Utah Housing Market Update

Nov. 18th , 2024

Dejan Eskic

Summary

- **Larger context** – We face a new operating landscape that creates political upheaval and cultural realignment.

- **Economic expansion** – In the face of this upheaval and realignment, the U.S. economy remains strong and is now on the other side of the interest rate curve.

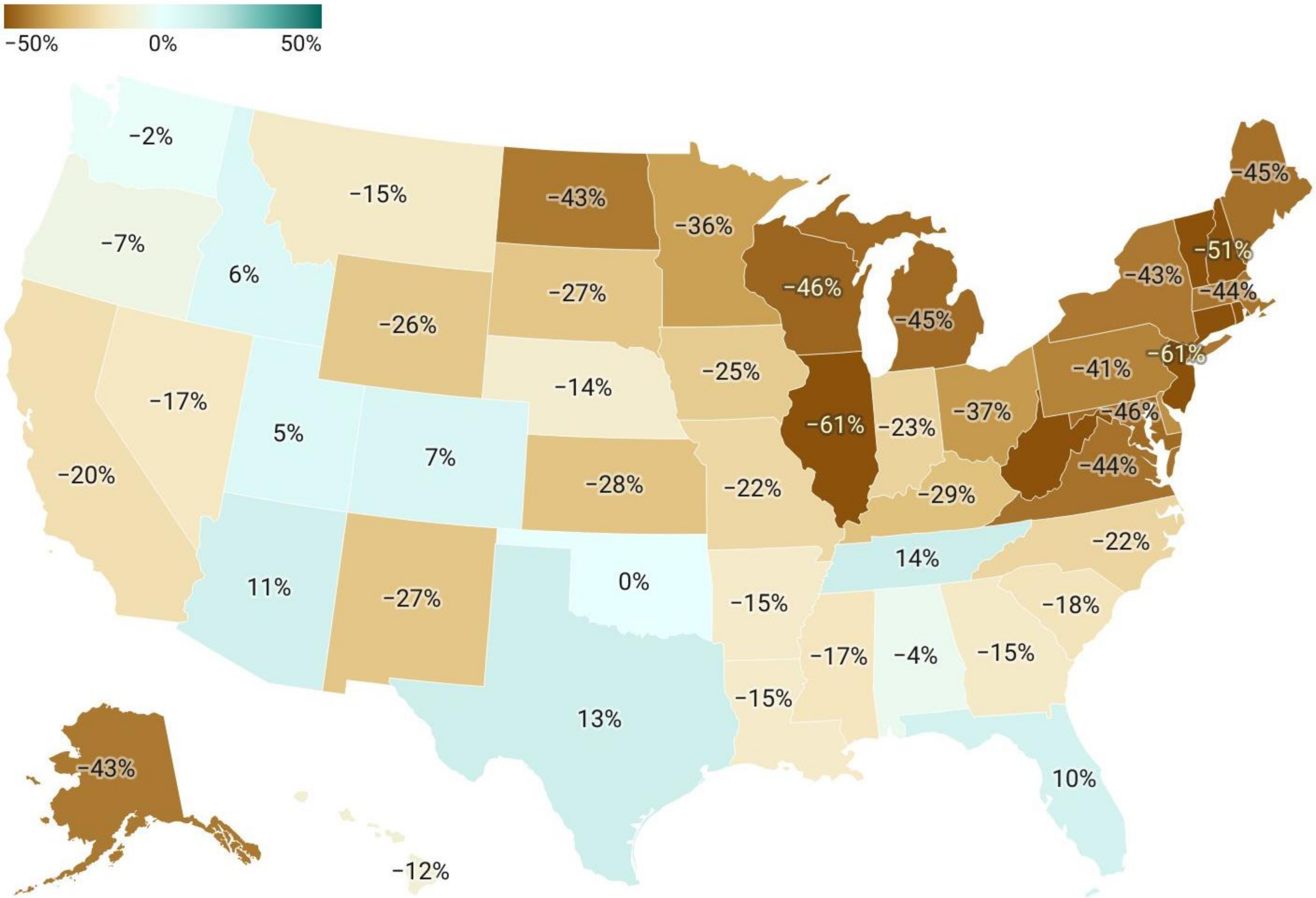
- **Soft landing** – Inflation and unemployment within or close to “target range.” Probability of a recession in the next 12 months now below 30%.

- **Utah** – Utah remains among the top performing economies in the nation, but is not immune from several challenges.

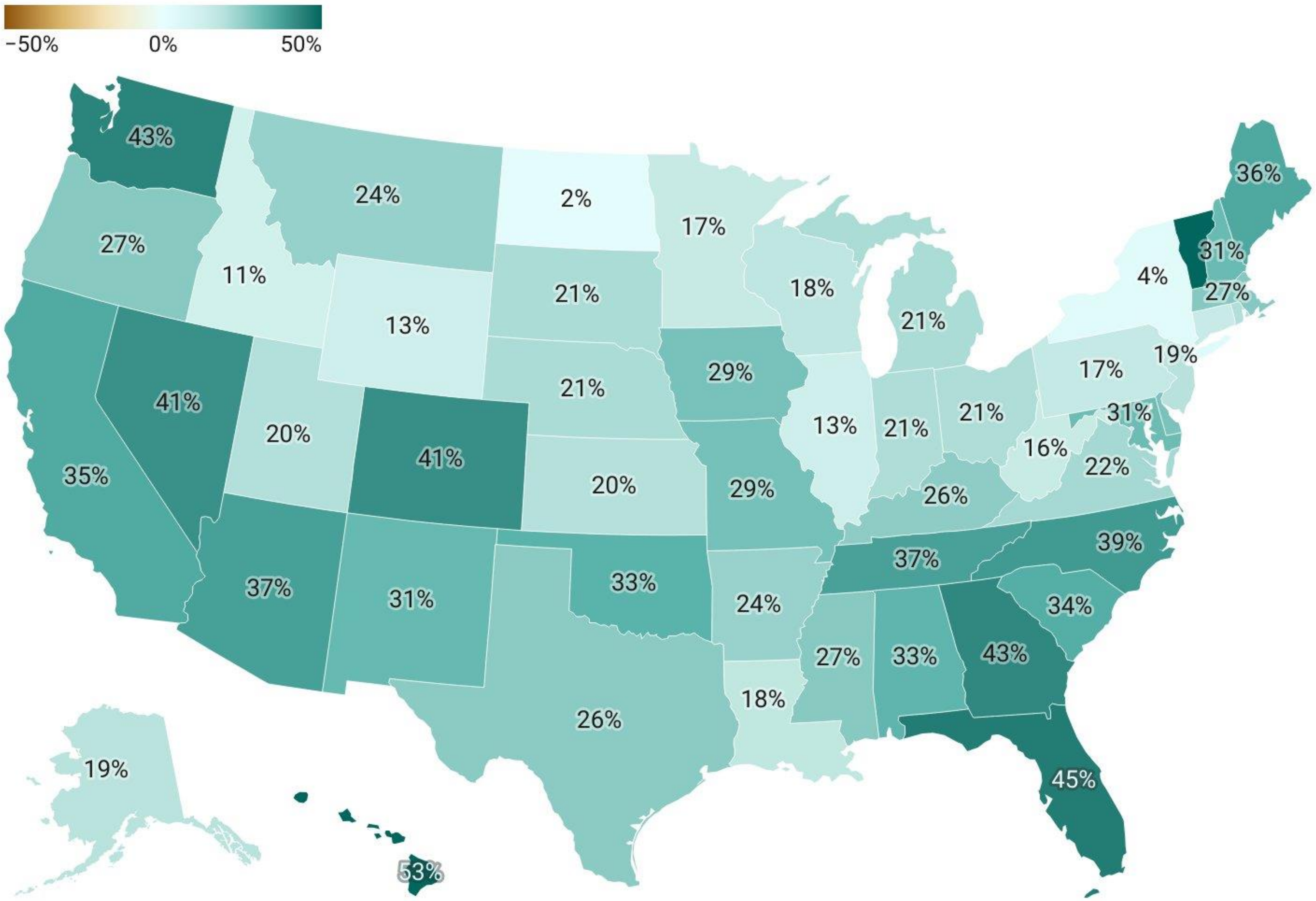
- **Outlook** – Expect the economy to avoid recession, but slowdown in 2025. Geopolitical shocks, housing and labor shortages, and mental health flashing lights represent the biggest immediate risks. Public debt and energy present longer-term risks.

Active For-Sale Inventory Change to PreCovid

October 2019 – October 2024



One-year change in active housing inventory for sale: Shift between October 2023 and October 2024

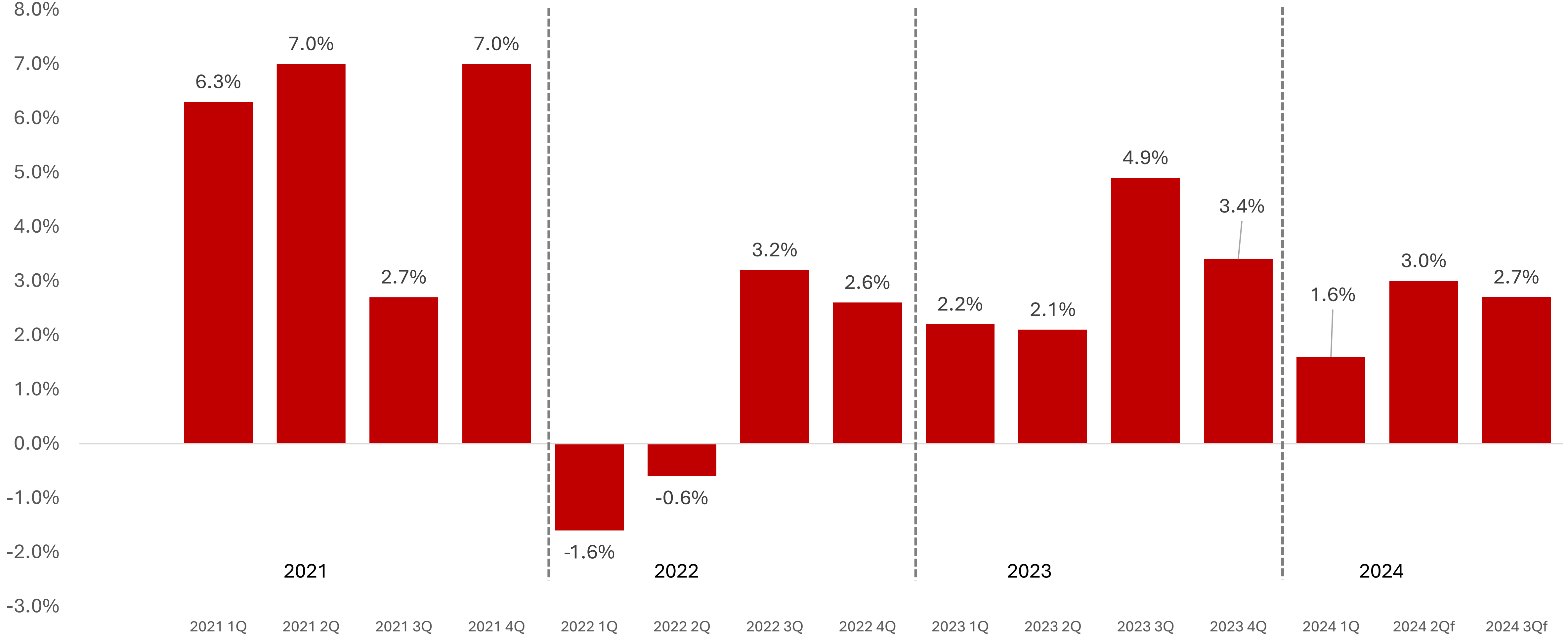


Map: Lance Lambert • Source: ResiClub analysis of listing data from Realtor.com • Created with Datawrapper

ResiClub

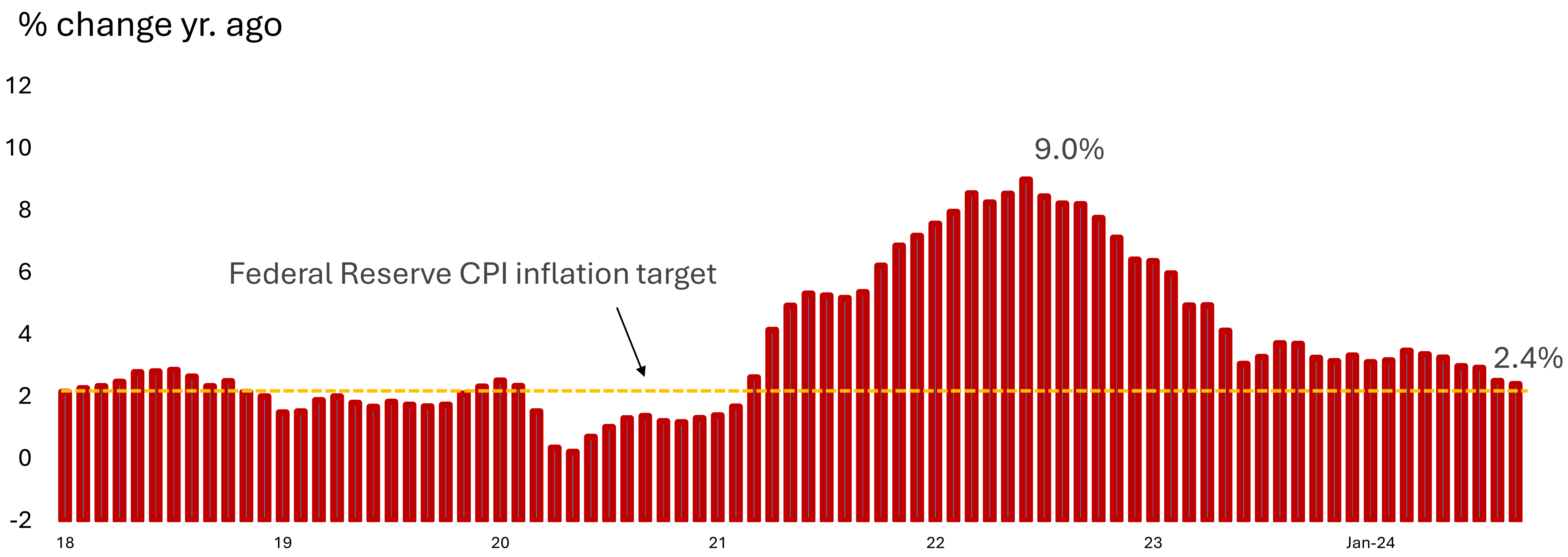
U.S. Real GDP Growth

Quarter-over, seasonally adjusted annual rate



Source: Bureau of Economic Analysis, Gardner Institute, and Wells Fargo Economics

