

# Utah Housing Market Update

Nov. 12<sup>th</sup>, 2024

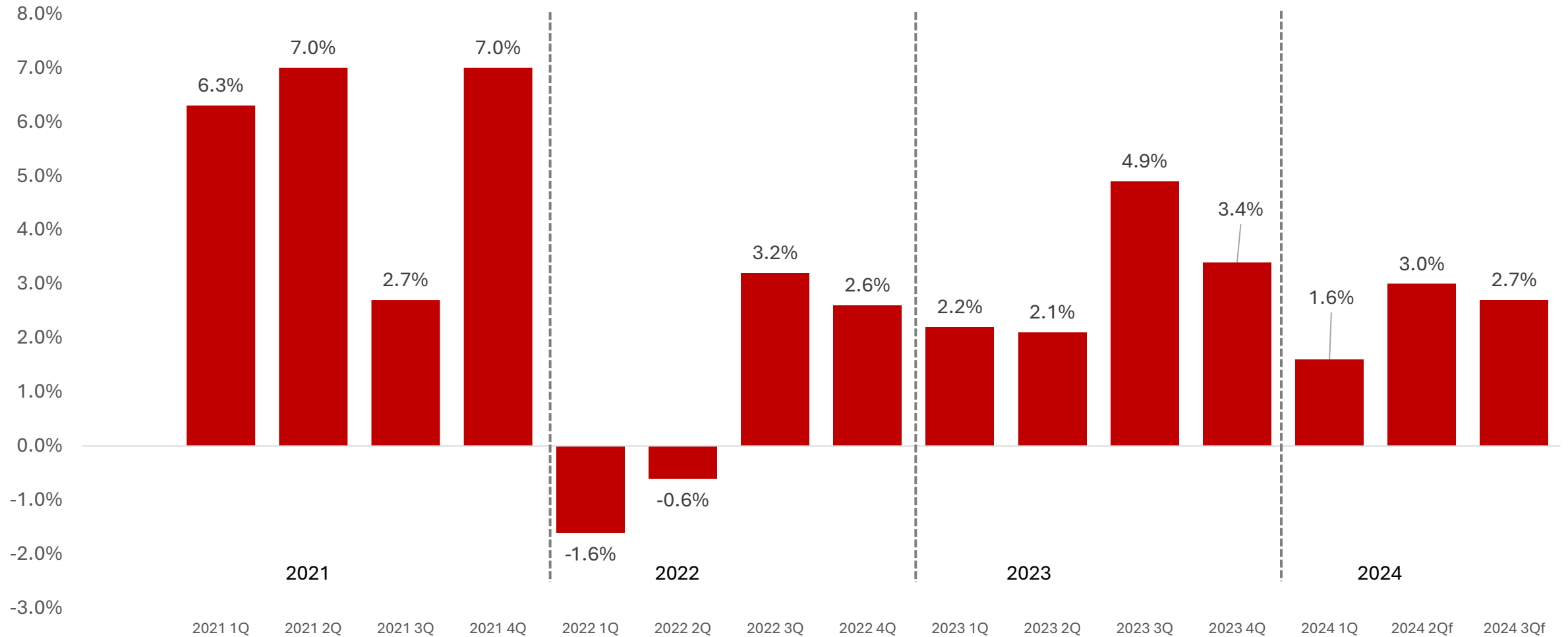
Dejan Eskic

# 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.

# U.S. Real GDP Growth

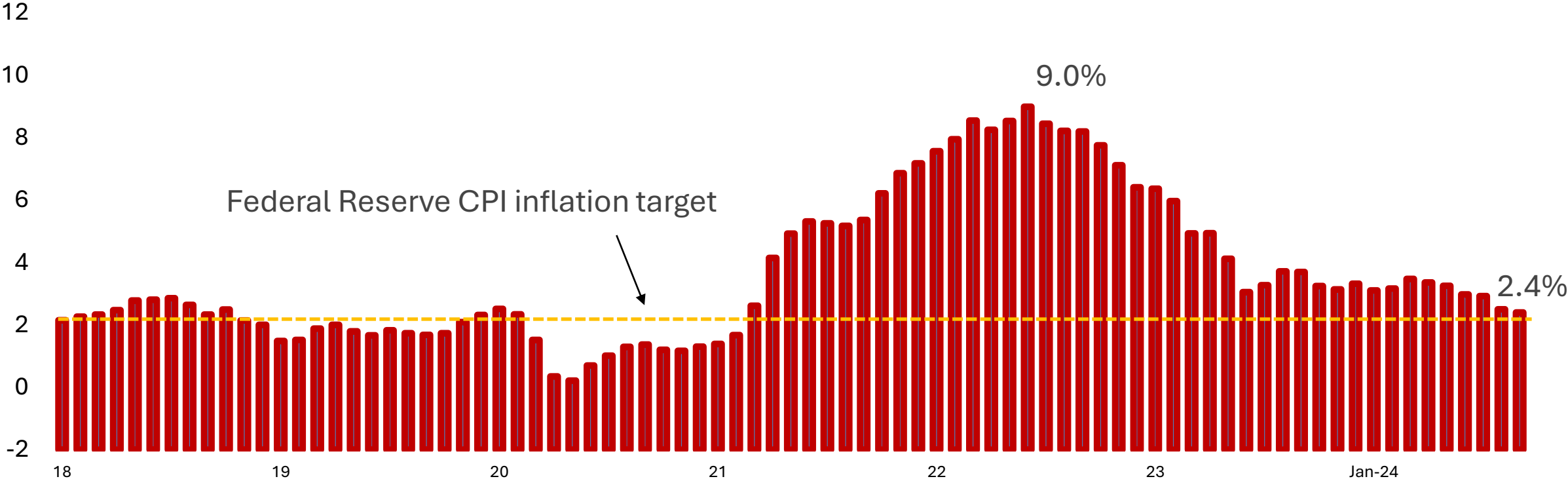
*Quarter-over, seasonally adjusted annual rate*



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

# U.S. Consumer Price Inflation

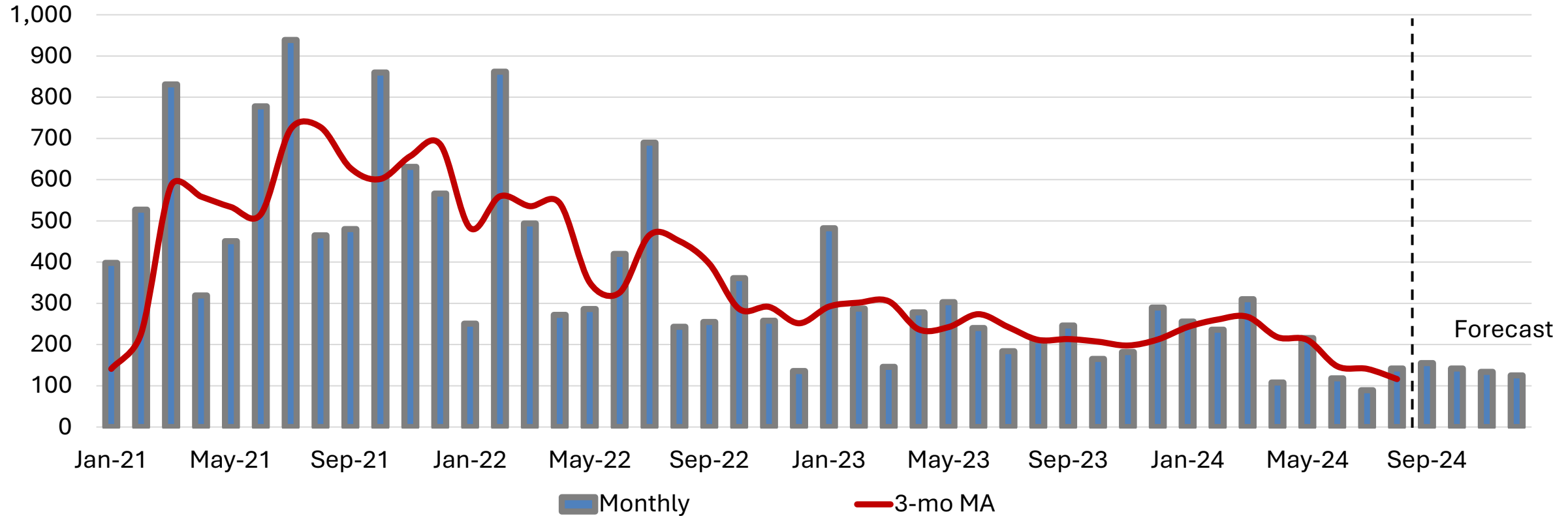
% change yr. ago



Source: U.S. Bureau of Labor Statistics

# FED Had to Act

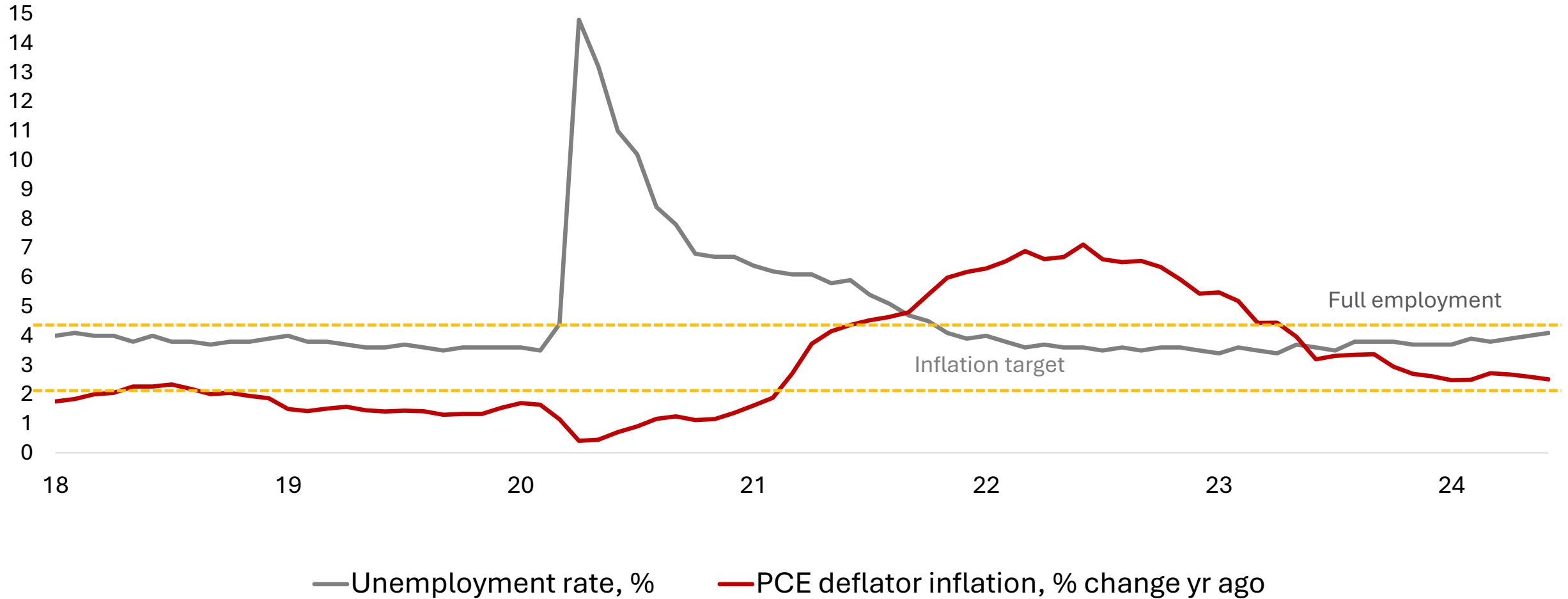
*Monthly change in U.S. nonfarm payroll employment, thousands*



