

Econ/Housing Market Update

January 8th, 2025

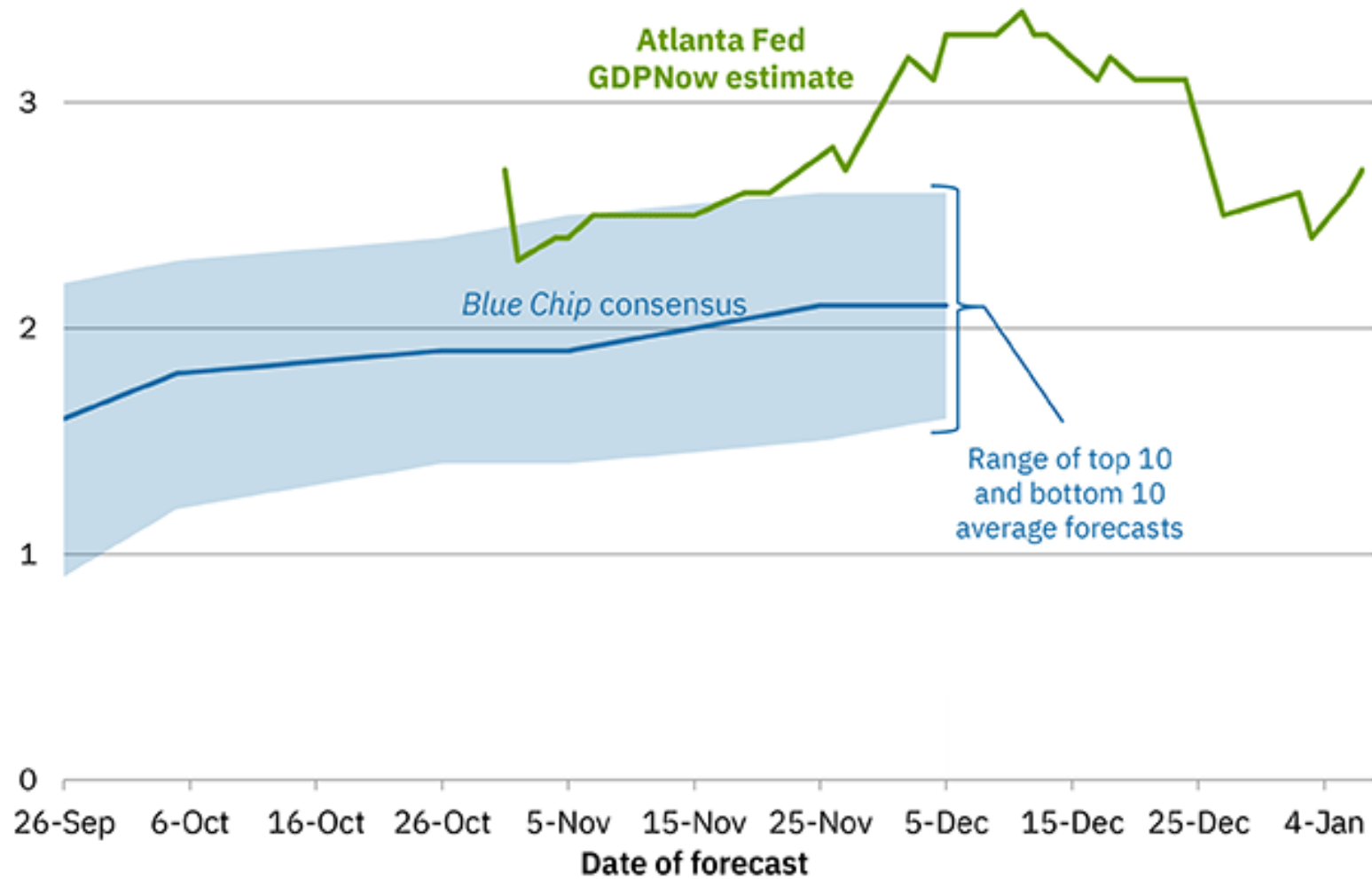
INFORMED DECISIONS™

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.

Evolution of Atlanta Fed GDPNow real GDP estimate for 2024: Q4

Quarterly percent change (SAAR)