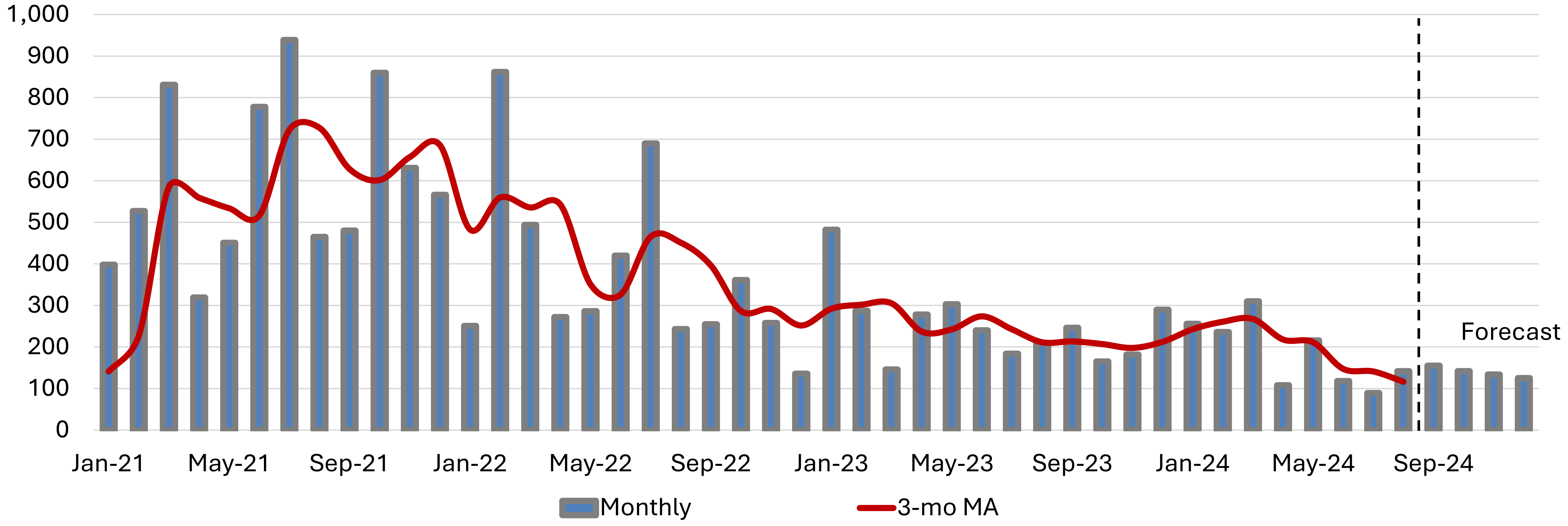
U.S. Consumer Price Inflation



Source: U.S. Bureau of Labor Statistics

FED Had to Act

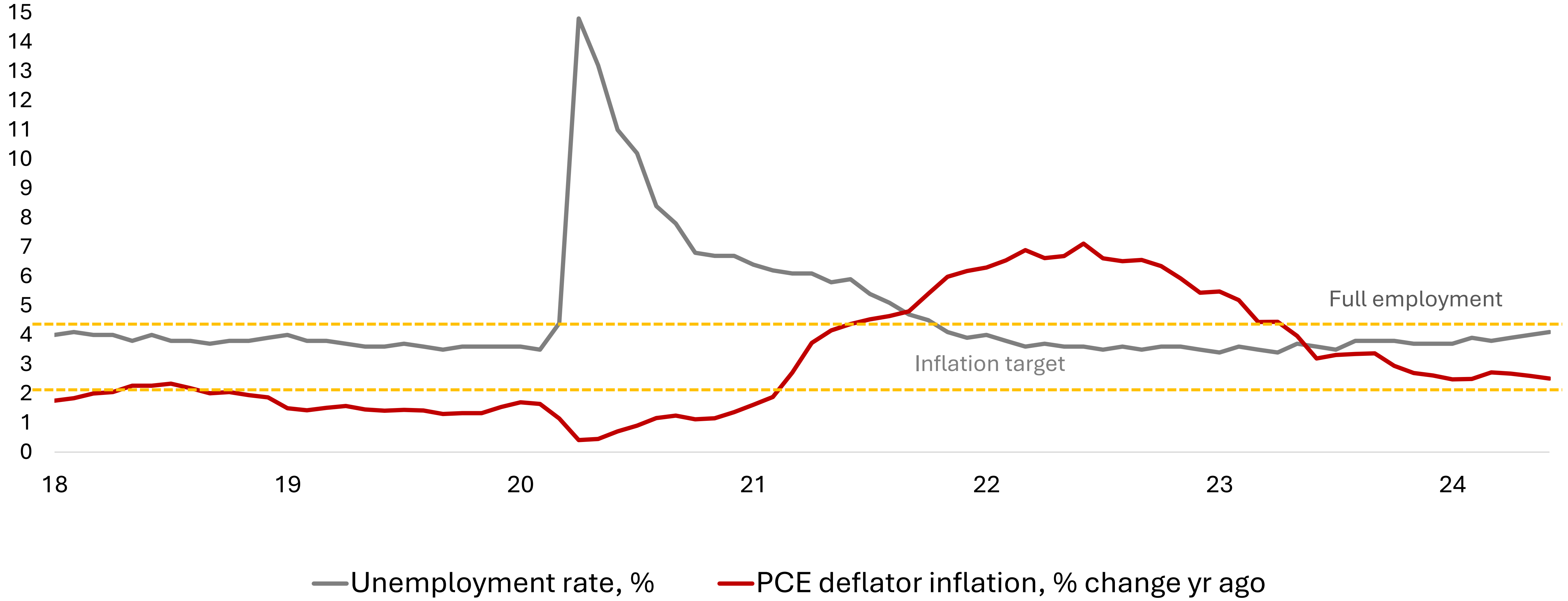
Monthly change in U.S. nonfarm payroll employment, thousands



Source: U.S. Bureau of Labor Statistics, Moody's Analyti

Federal Reserve Dual Mandate

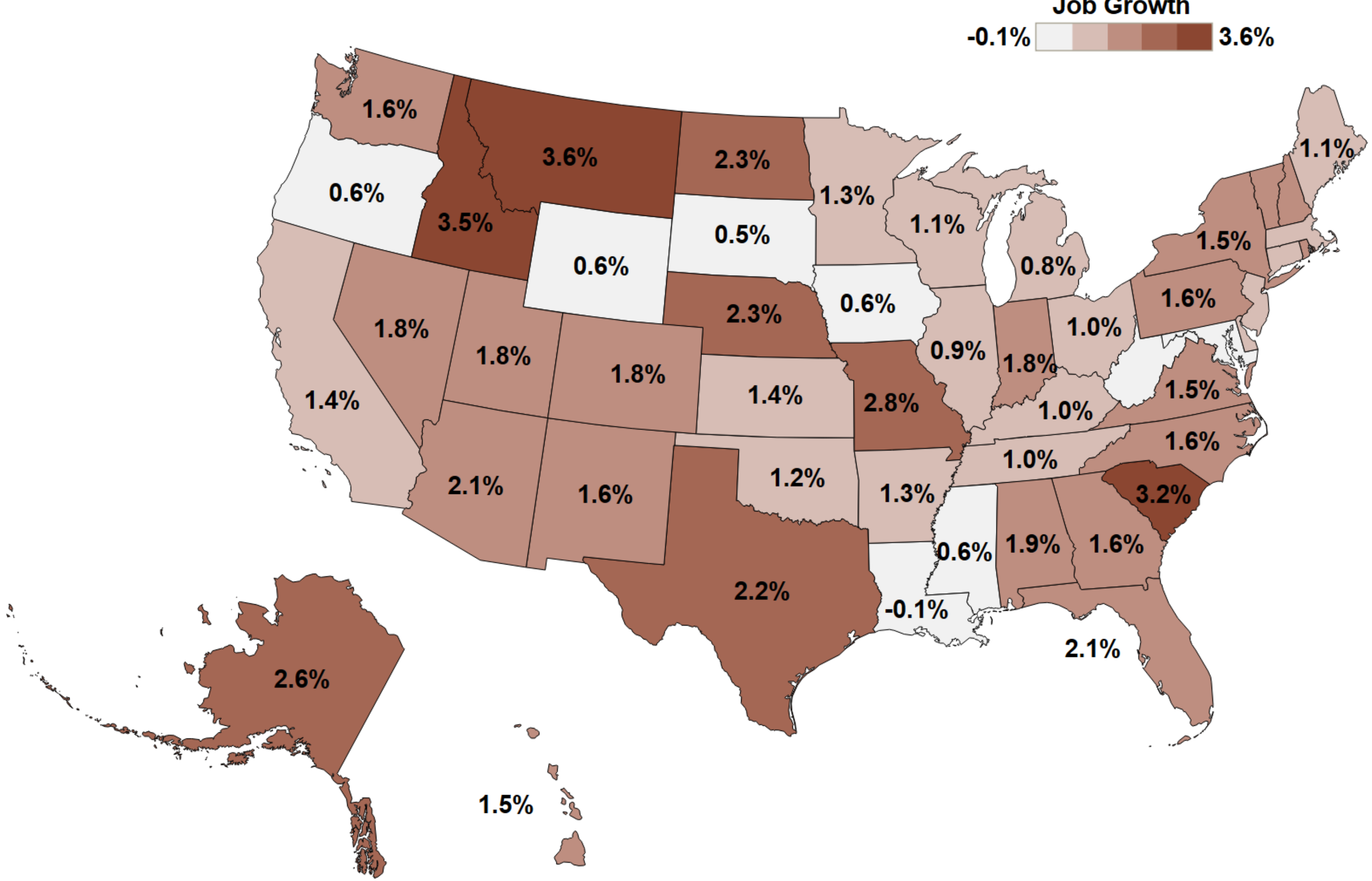
Full Employment and ~2% Inflation



Source: U.S. Bureau of Labor Statistics and Moody's

Job Growth

Year-over, September 2024

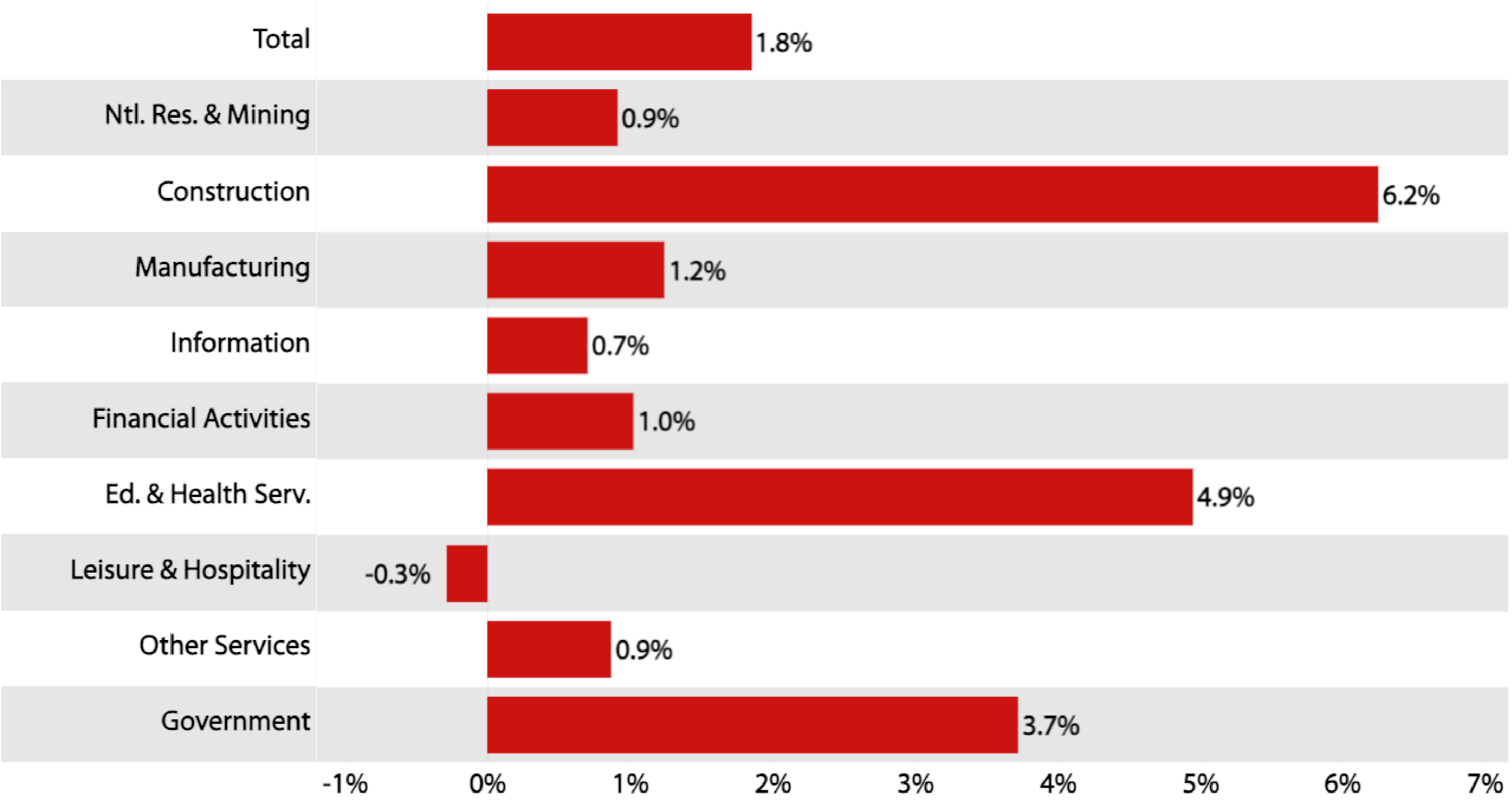


USA	1.5%
VT	2.0%
NH	1.9%
MA	0.9%
CT	0.7%
RI	1.6%
NJ	1.2%
WV	0.6%
MD	0.7%
DC	1.0%
DE	0.9%

Source: U.S. Bureau of Labor Statistics

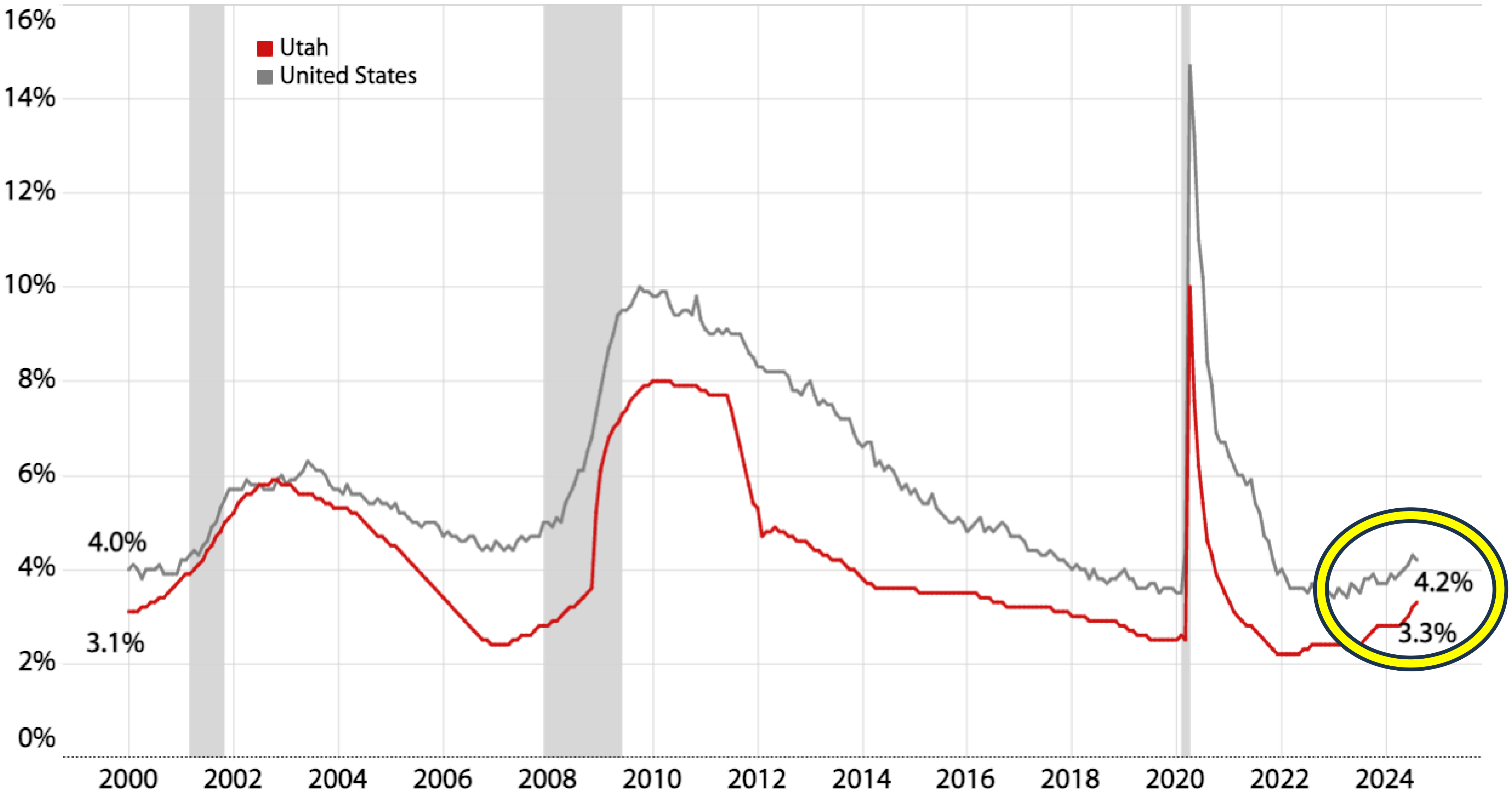
Construction and Ed & Health Leading Job Growth