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

# Federal Reserve Dual Mandate

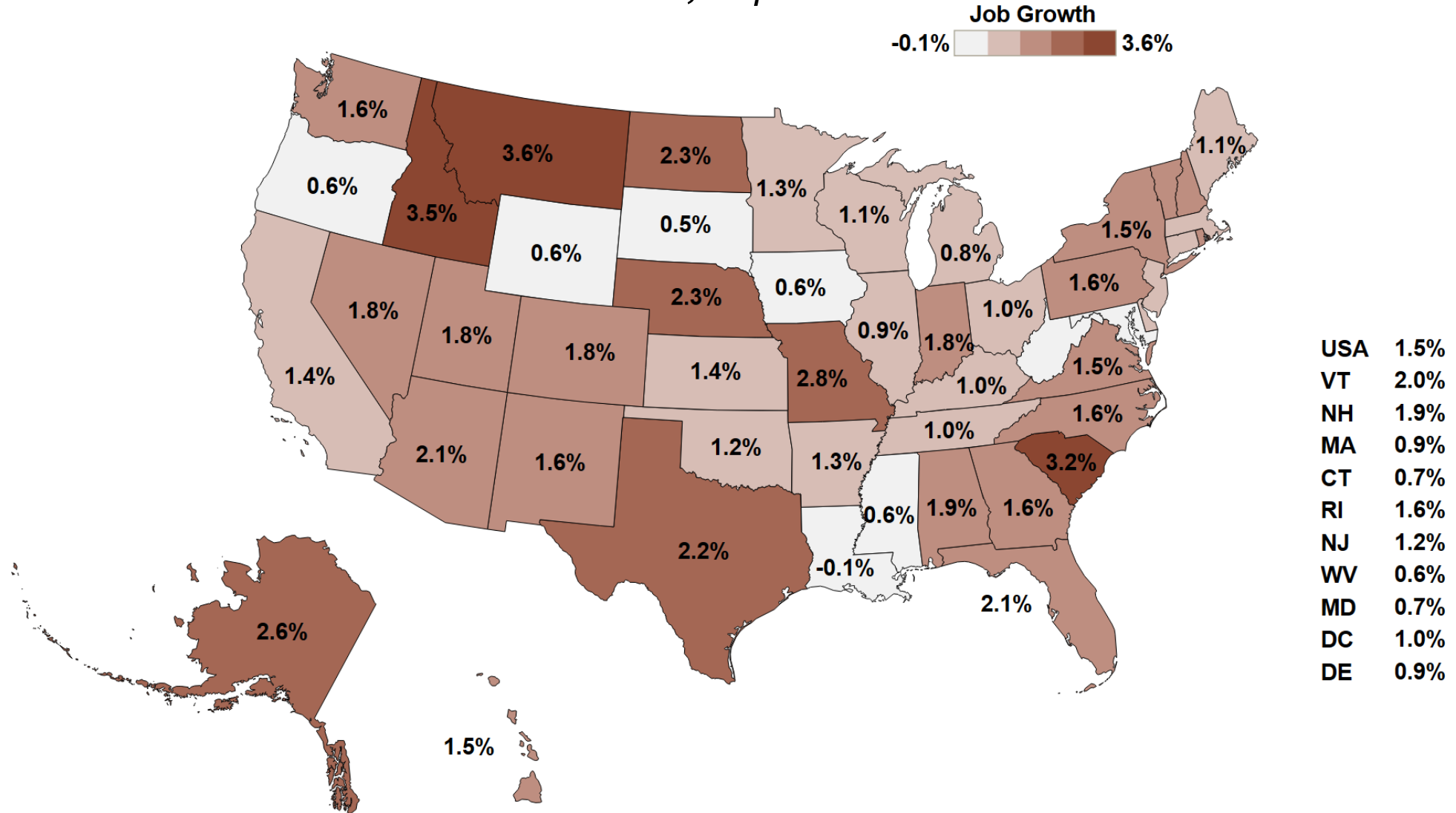
*Full Employment and ~2% Inflation*



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

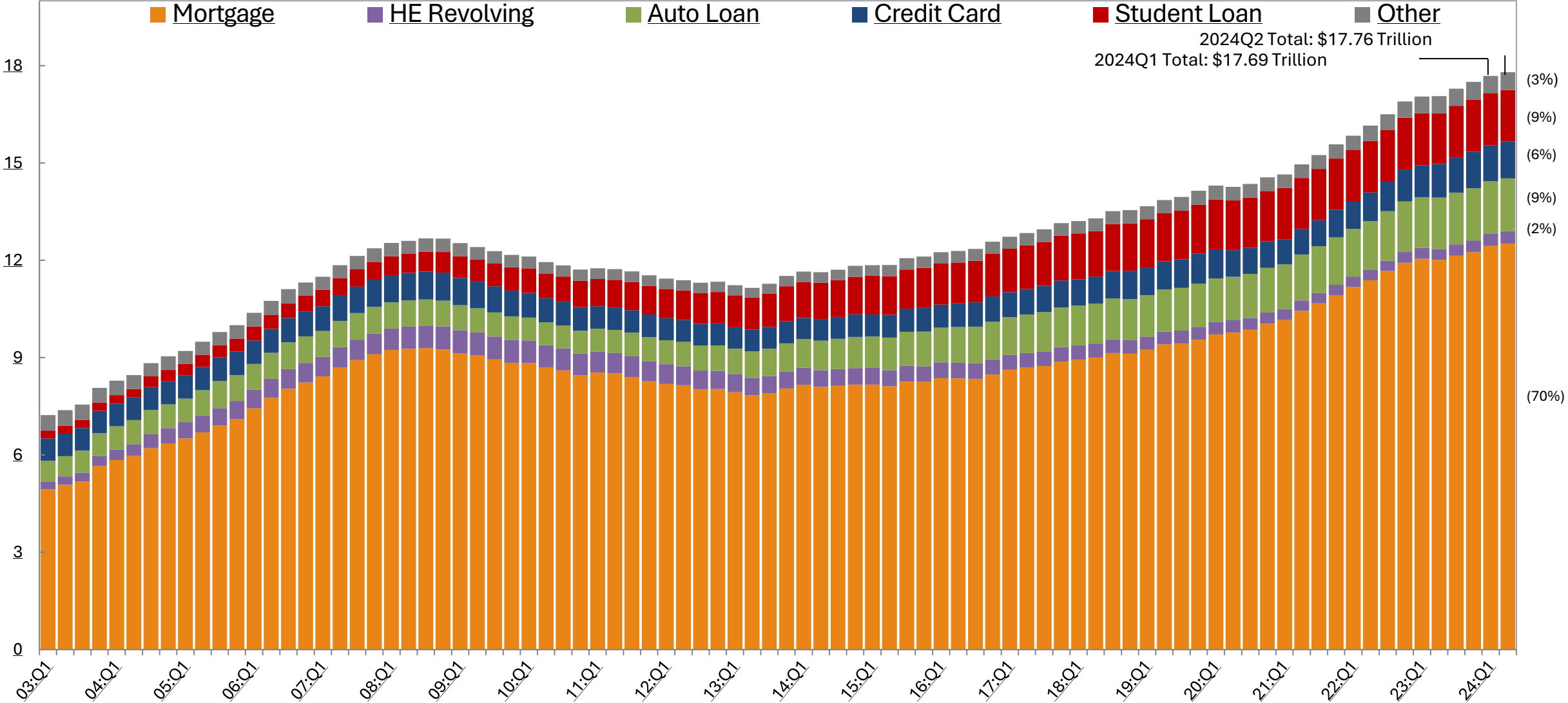
# Job Growth

Year-over, September 2024



# Household Total Debt Balance and its Composition q2 2024

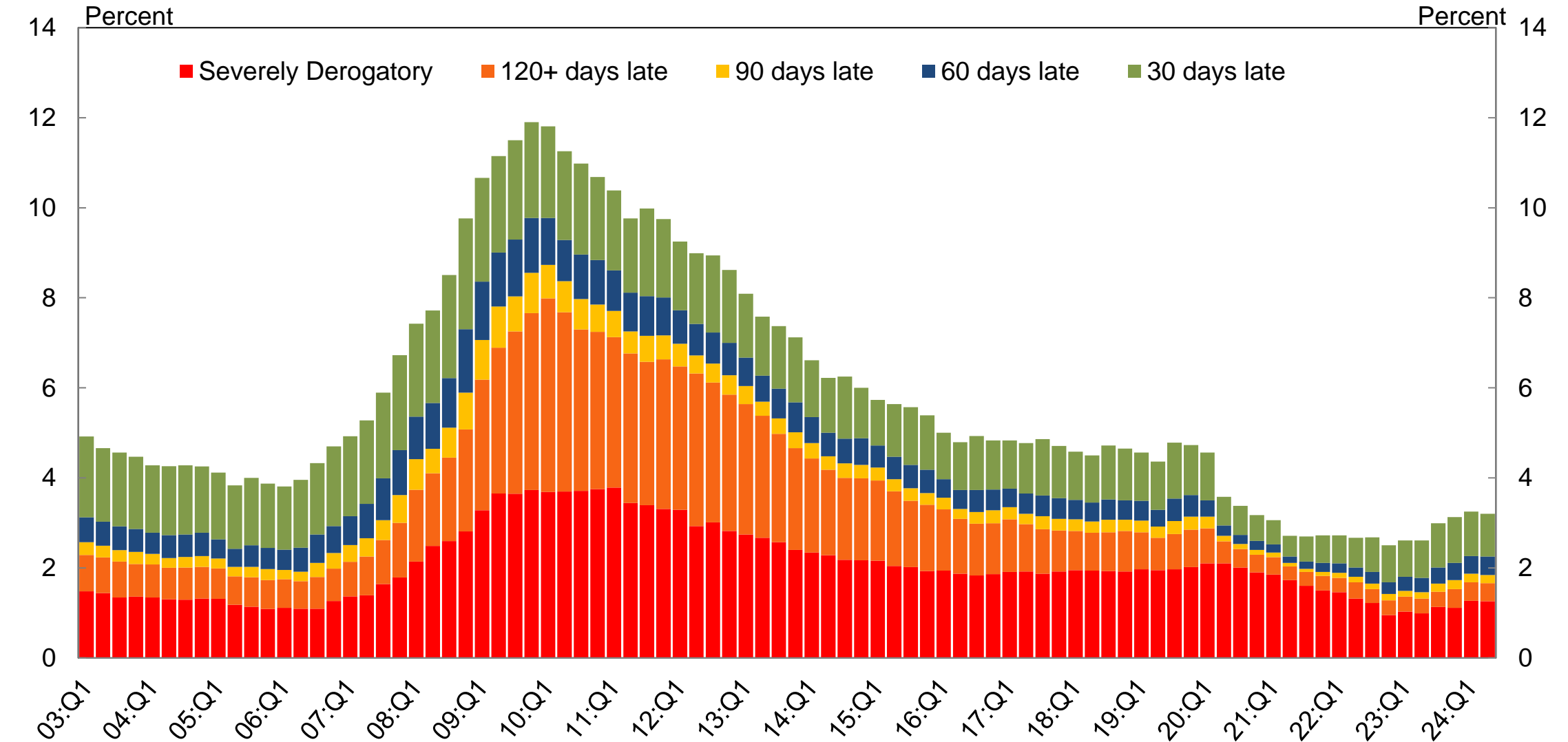
Trillions of Dollars



Source: New York Fed Consumer Credit Panel/Equifax

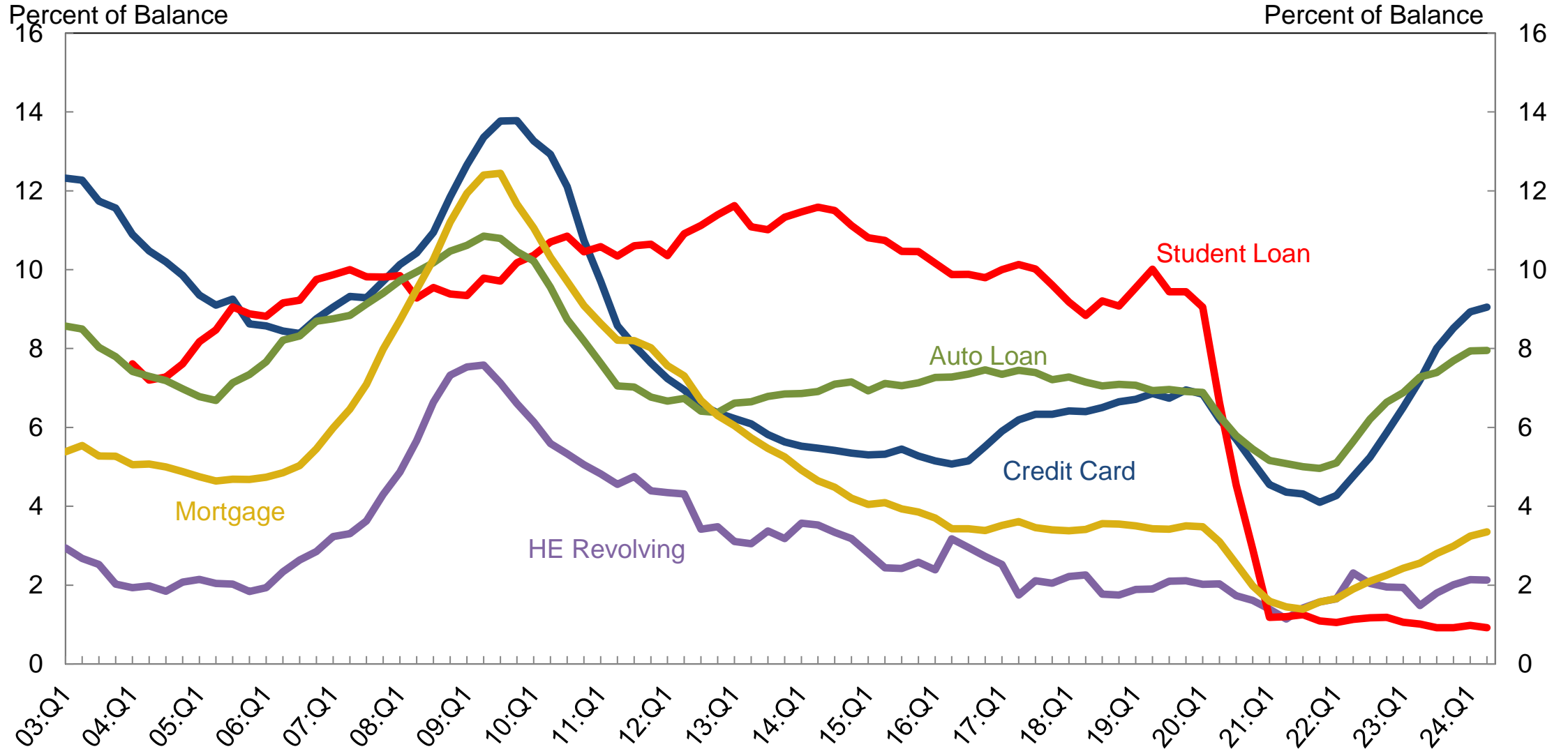


# Total Balance by Delinquency Status 2024Q2



Source: New York Fed Consumer Credit Panel/Equifax

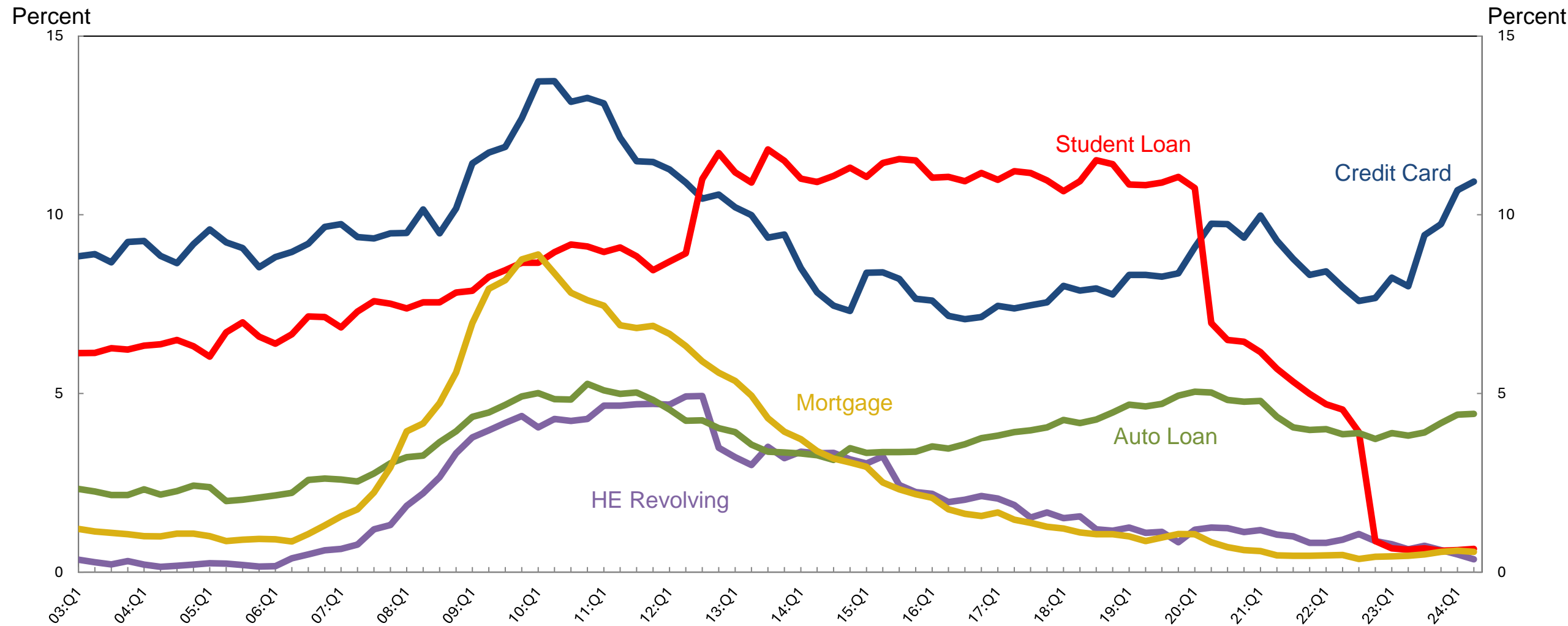
# Transition into Delinquency (30+) by Loan Type



