

What's Keeping Utah's Real Estate Going in the Time of COVID?

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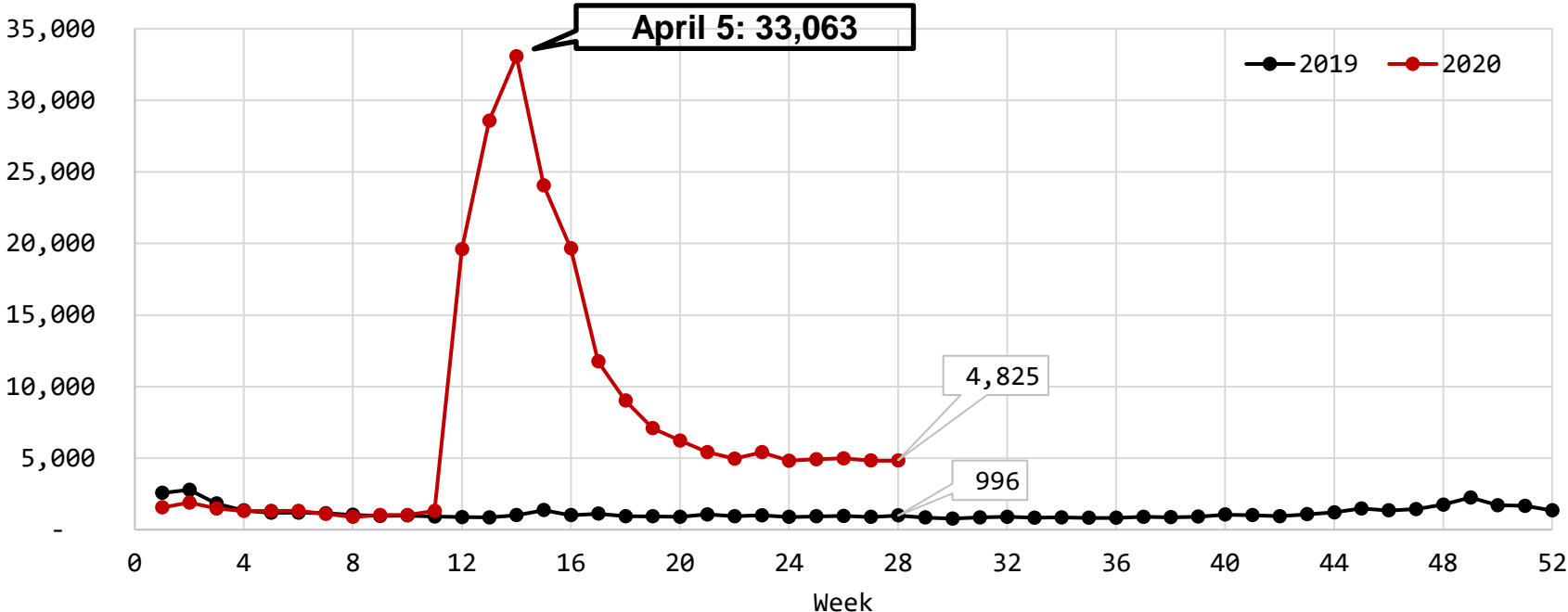


“Who would have thought two weeks ago that a 5.7 magnitude earthquake would be third on our list of things to worry about?”

