



THE UNIVERSITY OF UTAH

Kem C. Gardner

POLICY INSTITUTE

**Presentation by James Wood
Ivory-Boyer Senior Fellow
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INFORMED DECISIONS™

Renter Profile

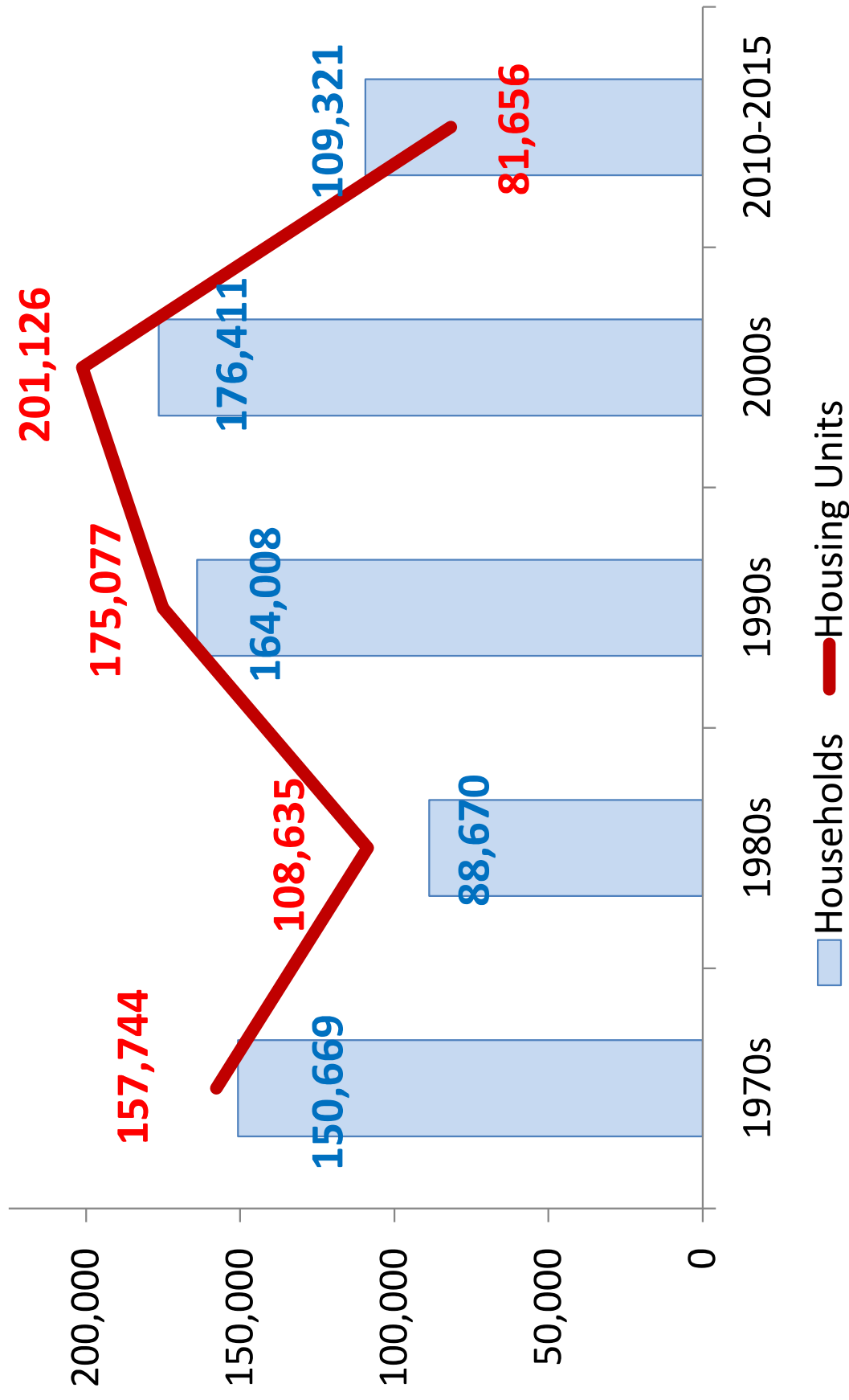
Category	State	Salt Lake County
Renter households	289,765	123,052
Hispanic renter households	50,306	25,245
% Renters ≤34 years	45.9%	45.1%
% Renters ≥65 years	10.4%	11.2%
% 1-2 person households	54.9%	60.5%
% one unit in structure (rented home)	36.6%	29.1%
Median year structure built	1984	1980
% with income ≤\$25,000	29.8%	27.1%

Utah's Housing Shortage

1. For the first time in over forty years the number of new households is growing faster than new housing starts.
2. In each housing market demand exceeds supply; (a) existing home market, (b) new home market, and (c) apartment market.

Does Utah have a housing shortage?

For the first time in forty years the increase in households exceeds the increase in housing units.