Utah Nonfarm Industry Year-Over Job Growth, September 2024



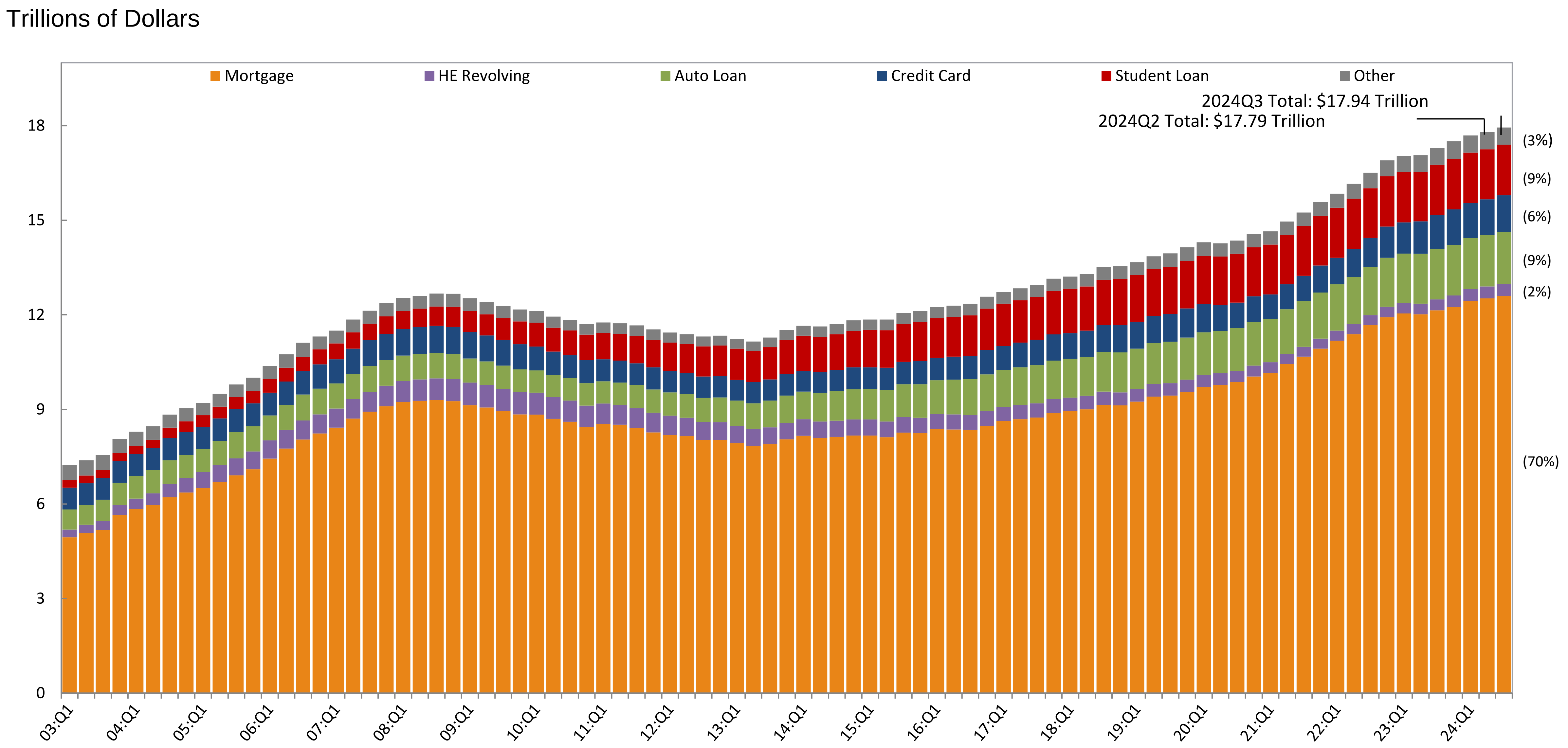
Source: U.S. Bureau of Labor Statistics

Very Low Unemployment, Even with Upticks



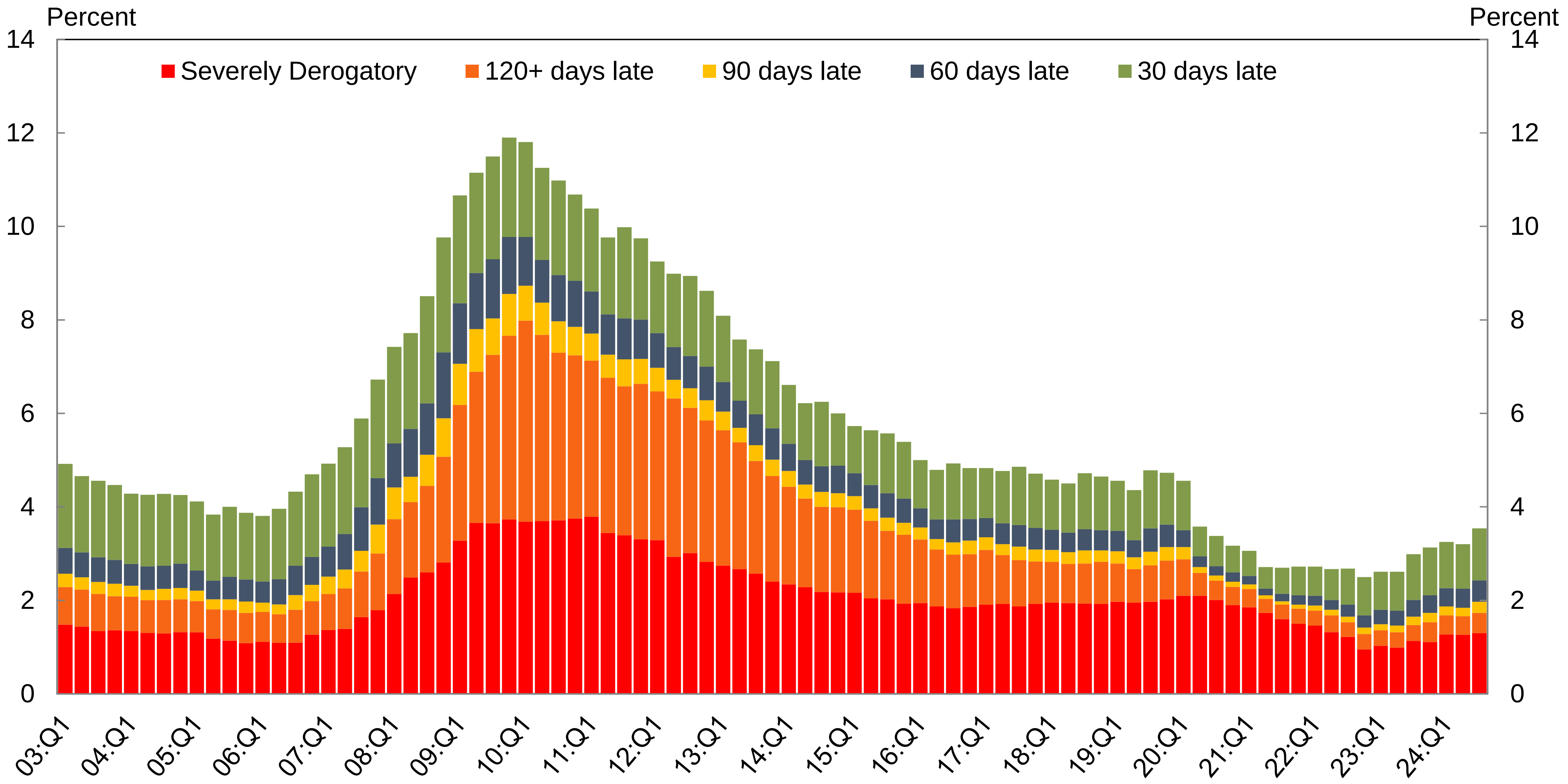
Source: U.S. Bureau of Labor Statistics

Total Debt Balance and its Composition



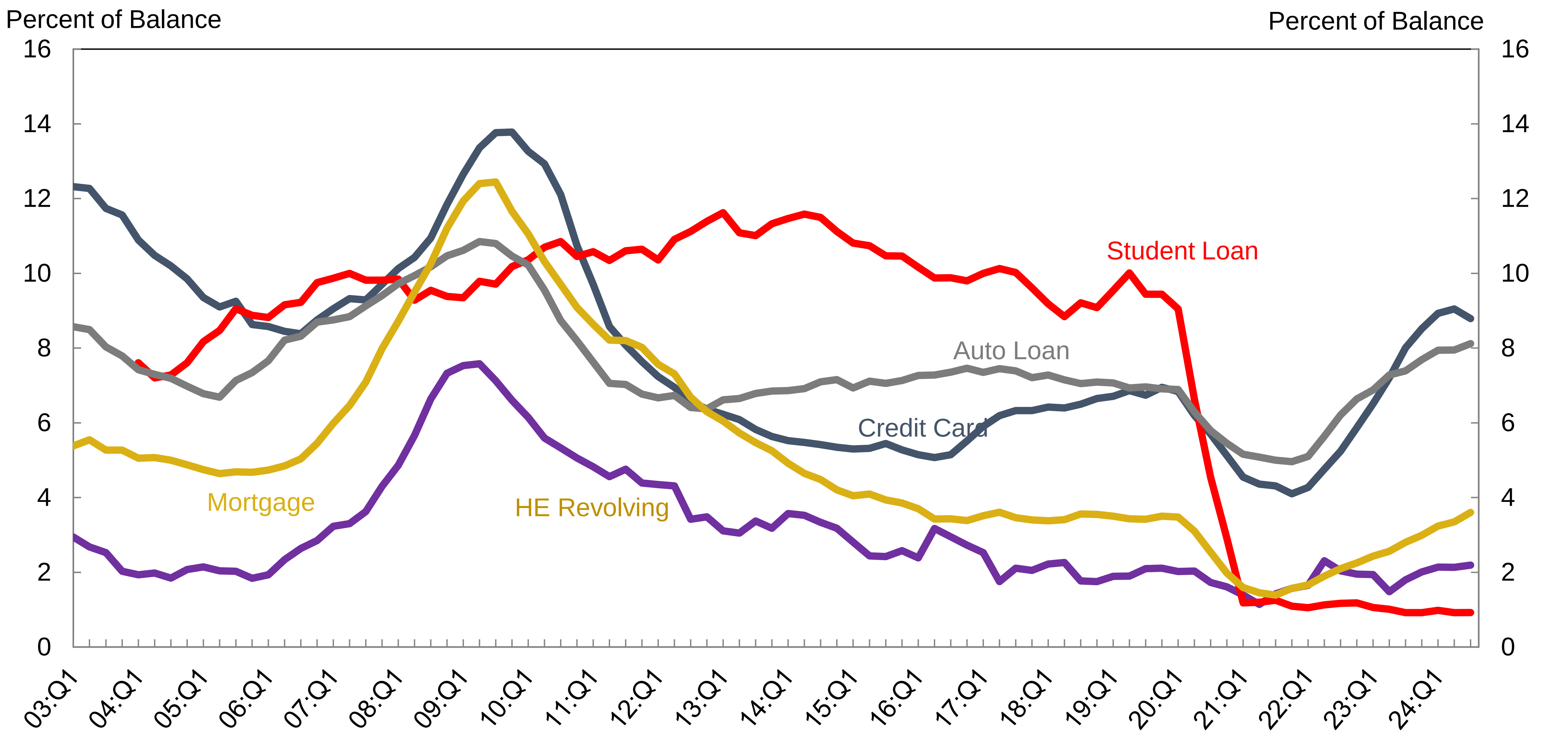
Source: New York Fed Consumer Credit Panel/Equifax

Total Balance by Delinquency Status – 2024Q3



Source: New York Fed Consumer Credit Panel/Equifax

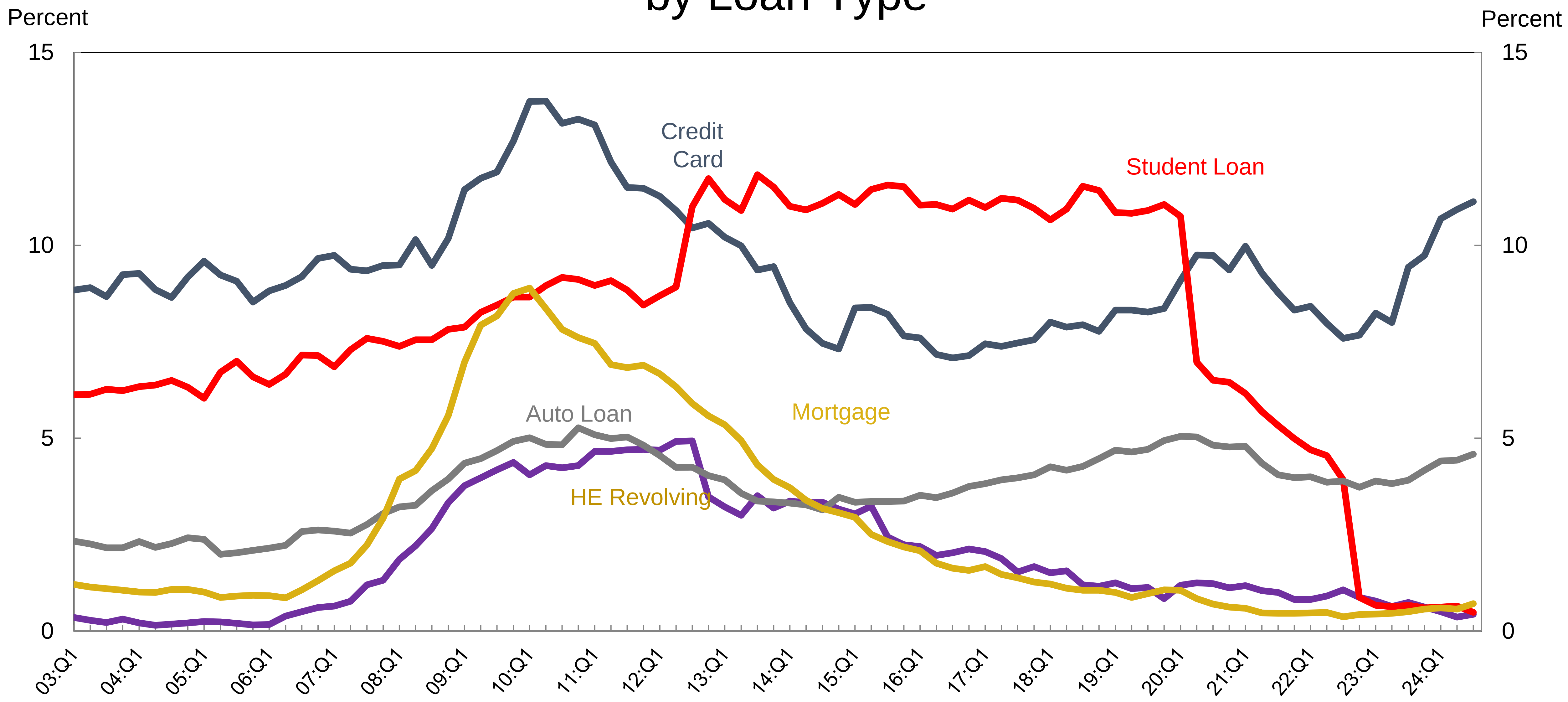
Transition into Delinquency (30+) by Loan Type



Note: 4 Quarter Moving Sum
Student loan data are not reported prior to 2004 due to uneven reporting