- Legislative Fiscal Analyst

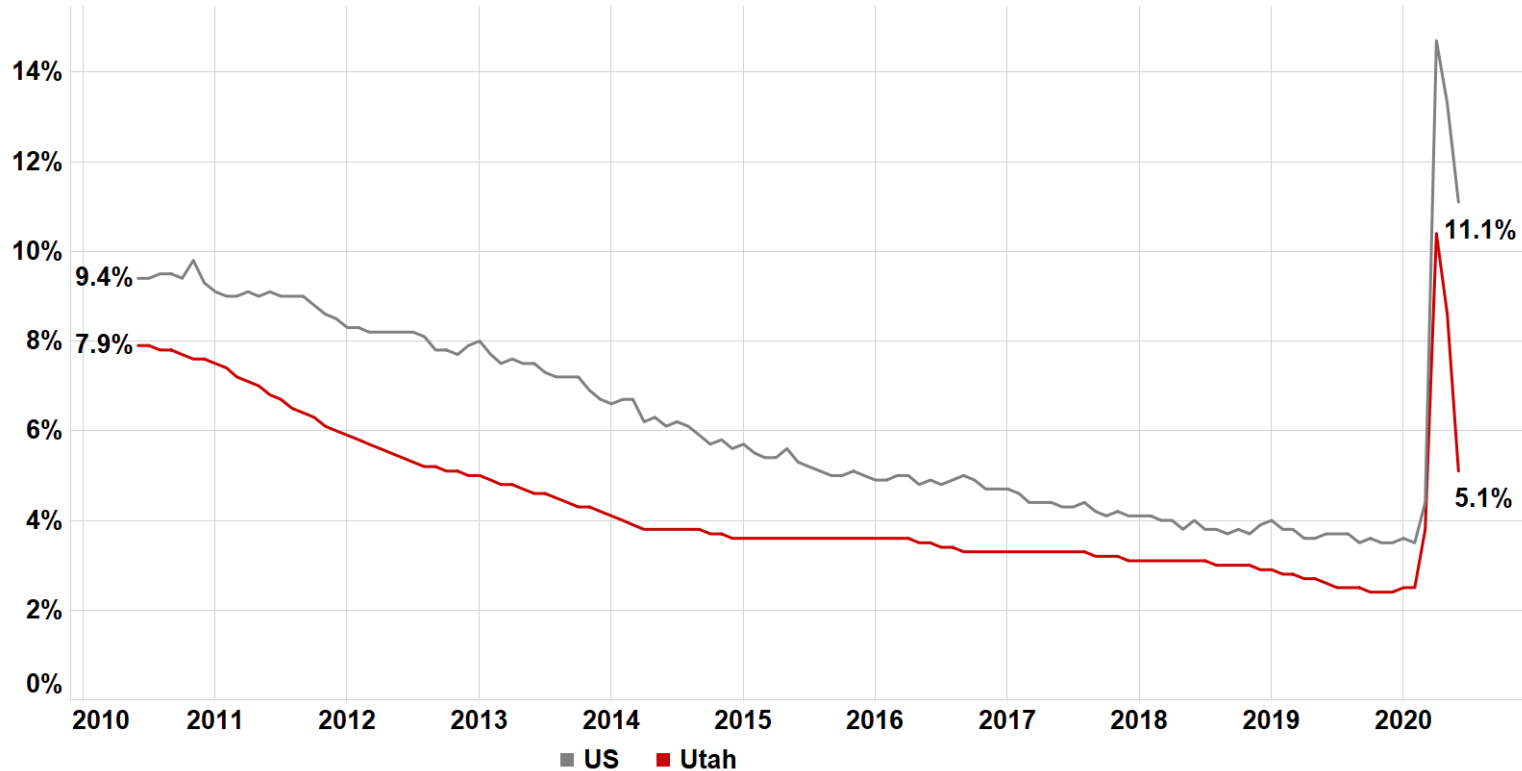
Economic hemorrhaging has stopped

COVID-19 Initial Weekly Unemployment Insurance Claims



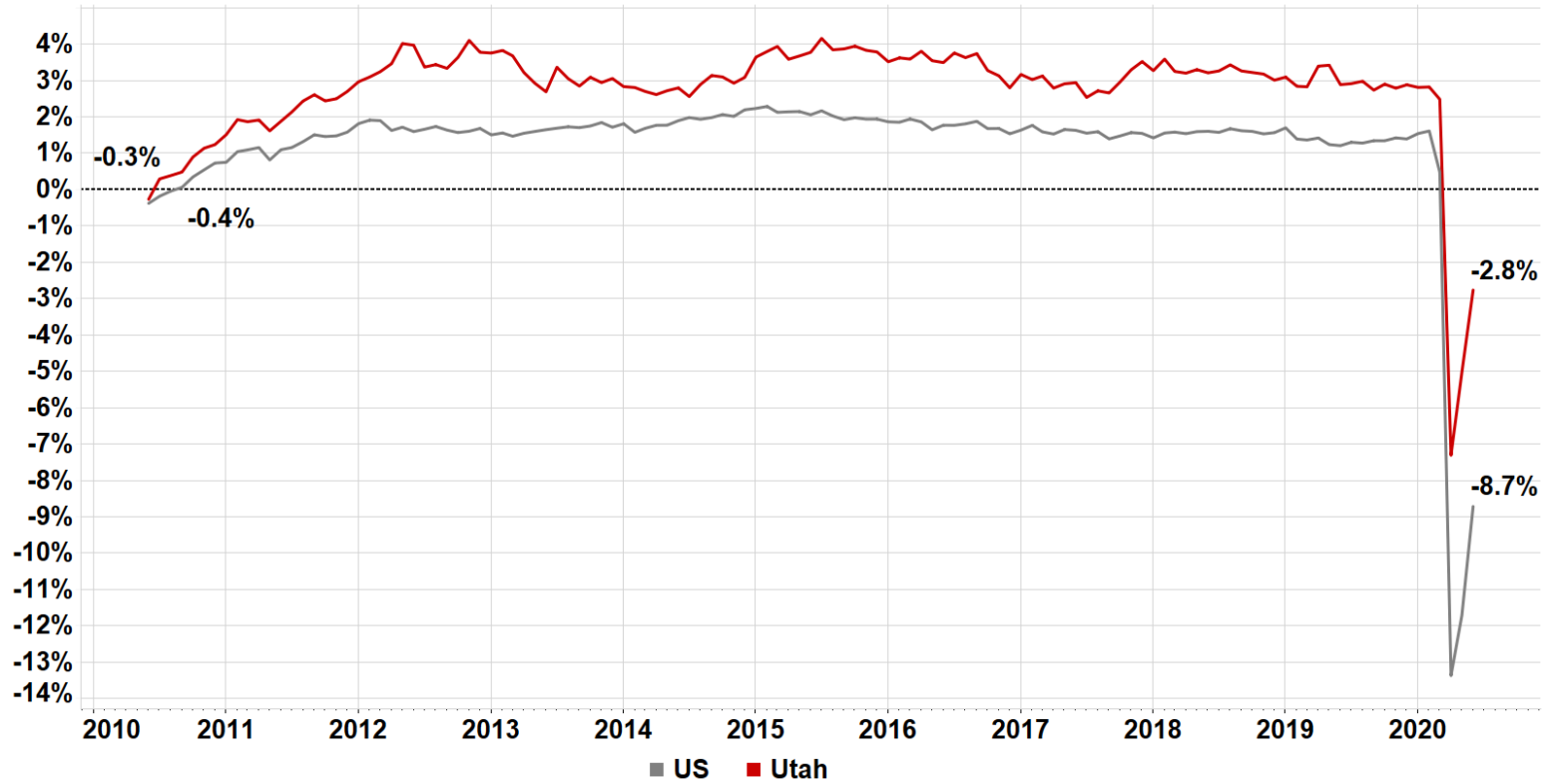
Source: Utah Department of Workforce Services

