (hopefully) distortions of demand for new and existing homes. Perhaps, it is best not to interpret the impact of short-term wild swings in demand as indicators of long-term housing market conditions, particularly in the case of the housing shortage.

Occupied Housing Units as a Measure of the Housing Shortage

A third method for measuring housing shortages comes from the U.S. Census Bureau, which provides estimates of total and occupied housing units. The bulk of vacant units is composed of second and recreational homes followed by vacant rental units and finally vacant “for sale” homes. The estimates from four decennial censuses for Utah show that on average 90.6% of all housing units are occupied units. The U.S. Census Bureau’s 2021 American Community Survey for Utah shows that 92.6% of all housing units are occupied. The number of vacant units in 2021 is the smallest of the five-time periods selected. Fewer vacant units and more occupied units suggest that the market is experiencing a housing shortage. If we apply the average of 90.6% from the decennial censuses to the total occupied units in 2021 of 1,190,154 units, the number of vacant units would increase by 23,220 and the number of occupied units would

Table 8: Utah Total Housing Compared to Occupied Housing Units by Decade, 1990-2020 and 2021

Year	Total Housing Units	Occupied Housing Units	Percent Occupied
1990	598,000	537,000	89.8%
2000	769,000	701,000	91.2%
2010	981,821	880,025	89.6%
2020	1,151,414	1,057,252	91.8%
1990-2020 Average			90.6%
2021	1,190,154	1,101,499	92.6%
2021 Occupied at 90.6%	1,190,154	1,078,279	90.6%
Estimated Shortage		23,220	

Source: U.S. Census Bureau

decline by a like number, easing the housing shortage. The third measure using occupied housing units indicates Utah faced a housing shortage of at least 23,000 units in 2021 (Table 8).

The Pandemic’s Impact on Housing Market Conditions

The Pandemic’s Impact on Housing Demand and Supply

The COVID-19 pandemic had a profound impact on Utah’s housing market. Like the Great Recession, the pandemic was a unique moment in Utah’s housing history. The Great Recession featured the most prolonged period of price declines—16 consecutive quarters—while the pandemic triggered the steepest rise in prices in Utah’s real estate history. In a matter of 24 months the median sales price of a home increased by 51%; (from \$335,000 Q1 2020 to \$505,000 Q1 2022).

What caused the historic rise in prices? Certainly, the Federal Reserve’s low interest rate policy served to stimulate demand but there were other factors at play. The pandemic brought large scale investors, flush with cash, into the housing market, which added to demand. In some urban markets investors accounted for 20% of homes purchases in 2021.¹² The rise of remote work due to the pandemic gave a boost to net migration, which also added to housing demand. Net immigration grew from 26,142 to 38,191 from 2020 to 2022. While not all these individuals were remote workers, a common real estate anecdote during this period recounted the arrival of out-of-state remote workers and their willingness and ability to pay top dollars for Utah real estate.

Unfortunately, this heightened demand struck when Utah was facing a housing shortage of 44,000 units—a shortage equivalent to about 18 months of homebuilding. And of course, the shortage was made worse by construction delays from the pandemic’s disruption of the construction supply chain. And finally, a non-pandemic related supply constraint was the rise of

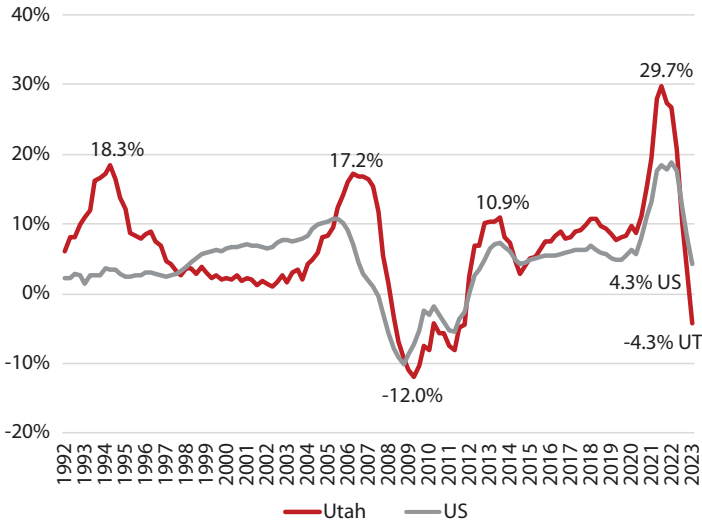
short-term rentals. From 2019 to 2021 the number of short-term rental homes in Utah increased by 27% to 18,743 homes thus reducing the supply of long-term housing.

The Pandemic’s Impact on Housing Prices

With the squeeze on supply and the surge in demand, an accelerated increase in housing prices was inevitable. Given the magnitude of the increase, 53% in twenty-four months (Q2 2020 to Q2 2022), a correction was also inevitable.¹³ According to the Federal Housing Finance Agency’s price index, housing prices went from a year-over quarterly increase of 29.7%, to a decline of 4.3% in 18 months, exhibiting much greater volatility than prices nationally. The interest rate induced price swings highlight the volatility of housing prices in Utah. In the four price cycles since 1992, the rate of change of Utah housing prices have been higher on the upside and lower on the downside (Figure 11).