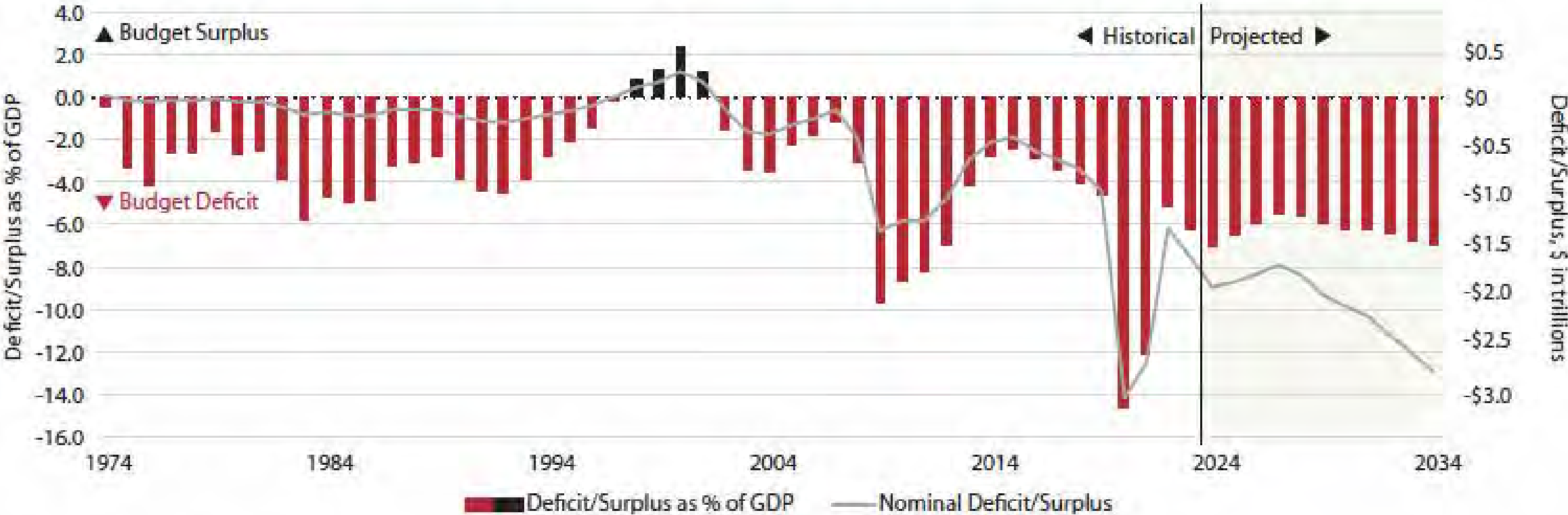


Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

Deficit Spending is Standard Federal Government Practice

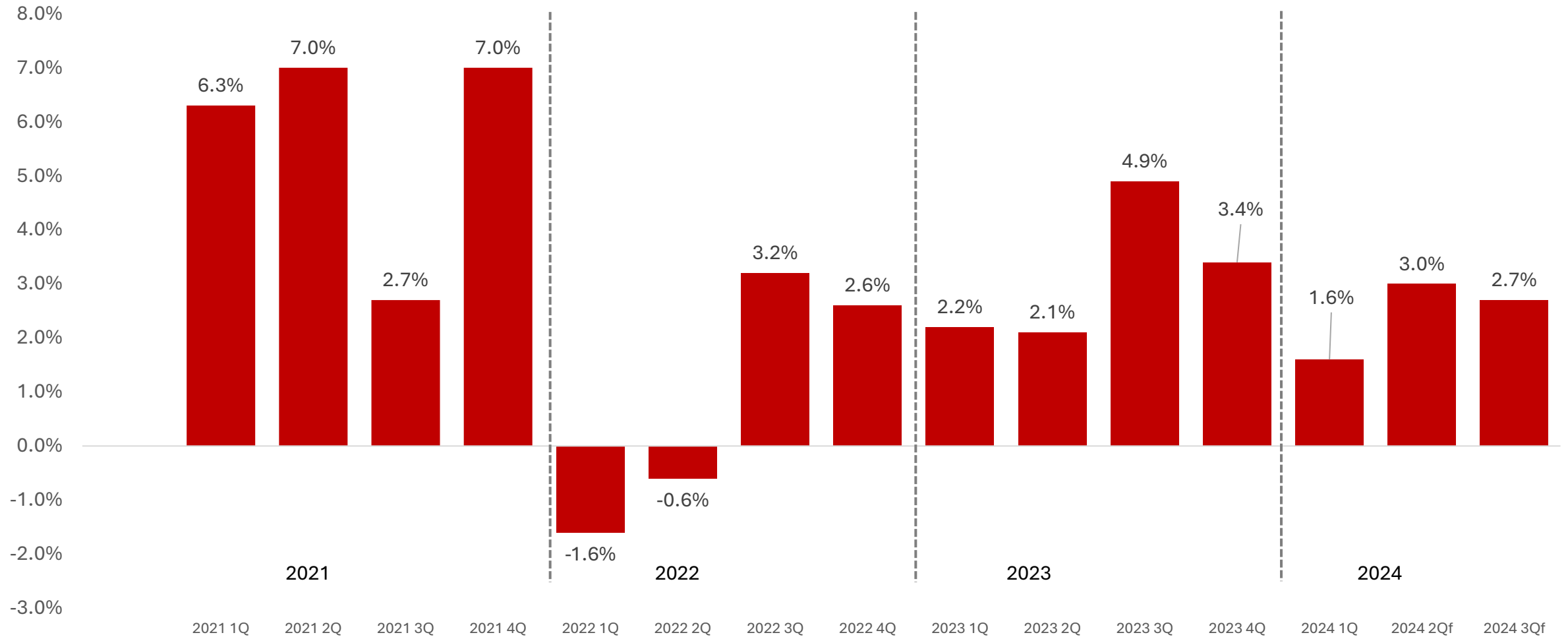
Figure 18: Federal Government Deficit and Surplus Amounts and as a Percentage of GDP, Federal Fiscal Year 1974–2034(p)