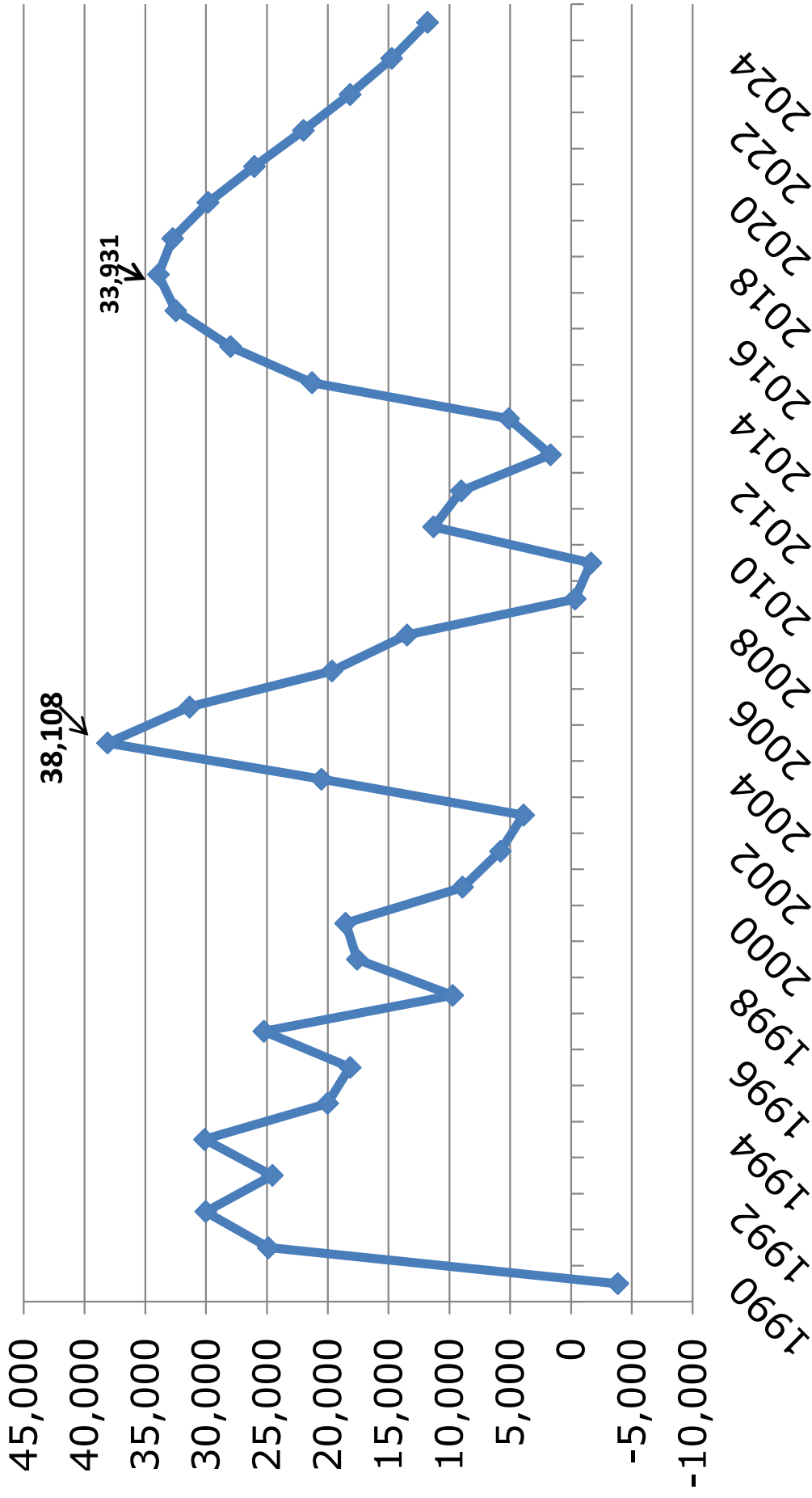


Some of the Causes: Supply Side

Supply Bottlenecks

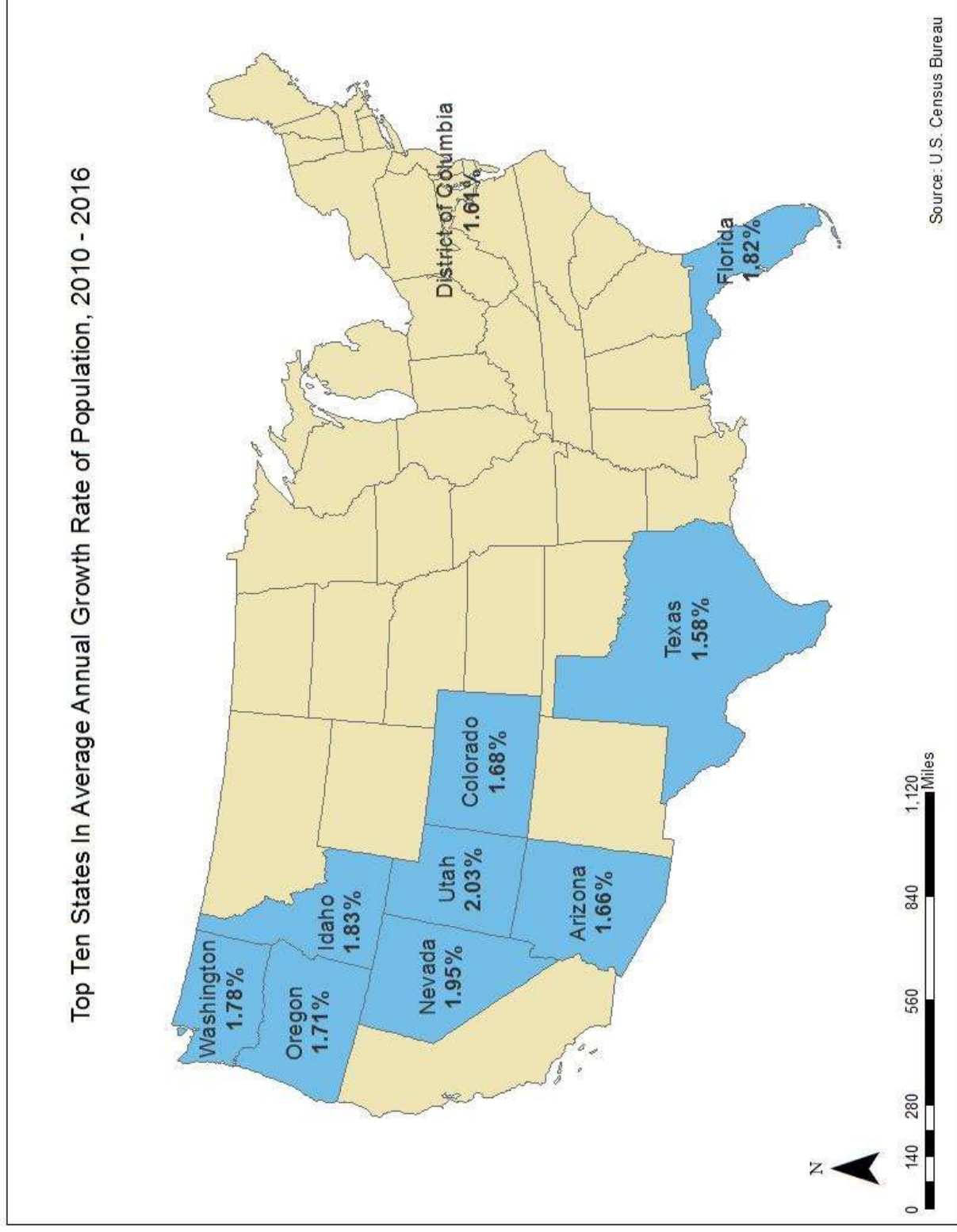
1. Labor shortage; immigration.
2. Land price and availability.
3. Local ordinances; zoning, density, fees