The Federal Housing Finance Agency (FHFA) publishes quarterly housing price data for each state and the largest one hundred metropolitan areas. The FHFA’s Housing Price Index (HPI) is an important source of comparative price data for states and metropolitan areas. “The house price indexes measure changes in single-family home values based on data from all fifty states and over 400 cities that extend back to the mid-1970s. The HPI is a weighted, repeat-sales index, meaning it measures average price changes in repeat sales or refinancings on the same properties. This information comes from reviewing repeat mortgage transactions on single-family properties

Figure 11: Year-Over Percent Change in Utah and U.S. Housing Price Index, 1992-2023



Source: Federal Housing Finance Agency

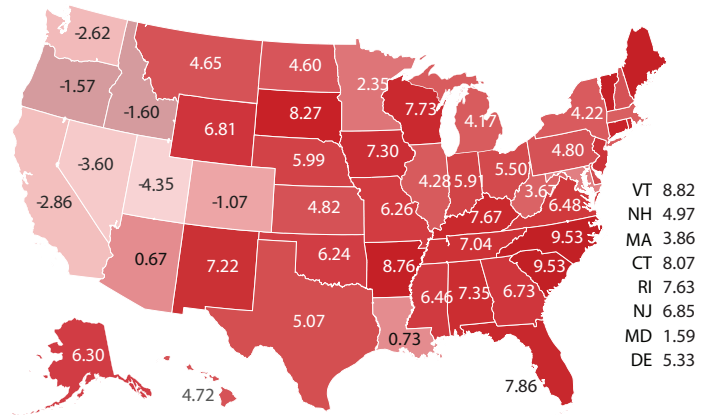
whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac since 1975.¹⁴

FHFA ranked Utah 50th or last in the percent change in housing prices in Q1 2023. Utah's 4.3% decline was the largest among the seven states experiencing declines, all of them western states (Figure 12). While prices fell in most western states the rest of the country experienced price gains. Twenty-eight states had increases of at least 5%. South Carolina led all states with a year-over increase of 9.5%.

The fiscal and monetary response to the pandemic brought a necessary but short-term price correction to Utah's housing market. Despite the past 12-month decline Utah still ranks second in the long-term increase in housing prices. From 1991 to Q1 2023 Utah's housing price index increased by 564.7%, second only to Colorado's 565.04% increase Table 8. And in the Salt Lake City Metropolitan Area, the long-term increase has been even greater than the statewide increase. Of the largest one hundred metropolitan areas, the Salt Lake City Metropolitan Area ranks first with an increase of 628.2% from 1991 to Q1 2023 (Table 9). The year-over first quarter index shows a 4.9% decline in prices in the Salt Lake City Metropolitan Area, which ranks 90th among the one hundred metropolitan areas. San Francisco had the largest decline of the 100-metropolitan area, 10.1%, followed by Austin, Texas at 8.5%.

The FHFA index tracks price changes but not the absolute price of a home. The National Association of Realtors (NAR), however, publishes quarterly data on the median sales price of a single-family home in 185 metropolitan areas. The four Utah metropolitan areas included in the report all show declines in home prices in the first quarter.¹⁵ Both St. George and Provo-Orem had double-digit declines, nevertheless the price of a

Figure 12: Year Over First Quarter Change in FHFA Price Index, 2023



Source: Federal Housing Finance Agency

Table 9: Percent Change in Utah and Salt Lake Area Housing Price Index, 2023

Period	Utah		Salt Lake City Metropolitan Area	
	YoY % Change	State Rank	YoY % Change	Metropolitan Rank
Q1 2022 – Q1 2023 (one year)	-4.3%	50 th	-4.9%	90 th
Q1 2018 – Q1 2023 (five years)	71.9%	8 th	66.3%	21 st
Q1 1991 – Q1 2023	564.7%	2 nd	628.2%	1 st

Note: State rank excludes District of Columbia.
Source: Federal Housing Finance Agency

Table 10: Median Sales Price of Single-Family Homes in Select Utah Metropolitan Areas, 2023

Metropolitan Area	Median Sales Price Q1 2023	Ranking by Highest Price	Q1 YoY % Change
Salt Lake	\$522,700	27 th	-6.1
St. George	\$512,200	29 th	-13.4
Provo-Orem	\$492,600	32 nd	-13.3
Clearfield-Ogden	\$451,900	37 th	-4.6

Source: National Association of Realtors

median priced home in both metropolitan areas is relatively high. Out of 185 metropolitan areas, St. George, with a median price of \$512,000, ranks 29th highest and Provo-Orem ranks 32nd. The Salt Lake City Metropolitan Area ranks 27th in housing prices; only 15% of the 185 metropolitan areas surveyed have higher median sales prices (Table 10).