Source: Congressional Budget Office

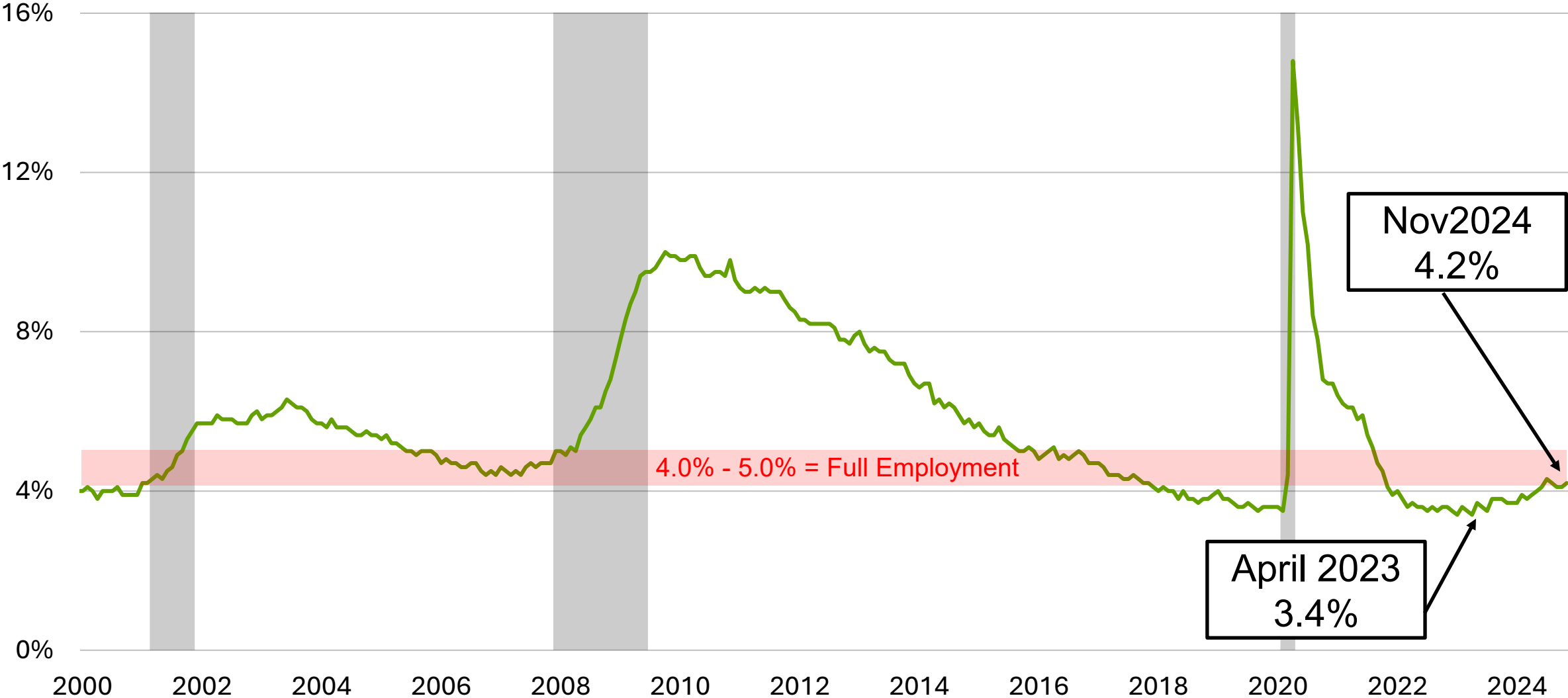
U.S. Real GDP Growth

Quarter-over, seasonally adjusted annual rate

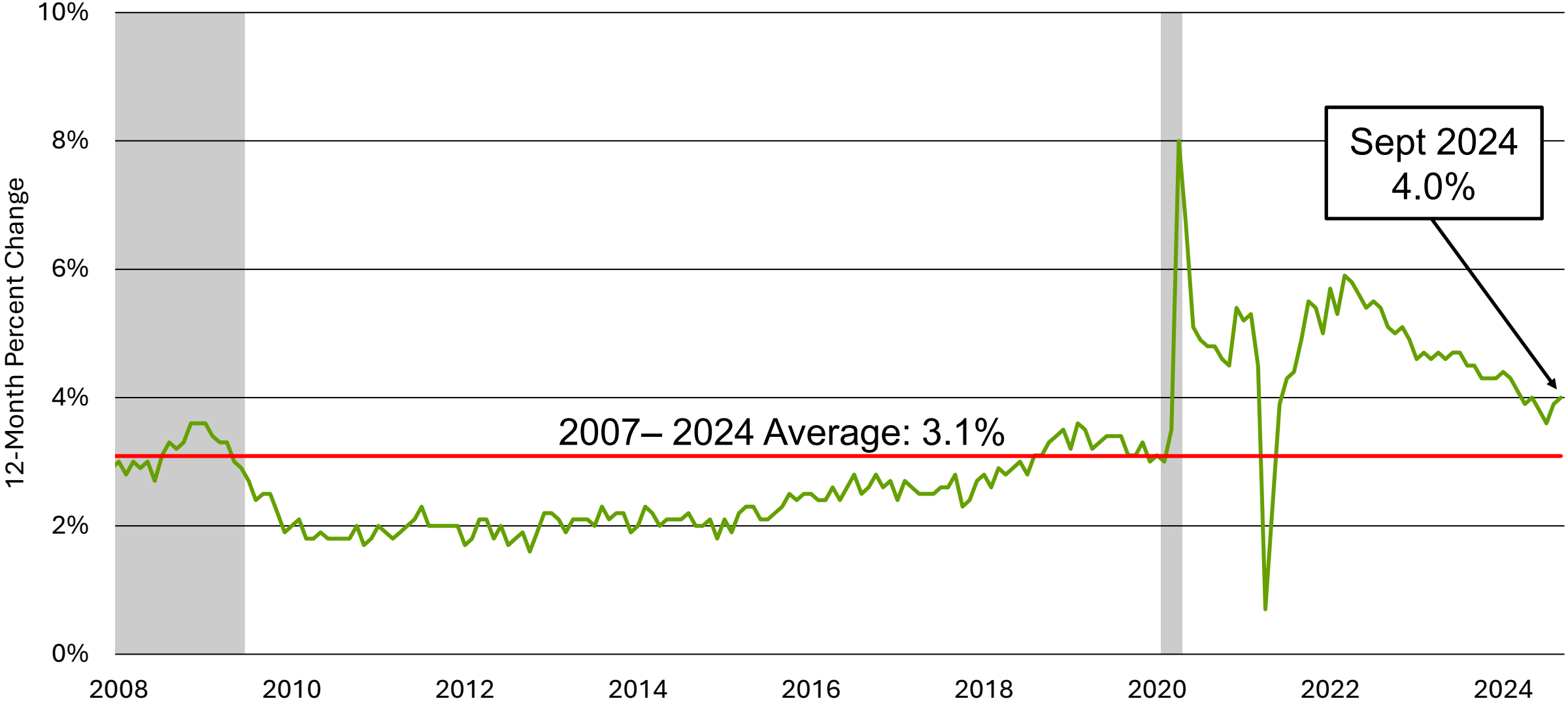


Source: Bureau of Economic Analysis, Gardner Institute, and Wells Fargo Economics