Source: New York Fed Consumer Credit Panel/Equifax

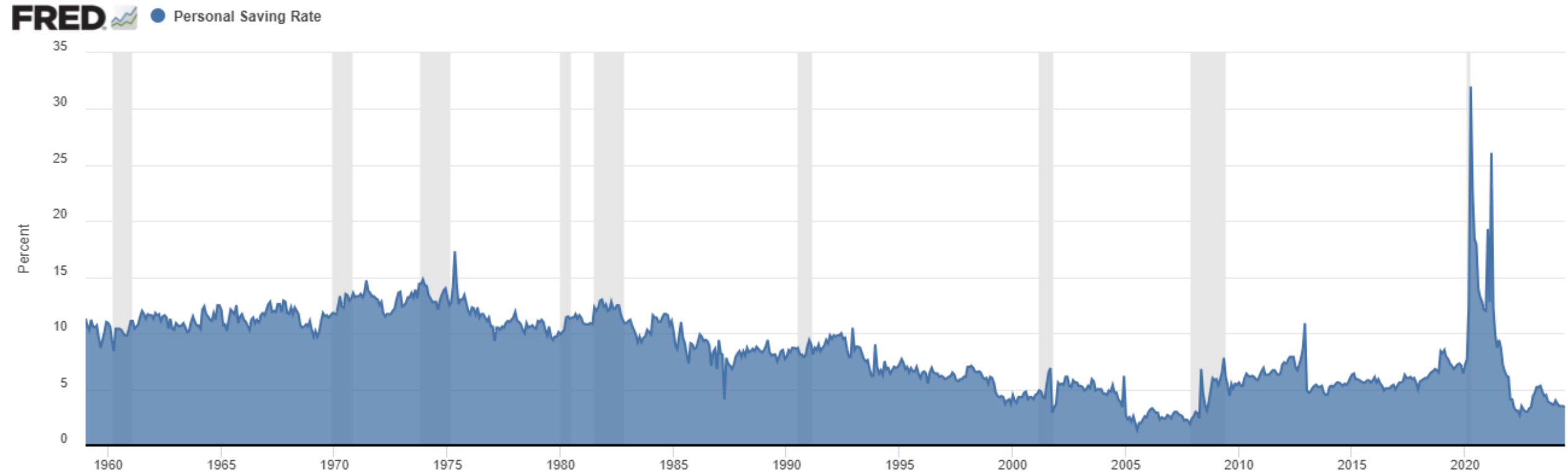
Note: 4 Quarter Moving Sum  
 Student loan data are not reported prior to 2004 due to uneven reporting

# Transition into Delinquency (90+) by Loan Type



Source: New York Fed Consumer Credit Panel/Equifax

# Household Saving Flows Low

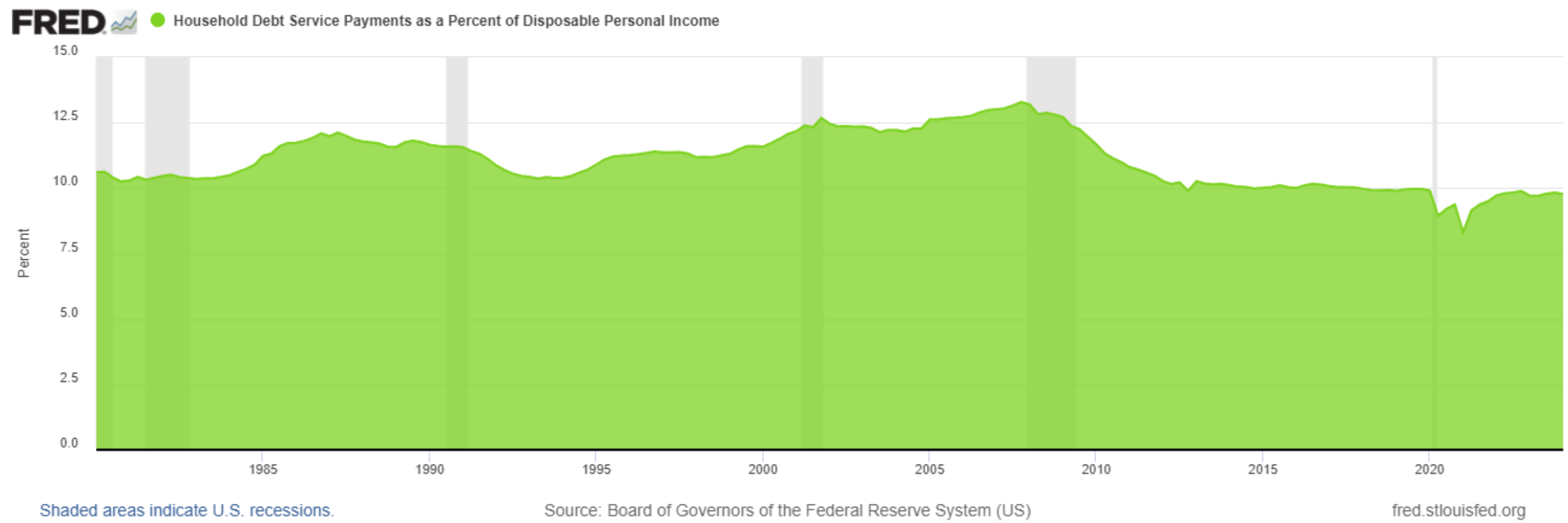


Shaded areas indicate U.S. recessions.

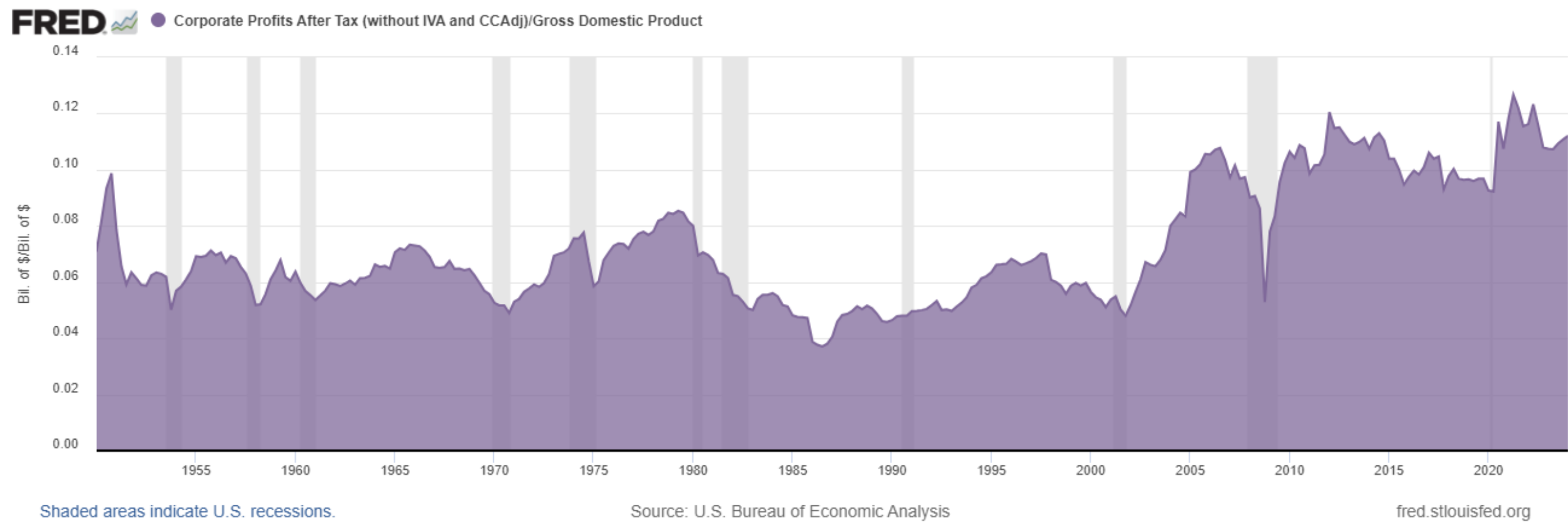
Source: U.S. Bureau of Economic Analysis

fred.stlouisfed.org

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



# U.S. Corporate Profits Remain High

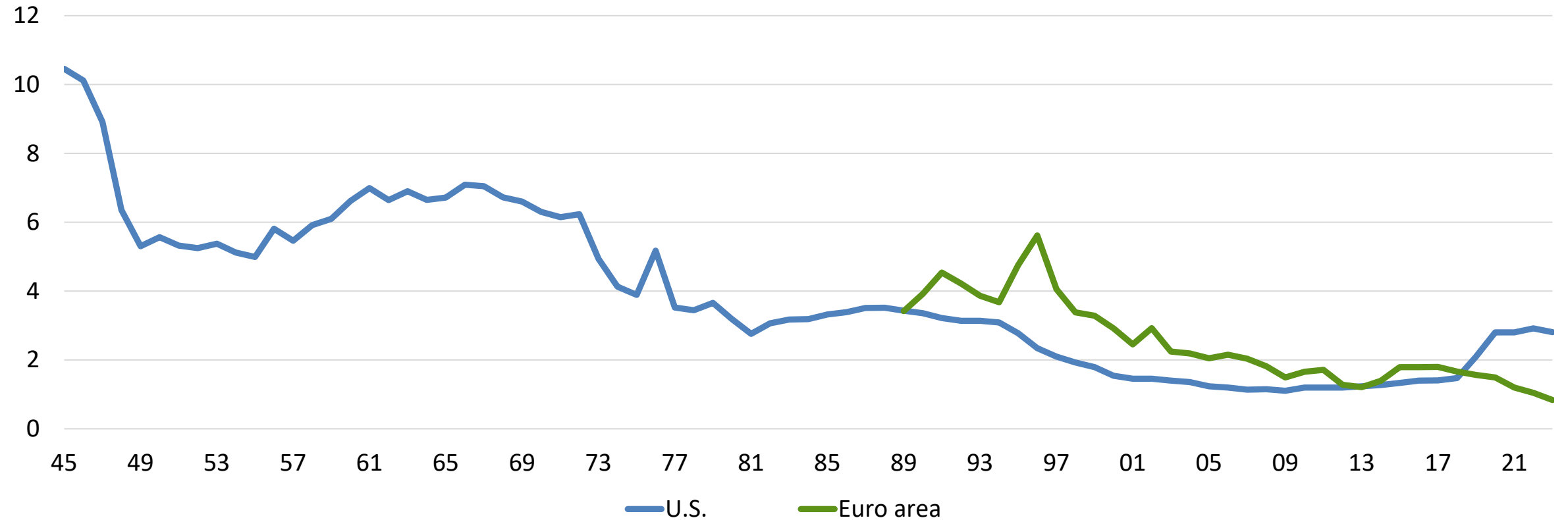


# 30-Year Fixed UP After Fed Cuts



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

Effective tariff rate\*, %



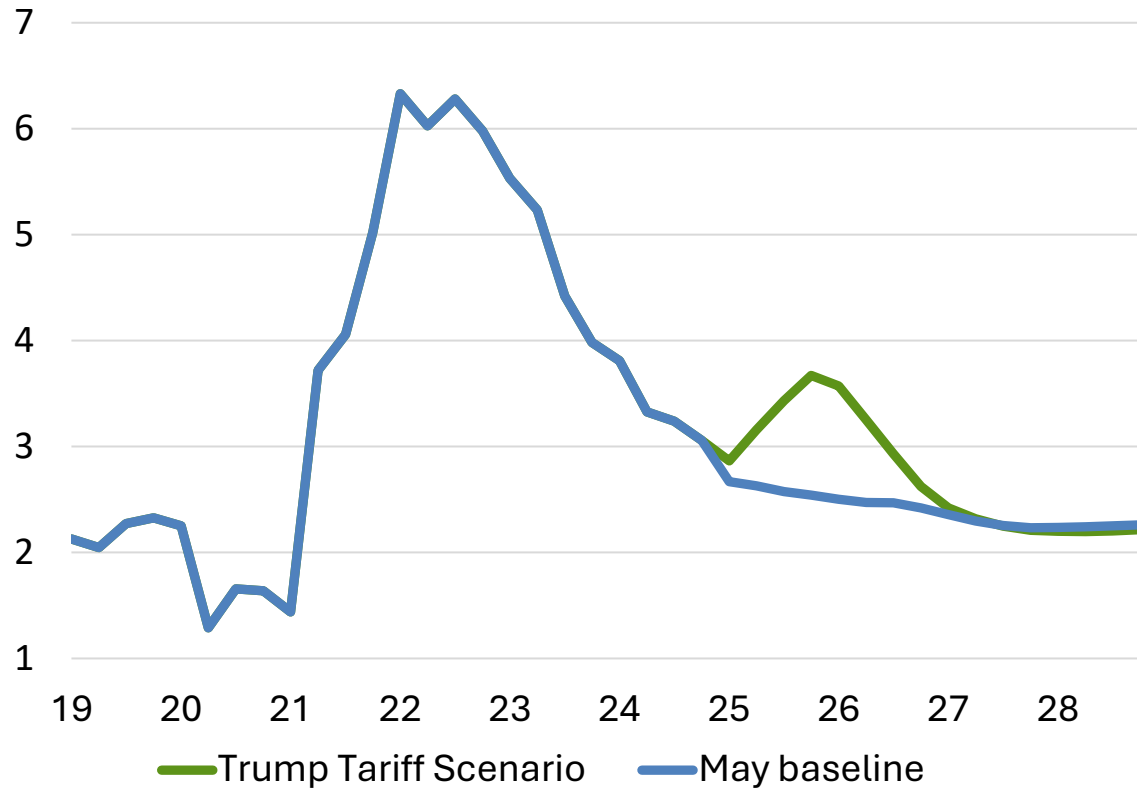
\*Import duty revenues as share of total goods imports