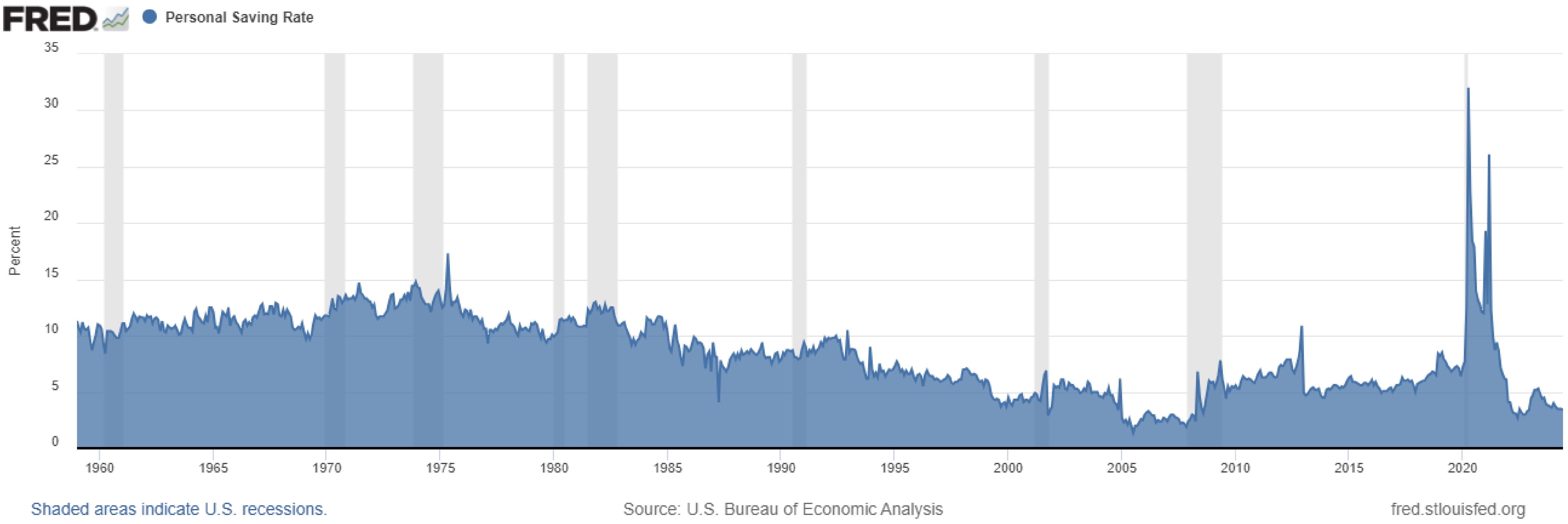
Source: New York Fed Consumer Credit Panel/Equifax

Percent of Balance 90+ Days Delinquent by Loan Type

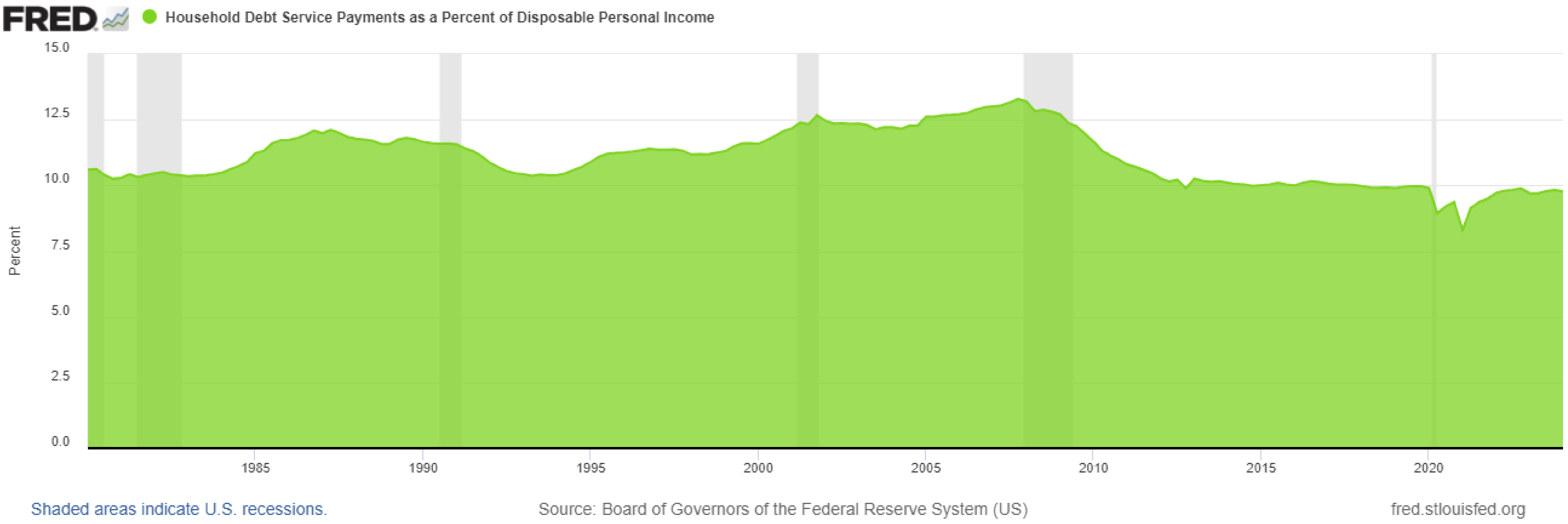


Source: New York Fed Consumer Credit Panel/Equifax

Household Saving Flows Low

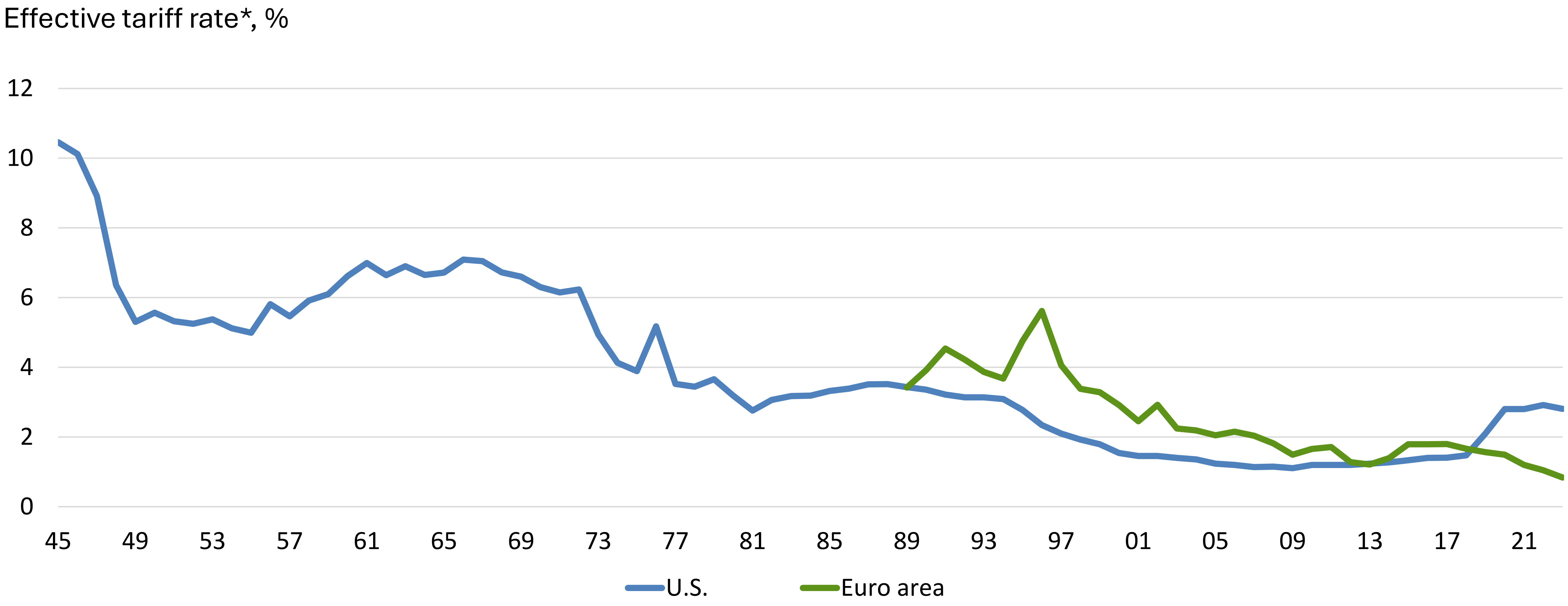


Strength Signal:
Monthly Debt Service Flow Low, Even with Rising Debt



30-Year Fixed UP After Fed Cuts

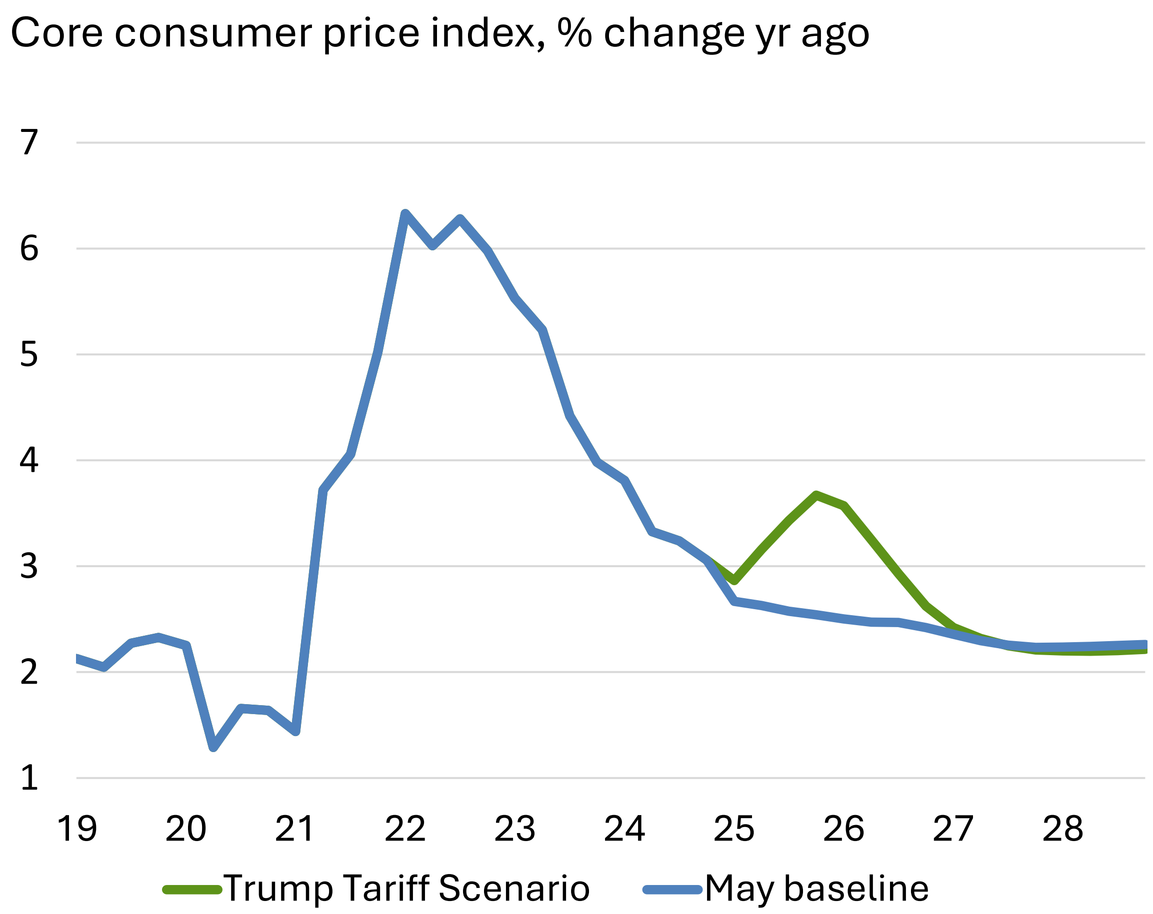
Chart 1: Trump Tariffs Would Significantly Raise the Effective Tariff Rate

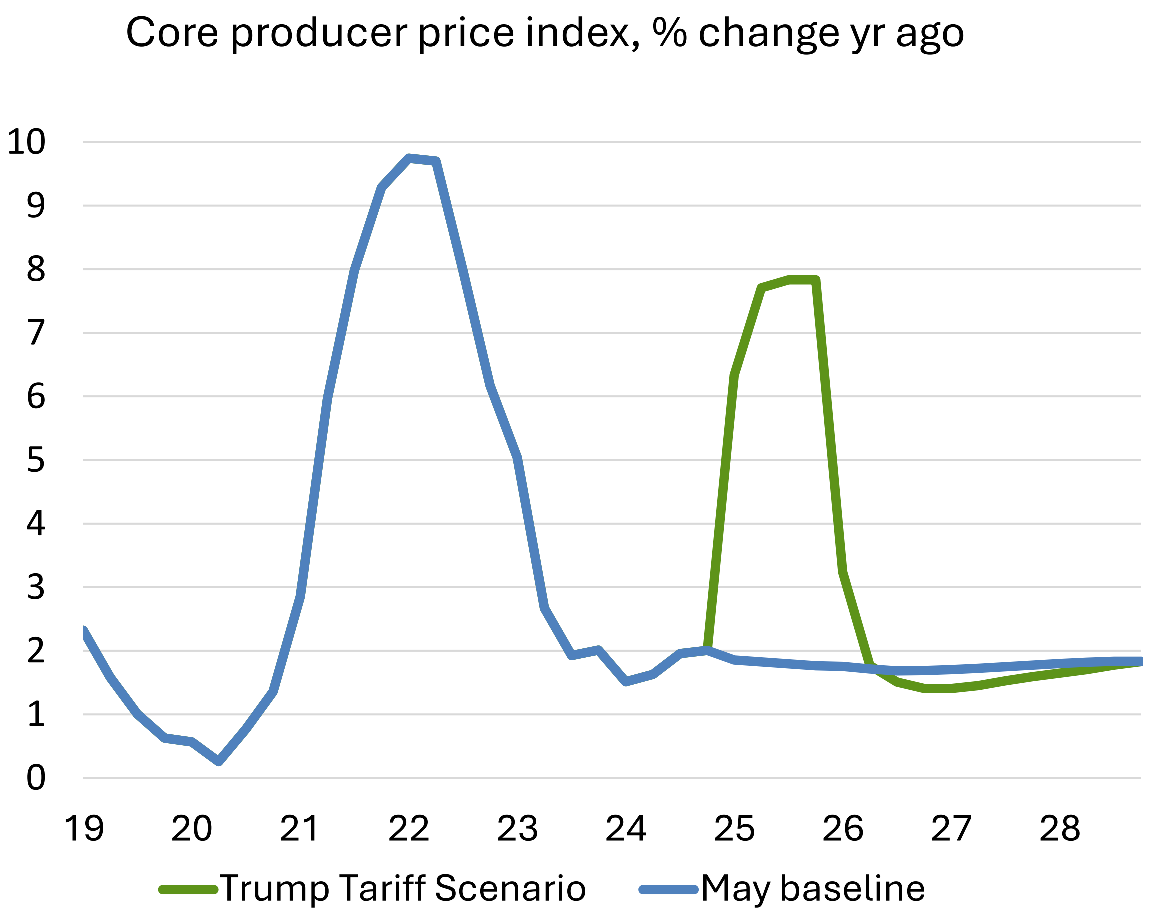


*Import duty revenues as share of total goods imports

Sources: Department of Commerce, World Bank, Goldman Sachs Global Investment Research, Moody’s Analytics

Chart 4: Tariffs Will Push Up Inflation on Consumers and Producers...