Unemployment Rate



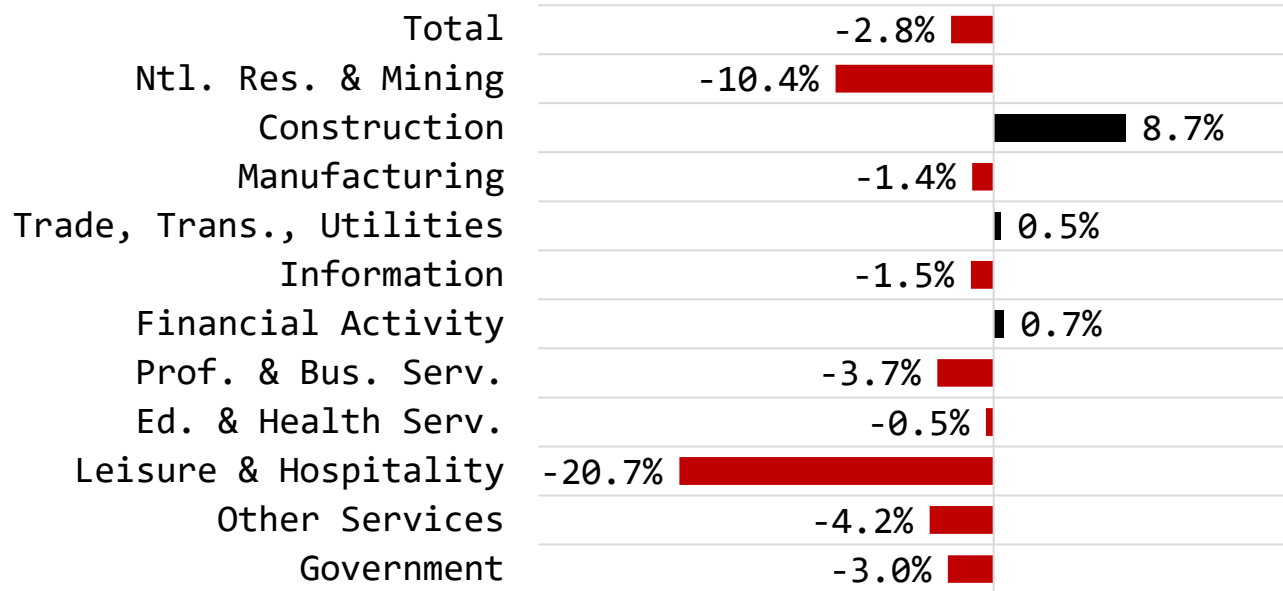
Source: U.S. Bureau of Labor Statistics

Job Change



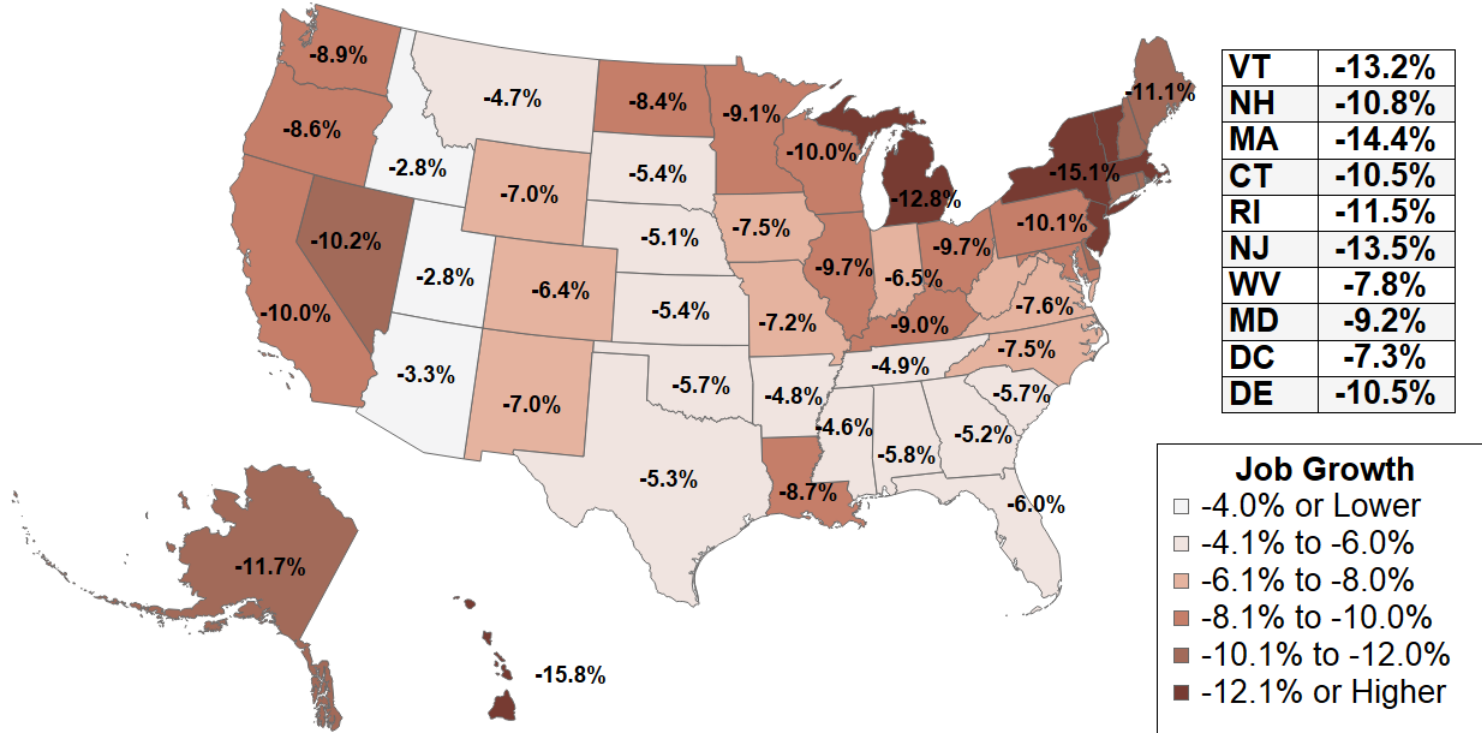
Source: U.S. Bureau of Labor Statistics

Utah Job Change by Industry, June 2019–June 2020



Job Change

Year-Over Percent Change June 2020



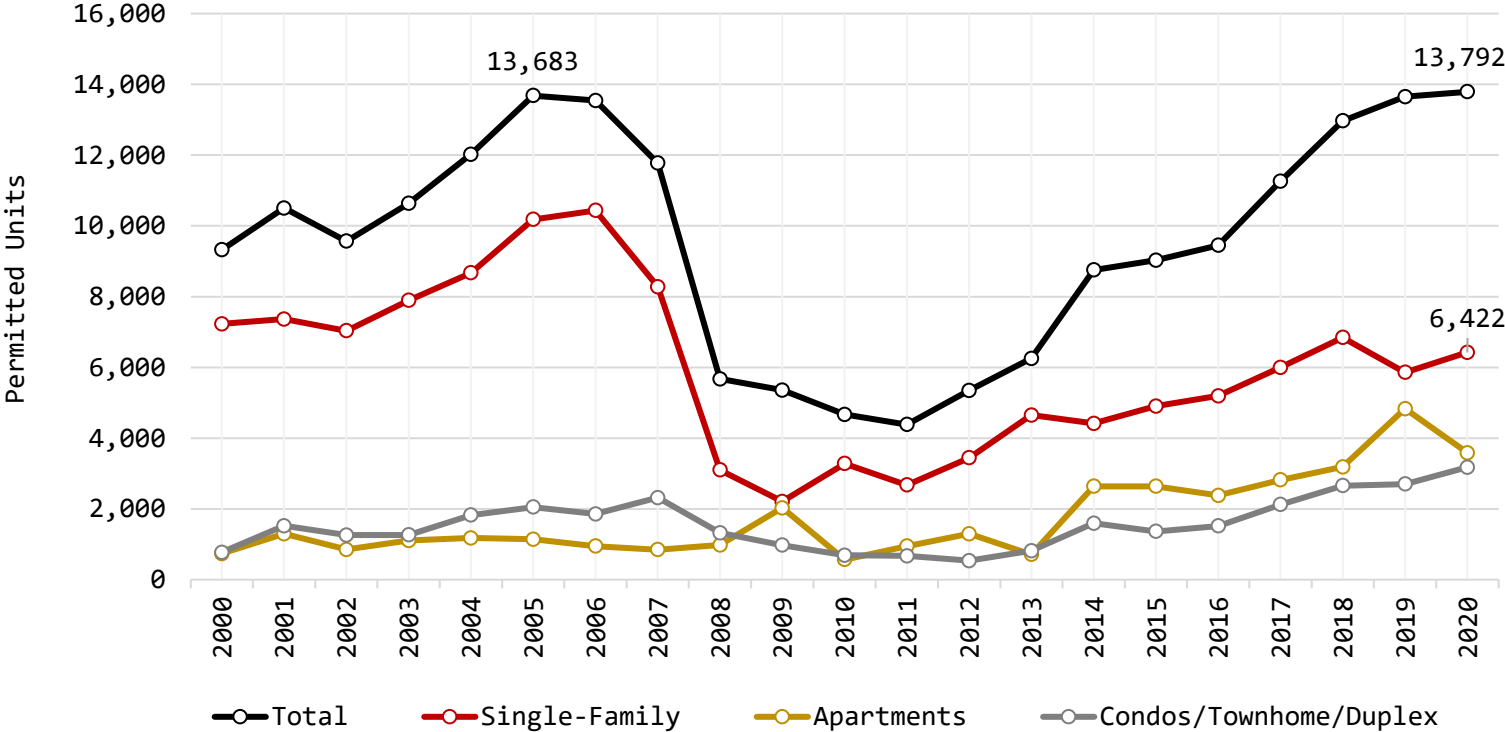
Source: U.S. Bureau of Labor Statistics

Economy Will Lose a Year's Worth of Growth