Housing Price Change for Utah's Counties and Large Cities, 2022-2023

The National Association of Realtors' price data relies on information from the multiple listing services (MLS) in each state. Locally, UtahRealEstate.com provides (MLS) price data on real estate listings and sales transactions. The year-over second quarter price data show that county-level prices varied across Utah. Table 11 provides data on every county but price changes for small counties with limited sales transactions are less reliable than counties with a larger number of transactions. The 14 counties with fewer than 50 sales transactions in either Q2 2022 or Q2 2023 are in italics. One county, Daggett, had no reported sales information.

Table 11: Change in Median Sales Price of Homes by County, 2022-2023

(Single-family, townhome, twin home, condominium)

County	Q2 2022	Q2 2023	Change
Beaver	\$368,500	\$239,900	-34.9%
Box Elder	\$452,500	\$403,800	-10.8%
Cache	\$450,000	\$425,000	-5.6%
Carbon	\$255,000	\$229,350	-10.1%
Daggett	NA	NA	NA
Davis	\$545,000	\$519,000	-4.8%
Duchesne	\$274,000	\$323,350	18.0%
Emery	\$260,000	\$225,000	-13.5%
Garfield	\$415,000	\$429,000	3.4%
Grand	\$697,000	\$675,000	-3.2%
Iron	\$380,000	\$410,000	7.9%
Juab	\$390,000	\$435,000	11.5%
Kane	\$453,500	\$395,000	-12.9%
Millard	\$272,500	\$305,000	11.9%
Morgan	\$736,950	\$692,950	-6.0%
Piute	\$318,000	\$365,000	14.8%
Rich	\$673,000	\$540,000	-19.8%
Salt Lake	\$556,000	\$520,000	-6.5%
San Juan	\$640,870	\$400,000	-37.6%
Sanpete	\$432,000	\$365,000	-15.5%
Sevier	\$315,000	\$281,000	-10.8%
Summit	\$1,285,000	\$1,375,000	7.0%
Tooele	\$490,544	\$449,425	-8.4%
Uintah	\$279,500	\$318,000	13.8%
Utah	\$545,000	\$487,500	-10.6%
Wasatch	\$969,988	\$1,016,143	4.8%
Washington	\$600,000	\$523,500	-12.8%
Wayne	\$550,000	\$560,000	1.8%
Weber	\$450,000	\$425,000	-5.6%
State	\$535,000	\$493,990	-7.7%

Note: Counties in italics had fewer than 50 sales transactions. The small sample size makes year-over comparisons less reliable.

Source: UtahRealEstate.com and Utah Association of Realtors for Washington County data

Table 12: Change in Utah Median Sales Price in Select Counties, 2023

County	% Change Q2 to Q2	Number of Transactions in Q2 2023
Counties with Increase in Median Price		
Duchesne	18.0%	54
Summit	7.0%	240
Uintah	13.8%	87
Wasatch	4.8%	157
Counties with Decline in Median Price		
Box Elder	-10.8%	180
Cache	-5.6%	335
Carbon	-10.1%	75
Davis	-4.8%	1,056
Salt Lake	-6.5%	3,190
Sanpete	-15.5%	56
Tooele	-8.4%	356
Utah	-10.6%	2,300
Washington	-12.8%	520
Weber	-5.6%	929

Source: UtahRealEstate.com and Utah Association of Realtors for Washington County data

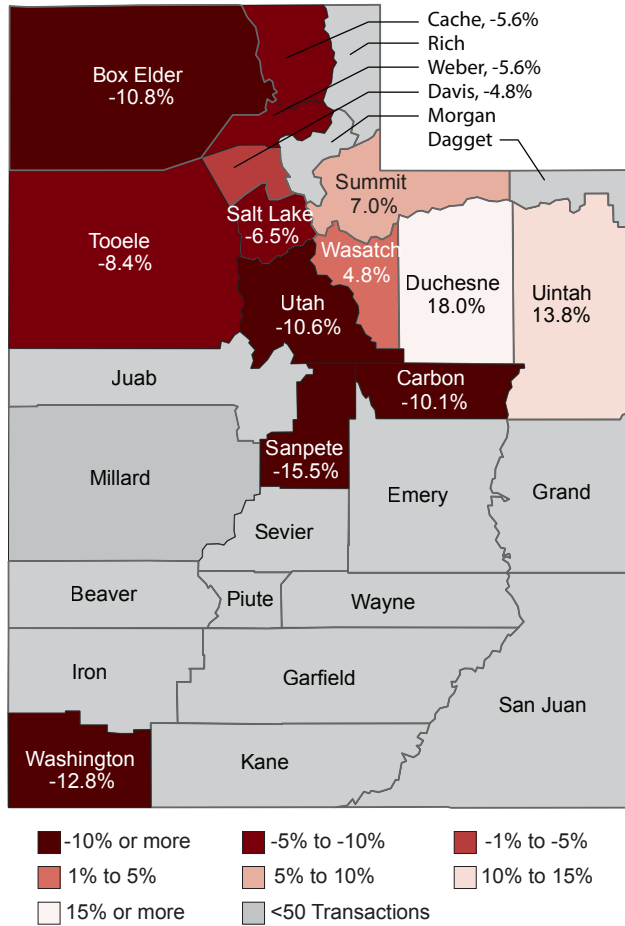
Sales transactions include all types of housing (single-family, condominium, townhome, and twin home). The median sales price in counties with more than 50 transactions increased in only four counties and declined in ten. Rural counties with a smaller number of sales transactions are more likely to report a price increase. Price increases were strong in Summit and Wasatch counties, the two most expensive housing markets in the state. The median sales price in Summit increased by 7.0% to \$1,375,000 and in Wasatch County by 4.8% to \$1,016,143.