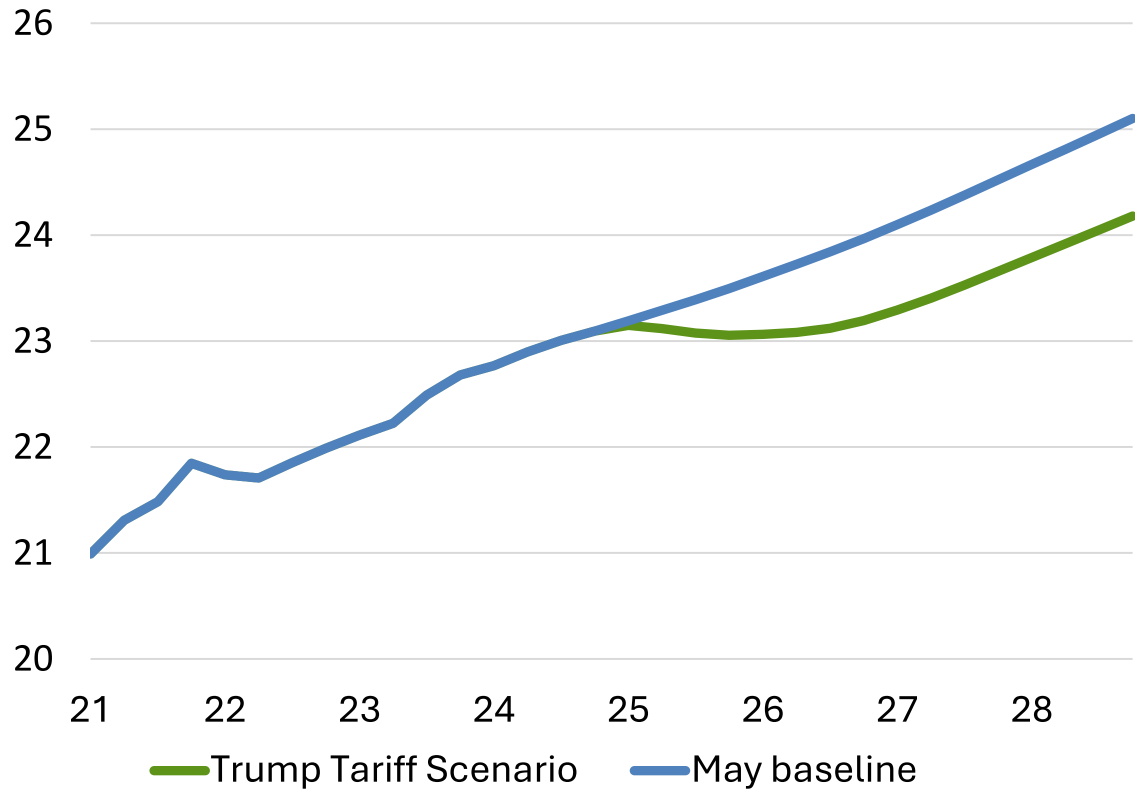




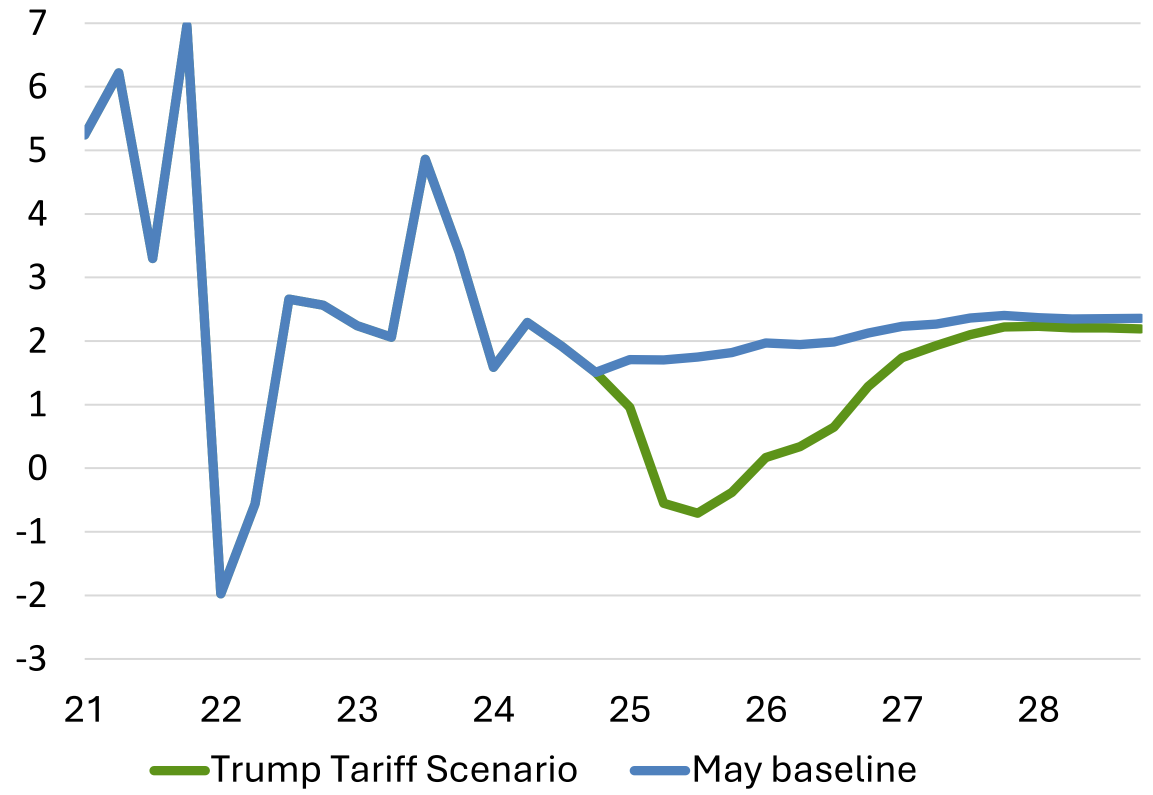
Sources: BLS, Moody's Analytics

Chart 5: ...As the Economy Enters a Short and Mild Recession

Real GDP, $ tril,



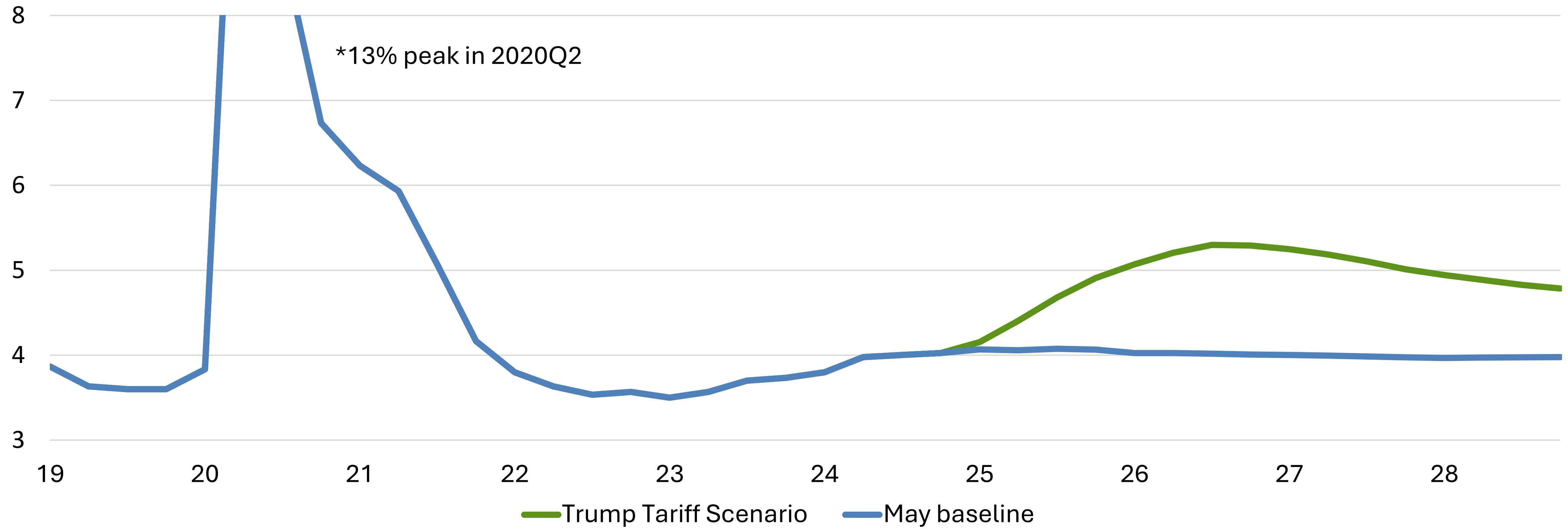
Seasonally Adjusted Annual Rate



Sources: BEA, Moody's Analytics

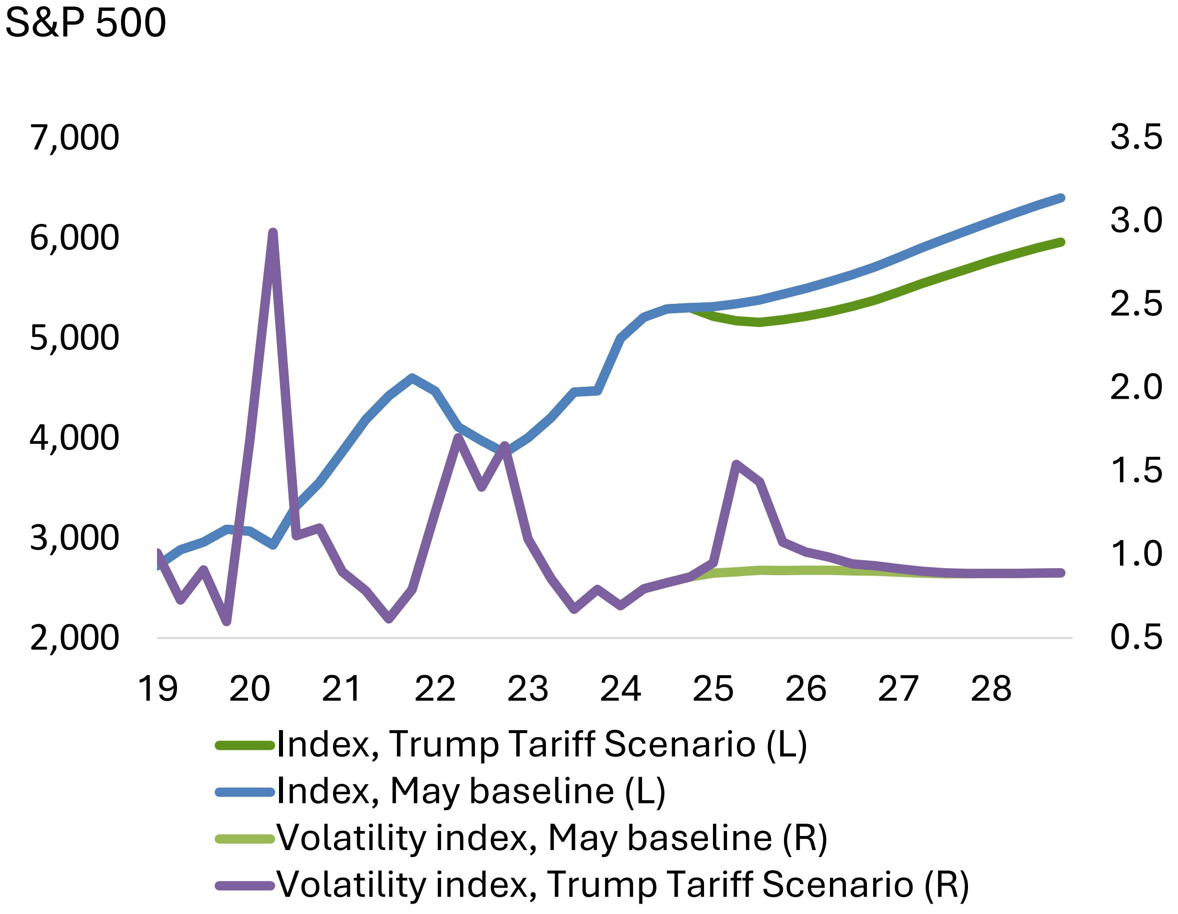
Chart 6: New Unemployment Concerns

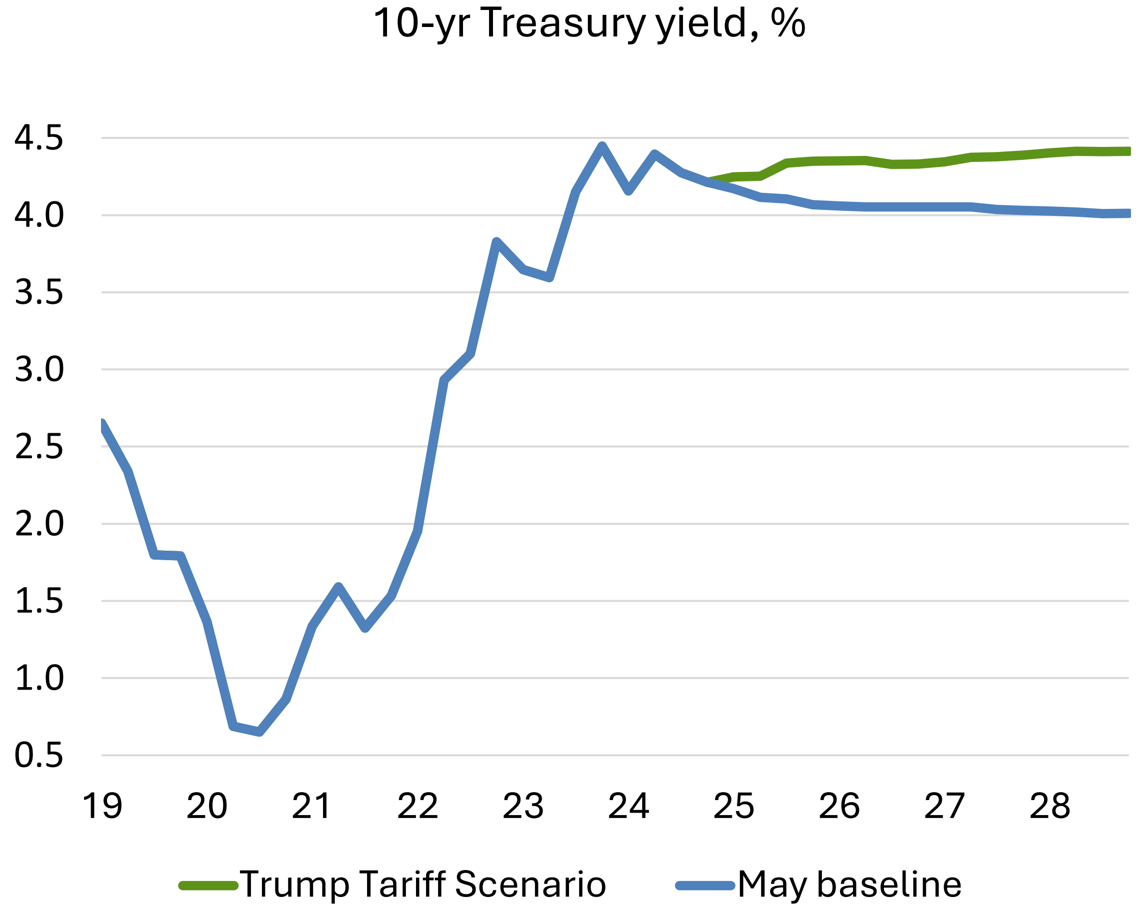
Unemployment rate, %



Sources: BLS, Moody’s Analytics

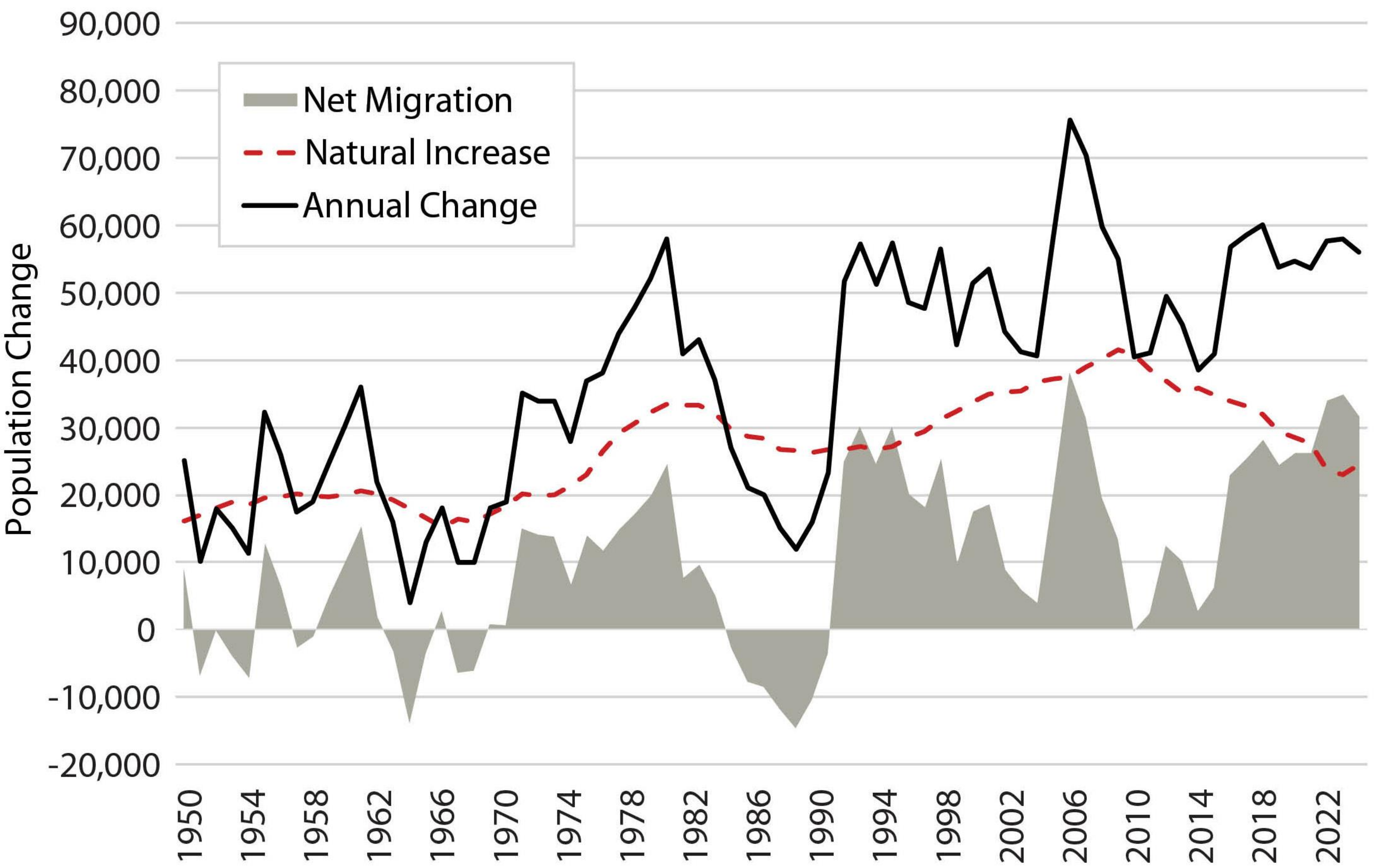
Chart 10: Increased Financial Market Volatility and Higher Long-Term Rates...