- GDP - \$16 billion less
- Jobs - 48,000 less
- Personal Income - \$7.1 Billion less

Source: Utah's Revenue Assumptions Working Group.

Best 6-Months for New Housing Construction

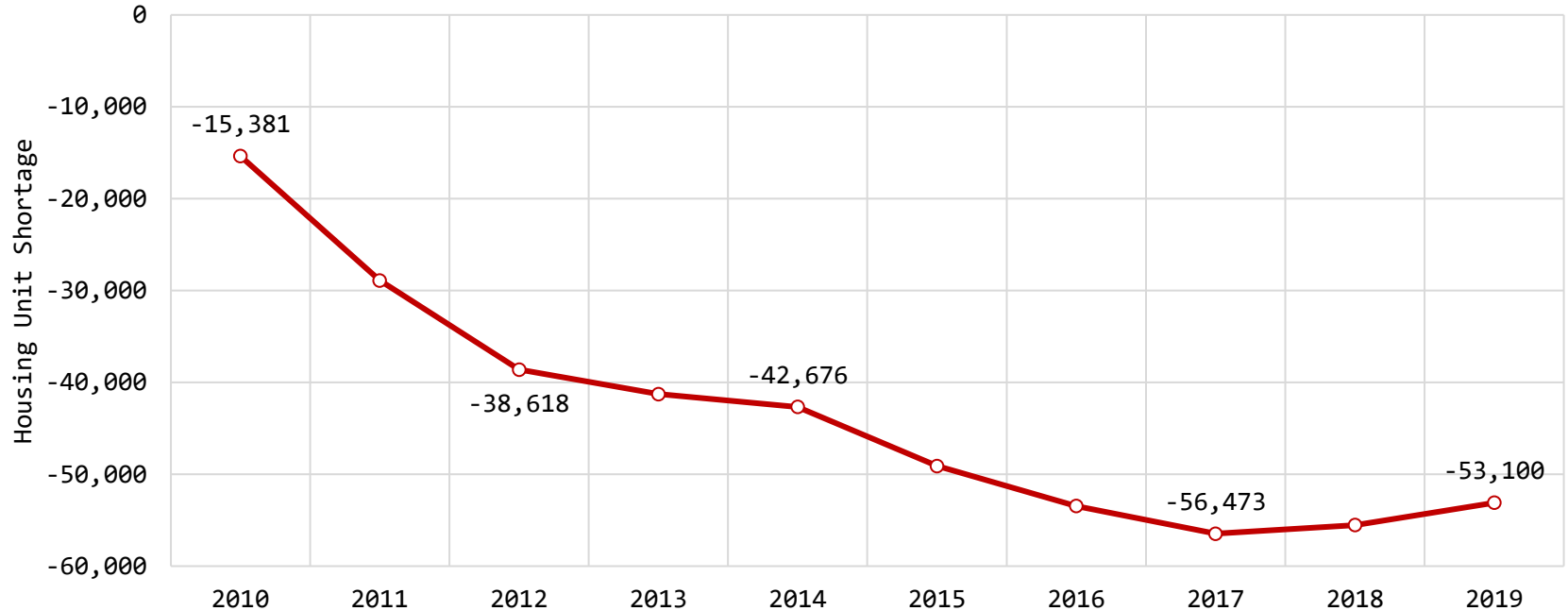


Source: Kem C. Gardner Policy Institute.

But How?

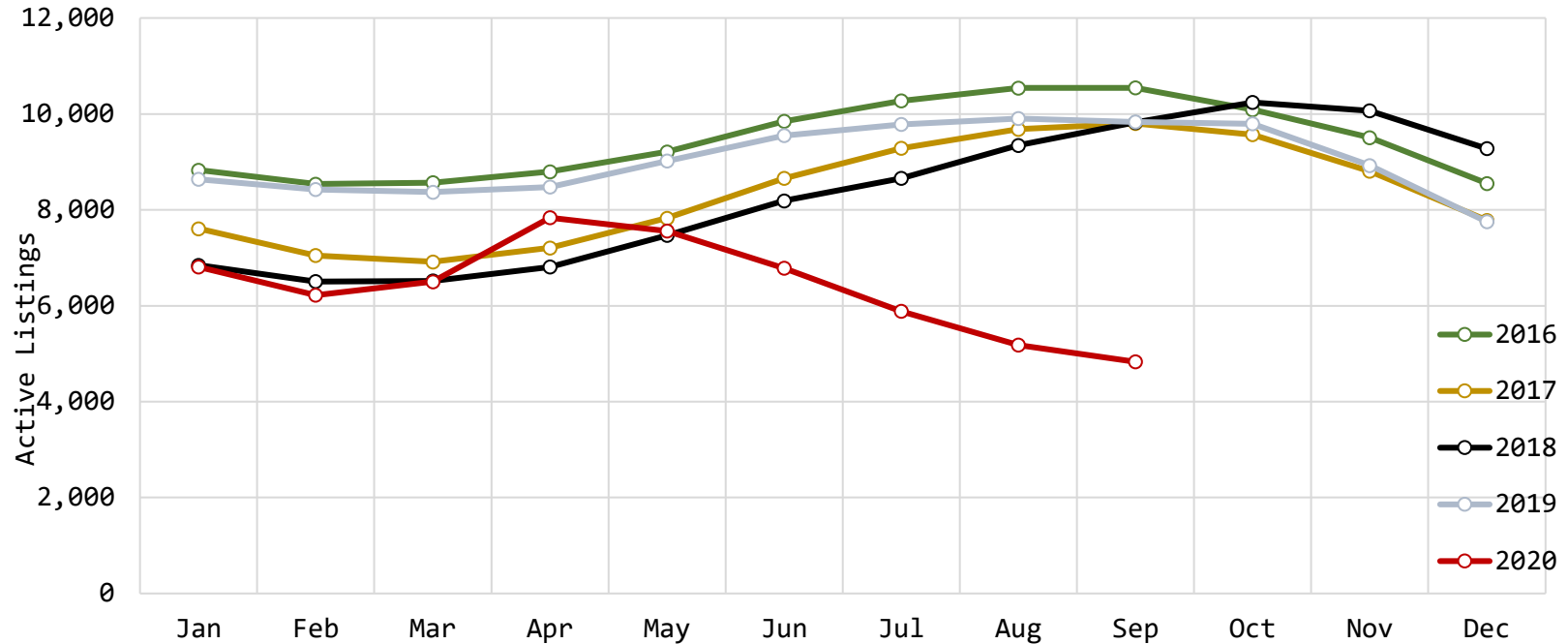
- Pent-up Demand – Housing shortage
- Existing Inventory – Record low
- Mortgage Rate – Record low (still falling)