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

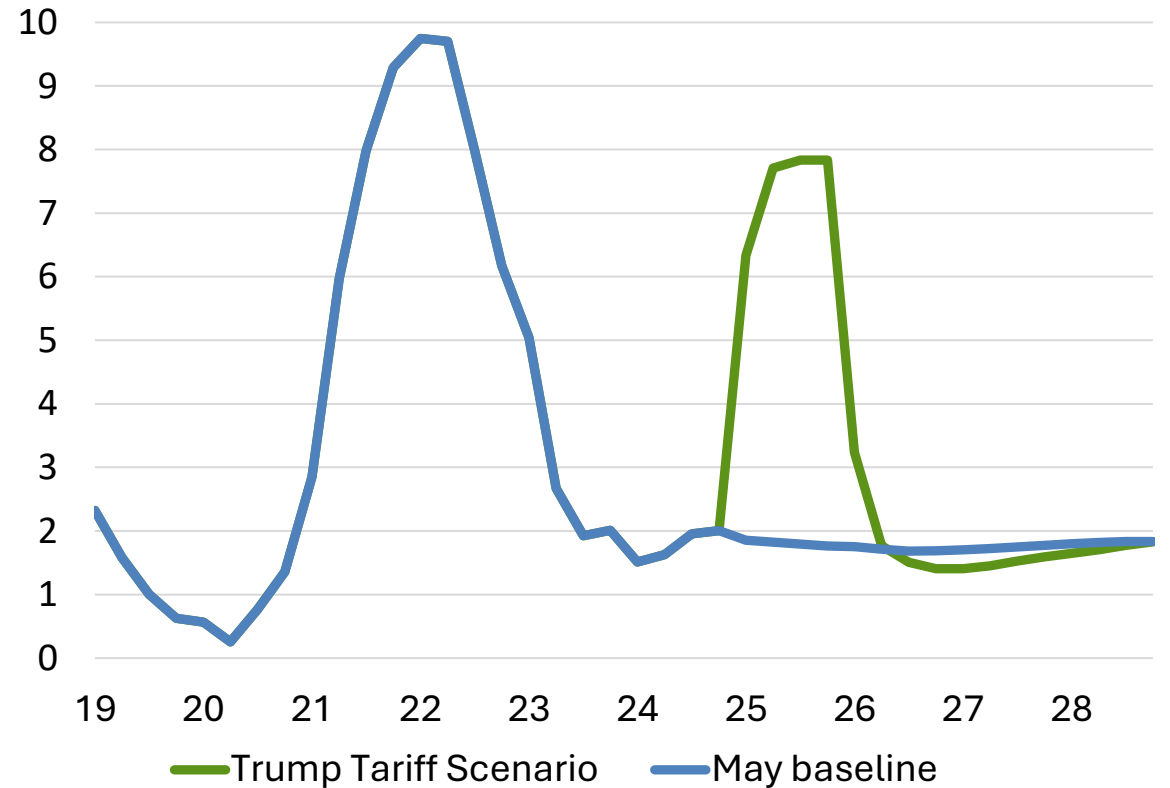


# Chart 4: Tariffs Will Push Up Inflation on Consumers and Producers...

Core consumer price index, % change yr ago



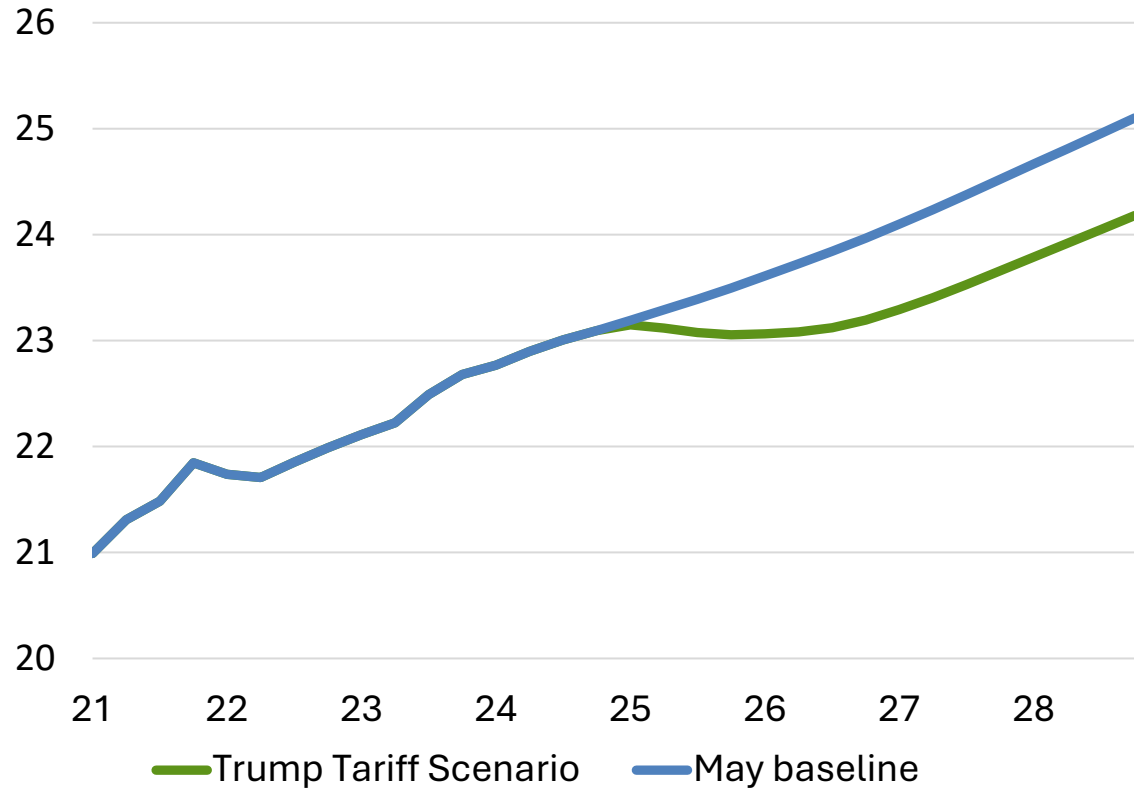
Core producer price index, % change yr ago