Sources: S&P, Federal Reserve, Moody’s Analytics

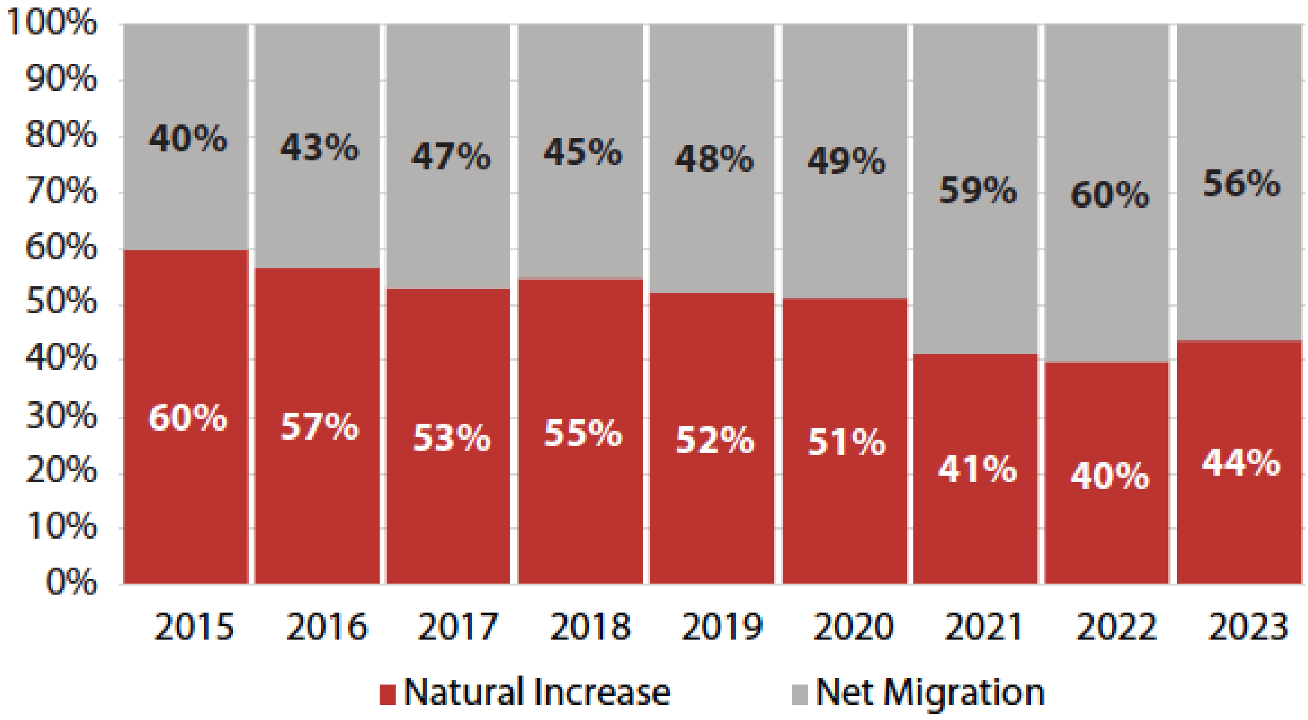
Utah's Population Continues Growing...



Source: Kem C. Gardner Policy Institute

In-Migration Driving More of Population Growth

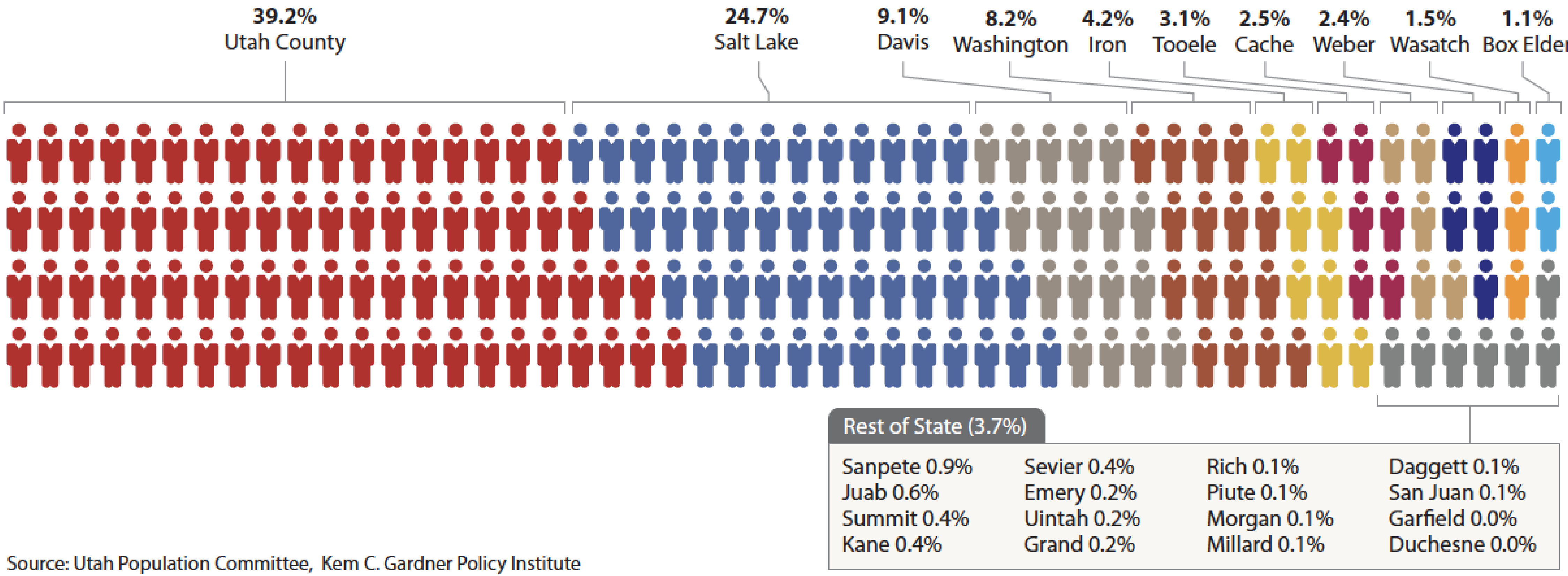
Figure 6: Share of Utah Annual Population Growth by Components of Change, 2015-2023



Note: 2021 and 2022 population estimates and net migration have been revised due to methodological improvements.
Source: Utah Population Committee, Kem C. Gardner Policy Institute

Largest Growth In Utah County

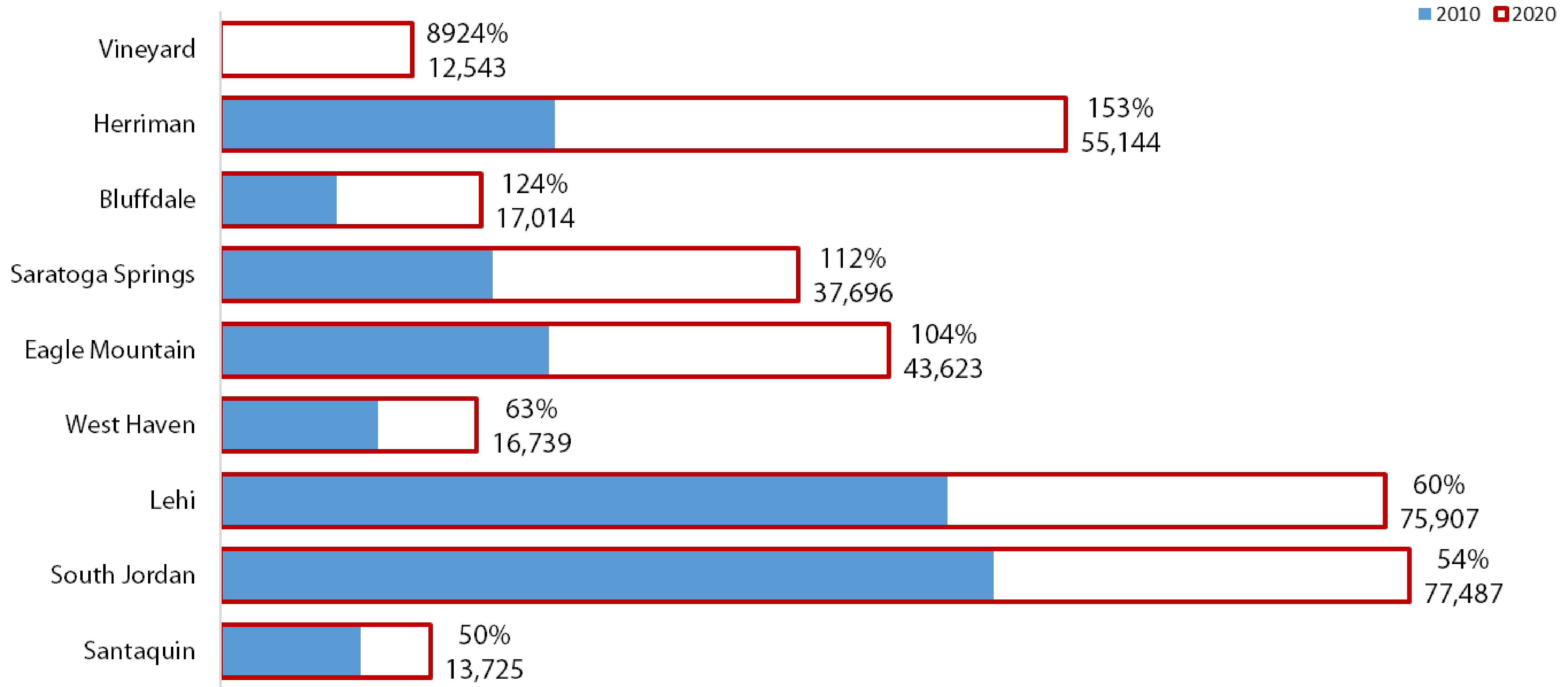
Figure 8: County Share of State Population Growth, 2022-2023



Source: Utah Population Committee, Kem C. Gardner Policy Institute

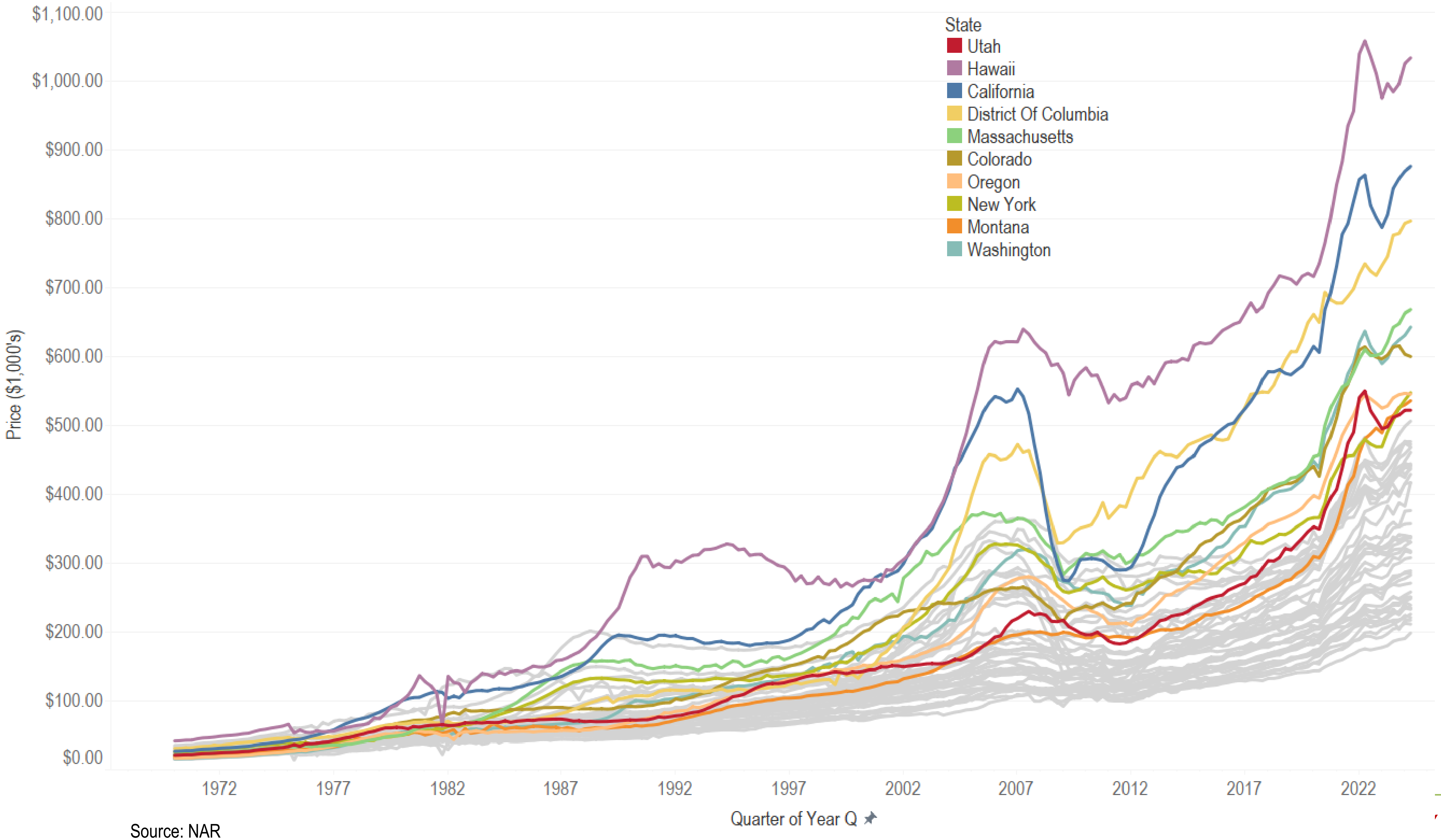
Utah's Nine Fastest Growing Cities: 2010-2020