Housing Shortage Keeps the Pressure



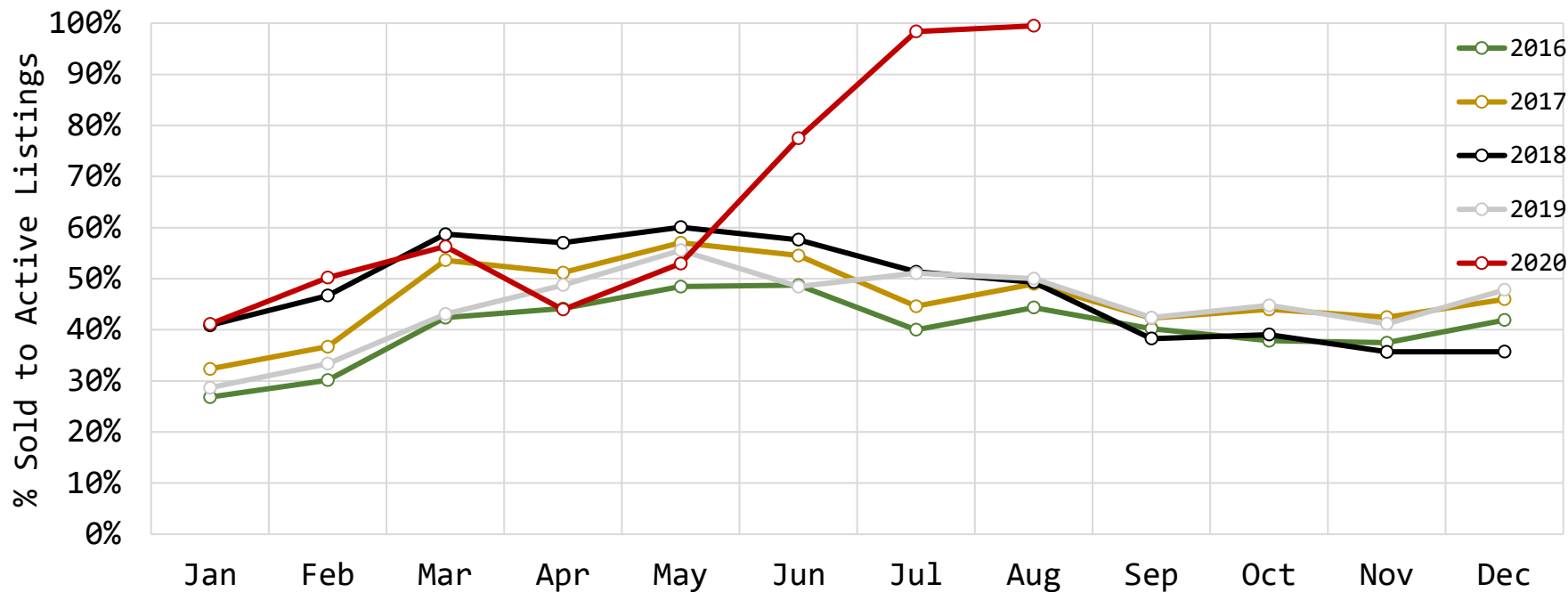
Source: Kem C. Gardner Policy Institute.