CAUSES ON THE DEMAND SIDE: RAPID DEMOGRAPHIC GROWTH: NET MIGRATION



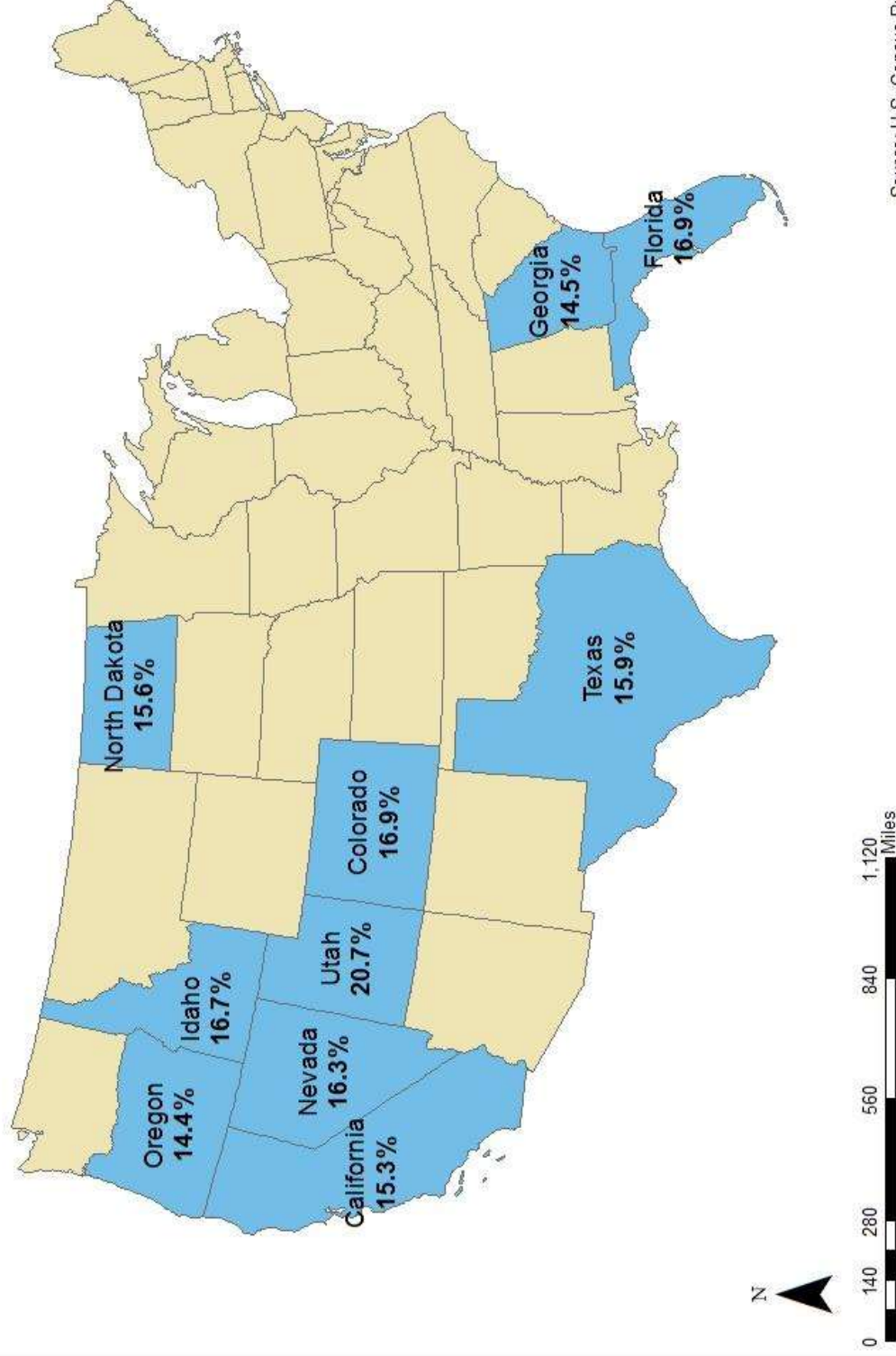
Source: Kem Gardner Policy Institute.

Population Growth for Selected States 2010-2016



Employment Growth for Selected States 2010-2016

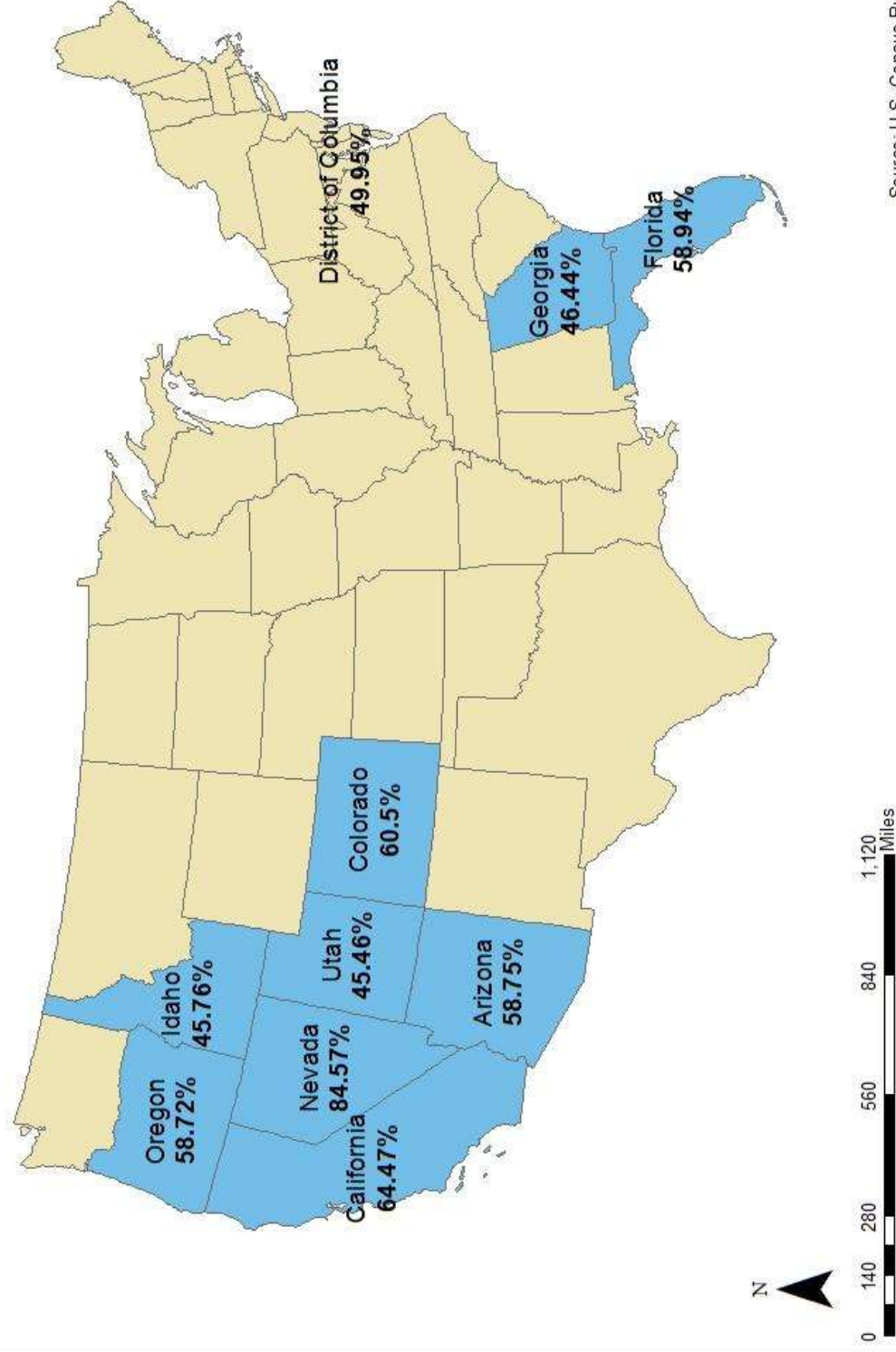
Top Ten States In Percent Increase in Nonagricultural Jobs, 2010 - 2016