U.S. Unemployment Rate Climbing

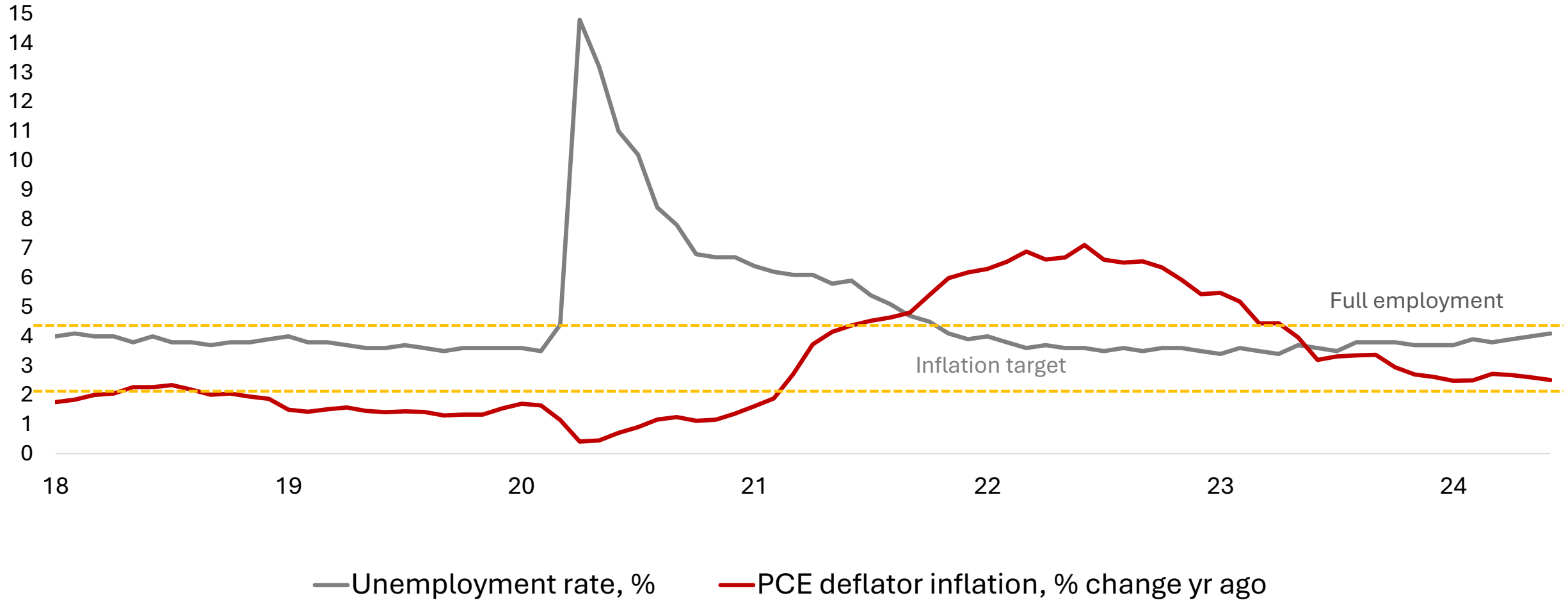


Wage Growth Accelerated in September



Federal Reserve Dual Mandate

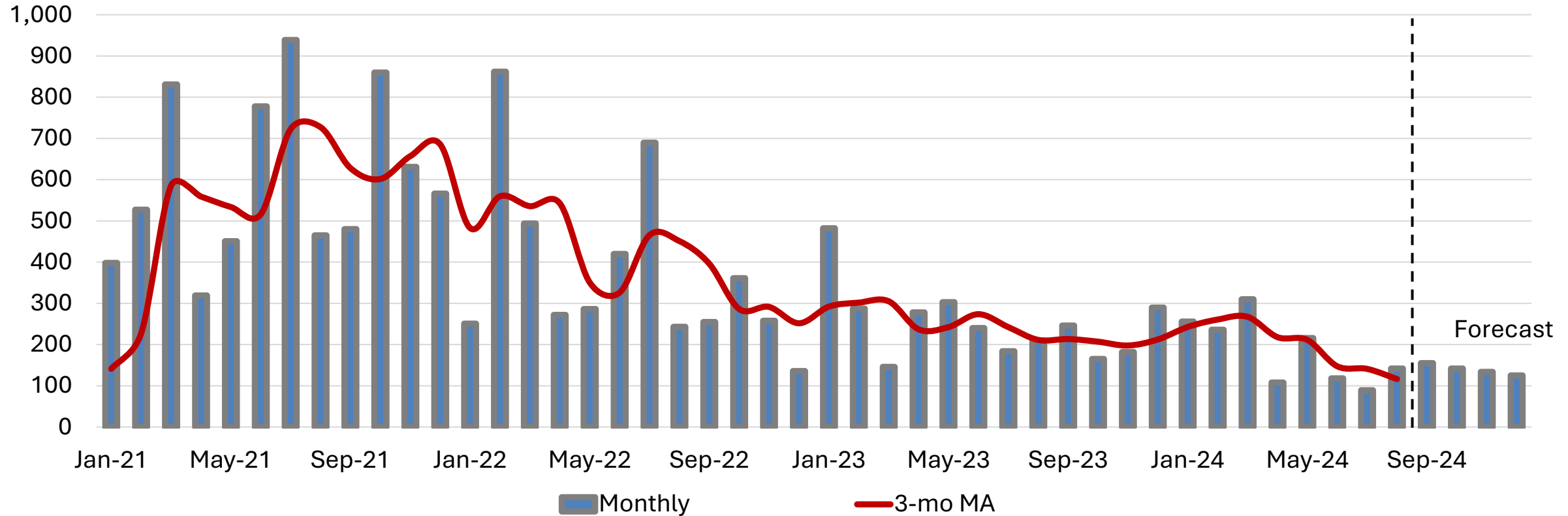
Full Employment and ~2% Inflation



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

FED Had to Act

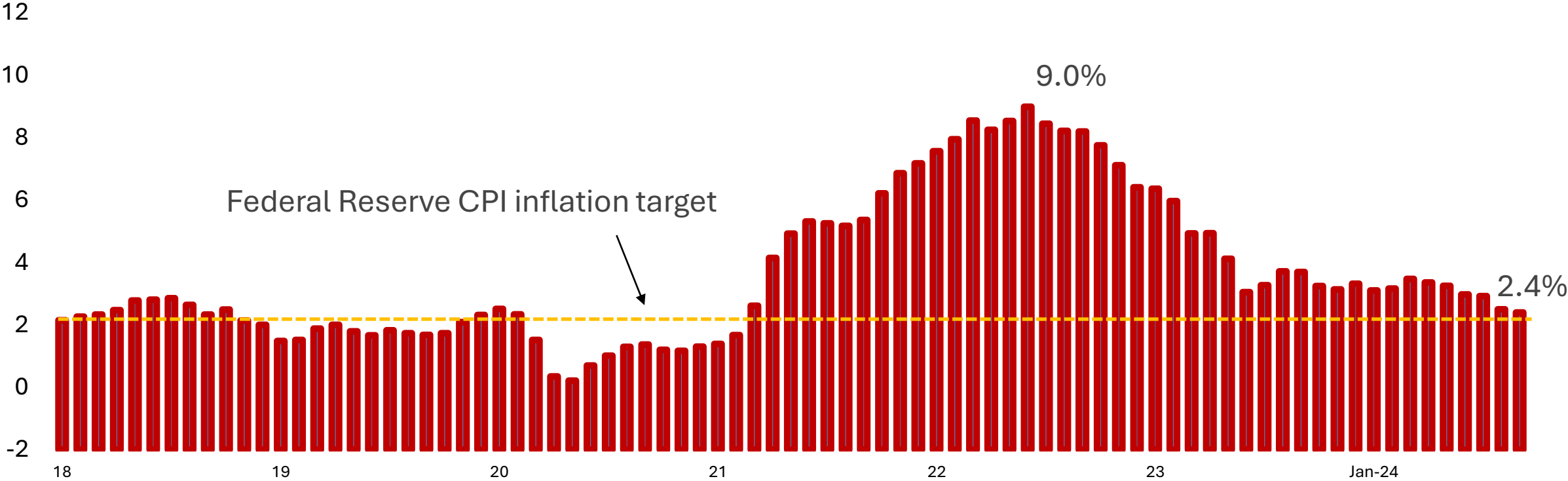
Monthly change in U.S. nonfarm payroll employment, thousands



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

U.S. Consumer Price Inflation

% change yr. ago



Source: U.S. Bureau of Labor Statistics

Monthly CPI Inflation

Chart 1. One-month percent change in CPI for All Urban Consumers (CPI-U), seasonally adjusted, Oct. 2023 - Oct. 2024
Percent change