Ten counties experienced year-over price declines in Q2 2023 (Table 12). Five counties reported double-digit declines.¹⁶ Washington County, for example, saw a 12.8% decline in the median sales price. The four Wasatch Front counties also saw declines, with the largest in Utah County (-10.6%) and the smallest in Davis County (-3.7%). Price changes in the 14 counties with a significant level of sales transactions (50 transactions or more) are shown in (Figure 13). Statewide the median sales price declined 7.7% in the second quarter, falling from \$535,000 in 2022 to \$493,990 in 2023.

Nearly all Utah's largest cities had year-over second quarter price declines as well. Five cities had double-digit declines, led by Eagle Mountain, where prices fell 13.7% (Table 13). Only two of Utah's largest cities saw increases: Herriman and Draper. The median sales price in Herriman increased by 0.5% to \$571,956. South Jordan saw a larger gain of 7.5%, with the median sales price increasing to \$785,000.

Figure 13: Change in Utah Median Sales Price by County, 2023

(Year-over change Q2)



Source: UtahRealEstate.com and Utah Association of Realtors for Washington County data

Table 13: Change in Median Sales Prices in Utah's Largest Cities, 2022-2023

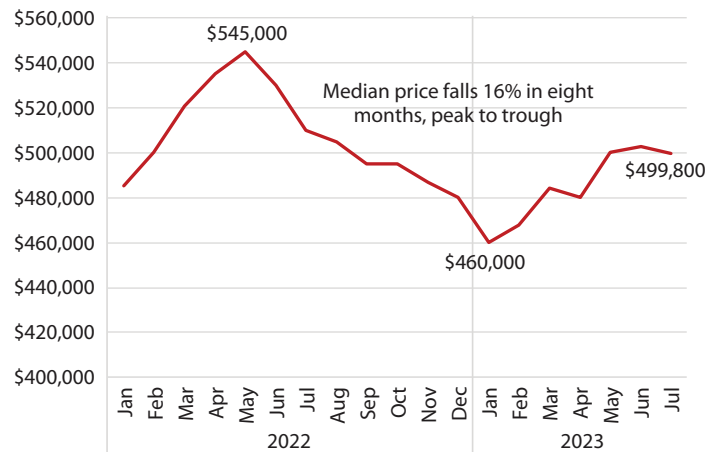
(Largest 20 cities by population)

Population Rank	City	Q2 2022	Q2 2023	% Change
1	Salt Lake City	\$570,000	\$523,000	-8.2%
2	West Valley City	\$471,400	\$435,000	-7.7%
3	West Jordan	\$559,950	\$505,000	-9.8%
4	Provo	\$448,500	\$437,250	-2.5%
5	Orem	\$510,000	\$458,000	-10.2%
6	Sandy	\$660,000	\$624,900	-5.3%
7	St. George*	\$572,500	\$499,071	-12.8%
8	Ogden	\$365,000	\$349,900	-4.1%
9	Layton	\$524,000	\$488,000	-6.9%
10	South Jordan	\$642,500	\$590,000	-8.2%
11	Lehi	\$539,344	\$495,000	-8.2%
12	Millcreek	\$642,500	\$590,000	-8.2%
13	Taylorsville	\$481,500	\$464,000	-3.6%
14	Herriman	\$569,000	\$571,956	0.5%
15	Logan	\$408,000	\$394,950	-3.2%
16	Murray	\$527,500	\$470,000	-10.9%
17	Draper	\$730,000	\$785,000	7.5%
18	Bountiful	\$541,424	\$540,000	-0.3%
19	Riverton	\$607,500	\$541,000	-10.9%
20	Eagle Mountain	\$569,355	\$491,500	-13.7%

Source: UtahRealEstate.com

Figure 14: Monthly Median Sales Price of Homes in Utah, Jan 2022 to July 2023

(Single-family, condominium, townhome, and twin home)



Source: UtahRealEstate.com

The Inverse Relationship of Housing Prices and Interest Rates

The sharpest price decline in Utah's real estate history occurred from May 2022 to January 2023. In just eight months the median sales price of an existing home statewide fell 16% (Figure 14). Statewide the median sales prices peaked in May 2022 at \$545,000. By January 2023, it had fallen to \$460,000. There is no other comparable short-term decline, when housing prices fell so far so fast, in either the Great Recession or the decade of the 1980s.