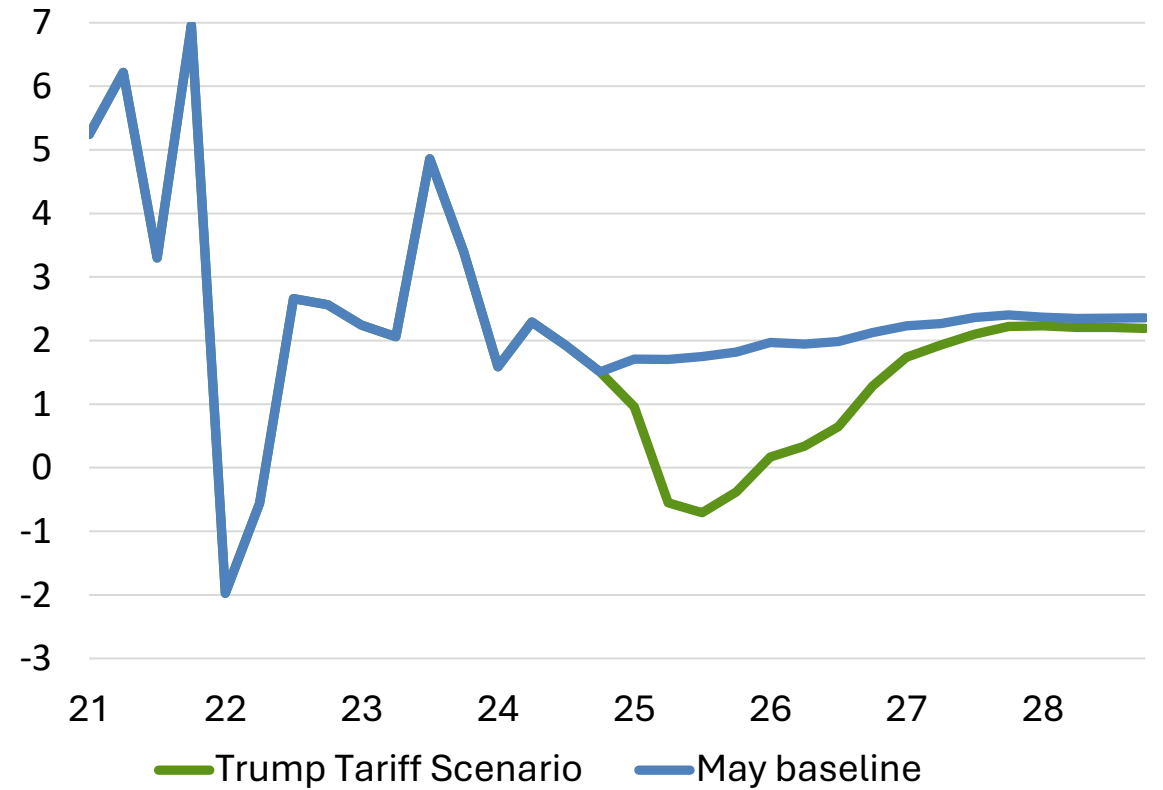
Sources: BLS, Moody's Analytics

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

Real GDP, \$ tril,

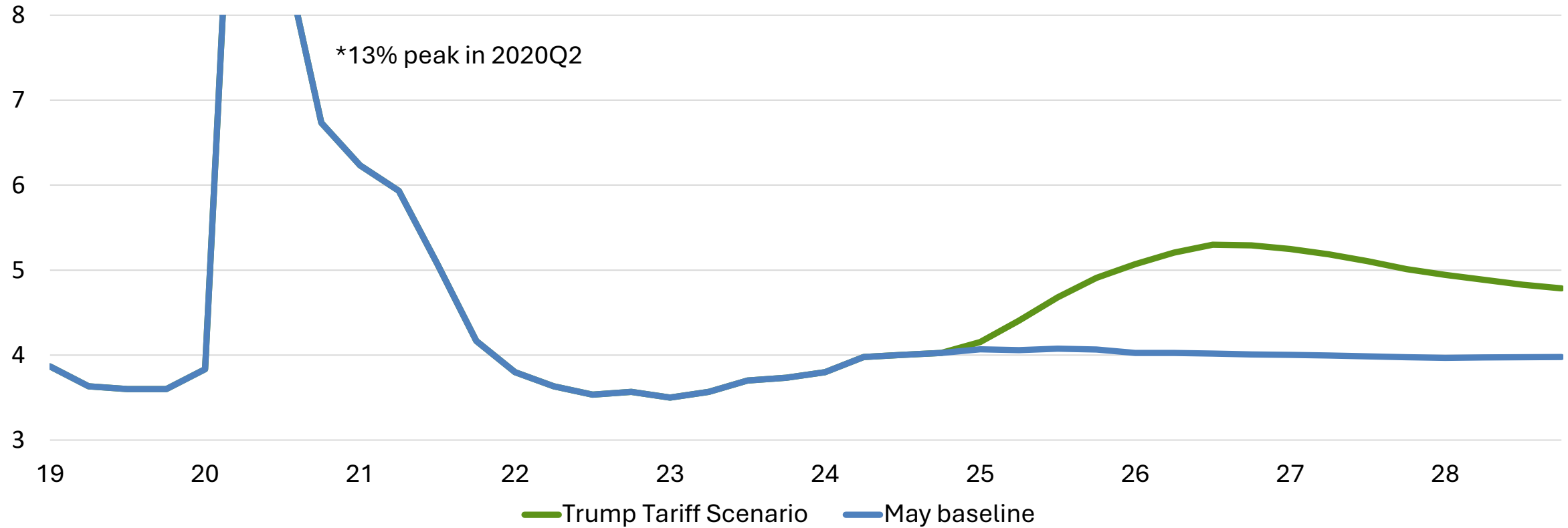


Seasonally Adjusted Annual Rate



## Chart 6: New Unemployment Concerns

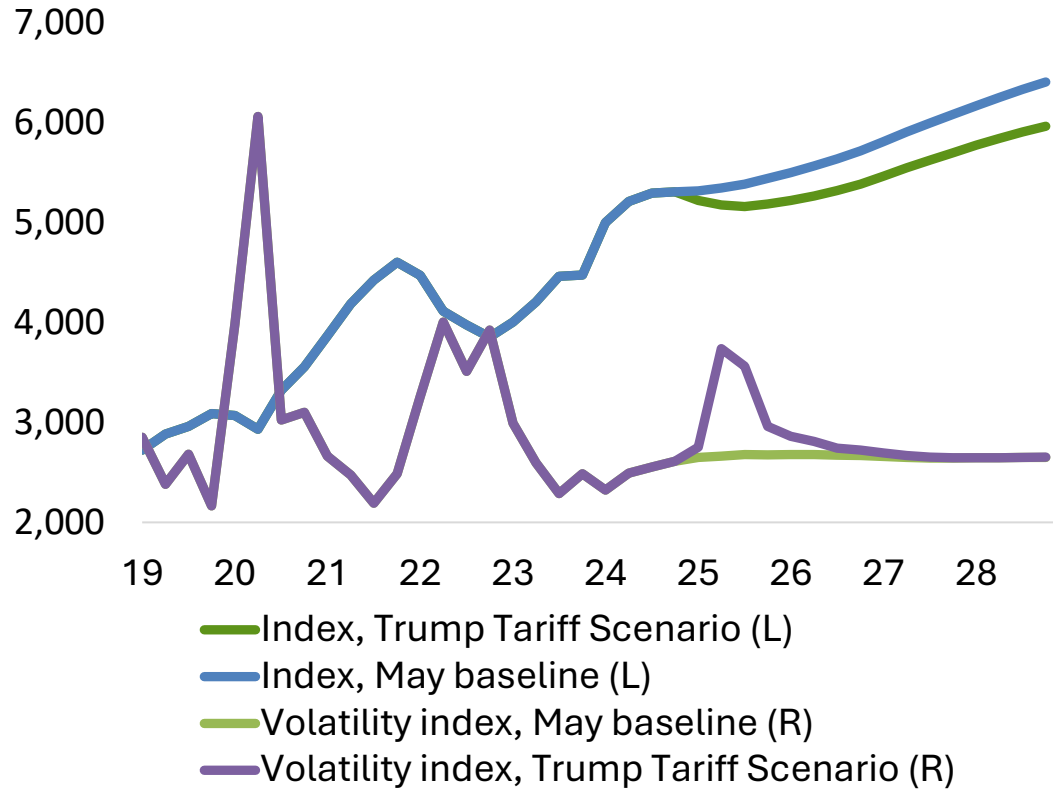
Unemployment rate, %



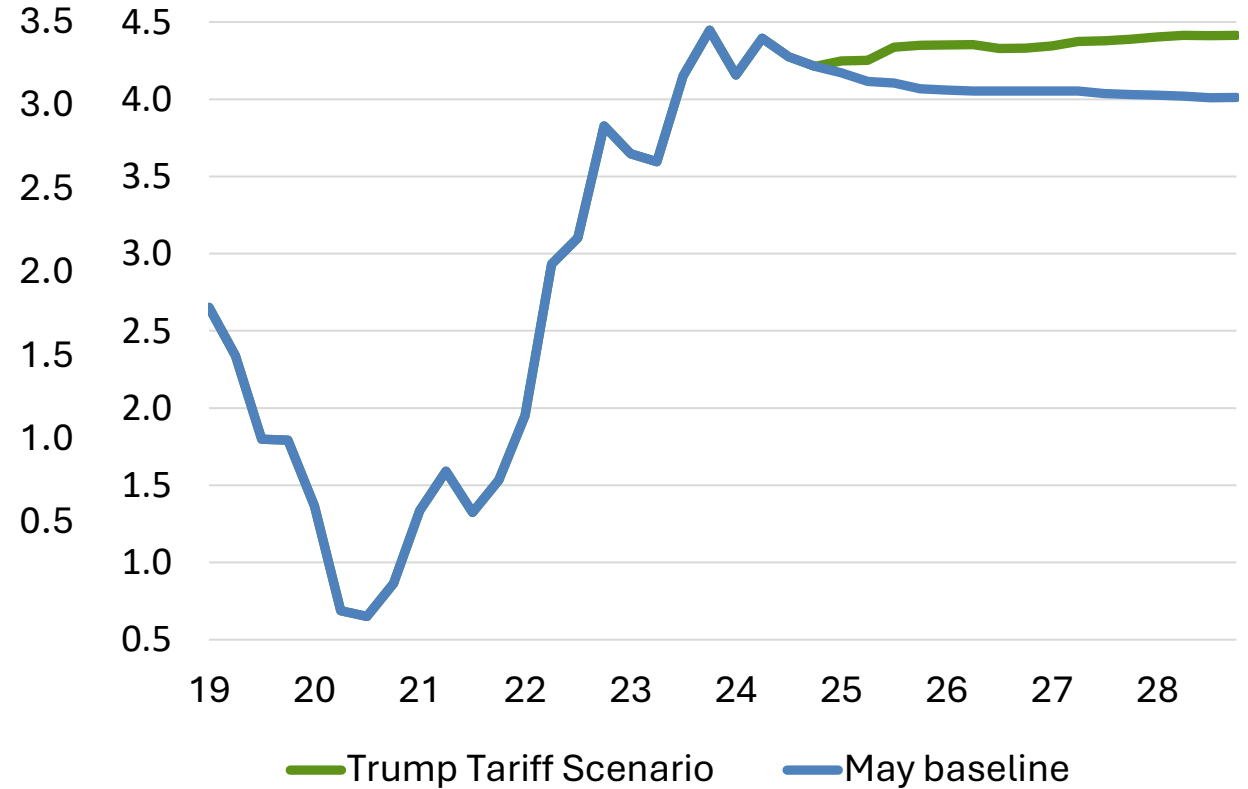
Sources: BLS, Moody's Analytics

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

S&P 500



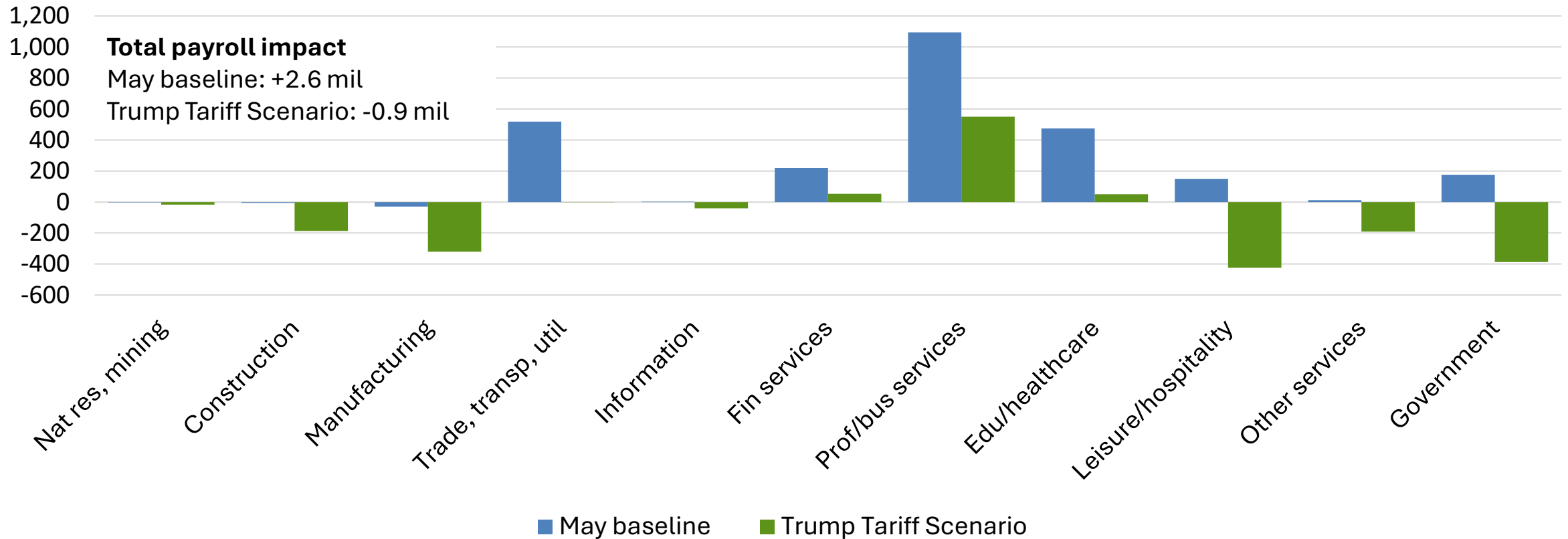
10-yr Treasury yield, %



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

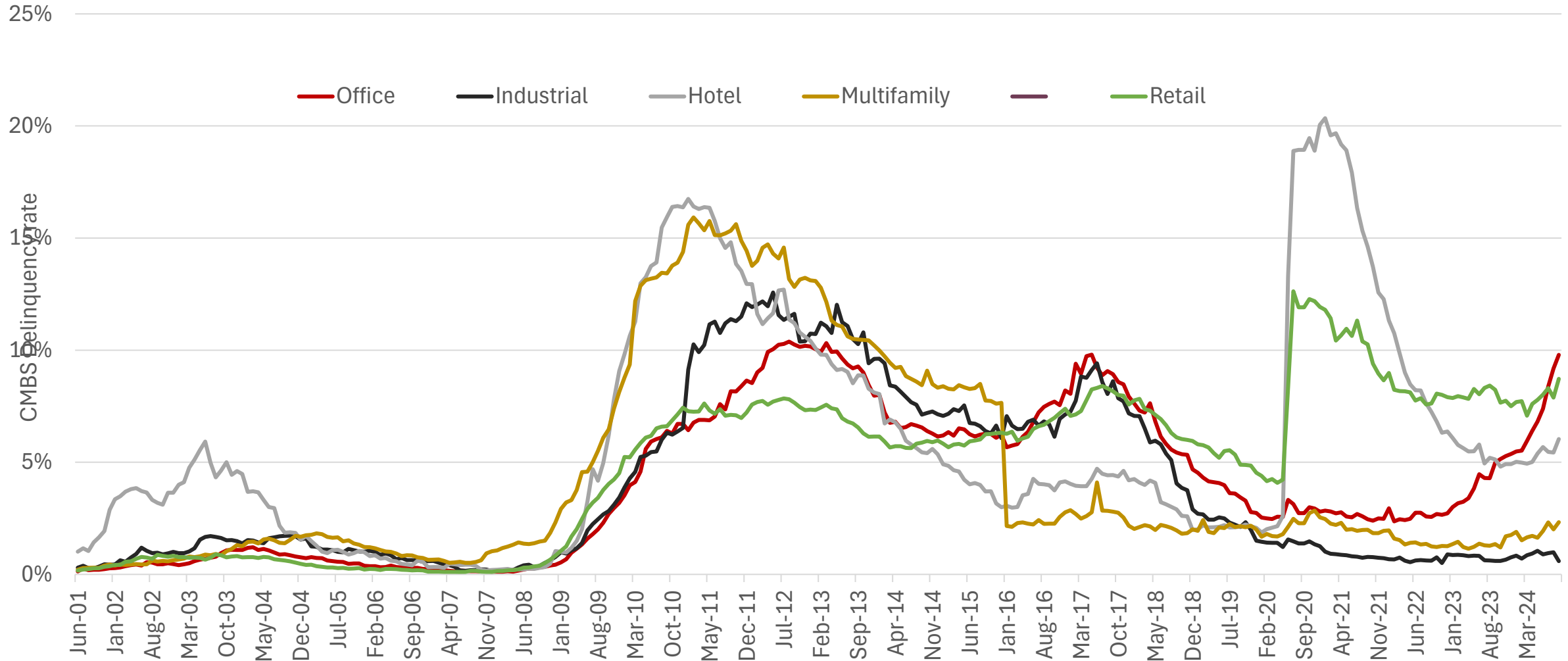
# Chart 7: Import-Sensitive Industries Will Take the Biggest Hit

Nonfarm payrolls, total additions, 2025-2028, ths

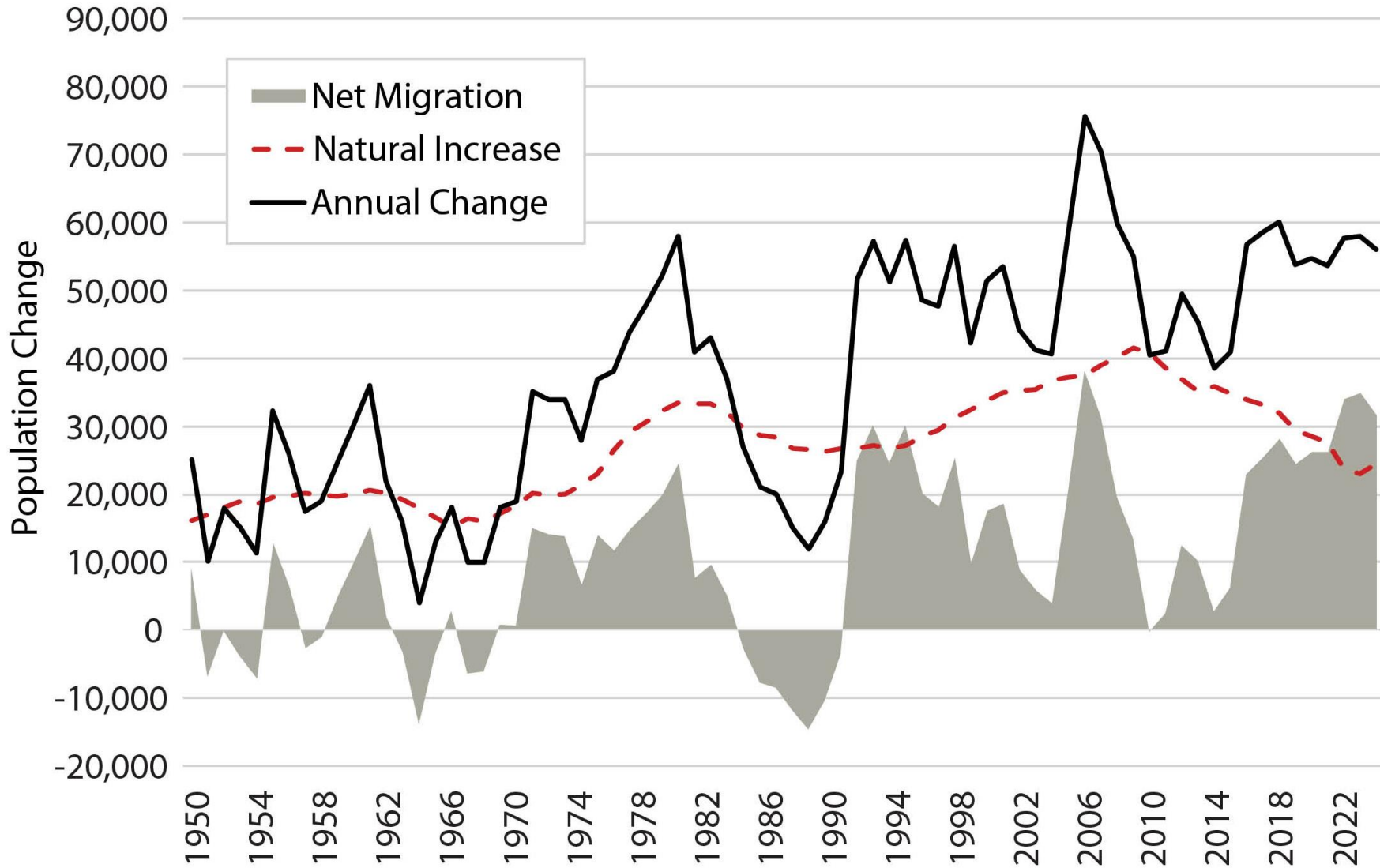


Sources: BLS, Moody's Analytics

# CMBS Delinquency Rates by Major Property Type



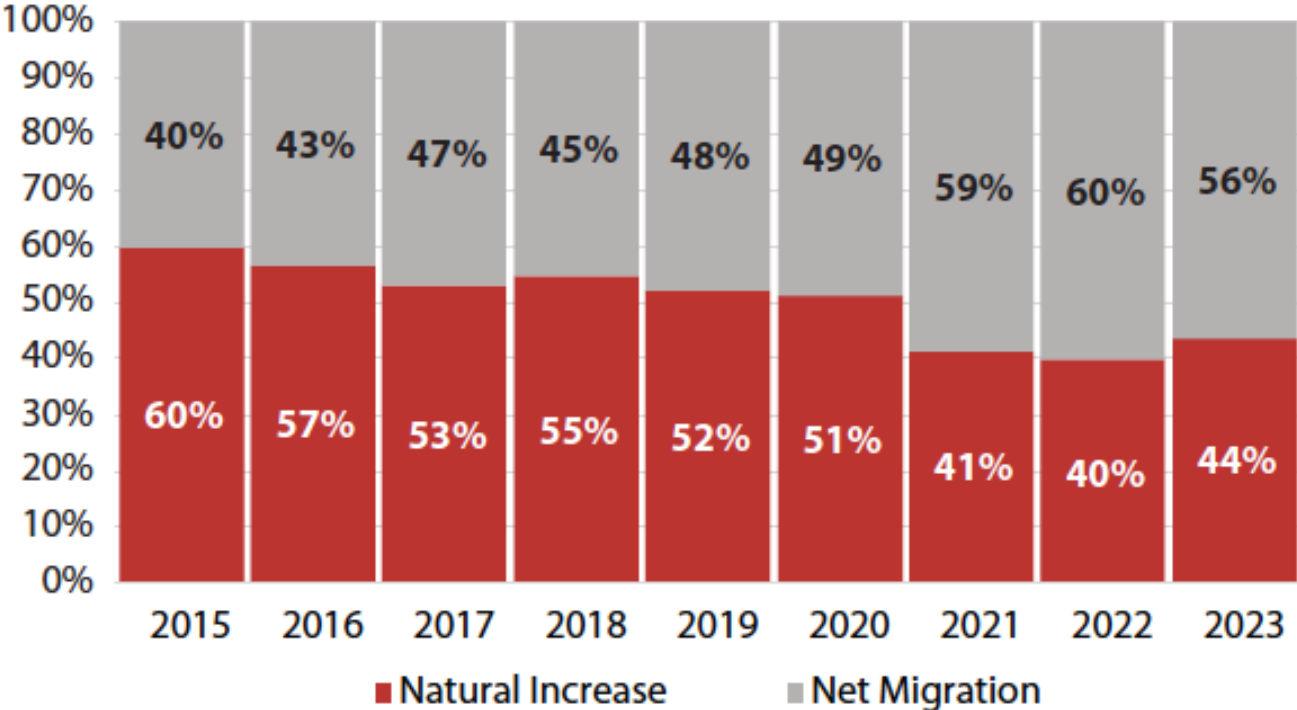
# Utah's Population Continues Growing...



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**



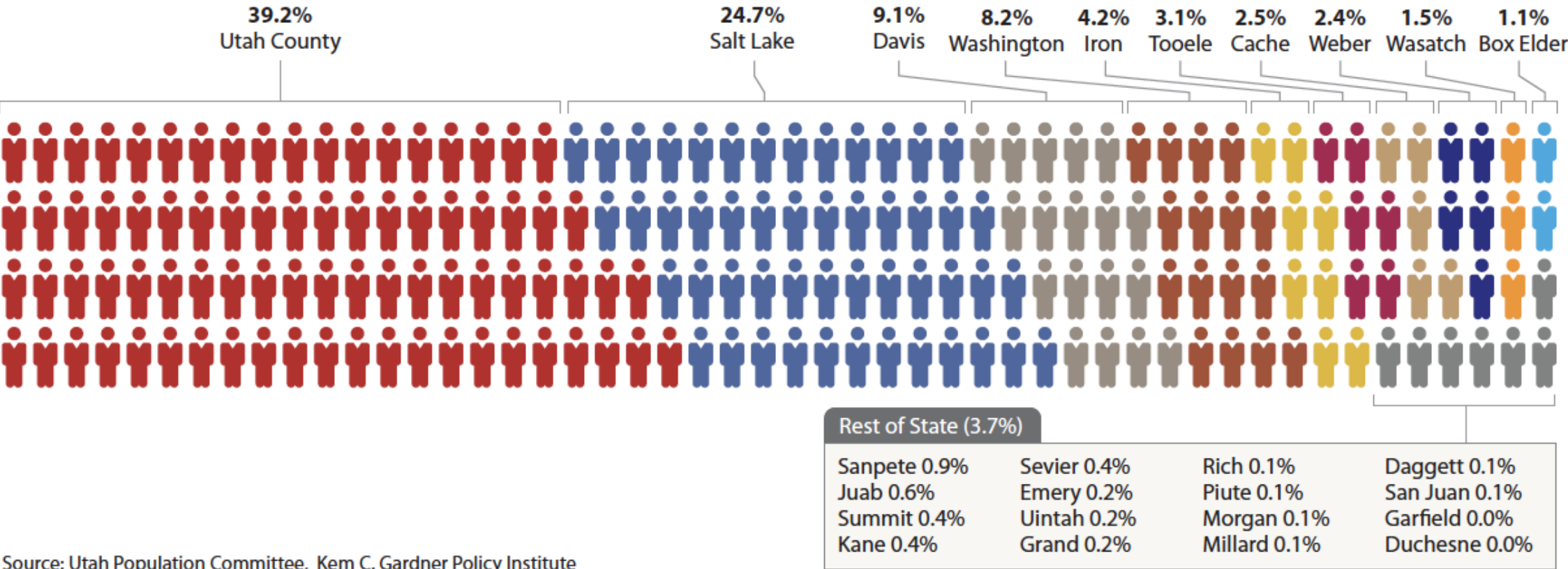
Note: 2021 and 2022 population estimates and net migration have been revised due to methodological improvements.