Historic Low For-Sale Inventory



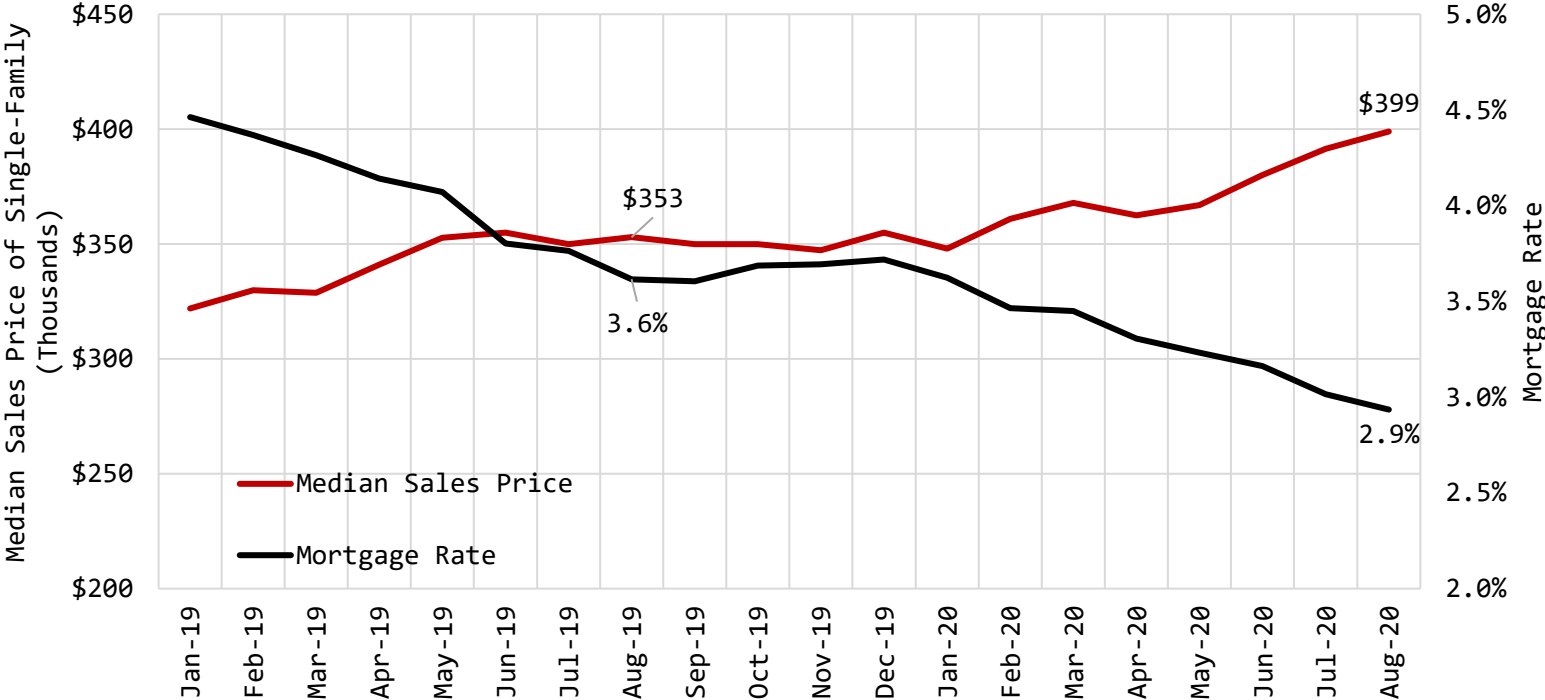
Source: *UtahRealEstate.com.*

Sold-to-Active Ratio Showing Stress



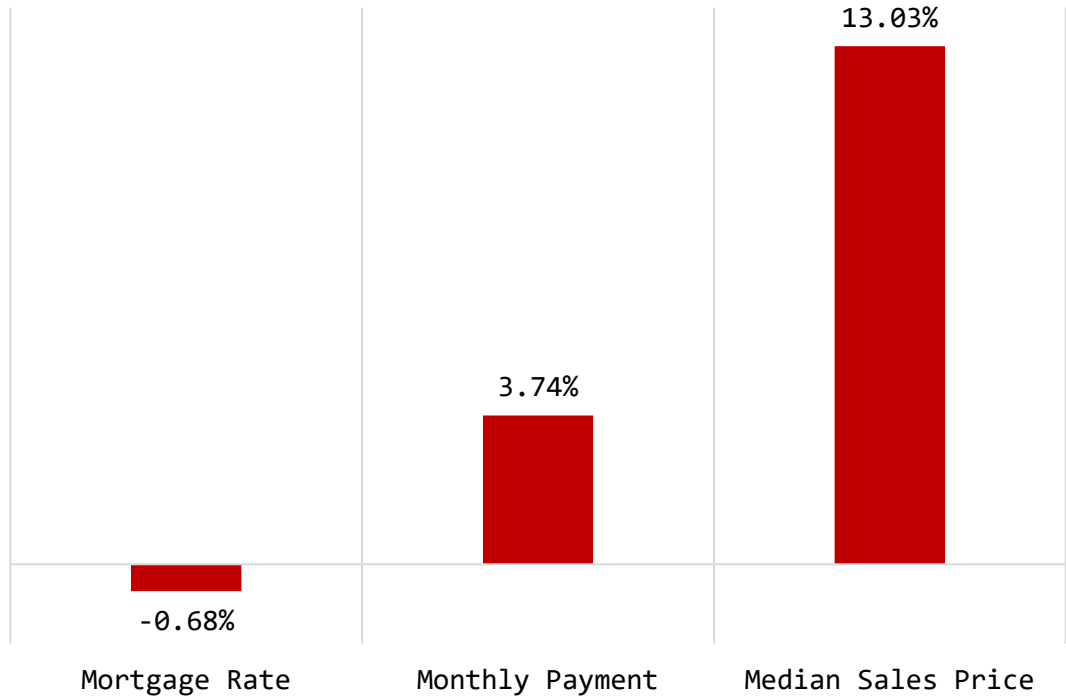
Source: *UtahRealEstate.com, Kem C. Gardner Policy Institute.*

Affordability Concern: Increasing Demand & Price



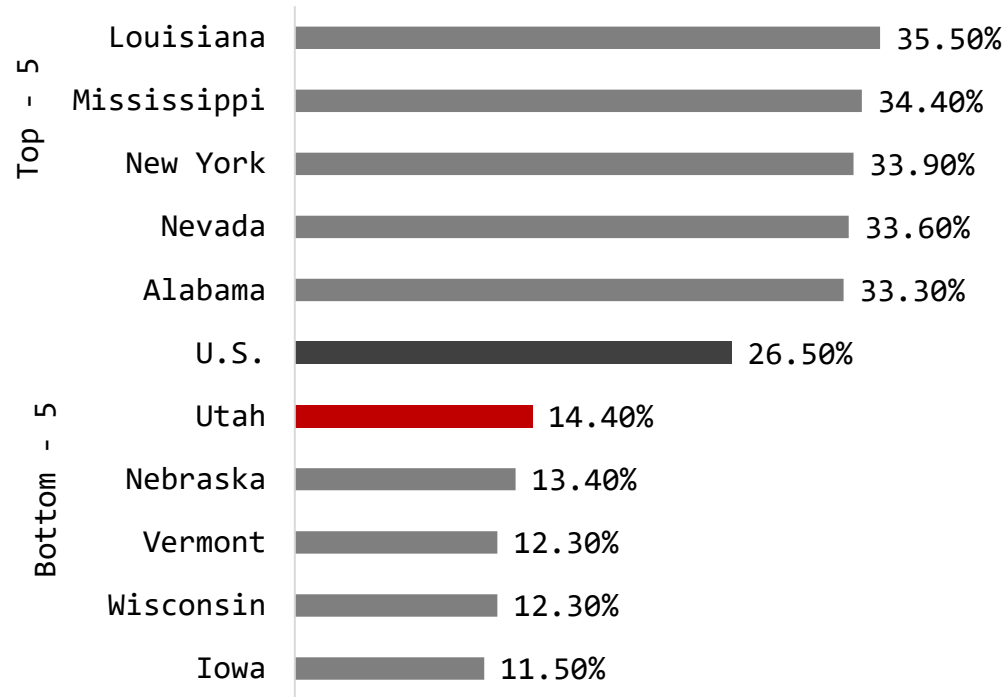
Source: *UtahRealEstate.com, FreddieMac.*

Change: August 2020 – 2019 (single-family)



Source: Kem C. Gardner Policy Institute.