Five in Utah County



Source: U.S. Census Bureau

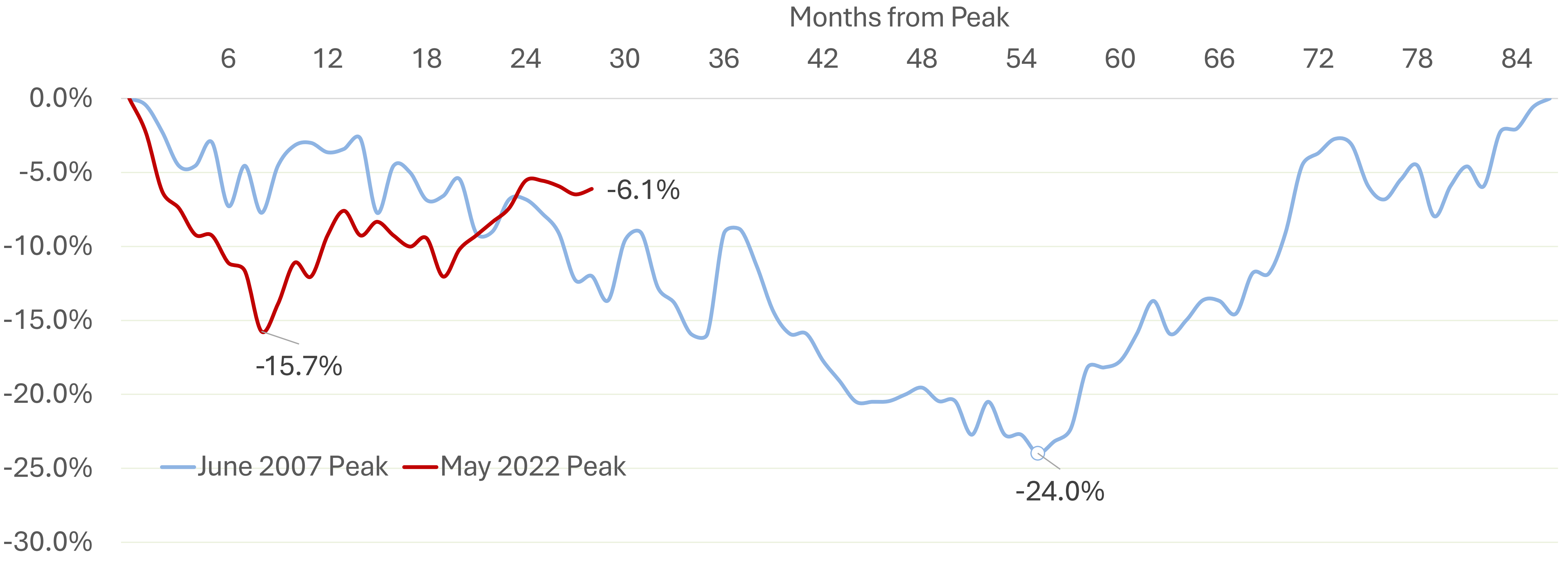
Utah Ranks 10th in Median Sales Price of SF Homes



Source: NAR

Price Recovery Stalls

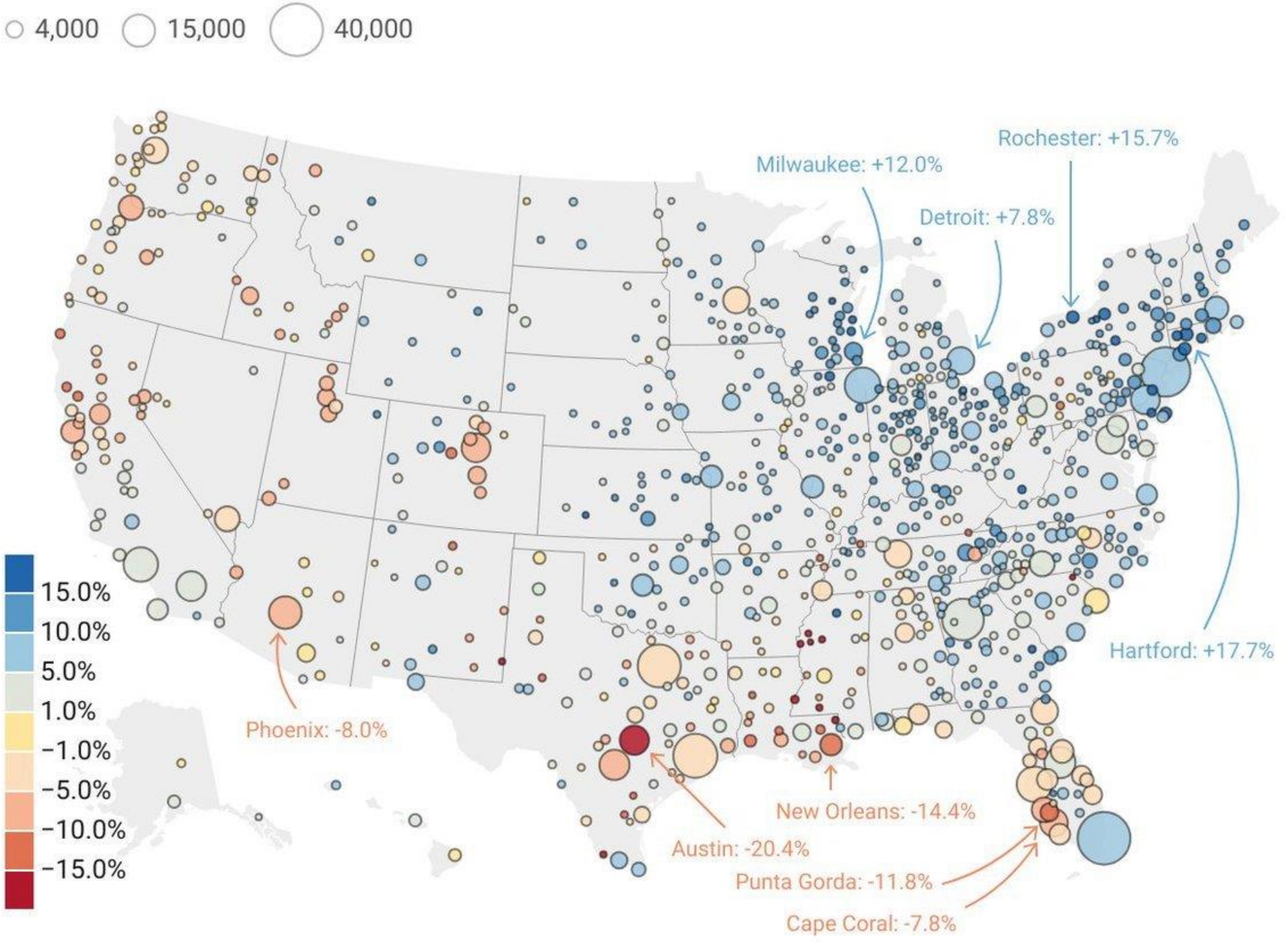
% Change in Median Sales Price from Peak, Utah



Source: Kem C. Gardner Analysis of UtahRealEstate.com Data

Change in metro-level home prices since each metro's respective peak in 2022

Metro sized by number of active listings for sale



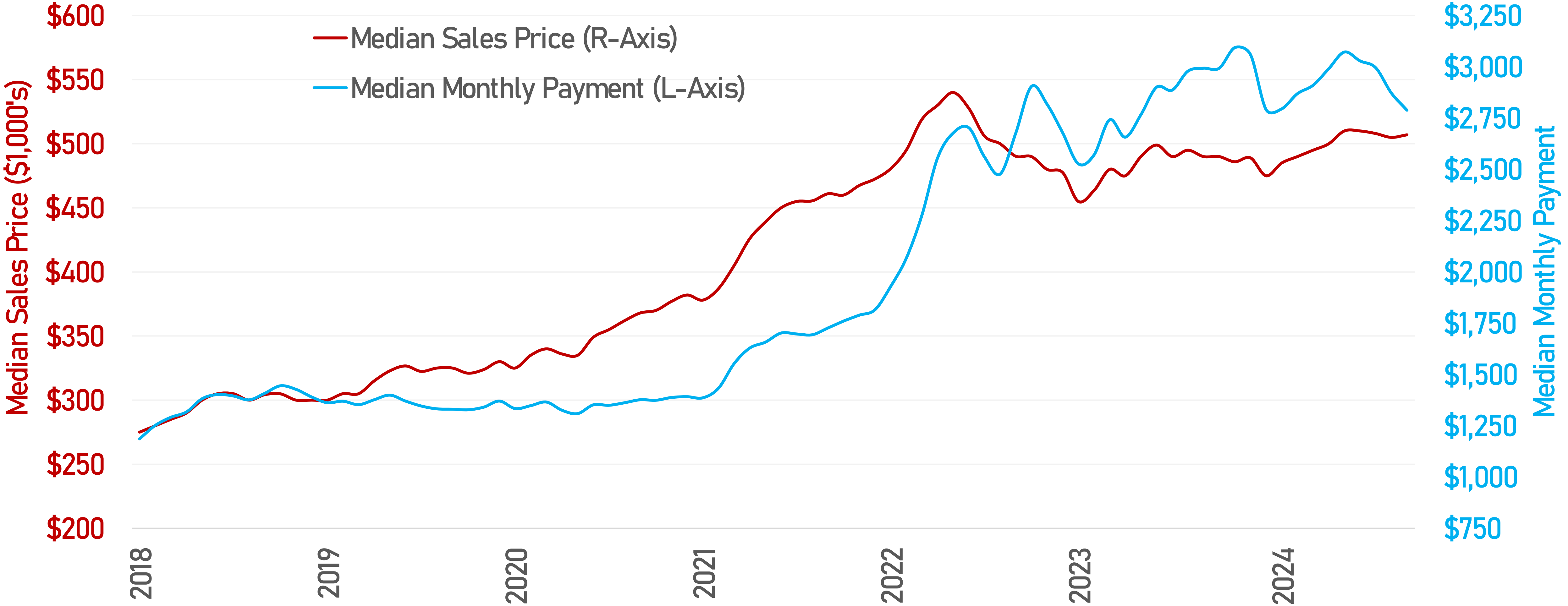
Pulled from the Lance Lambert House Price Tracker

Map: Lance Lambert • Source: ResiClub analysis using the Zillow Home Value Index through September 2024 • Created with Datawrapper

ResiClub

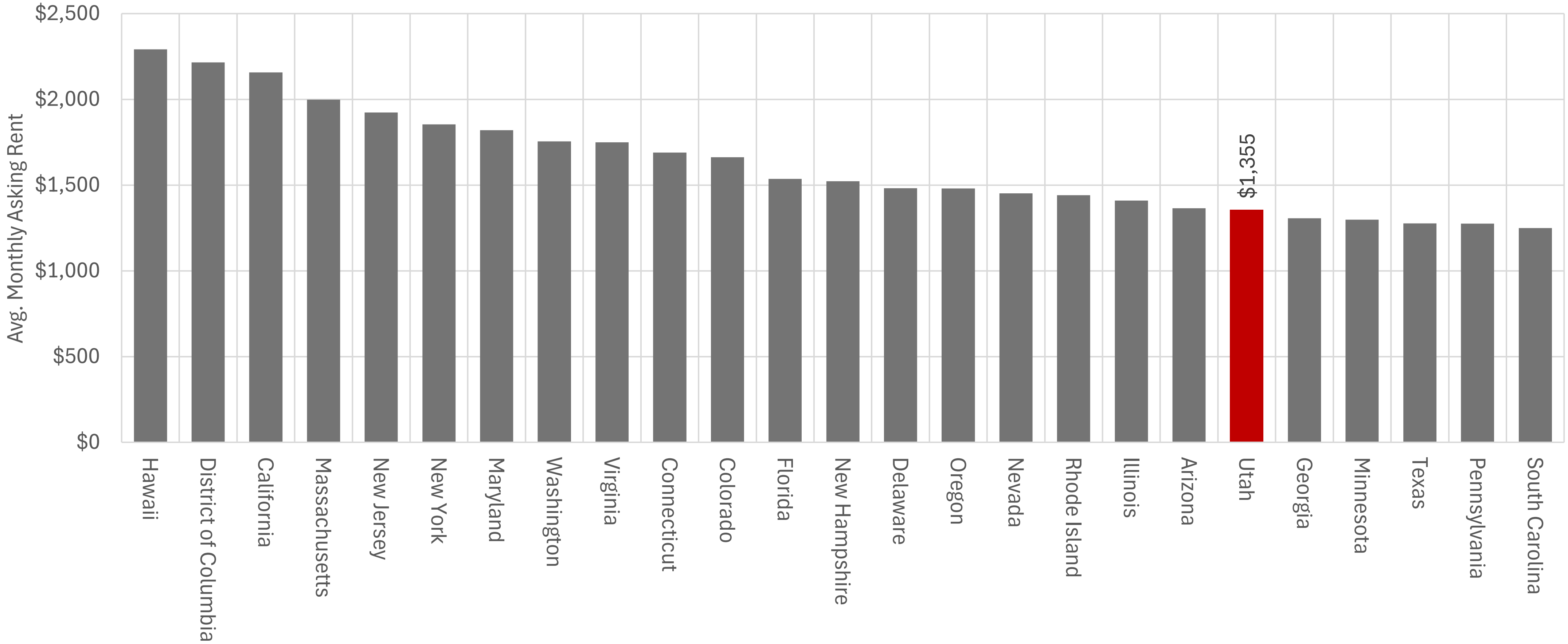
Median Sales Price & Monthly Mortgage Payment

(Through Sept 2024)



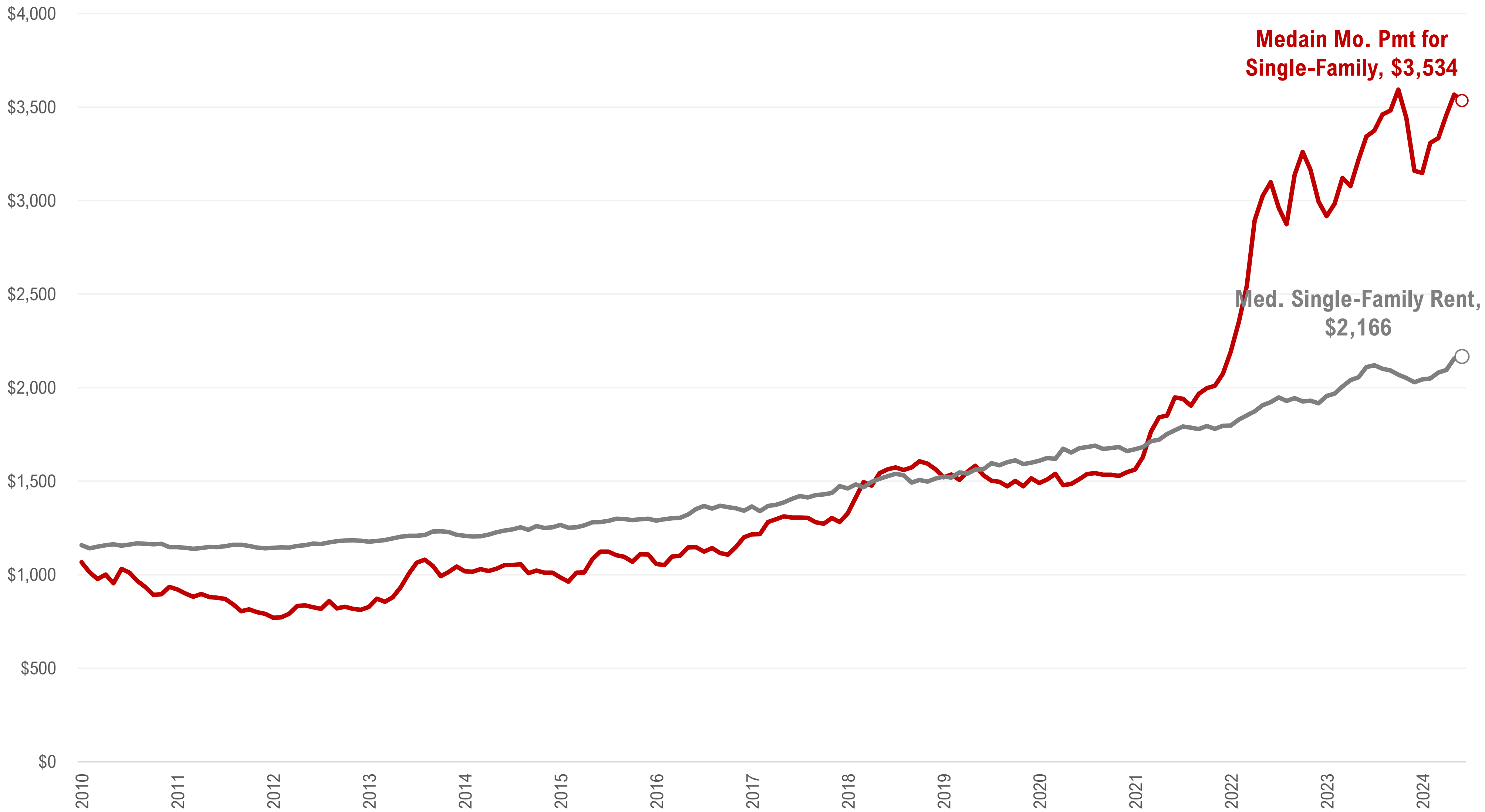
Source: Kem C. Gardner Policy Institute, UtahRealEstate.com Sales Data, FreddieMac Mortgage Survey Data