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



# Largest Growth In Utah County

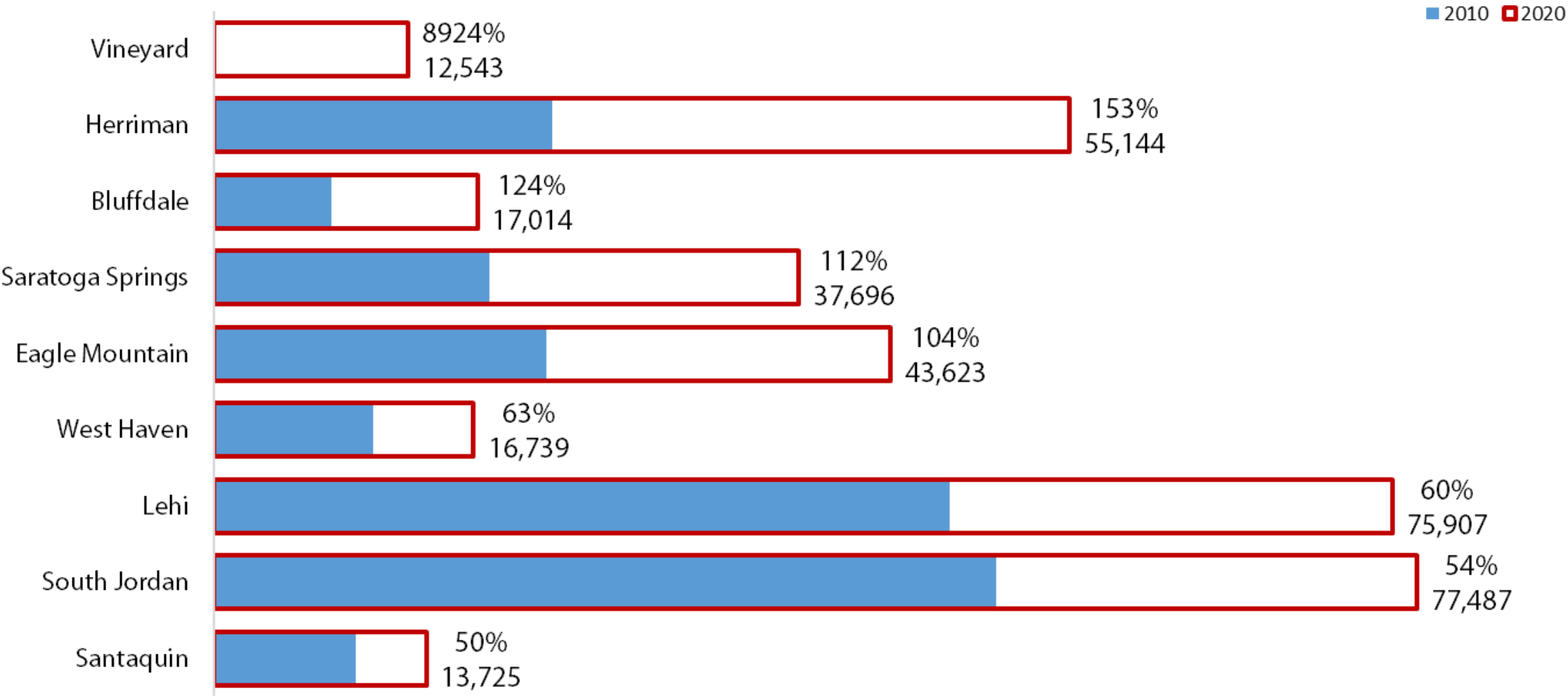
Figure 8: County Share of State Population Growth, 2022-2023



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

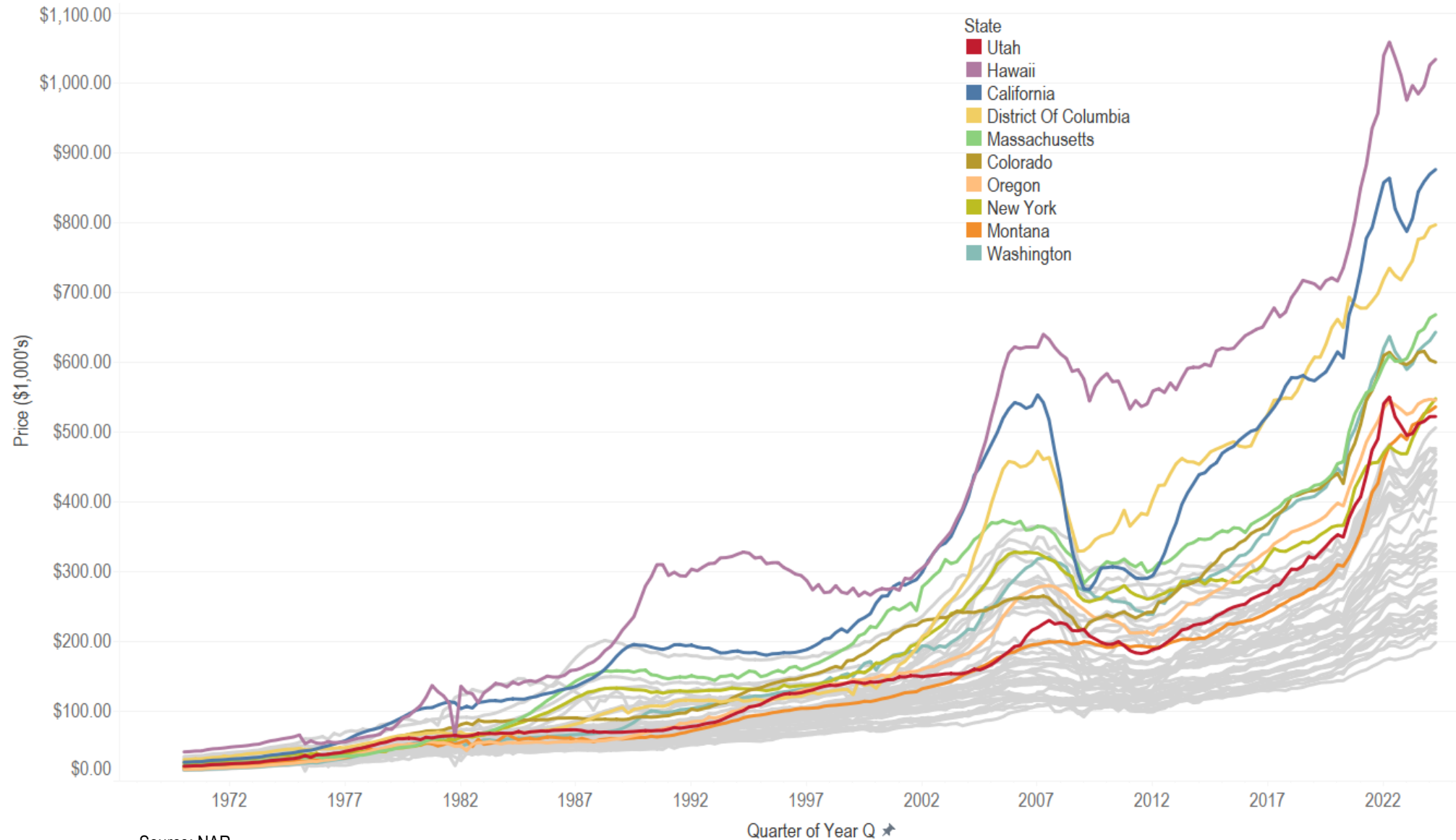
# Utah's Nine Fastest Growing Cities: 2010-2020