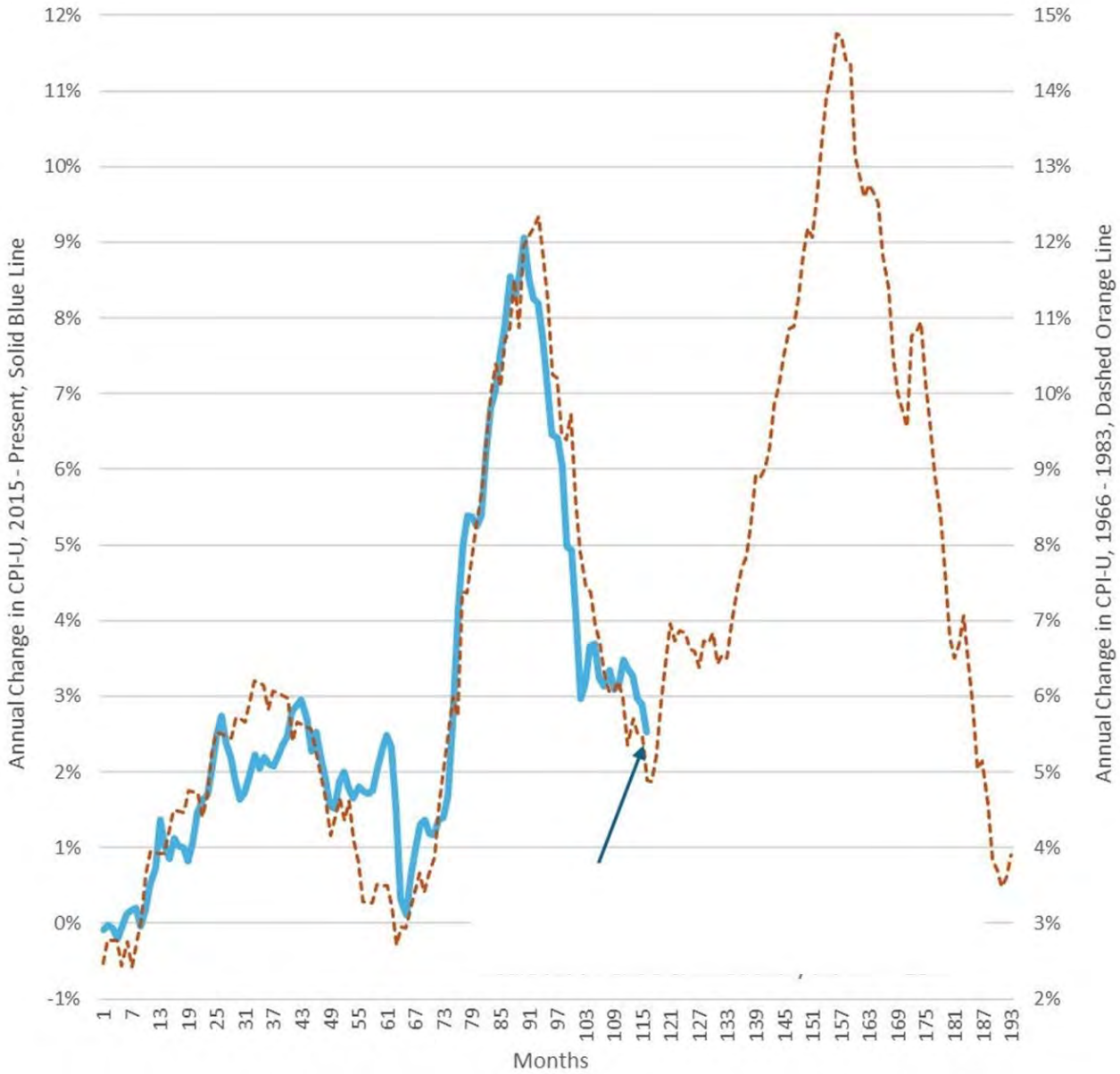


Source: U.S. Bureau of Labor Statistics

Consumer Prices Up 21% Since 2020



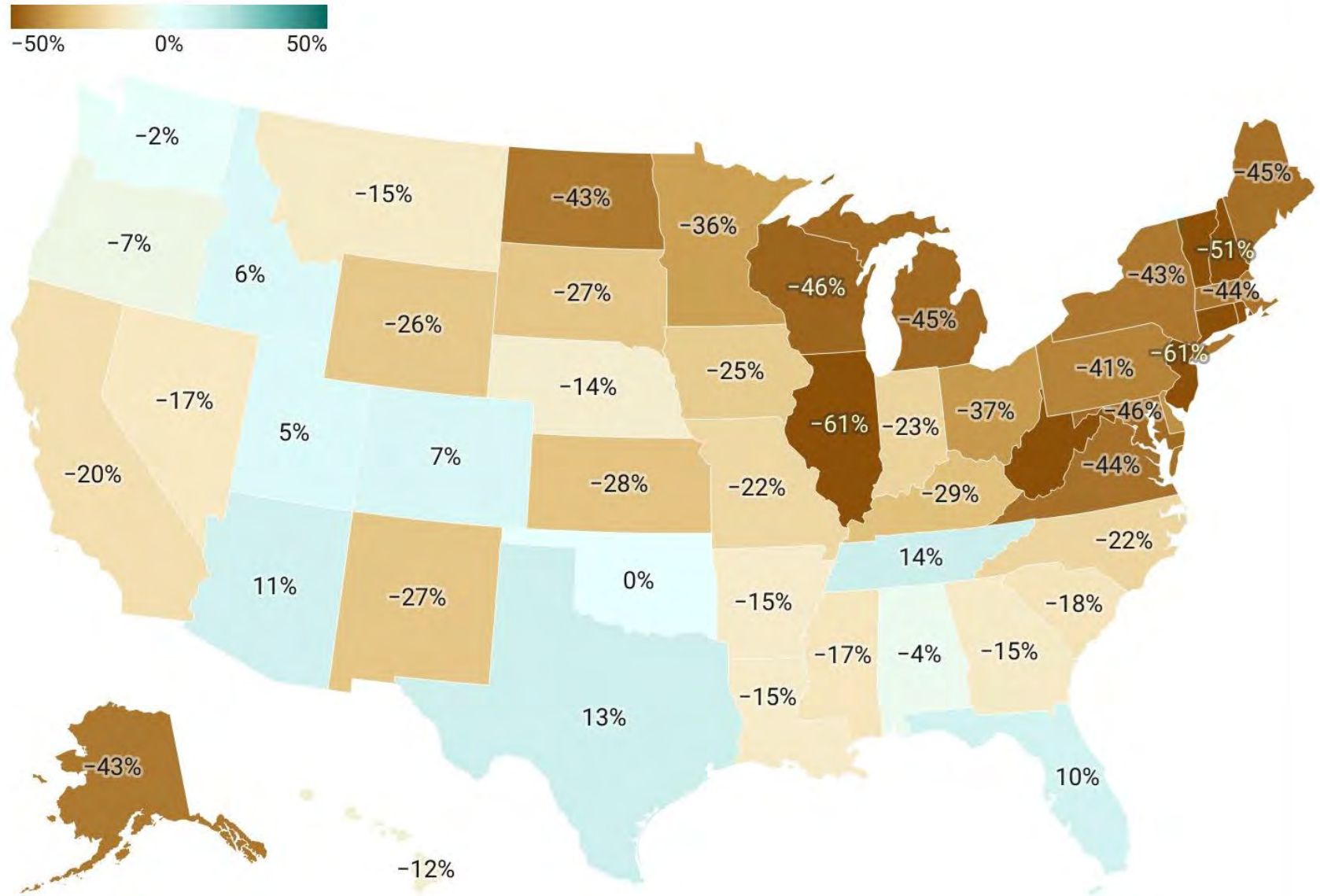
Will History Repeat Itself ?