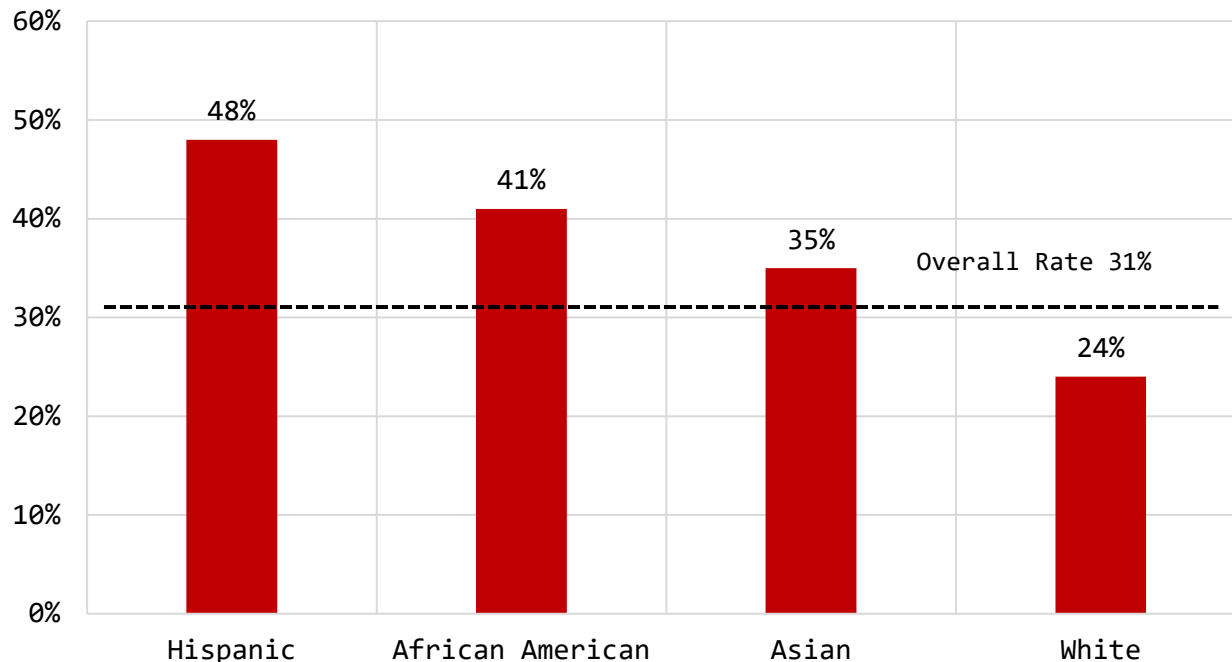
Adults Reporting Housing Insecurity



Source: U.S. Census Bureau, Household Pulse Survey.

Minority Renters are More Likely to Have Unpaid Rent (National)

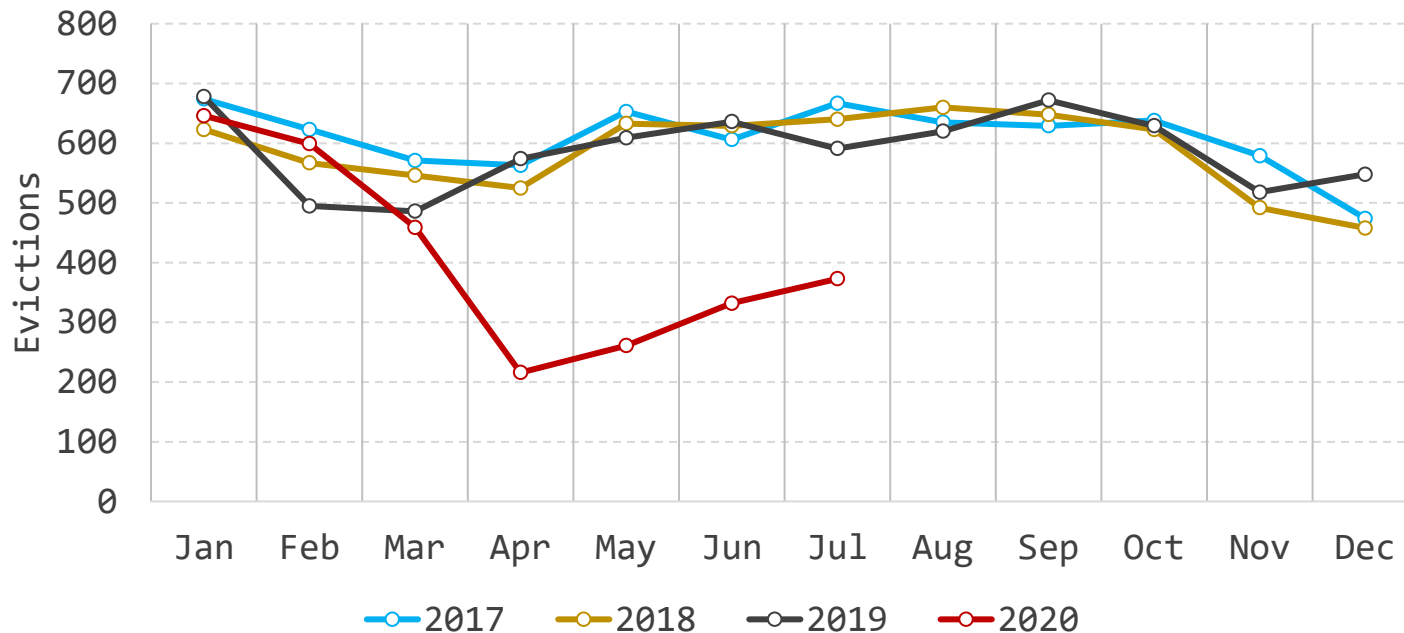
Share of respondents starting September with unpaid rent from prior months



Source: Apartment List Survey Data.