The trough of this price cycle was likely established in January 2023 with the statewide median price of \$460,000. From January to May 2023 the median sales price increased each month, reaching \$499,000, however, in June and July the price stalled at nearly \$500,000 (Table 14). Nevertheless, the recovery in prices so far in 2023 is encouraging, indicating that the downward pressure on prices is winding down. Furthermore, the monthly year-over price decline decelerated over the last three months, narrowing to a 2% decline in July 2023 compared to July 2022 (Figure 15). Thus, the month-to-month and year-over data, along with the declining days on market suggest that price declines may have hit bottom in spring 2023.

It is no coincidence that the historic decline coincided with the most rapid short-term increase in mortgage rates ever. From March 2022 to January 2023 the average 30-year mortgage rate rose from 3.76% to 6.48%. The rise in the mortgage rate was due indirectly to the Federal Reserve's increase in the federal funds rate. The Federal Reserve raised the federal funds rate eleven times from March 2022 to July 2023 to slow economic growth and cool inflation. In a little more than a year the Federal Reserve has increased the federal funds rate from zero in Q1 2022 to 5.5% in July 2023 (Table 15).¹⁷

Table 14: Change in Utah Median Sales Price by Month in Utah, Jan 2022 to June 2023

(Single-family, condominium, townhome, and twin home)

	Median Price	YoY % Chg.
2022		
January	\$485,000	27.63%
February	\$500,000	28.24%
March	\$520,500	27.89%
April	\$535,000	24.42%
May	\$545,000	23.86%
June	\$530,000	17.78%
July	\$510,000	11.58%
August	\$504,990	9.78%
September	\$495,000	6.45%
October	\$495,000	6.68%
November	\$486,581	3.55%
December	\$480,000	1.05%
2023		
January	\$460,000	-5.15%
February	\$468,000	-6.40%
March	\$484,000	-7.01%
April	\$480,000	-10.28%
May	\$499,990	-8.26%
June	\$502,500	-5.18%
July	\$499,800	-2.00%

Source: UtahRealEstate.com

Table 15: Change in the Federal Funds Rate, March 2022 to May 2023

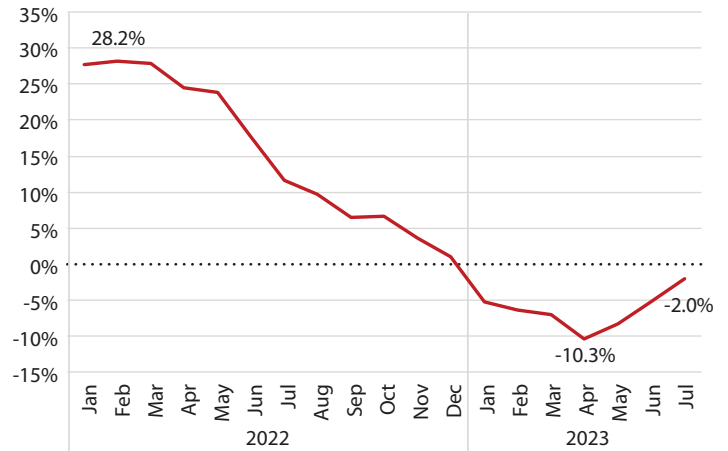
Date	BPS* Increase	Federal Funds Rate
March 17, 2022	25	0.25% - 0.50%
May 5, 2022	50	0.75% - 1.00%
June 16, 2022	75	1.50% - 1.75%
July 27, 2022	75	2.25% - 2.50%
September 21, 2022	75	3.00% - 3.25%
November 2, 2022	75	3.75% - 4.00%
December 14, 2022	50	4.25% - 4.50%
February 1, 2023	25	4.50% - 4.75%
March 22, 2023	25	4.75% - 5.00%
May 3, 2023	25	5.00% - 5.25%
July 26, 2023	25	5.25% - 5.50%

*Basis points. 25 bps is equivalent to a quarter of a percent increase in the Federal Funds rate.

Source: Federal Reserve

Figure 15: Percent Change in Utah Median Sales Price of a Home, Jan 2022 – July 2023

(Year-over monthly percent change, single-family, condominium, townhome, twin home)



Source: UtahRealEstate.com

Measuring Housing Affordability: Median Multiple and Housing Opportunity Index

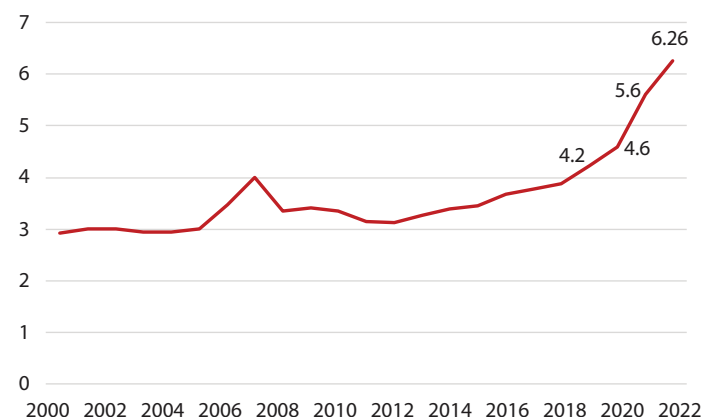
One measure of housing affordability is the median multiple, which is a price-to-income ratio of the median house price divided by the median household income. The affordability rating of the median multiple is shown in Table 16. From 2000 to 2018 the median multiple in Utah was under 4.0. Housing