Warning Sign: Unemployment Claims Rising

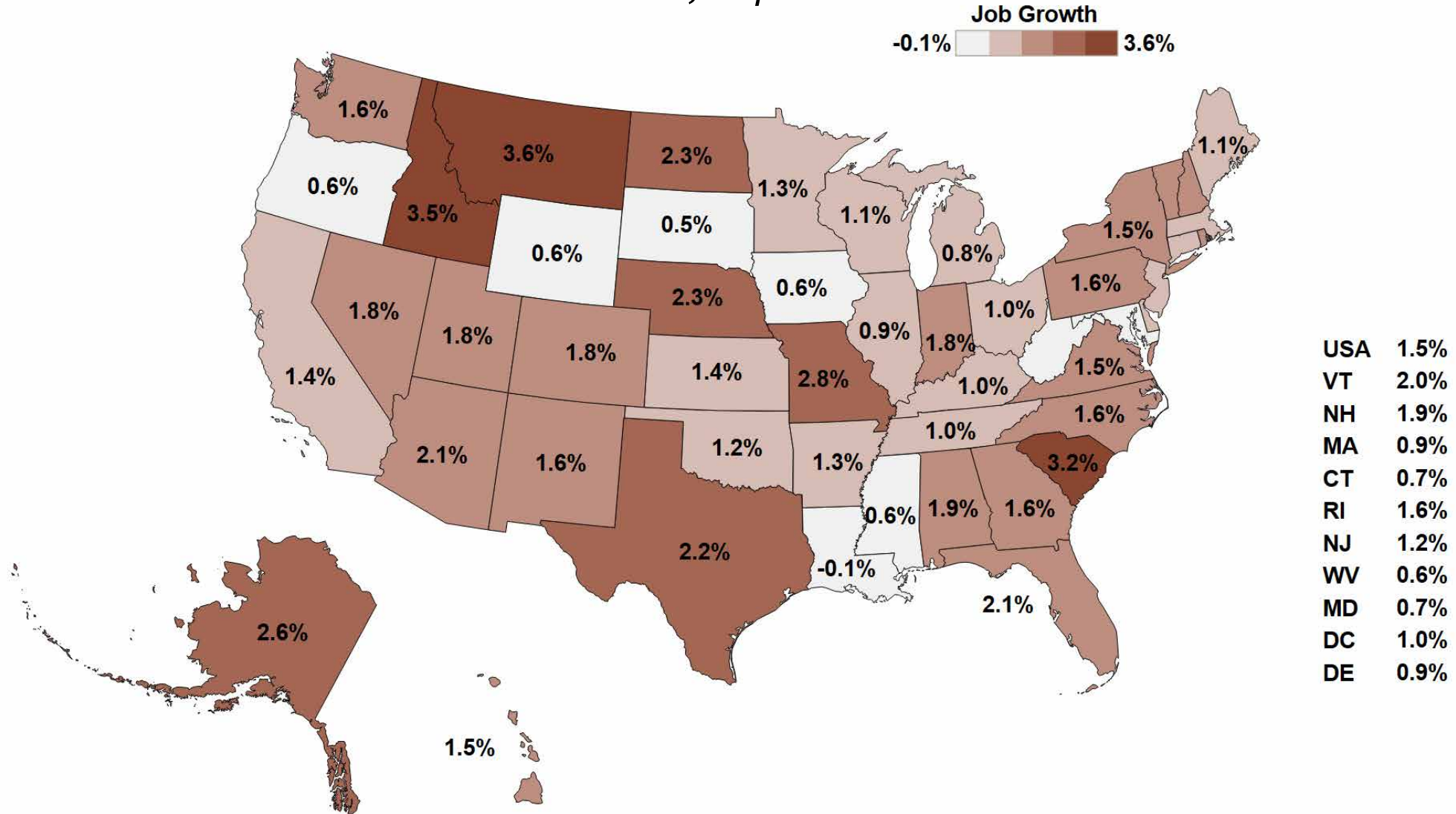


Active For-Sale Inventory Change to PreCovid *October 2019 – October 2024*

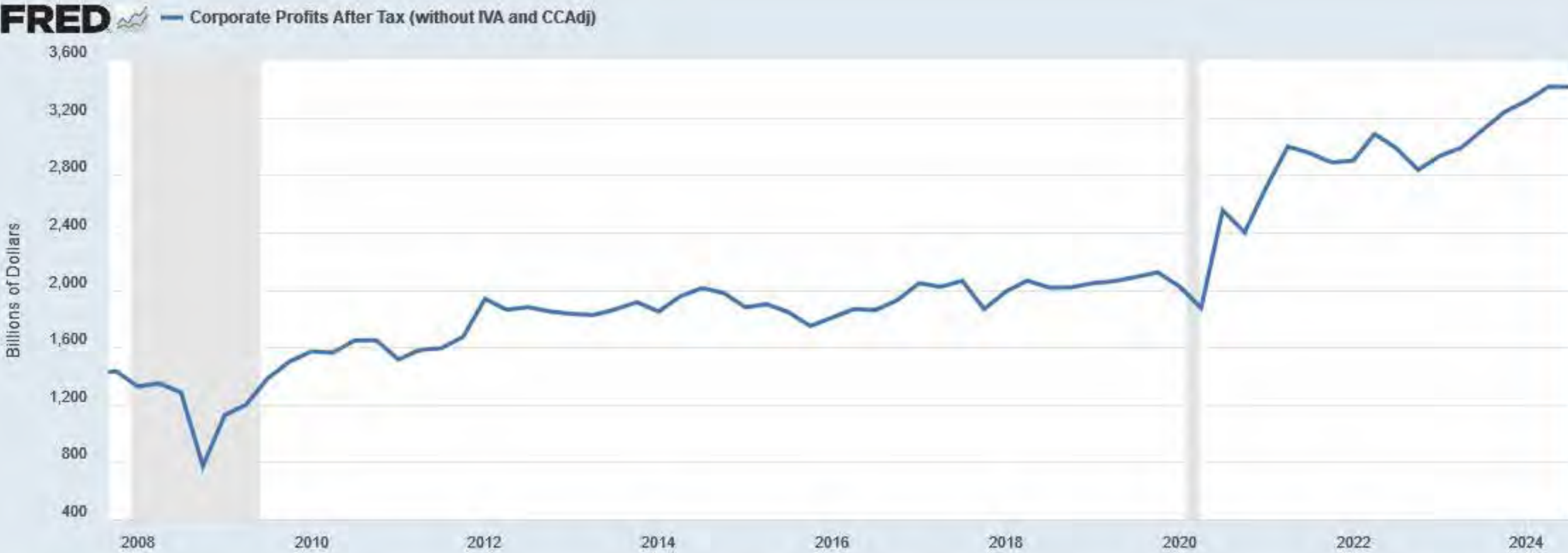


Job Growth