Source: U.S. Census Bureau

Increase in Housing Price Index by State 2011-2016

Top Ten States In Percent Increase in Housing Price Index, 2011 - 2016



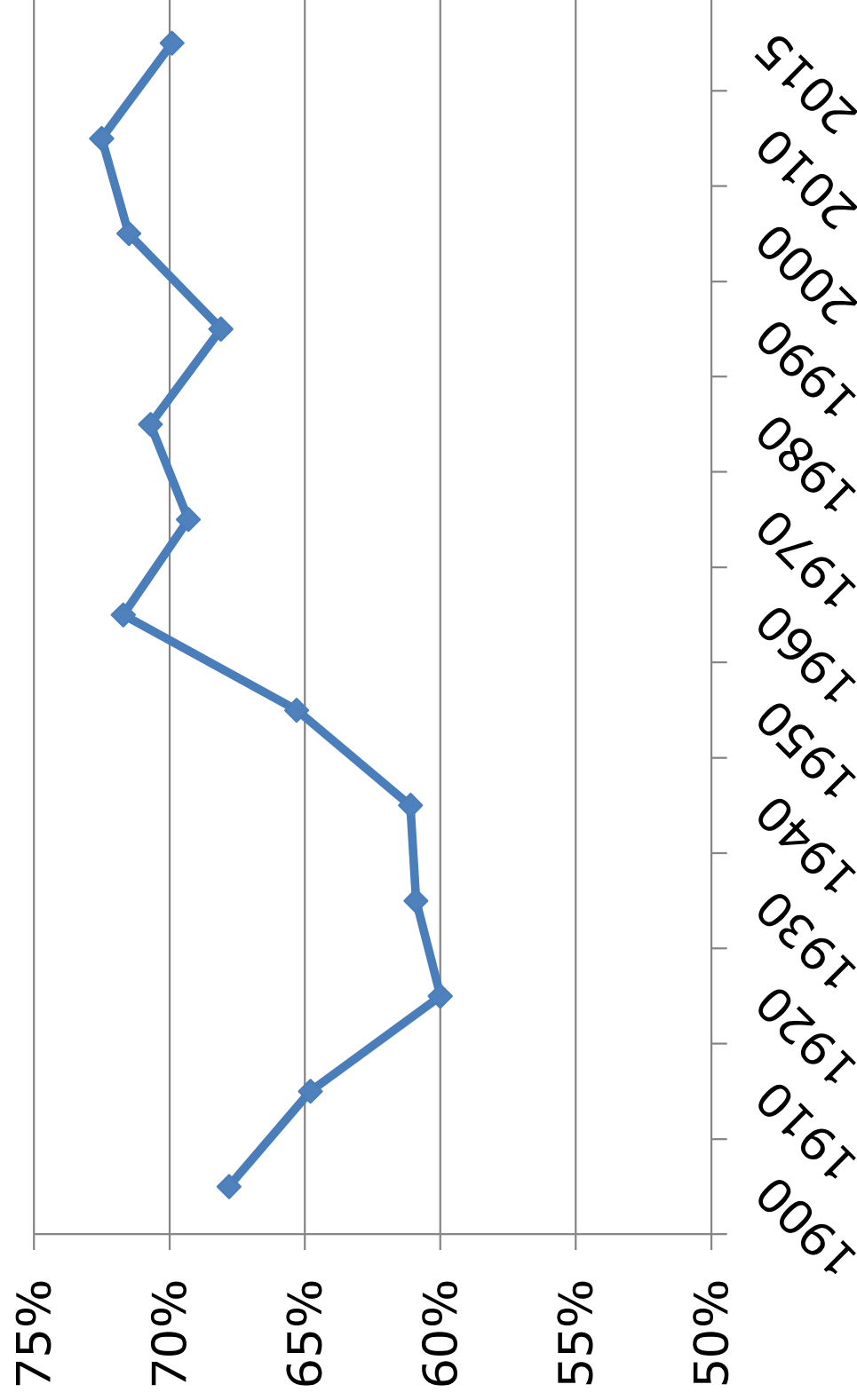
Result of Housing Shortage

Homeownership rate is declining and housing prices accelerating.

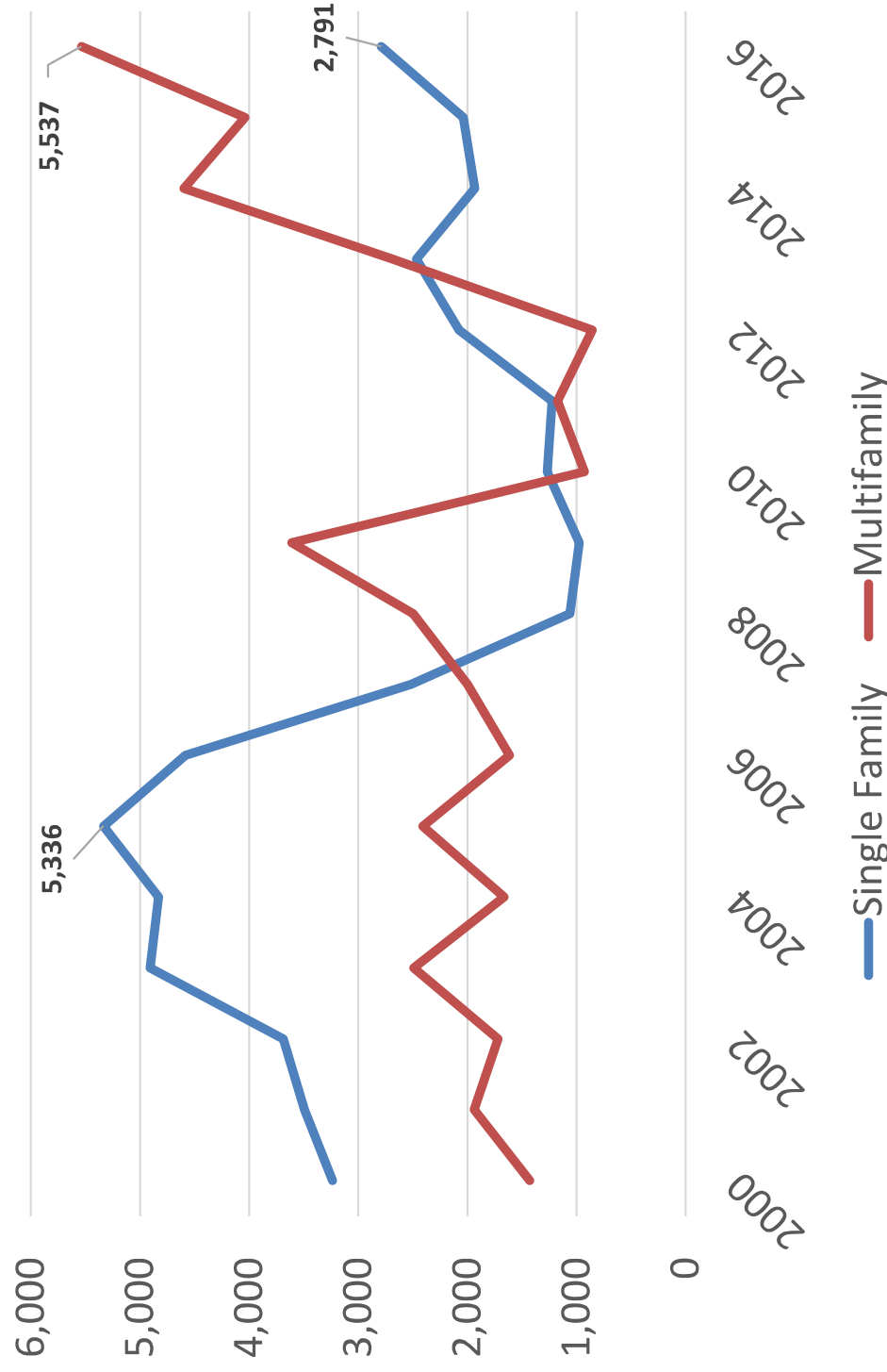
Homeownership Rates in Utah – Percent of Household