Table 16: Utah Median Multiple Affordability Rating, 2022

Housing Affordability Rating	Median Multiple Ratio
Affordable	≤3.0
Moderately Unaffordable	3.1 to 4.0
Seriously Unaffordable	4.1 to 5.0
Severely Unaffordable	5.1 & over

Source: Demographia International Housing Affordability

Figure 16: Utah Median Multiple Affordability Rating, 2000-2022



Source: U.S. Census Bureau and UtahRealEstate.com

Table 17: Ratio of Median Housing Price to Median Household Income in Utah and Major Metropolitan Areas of the Western U.S., 2022

Metropolitan Area	Median Multiple
Phoenix	6.0
Salt Lake City	6.6
Portland	6.7
Las Vegas	6.9
Seattle	6.9
Denver	7.0
San Diego	9.4
San Francisco	10.7
Los Angeles	11.3

Source: Demographia International Housing Affordability, 2023

Table 18: Housing Opportunity Index by Utah Metropolitan Area, Q1 2022 to Q2 2023

Metropolitan Area	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Salt Lake	44.3	24.1	22.5	18.7	24.9	21.3
Ogden-Clearfield	55.5	31.1	31	27.5	42.7	38.3
Provo-Orem	35.0	16.5	15.6	16.1	27.2	23.5
St. George	32.3	21.8	19.5	16.3	27.4	24.7

Source: National Home Builders Association and Wells Fargo Housing Opportunity Index

was moderately unaffordable. But by 2019 and 2020 the ratio moved up to the 4.1 to 5.0 range, a seriously unaffordable rating. By 2021 and 2022, the acceleration in price increases pushed the median multiple to 5.61 in 2021 and 6.26 by 2022, signifying a severely unaffordable housing market (Figure 16).

The Salt Lake City Metropolitan Area has a median multiple of 6.6, comparable to Portland, Las Vegas, Seattle, and Denver (Table 17).

Another measure of affordability is the quarterly Housing Opportunity Index (HOI) published by the National Home Builders Association and Wells Fargo. The HOI is “the share of homes sold (existing and new) in a metropolitan area that would have been affordable to a family earning the local median income.” The HOI is like the median multiple in that it has two major components: income and housing prices. The HOI, however, estimates the share of homes affordable to the median income family, rather than a ratio of the median multiple. The HOI of the four metropolitan areas in Utah show declining affordability throughout 2022 and into 2023 (Table 18). Over six quarters the HOI for Salt Lake City Metropolitan Area fell from 44.3 in Q1 2022 (meaning the median income family could afford 44.3% of homes sold in that quarter) to 21.9 in Q2 2023. In an affordable housing market, the median income family should be able to afford at least 50% of the homes sold.

Neither of these affordability measures, however, considers the housing wealth of the median income family. Most homeowners

have benefitted from the rise in housing prices. Their equity gains offsetting the deterioration in affordability. Hence, the median multiple and HOI are mechanistic in that they only consider income and housing price. Nevertheless, they are meaningful indicators of the deterioration of housing affordability and of particular relevance to households not yet homeowners.

Mortgage Payments Increase Despite Drop in Housing Prices

The monthly mortgage payment on the median priced home in 2021 was \$2,466 and the income required to finance the mortgage was \$98,640. The mortgage payment increased to \$3,648 in 2022 and to \$3,750 in 2023 (Table 19). The income required to finance the mortgage payment in 2023 was \$150,000 up 2.8% from a year ago and 52.1% from two years ago. This sharp two-year increase in the cost of the median priced home precludes a growing share of households from homeownership and threatens the housing opportunities of future generations.

Of course, half of all homes sold are priced below the median. Do these lower priced homes provide a realistic home ownership opportunity for most renters or first-time home buyers? Sales data show that 25% of homes sold (June 2022 through June 2023) were \$400,000 to \$500,000 and another 19% were \$300,000 to \$400,000 (Table 20). But even these lower priced homes require relatively high levels of income to qualify for homeownership. A home priced between \$300,000 to \$400,000 would require an income of roughly \$100,000 to \$130,000 and for a home priced from \$400,000 to \$500,000 the income required ranges from \$130,000 to \$160,000 (Table 21), daunting income requirements for most first-time homebuyers and renters. Even homes priced well below the median would likely require two incomes in a household and several years’ experience in the job market.

Renters Locked Out by Rent Increases

Only a small share of Utah renter households have sufficient income, \$100,000 to \$130,000, to purchase a \$300,000 to \$400,000 home (Table 22). High interest rates and housing prices exclude a growing share of renters from home ownership. Long-term renters will face a rental market with rising rents and low vacancy rates. The average rental rate in Wasatch Front counties increased at a rate of 6.5% to 7.0% annually since 2011, nearly double the rate of increase in renter’s income. The average rental rate in Salt Lake County is now \$1,570, which requires an income of \$60,000 to qualify as a tenant (Table 23). In the past two years the average rental rate in each of the four Wasatch Front counties has increased by over 25% (Table 24). In Weber County rental rates are up over 30% in two years. The prolonged period of low vacancy rates, nine years with the vacancy rate below 5%, has put upward pressure on rental rates (Table 25).