## *Five in Utah County*



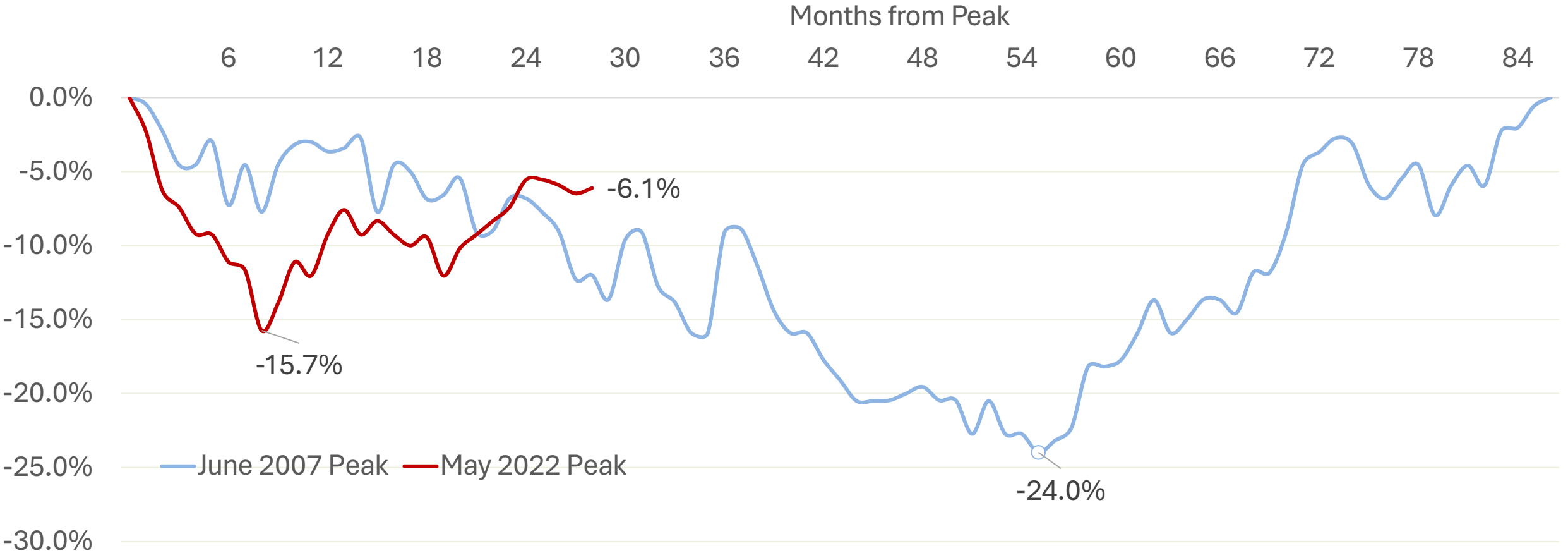
Source: U.S. Census Bureau

# Utah Ranks 10<sup>th</sup> in Median Sales Price of SF Homes



# Price Recovery Stalls

% Change in Median Sales Price from Peak, Utah

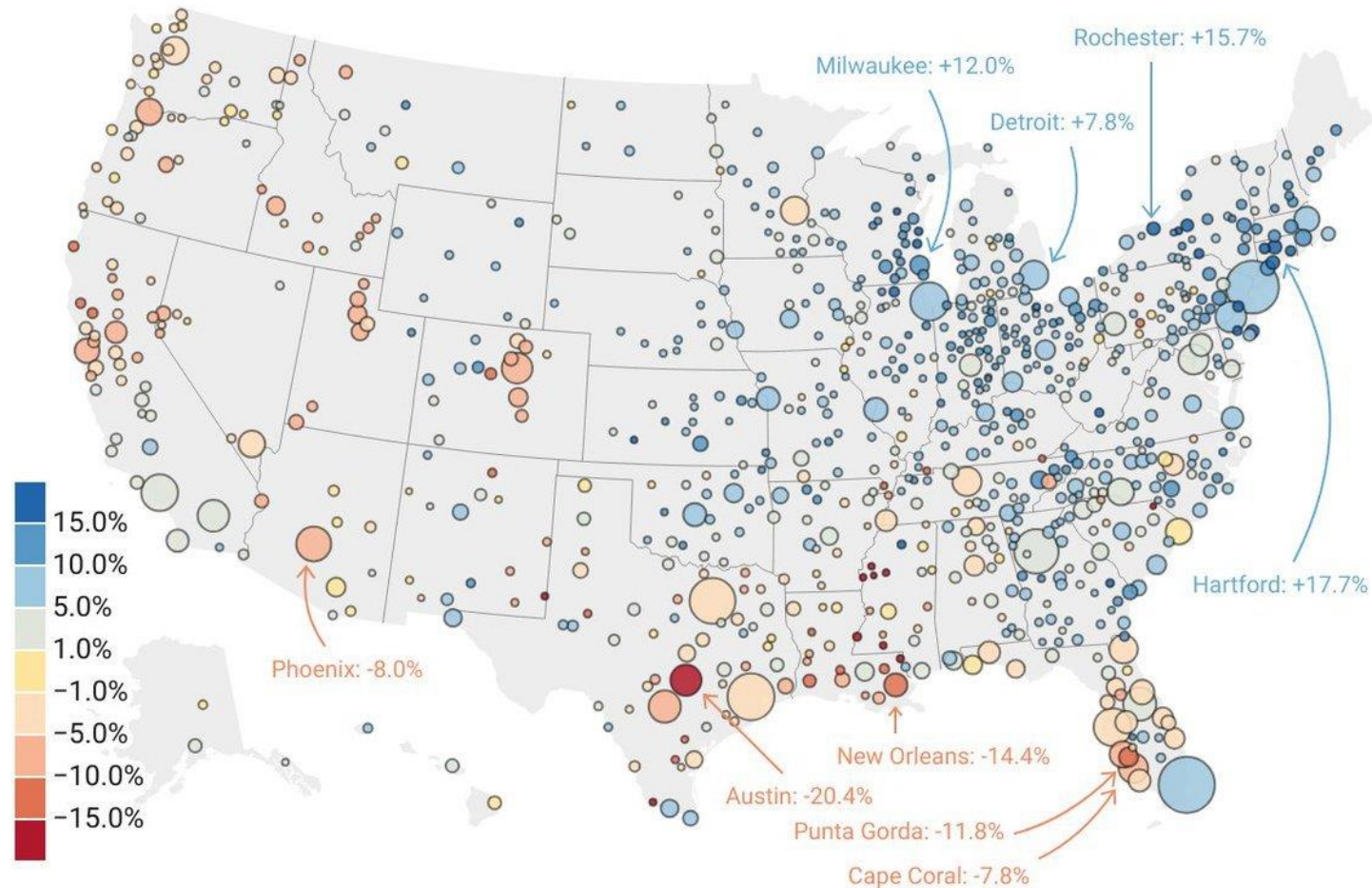


Source: Kem C. Gardner Analysis of UtahRealEstate.com Data

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

Metro sized by number of active listings for sale

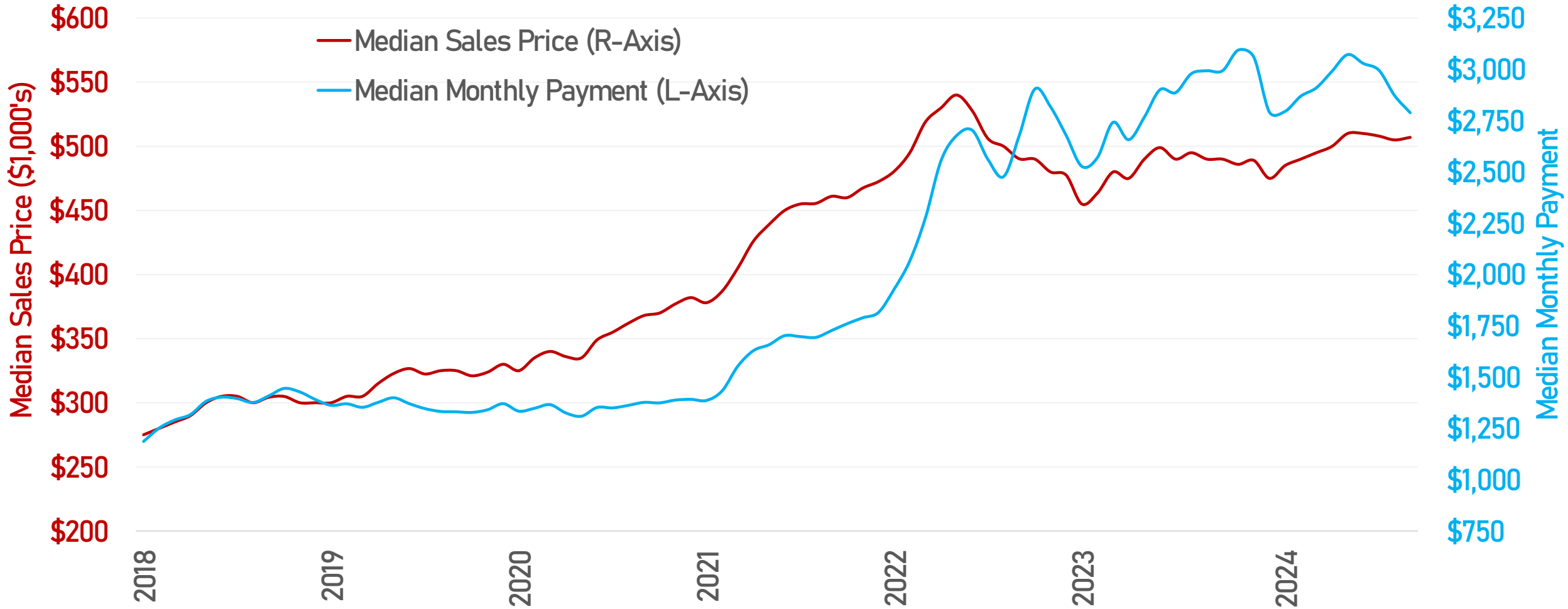
○ 4,000 ○ 15,000 ○ 40,000



*Pulled from the Lance Lambert House Price Tracker*

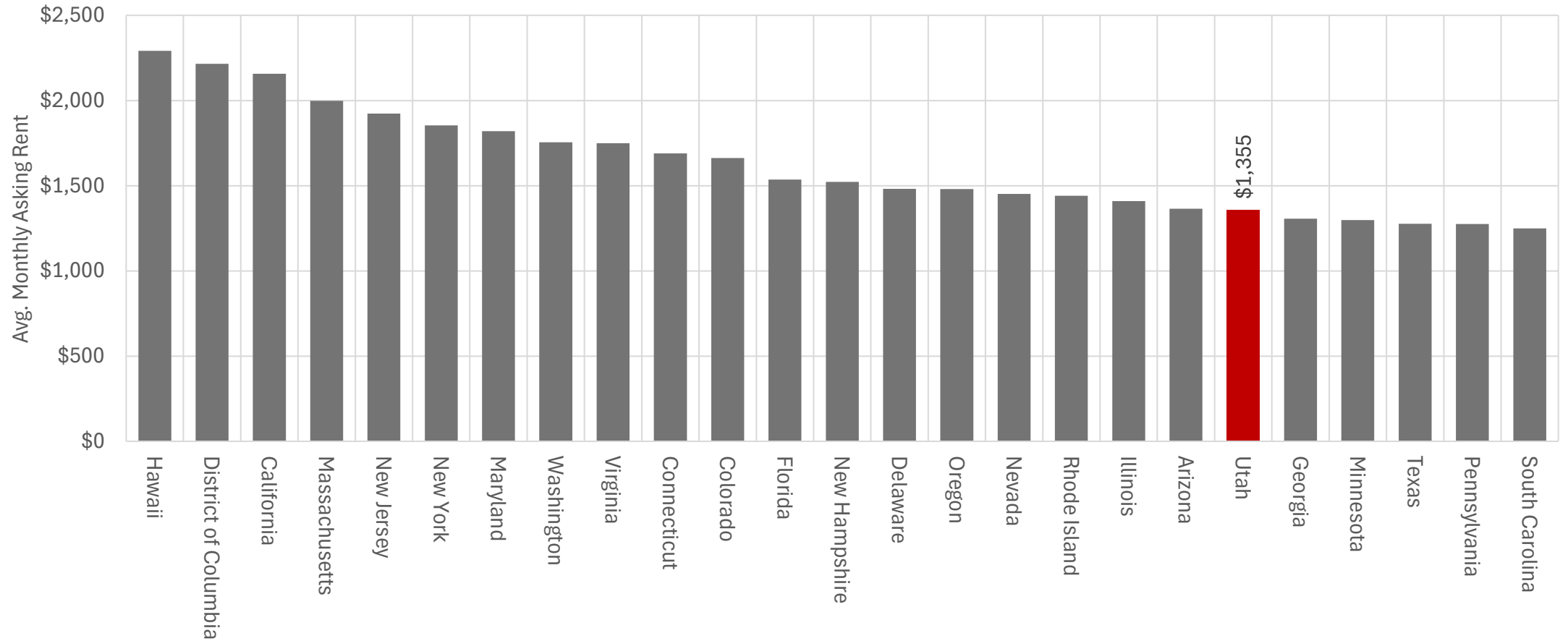
# Median Sales Price & Monthly Mortgage Payment

(Through Sept 2024)



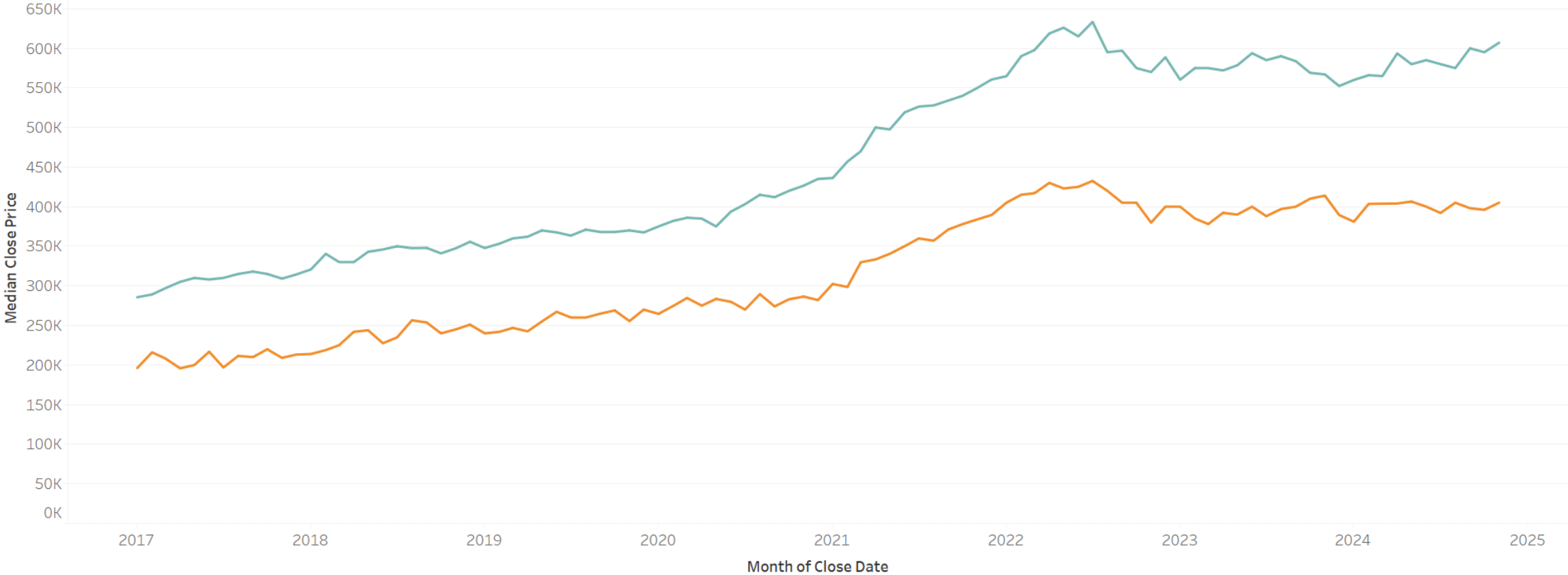
Source: Kem C. Gardner Policy Institute, UtahRealEstate.com Sales Data, FreddieMac Mortgage Survey Data

# Utah Ranks 20<sup>th</sup> in Asking Rents, Fall 2024



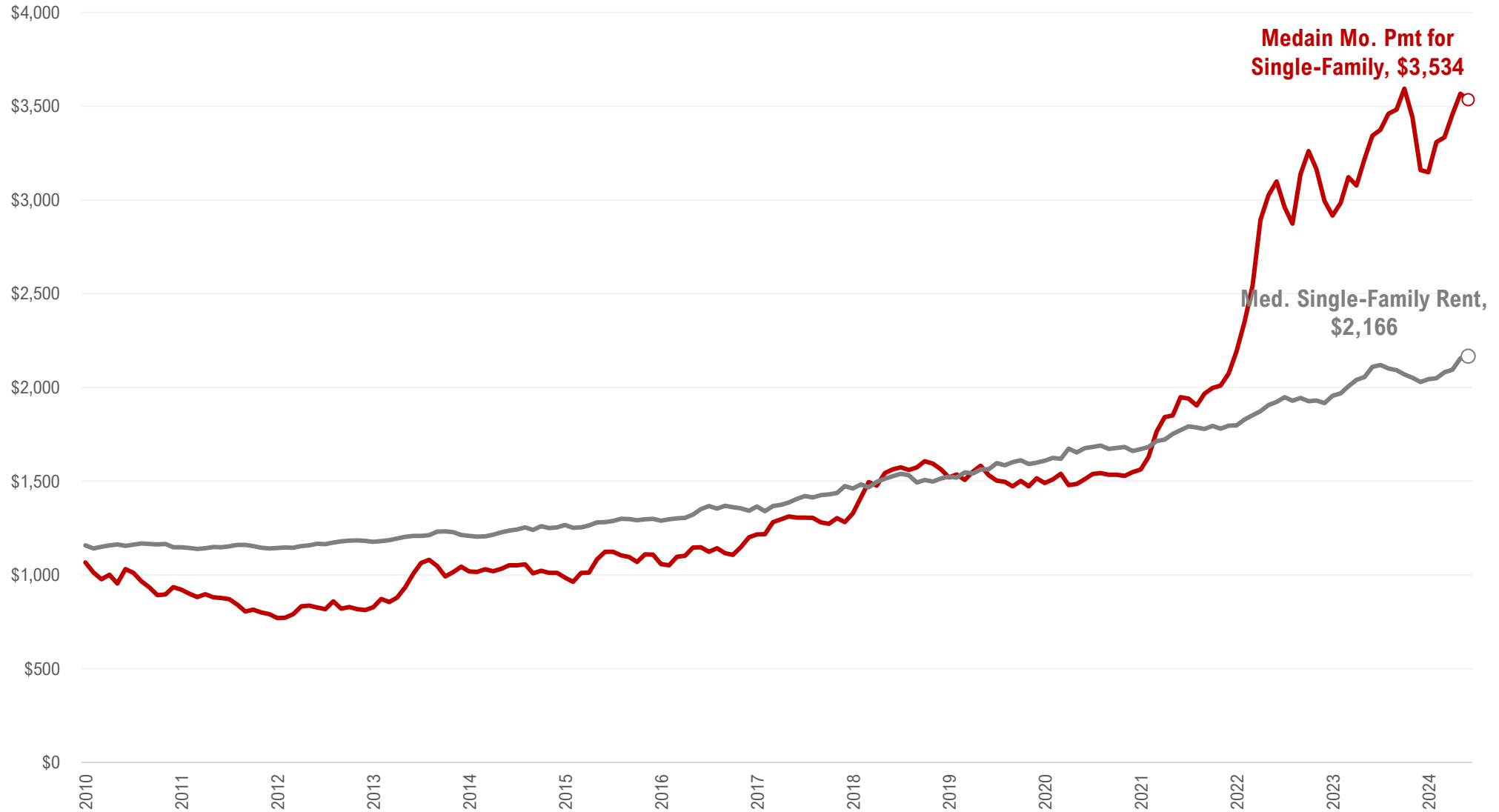
Source: ApartmentList.com

# Utah Co. Median Sales Price



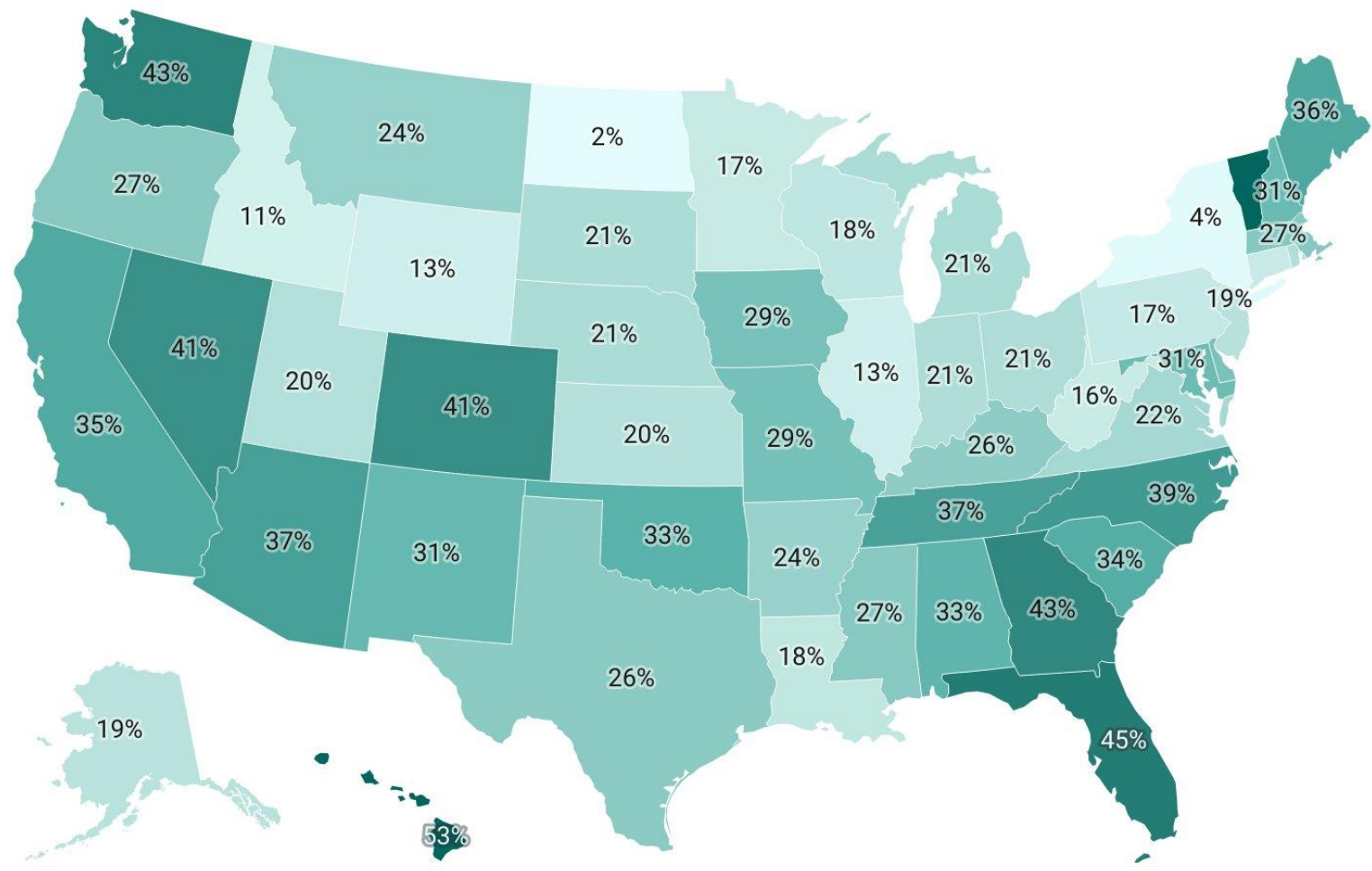
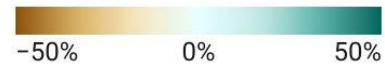