Utah is the only state where homeownership rates have never fallen below 60%

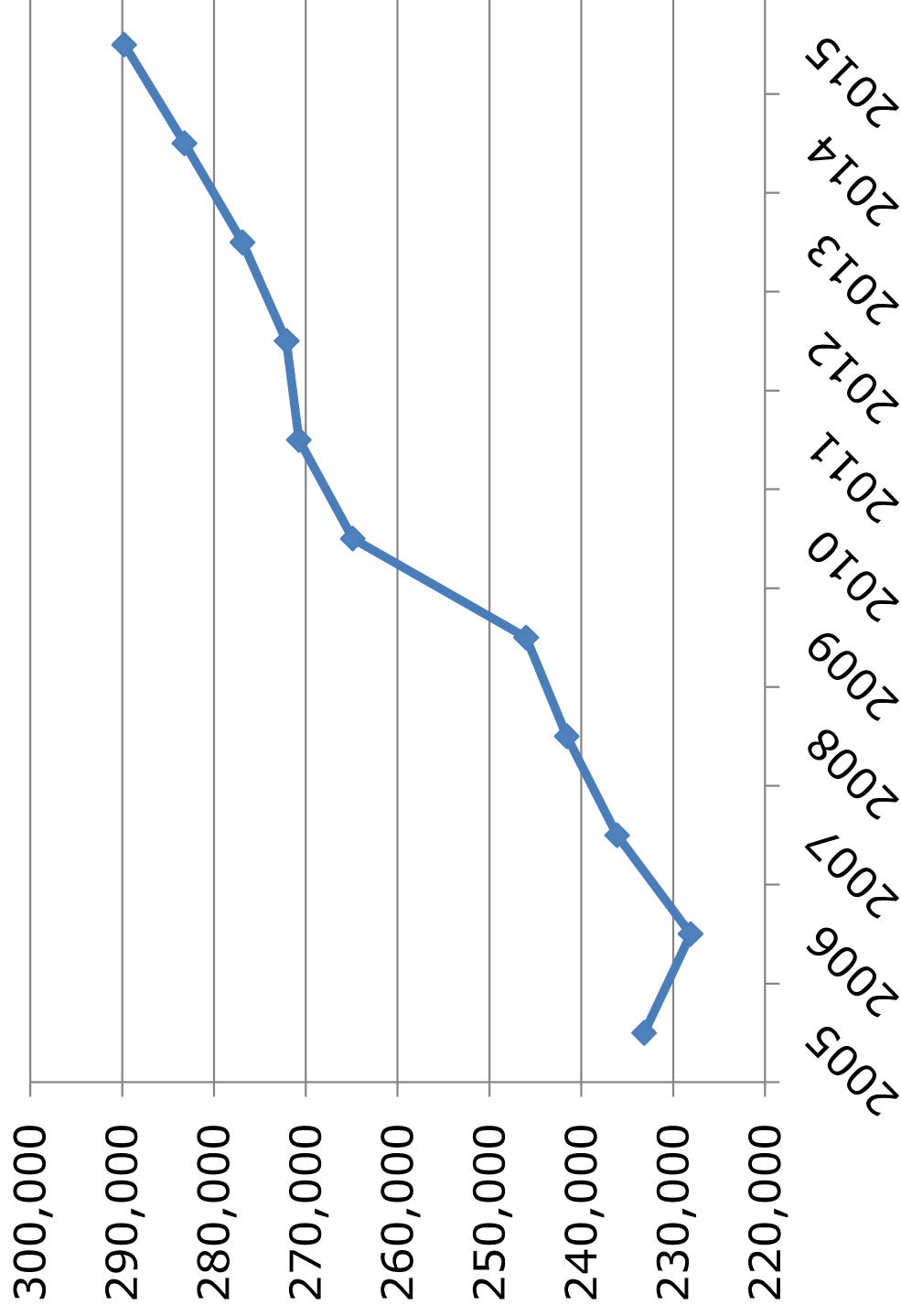
Peak in homeownership rates in Utah was 2008 at 76.2%



Total Permits Issued for Single Family and Multifamily Units in Salt Lake County

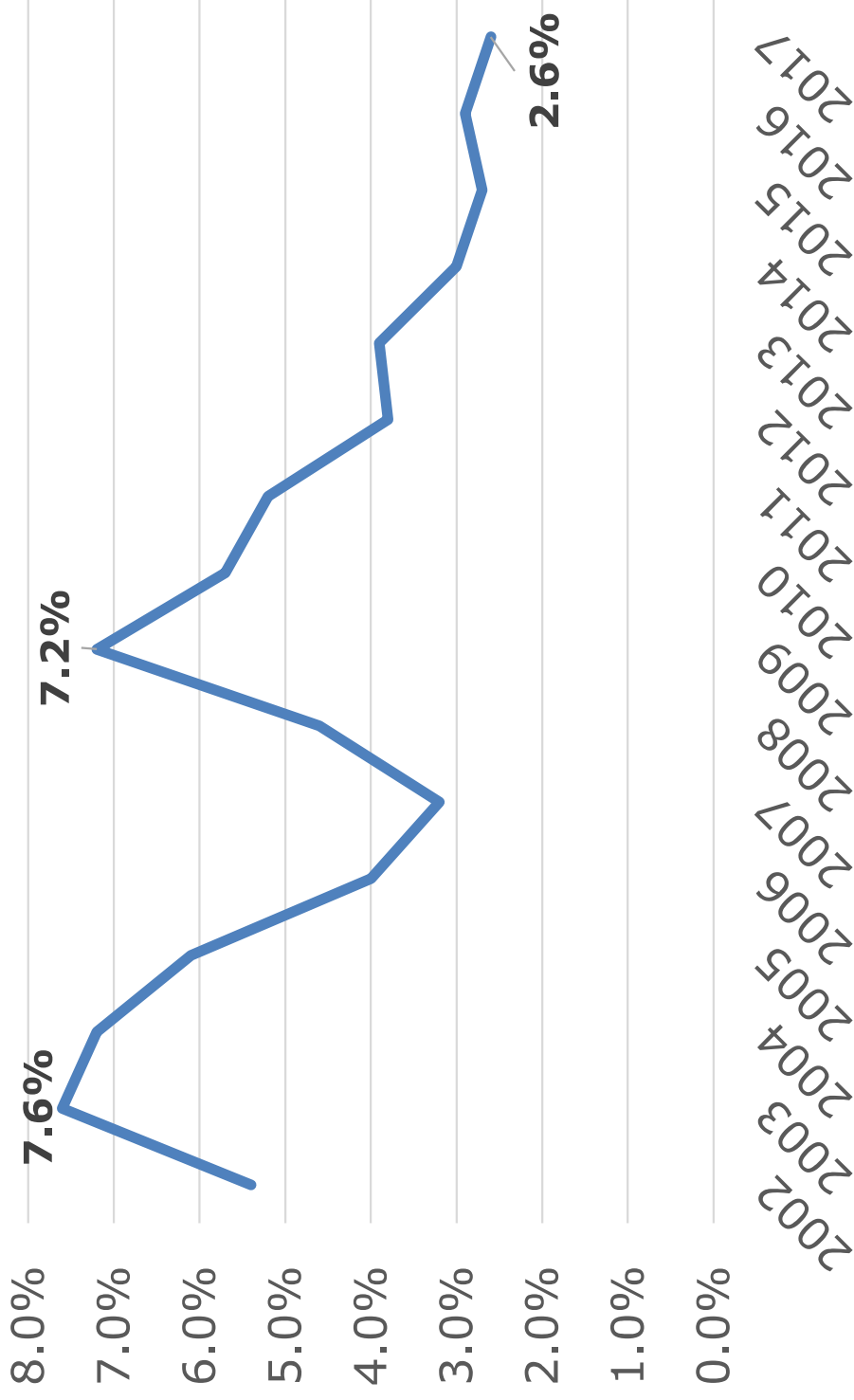


Number of Renter Households in Utah



Source: U.S. Census Bureau.