Utah Ranks 20th in Asking Rents, Fall 2024



Source: ApartmentList.com

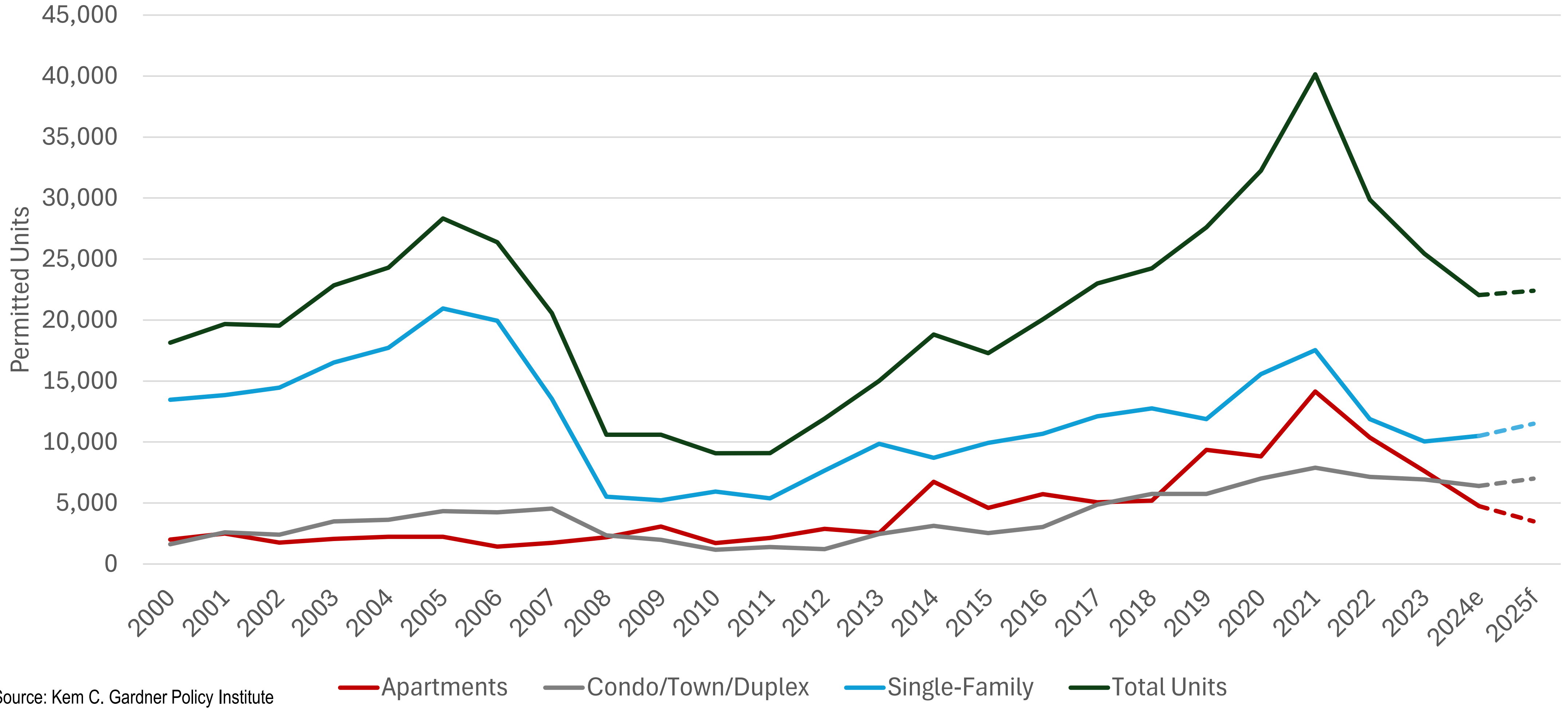
Cost of Renting vs. Owning - Wasatch Front



Source: Kem C. Gardner Analysis of UtahRealEstate.com and RentRange Data

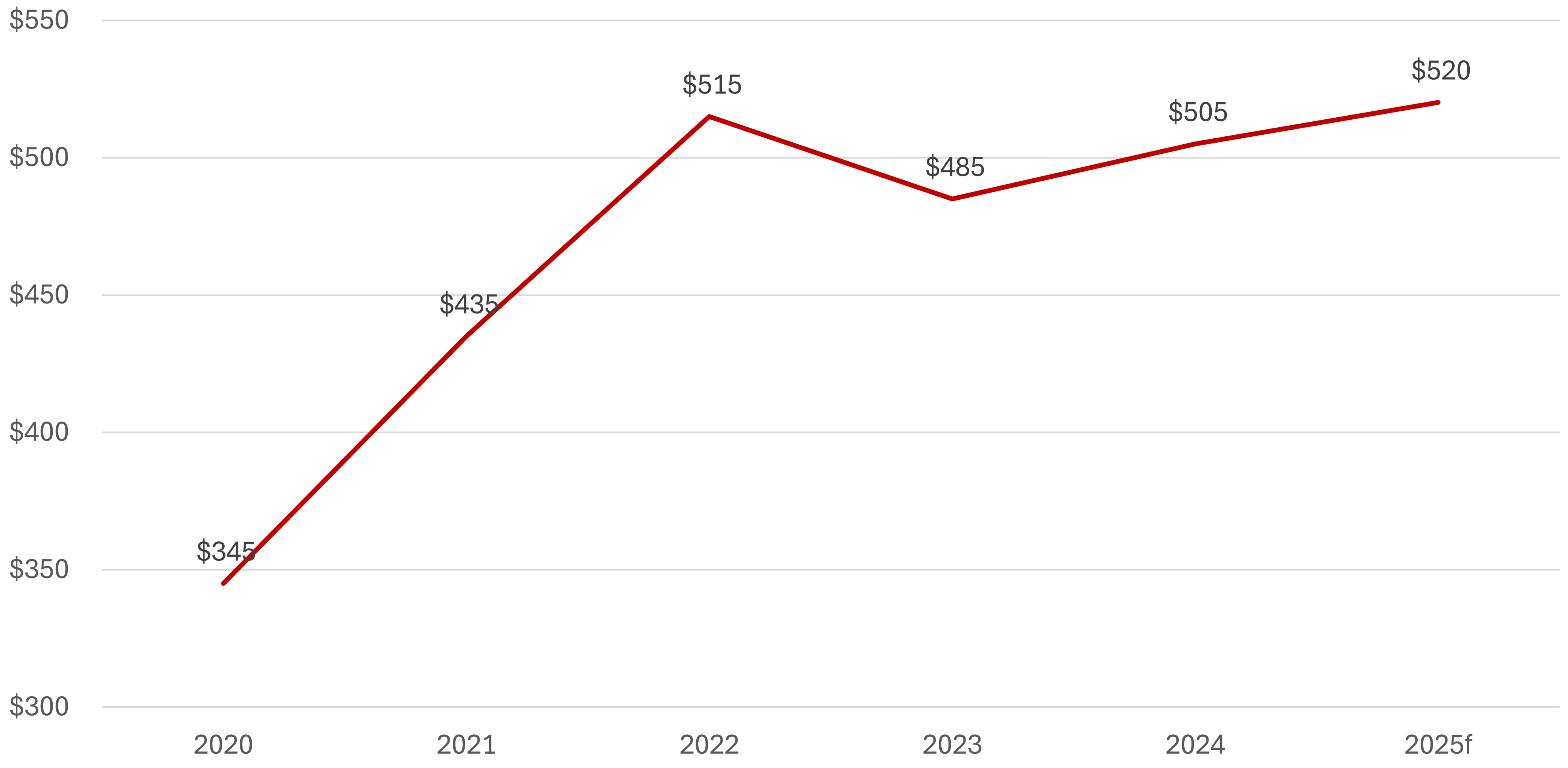
Mortgage Rates Remain Elevated

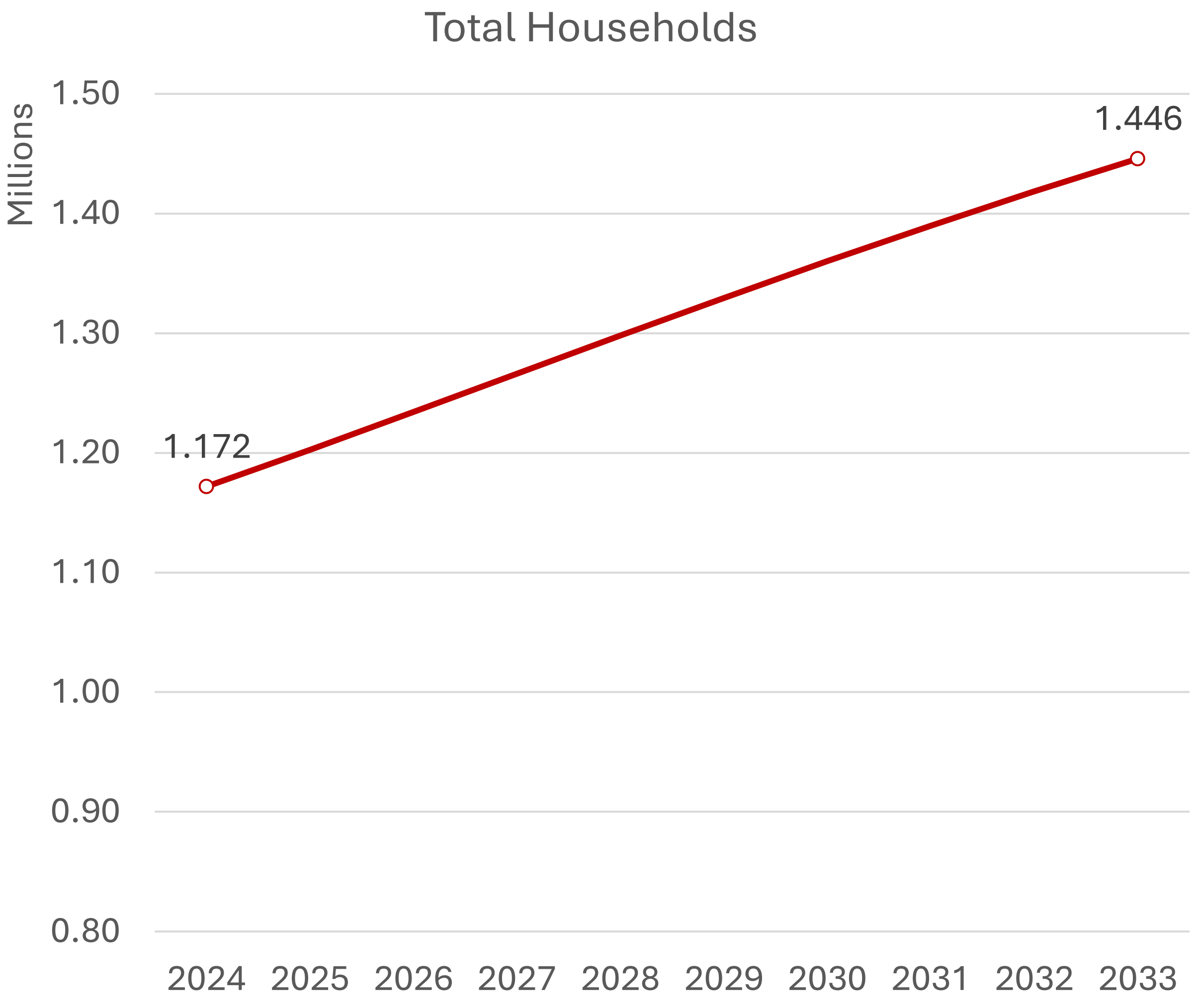
Permitted Housing Units Outlook



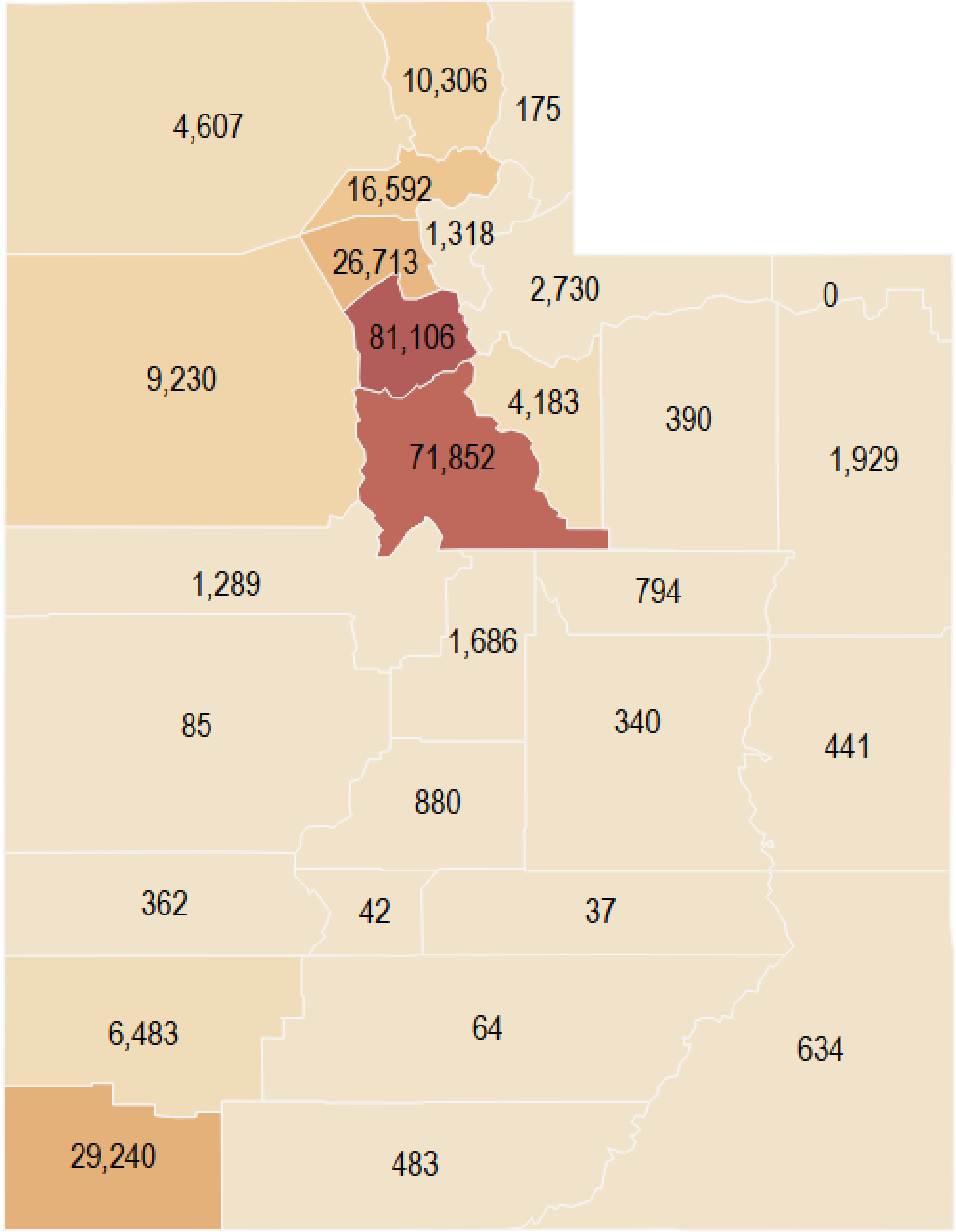
Source: Kem C. Gardner Policy Institute

Annual Price Growth 3% into 2025





Housing Demand 2024-2033



Source: Kem C. Gardner Policy Institute