Eviction Protection

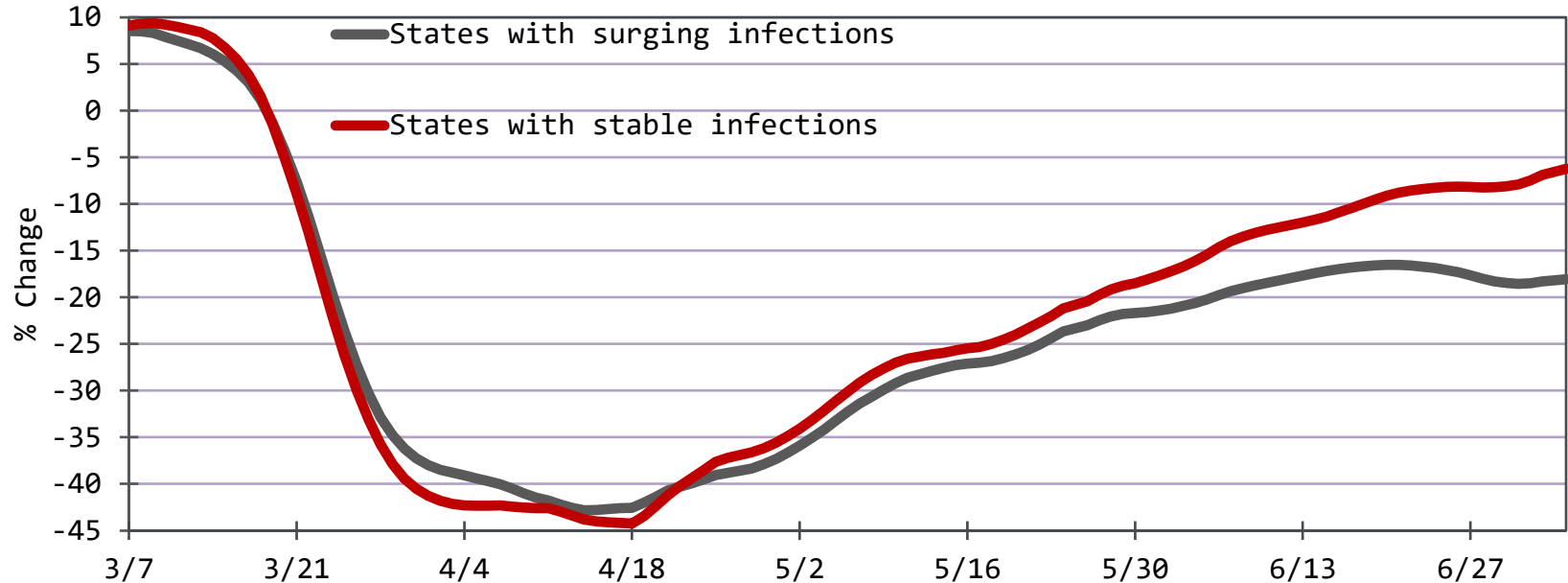
Evictions by Month in Utah, 2017–2020



Source: Utah District Courts.

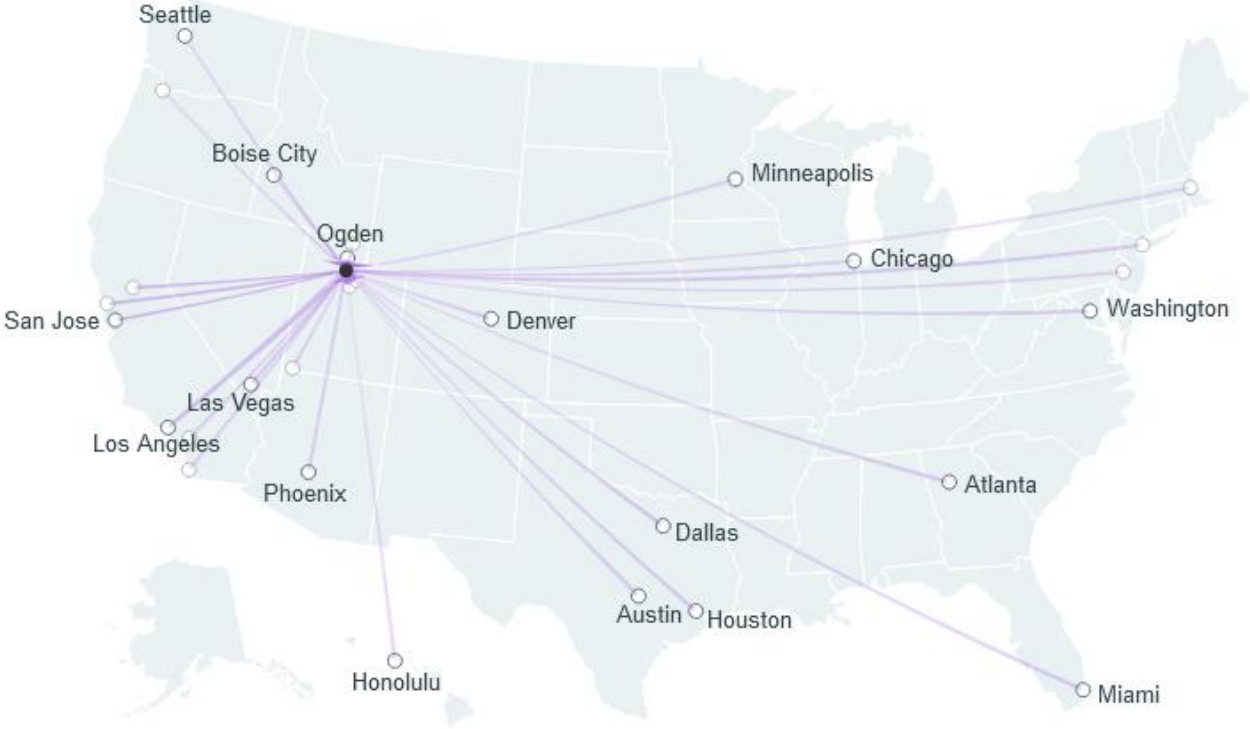
Re-Intensified Virus Damage

Retail & recreation, % change from pre-pandemic, 7-day MA, 2020



Sources: Google, Moody's Analytics

Renters Looking to Move to Wasatch Front



Source: ApartmentList.com searches between April & August 2020.

Looking Ahead

- **Limited impact on housing** – Tale of two recoveries
- **Uncertainty** – Federal stimulus, foreclosure/evictions
- **More Housing** – Average of 27,000 Units over the Next Five Years

Utah Economic Forecast*

- **The worst is over** – Peak job losses reached in April 2020. Job growth will return in 30-60 days.
- **Gradual reactivation** – Full recovery won't occur until a treatment/vaccine...think swoosh, not a V.
- **Unequal and uneven impacts** – Reactivation will continue to vary by industry and geography. Plan for additional disruptions, though not as severe.
- **Recovery** – Recovery depends on adaptations, policy interventions, and medical science.
- **No back to normal** – Structural changes create a new economy.

* Assumes second federal stimulus and no major second wave and economic shutdown