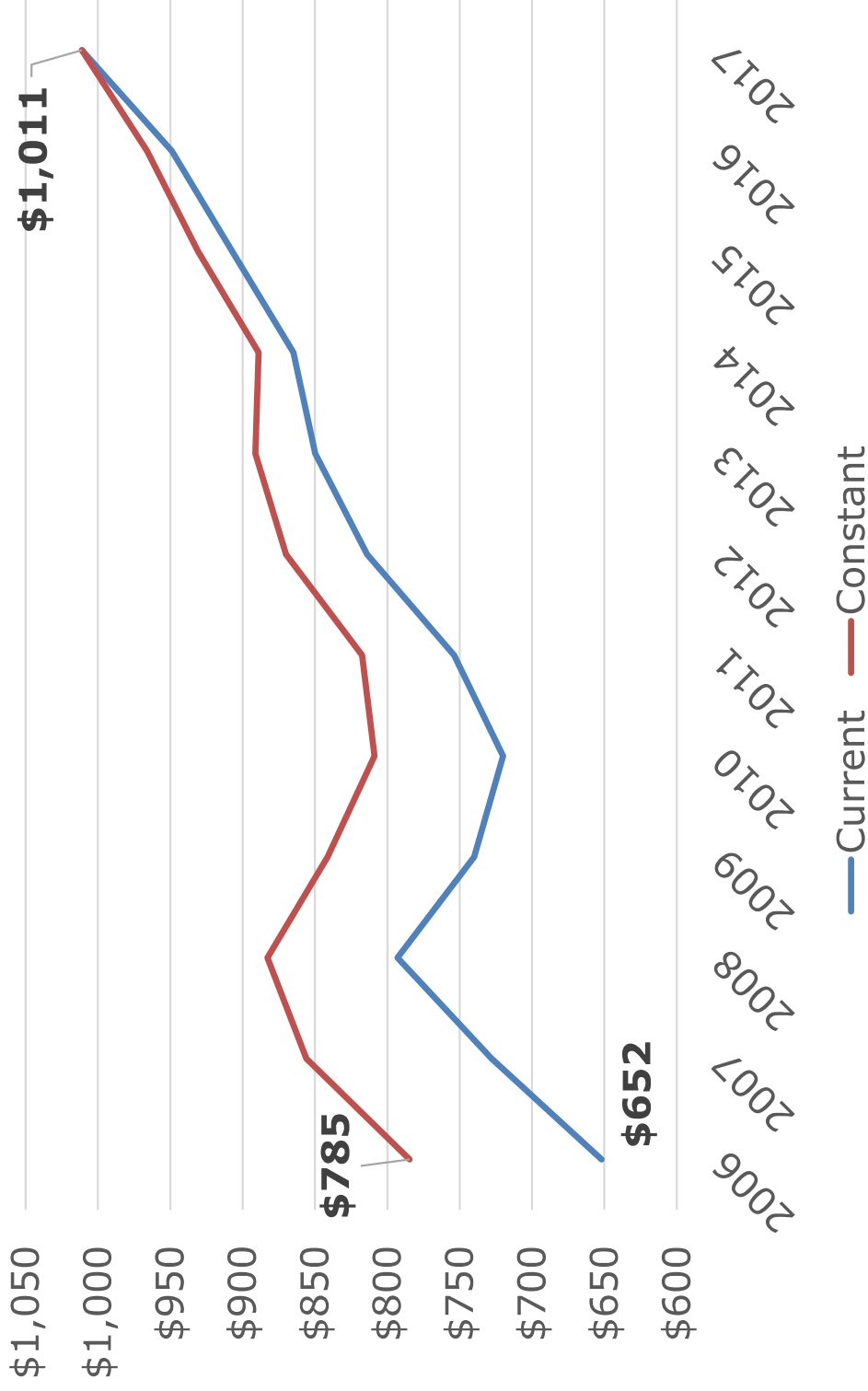
Apartment Vacancy Rates Salt Lake County



Source: Commerce Real Estate Solutions.

Overall Rental Rate in Salt Lake County

Annual Growth Rate in Current Dollars = 4.1%, Annual Growth Rate in 2017 Constant Dollars = 2.3%



Source: Commerce Real Estate Solutions.