# Cost of Renting vs. Owning - Wasatch Front



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

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



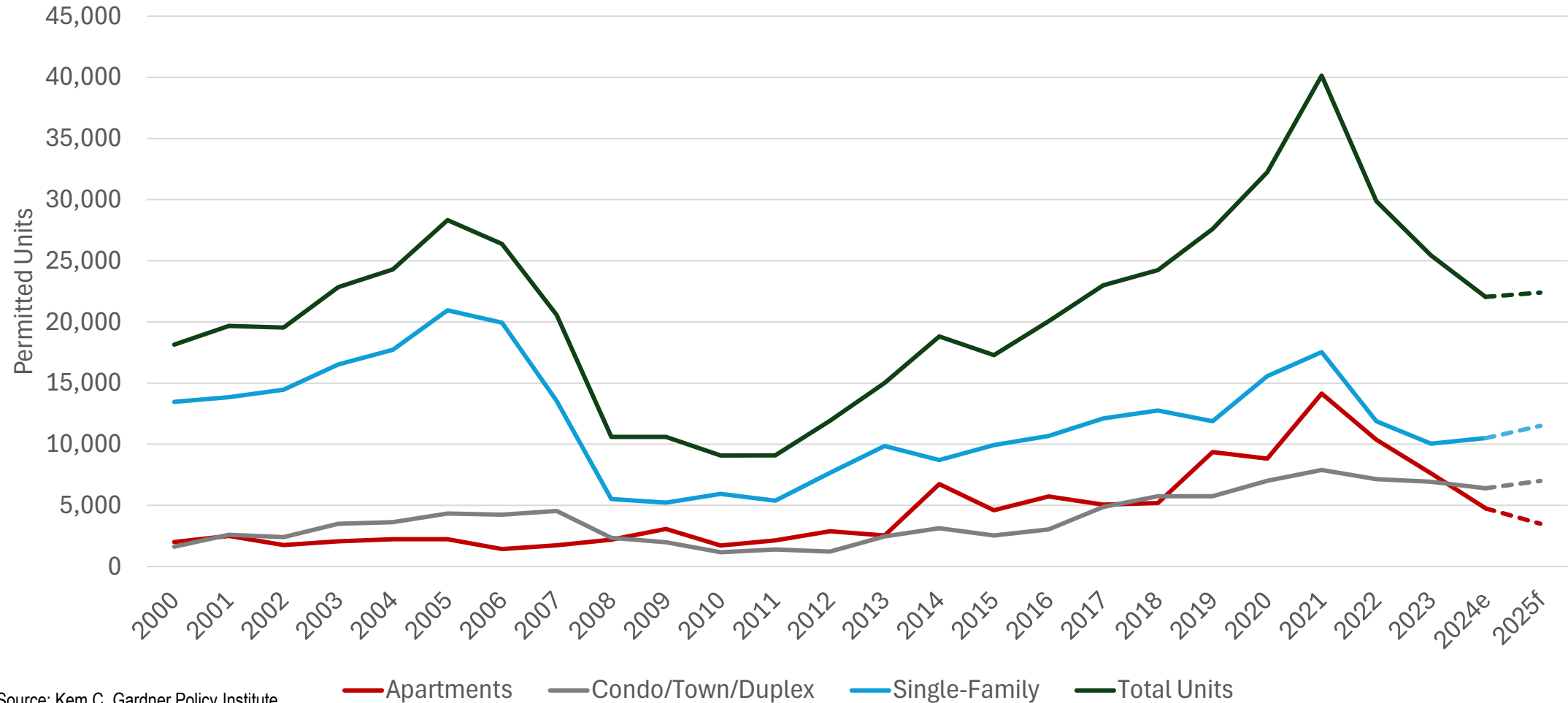
Map: Lance Lambert • Source: ResiClub analysis of listing data from Realtor.com • Created with Datawrapper



# Mortgage Rates Remain Elevated

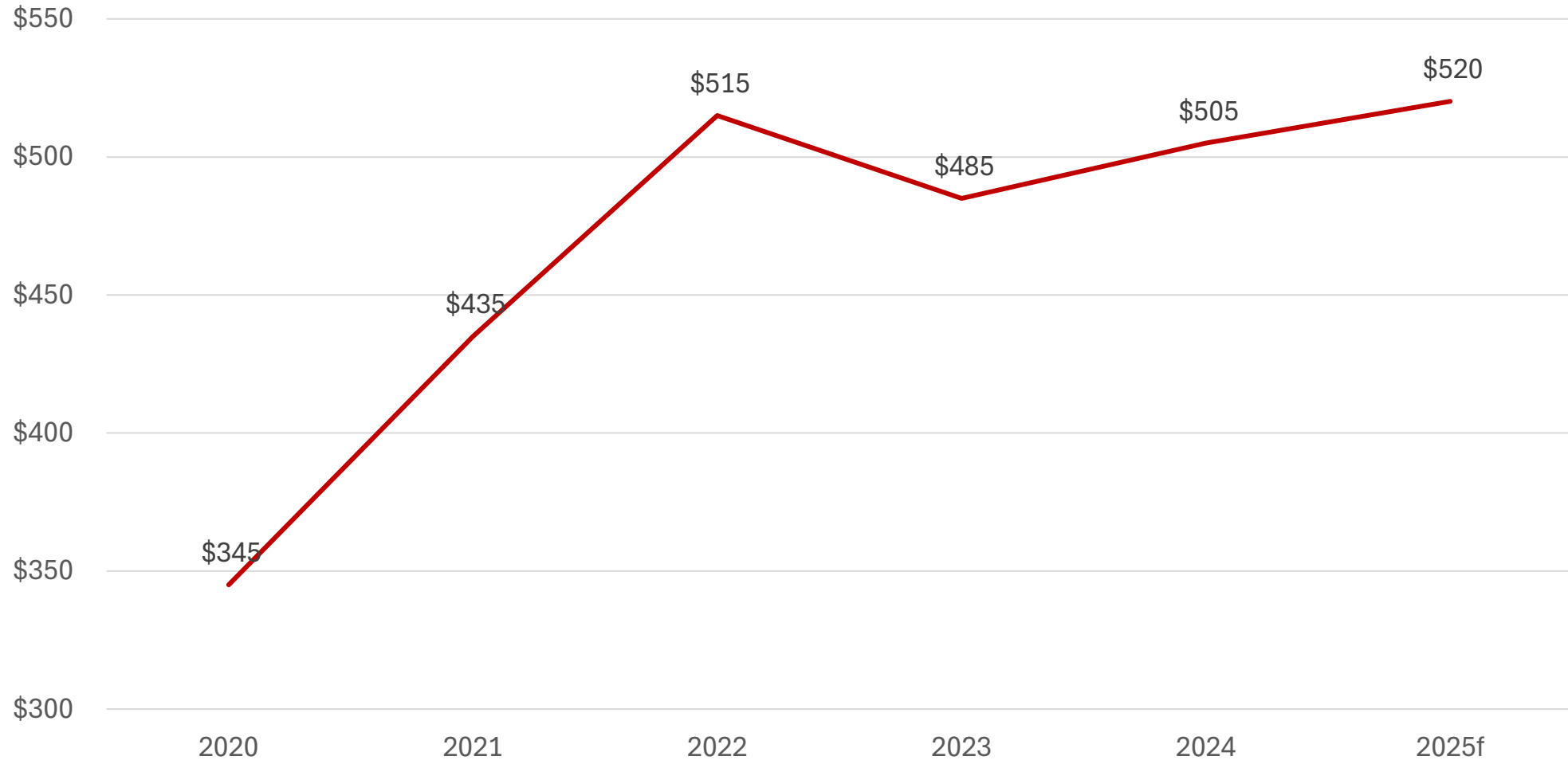


# Permitted Housing Units Outlook

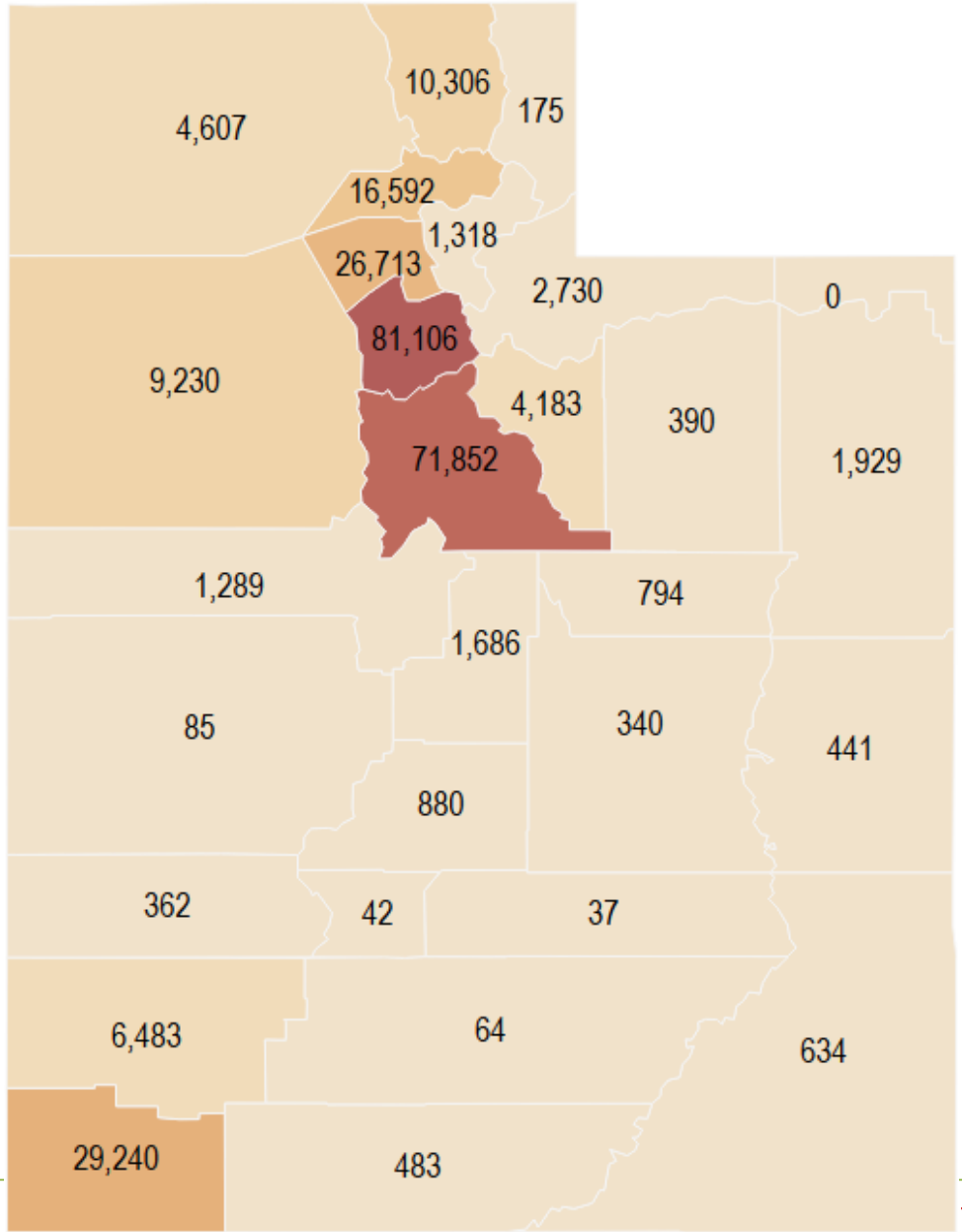
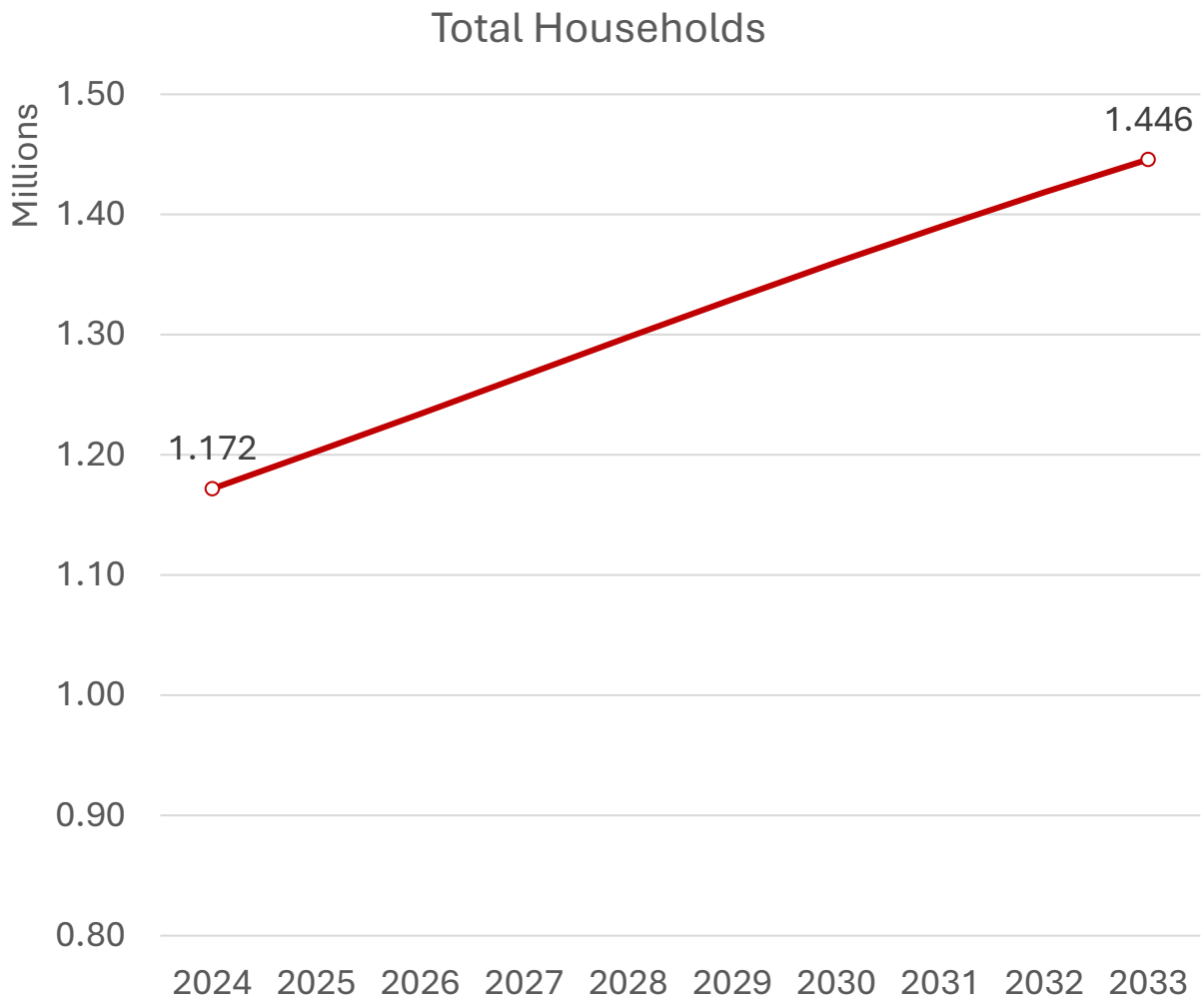


Source: Kem C. Gardner Policy Institute

# Annual Price Growth 3% into 2025



# 23% Increase in Housing Demand 2024-2033



Source: Kem C. Gardner Policy Institute