Table 19: Mortgage Payment Calculations for the Median Priced Home in Utah, Q2 2021 to Q2 2023

(Single-family, condominium, townhome, and twin home)

Category	Q2 2021	Q2 2022	Q2 2023	% Chg. 2022-2023	% Chg. 2021-2023
Median sales price of home	\$440,000	\$535,000	\$494,250	-7.6%	12.3%
5% down payment	\$22,000	\$26,750	\$24,713	-7.6%	12.3%
Amount to finance	\$418,000	\$508,250	\$469,519	-7.6%	12.3%
Interest rate	3.00%	5.27%	6.51%	---	---
Principal and interest payment	\$1,762	\$2,813	\$2,971	5.6%	68.6%
Private mortgage insurance 1% of the loan	\$348	\$423	\$391	-7.6%	12.4%
Home Insurance	\$100	\$100	\$100	0.0%	0.0%
Property tax @0.007% of home value	\$256	\$312	\$288	-7.7%	12.5%
Total mortgage payment	\$2,466	\$3,648	\$3,750	2.8%	52.1%
Income Required to Finance Median Priced Home	\$98,640	\$145,920	\$150,000	2.8%	52.1%

Source: Kem C. Gardner Policy Institute, Freddie Mac, UtahRealEstate.com

Table 20: Residential Sales in Utah by Price Range

(June 2022 through June 2023)

Price Range (1,000s)	Homes Sold	% Share
≤\$200.0	416	1.2%
\$200.0 to \$299.9	1,925	5.4%
\$300.0 to \$399.9	6,985	19.5%
\$400.0 to \$499.9	9,240	25.7%
\$500.0 to \$599.9	5,953	16.6%
\$600.9 to \$699.9	3,964	11.0%
\$700.0 to \$799.9	2,389	6.7%
\$800.0 to \$899.9	1,400	3.9%
\$900.0 to \$999.9	862	2.4%
\$1,000.0 to \$1,999.9	2,026	5.6%
≥\$2,000.0	735	2.1%
Total	35,895	100.0%

Source: UtahRealEstate.com

Table 21: Income Required to Purchase Utah Homes in Select Price Ranges, 2023

(Q2 2022 to Q2 2023)

Sales Price	Range of Monthly Payment	Income Range Required	Number of Homes Sold	Percent of Home Sold
\$300,000-\$400,000	\$2,289-\$3,018	\$98,100 to \$129,342	6,985	19.5%
\$400,000-\$500,000	\$3,018-\$3,747	\$129,342 to \$160,585	9,240	25.7%

Source: UtahRealEstate.com and Kem C. Gardner Policy Institute

Table 22: Household Income for Utah Renter

Households, 2021

Income Category	Renter Households	Percent Share
Less than \$5,000	17,685	5.3%
\$5,000 to \$9,999	10,773	3.2%
\$10,000 to \$14,999	15,667	4.7%
\$15,000 to \$19,999	14,198	4.3%
\$20,000 to \$24,999	13,771	4.1%
\$25,000 to \$34,999	38,060	11.4%
\$35,000 to \$49,999	58,536	17.6%
\$50,000 to \$74,999	73,252	22.0%
\$75,000 to \$99,999	40,203	12.1%
\$100,000 to \$149,999	33,905	10.2%
\$150,000 or more	17,390	5.2%
Total	333,440	100.0%

Source: U.S. Census Bureau

Table 23: Average Rental Rate for All Types of Units in Wasatch Front Counties, 2011-2022

Year	Salt Lake	Utah	Davis	Weber
2011	\$791	\$753	\$701	\$655
2012	\$810	\$788	\$720	\$684
2013	\$850	\$807	\$756	\$678
2014	\$892	\$868	\$796	\$698
2015	\$960	\$924	\$839	\$754
2016	\$1,027	\$1,041	\$933	\$810
2017	\$1,087	\$1,097	\$1,005	\$864
2018	\$1,153	\$1,138	\$1,060	\$937
2019	\$1,218	\$1,181	\$1,102	\$995
2020	\$1,229	\$1,196	\$1,136	\$1,040
2021	\$1,484	\$1,432	\$1,369	\$1,265
2022	\$1,570	\$1,523	\$1,483	\$1,387
AARC	6.4%	6.6%	7.0%	7.1%

AARC = Average Annual Rate of Change

Source: CBRE Greater Salt Lake Area Multifamily Market Report 2022

Table 24: Annual Percent Increase in Average Rental Rate by County, 2011-2022

Year	Salt Lake	Utah	Davis	Weber
2011	4.8%	5.2%	-1.4%	2.3%
2012	2.4%	4.6%	2.7%	4.4%
2013	4.9%	2.4%	5.0%	-9.0%
2014	4.9%	7.6%	5.3%	2.9%
2015	7.6%	6.5%	5.4%	8.0%
2016	7.0%	12.7%	11.2%	7.4%
2017	5.8%	5.4%	7.7%	6.6%
2018	6.1%	3.7%	5.5%	8.5%
2019	5.6%	3.8%	4.0%	6.2%
2020	0.9%	1.3%	3.1%	4.5%
2021	20.7%	19.7%	20.5%	21.7%
2022	5.8%	6.4%	8.3%	9.6%