Average Rental Rate in Salt Lake County

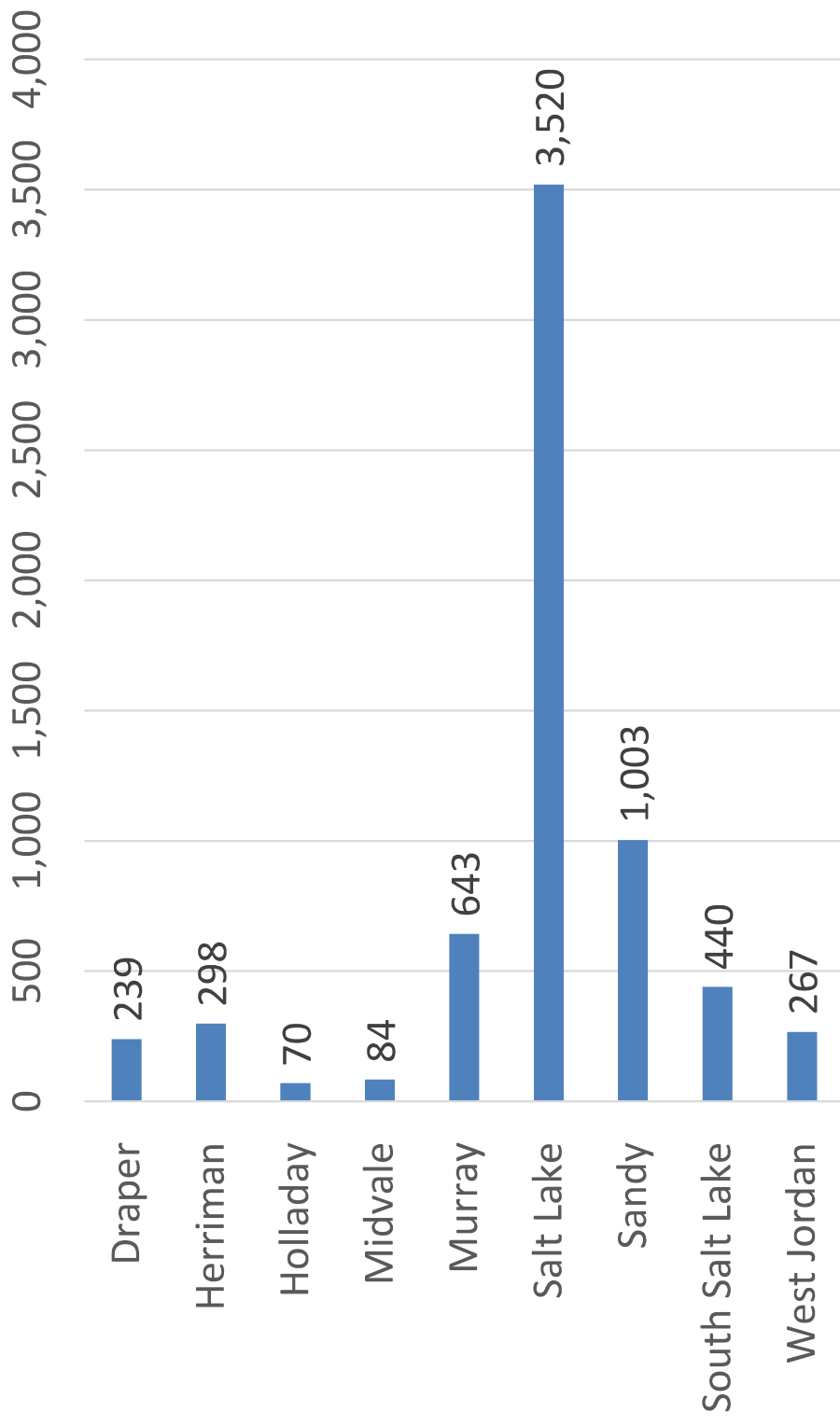
Summer 2017

	Rents	SF	Rent/SF
Studio	\$745	424	\$1.76
One Bedroom	\$906	680	\$1.33
Two Bedroom One Bath	\$932	840	\$1.11
Two Bedroom Two Bath	\$1,158	1014	\$1.14
Three Bedroom	\$1,278	1243	\$1.03
Overall	\$1,011	854	\$1.19

Apartment Units Under Construction In Salt Lake County

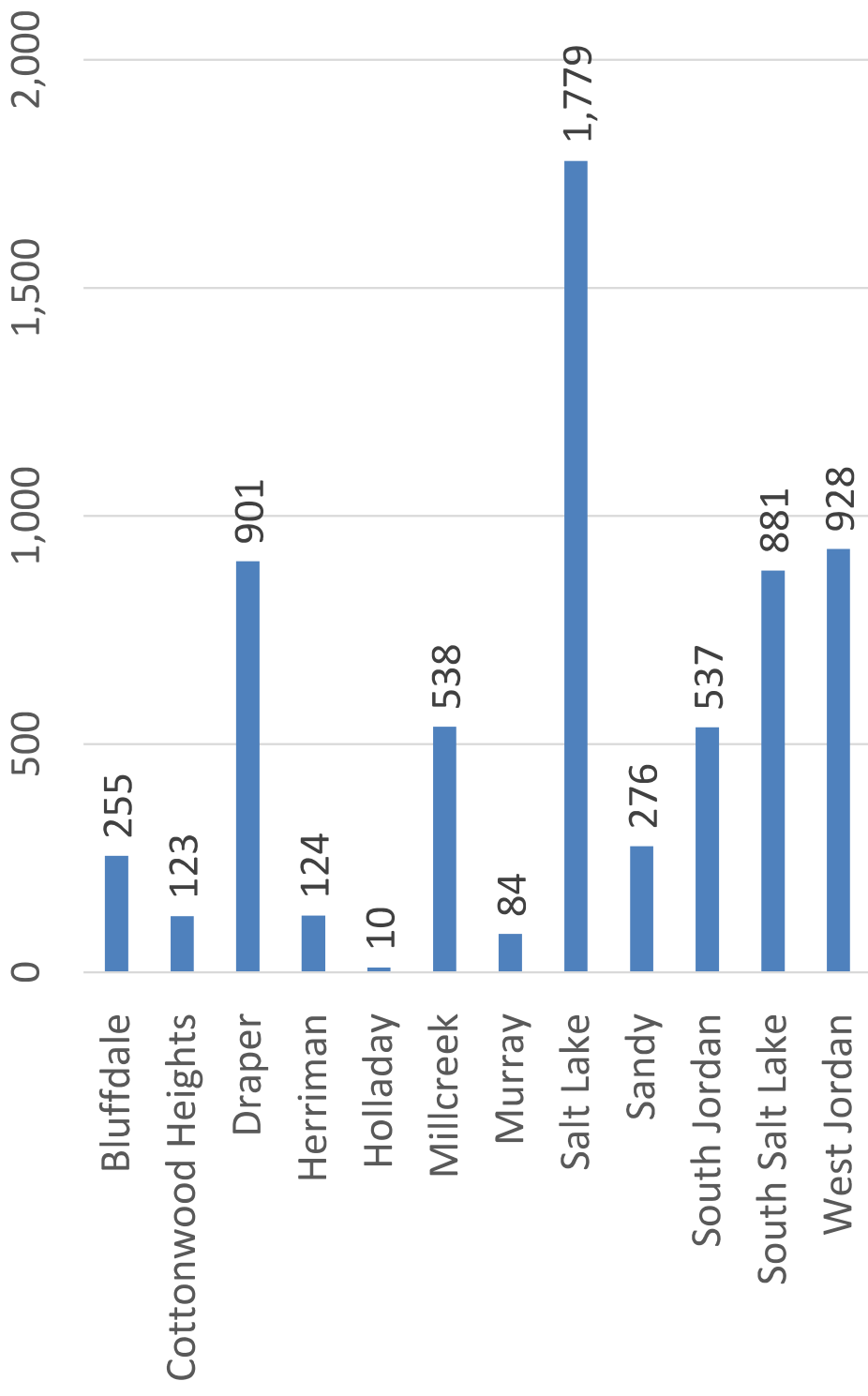
July 2017

Salt Lake County Total = 6,564



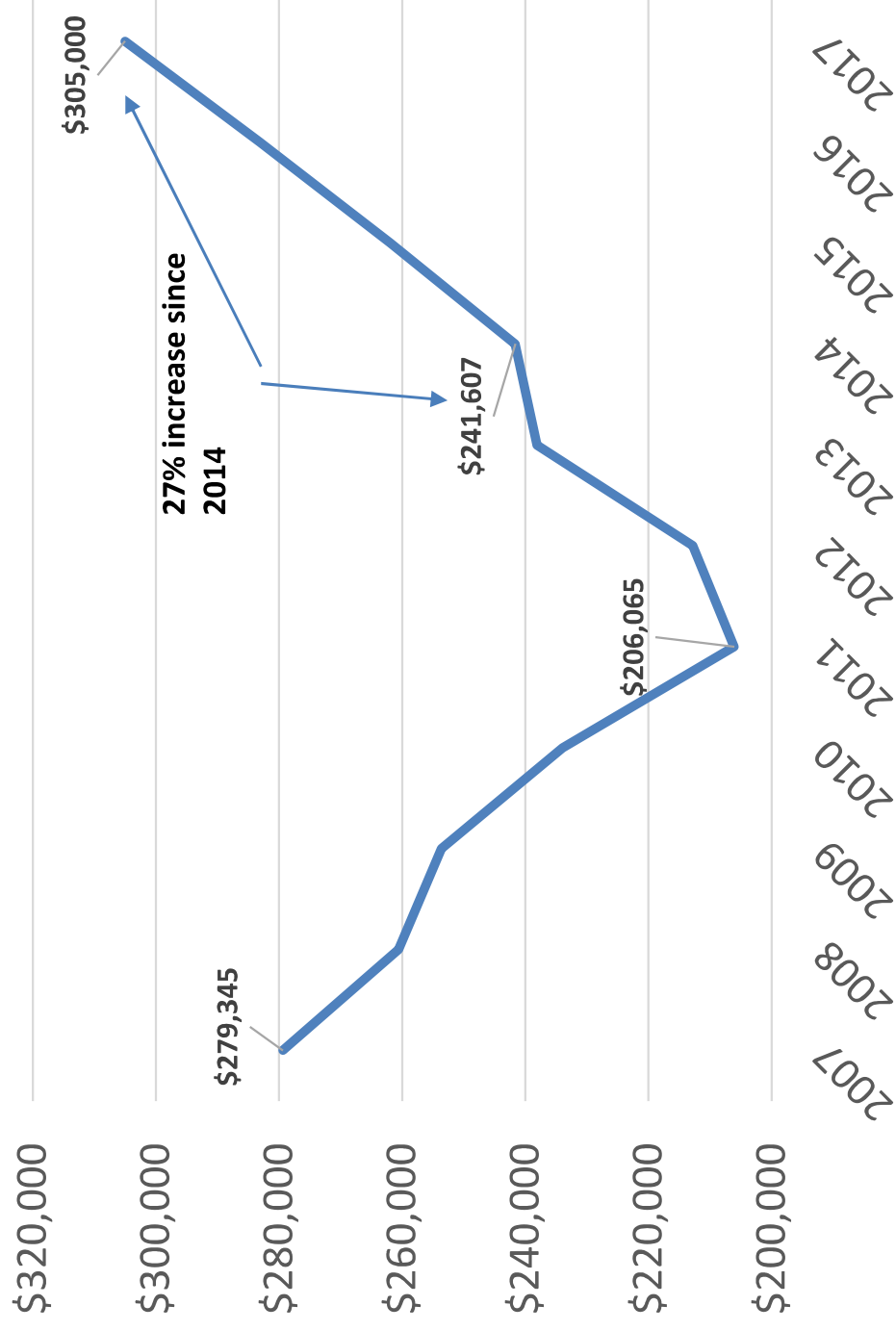
Source: Ivory-Boyer Construction Database, University of Utah.

Apartment Units Proposed in Salt Lake County

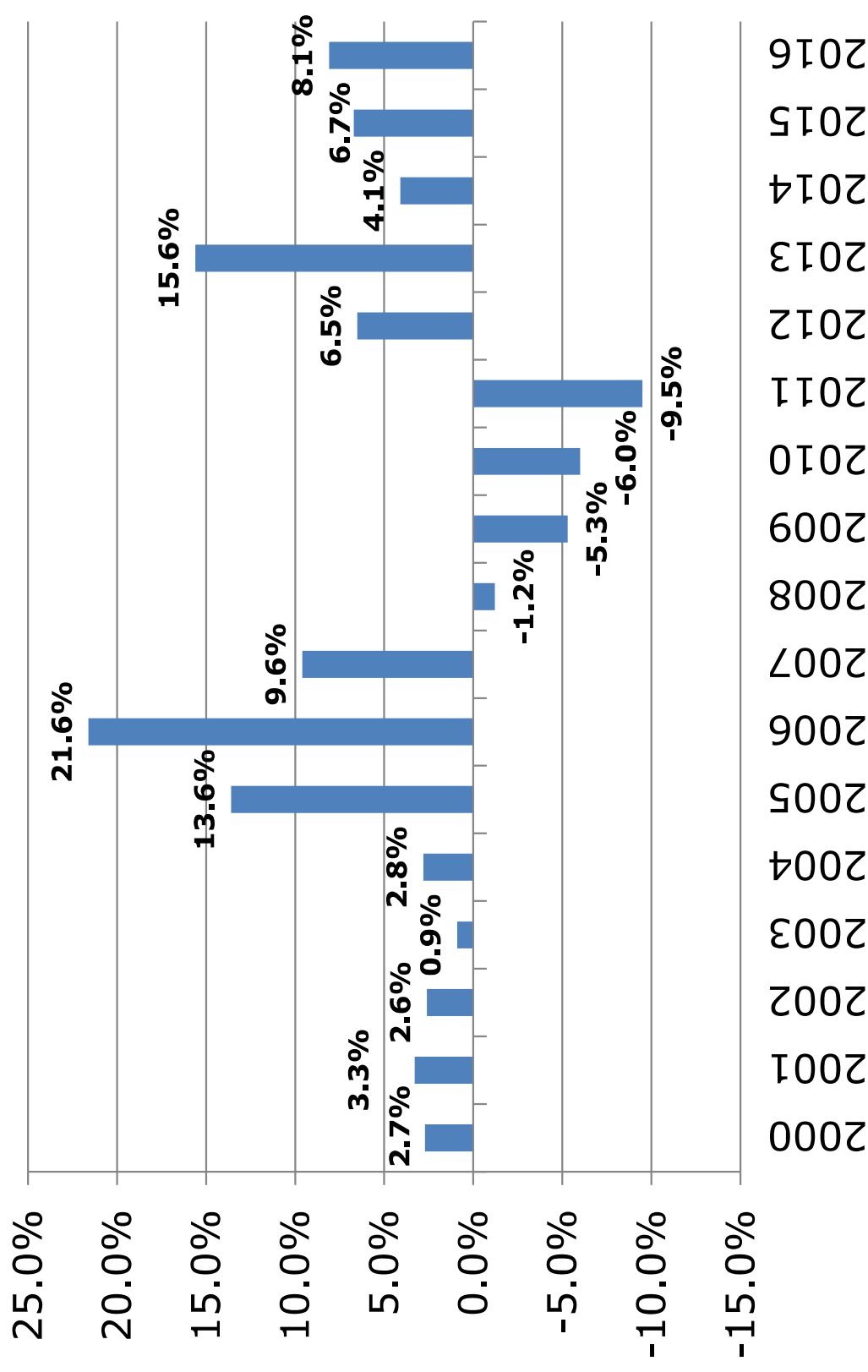


Source: Commerce Real Estate Solutions.

Increase in Median Sales Price of Home in Wasatch Front County (2017 dollars)



Percent Change in Median Sales Price of Home in Salt Lake County



Any Relief from the Shortage?

1. Supply side: labor, land, zoning
2. Demand side: demographic and employment growth.
3. Likely to continue:
 - (a) Price increases – severe housing cost burden SL Co. 22% of renters 28,000; 13% of homeowners 35,000
 - (b) Declining homeownership rates; shift in structure of demand.