Source: CBRE Greater Salt Lake Area Multifamily Market Report 2022

Table 25: Rental Vacancy Rates in Wasatch Front Counties, 2011-2022

Year	Salt Lake	Utah	Davis	Weber
2011	5.2%	5.0%	5.8%	6.5%
2012	5.0%	3.2%	6.6%	6.1%
2013	5.1%	4.4%	4.6%	6.9%
2014	4.9%	3.6%	4.6%	4.7%
2015	4.1%	4.1%	4.0%	4.2%
2016	3.2%	4.0%	3.4%	2.3%
2017	4.1%	4.1%	3.5%	3.2%
2018	4.3%	4.4%	3.0%	2.5%
2019	4.4%	3.2%	3.0%	3.0%
2020	4.8%	4.2%	2.8%	4.1%
2021	2.9%	2.3%	2.0%	2.7%
2022	4.6%	3.8%	4.2%	4.3%

Source: CBRE Greater Salt Lake Area Multifamily Market Report 2022

Utah's Housing Forecast: 2023-2024

Utah's housing fundamentals remain strong; however, demographic and economic growth are forecast to slow slightly in 2023 and 2024. Net in-migration will likely edge lower due to high housing costs, fewer remote workers, and slower job growth. Employment growth will fall around 2.0%, the lowest level since the Great Recession (except for the pandemic year 2020).

A weaker economic environment will add to Utah's home building and real estate challenges. The forecast for the number of homes receiving building permits in 2023 is 22,750, the lowest level since 2015. Sales of existing homes will fall to

37,500 in 2023, the lowest level since 2014. However, both home building activity and real estate sales are expected to increase in 2024. Market indicators suggest that the decline in housing prices is near bottom, and year-over increases are likely in the third and fourth quarters. The 2023 median sales price is forecast at \$500,000, just 2% below the statewide median in 2022. The mortgage rate is expected to be near 7.0% by year-end 2023 and trend lower in 2024 to 6.5%. Finally, little progress on housing affordability is likely as price increases return and the housing shortage grows.

Table 26: Forecast for Residential Construction and Residential Real Estate Sales in Utah, 2021-2024
(Single-family, condominium, townhome, twin home)

Category	Numeric Change				Percent Change		
	2021	2022	2023	2024	2021-2022	2022-2023	2023-2024
Residential building permits (units)	40,144	29,883	22,750	24,000	-25.6%	-23.9%	5.5%
Existing home sales	49,678	40,072	37,500	42,000	-19.3%	-6.4%	12.0%
Median sales price of homes	\$446,000	\$510,000	\$500,000	\$520,000	14.4%	-2.0%	4.0%
Mortgage rate	2.96%	5.34%	7.00%	6.50%	---	---	---

Source: Freddie Mac, UtahRealEstate.com, Kem C. Gardner Policy Institute

Endnotes

- Freddie Mac archive of mortgage rates, UtahRealEstate.com, and Gardner Policy Institute, University of Utah.
- UtahRealEstate.com and U.S. Census Bureau's Building Permits by State.
- Gardner Policy Institute, State of the State's Housing Market, 2022-2024.
- As measured by median sales price from UtahRealEstate.com; February 2021 median sale price of \$389,900, February 2022 median sales price \$500,000. Statewide median price for all types of housing, single-family, condominium, town home, and twin home.
- UtahRealEstate.com
- Median sales price of home (single-family, condominium, town home, twin home) in Utah from UtahRealEstate.com.
- National Association of Home Builders and Wells Fargo Housing Opportunity Index, Q2 2023.
- Federal housing Finance Agency, Housing Price Index by State.
- U.S. Census Bureau, Table B25119 Median Household Income by Tenure, and CBRE Apartment Market Report for the Greater Salt Lake Area, 2022.
- Gardner Policy Institute, State of the State's Housing Market, 2022-2024.
- National Association of Realtors.
- Redfin News, Investors Are Buying Roughly Half as Many Homes as They Were a Year Ago, February 15, 2023.
- The FHFA price index for Utah increased from 532.84 in Q2 2020 to 813.03 in Q2 2022, a 53% increase.
- For more information see <https://www.fhfa.gov/DataTools/Downloads/Pages/House-Price-Index.aspx>.
- Logan Metropolitan Area is not included in the NAR quarterly report.
- The source for Washington County data is the Utah Association Realtors rather than UtahRealEstate.com.
- The federal funds rate is a short-term interest rate to guide overnight lending among banks. While the Federal Reserve does not set the mortgage rate the federal funds rate indirectly affects long-term mortgage rates. Other factors influencing the mortgage rate include the inflation rate, job creation, and overall economic conditions.

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