Year-over, September 2024



U.S. Corporate Profits Remain High

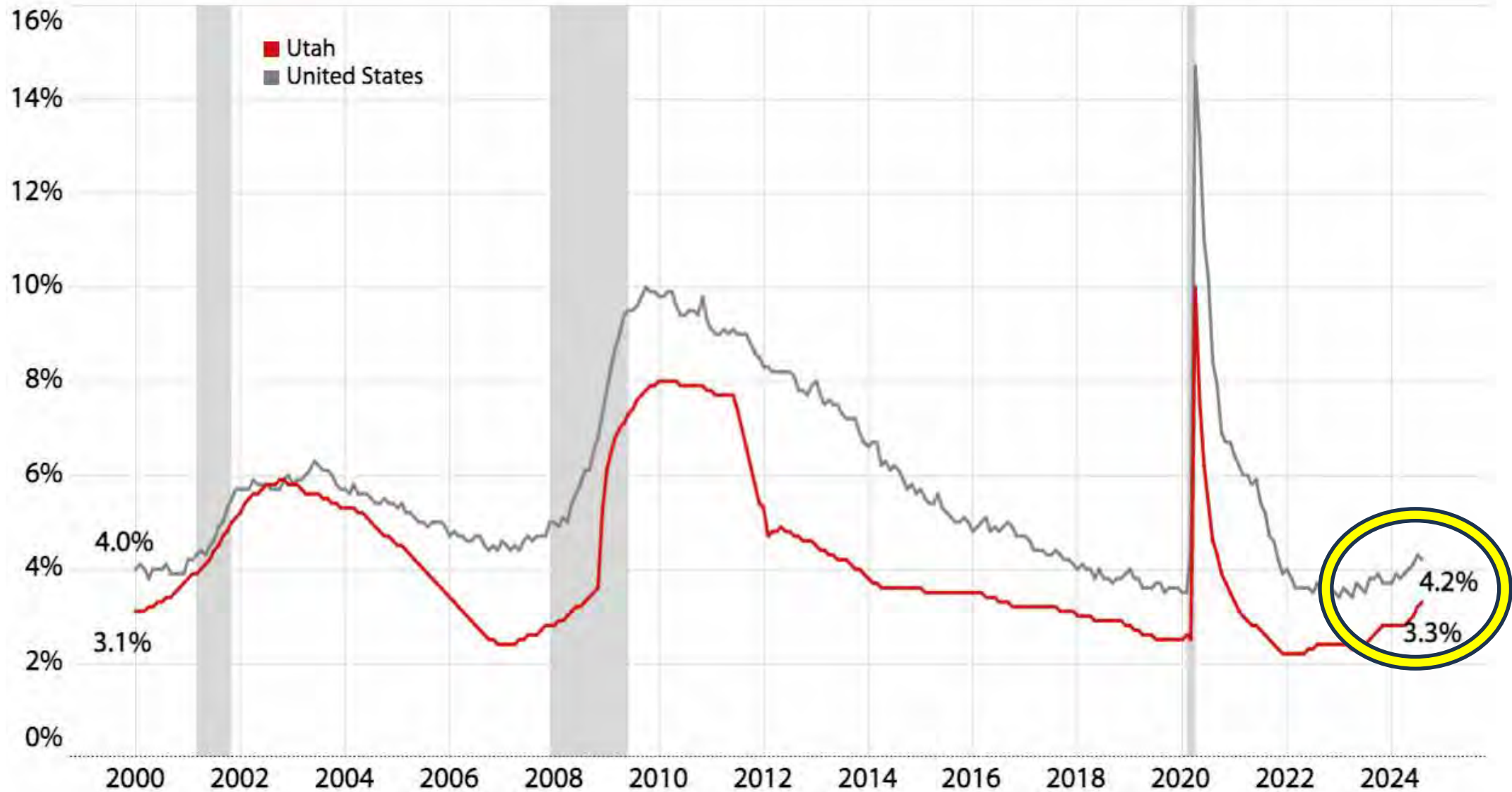


Shaded areas indicate U.S. recessions.

Source: U.S. Bureau of Economic Analysis

fred.stlouisfed.org

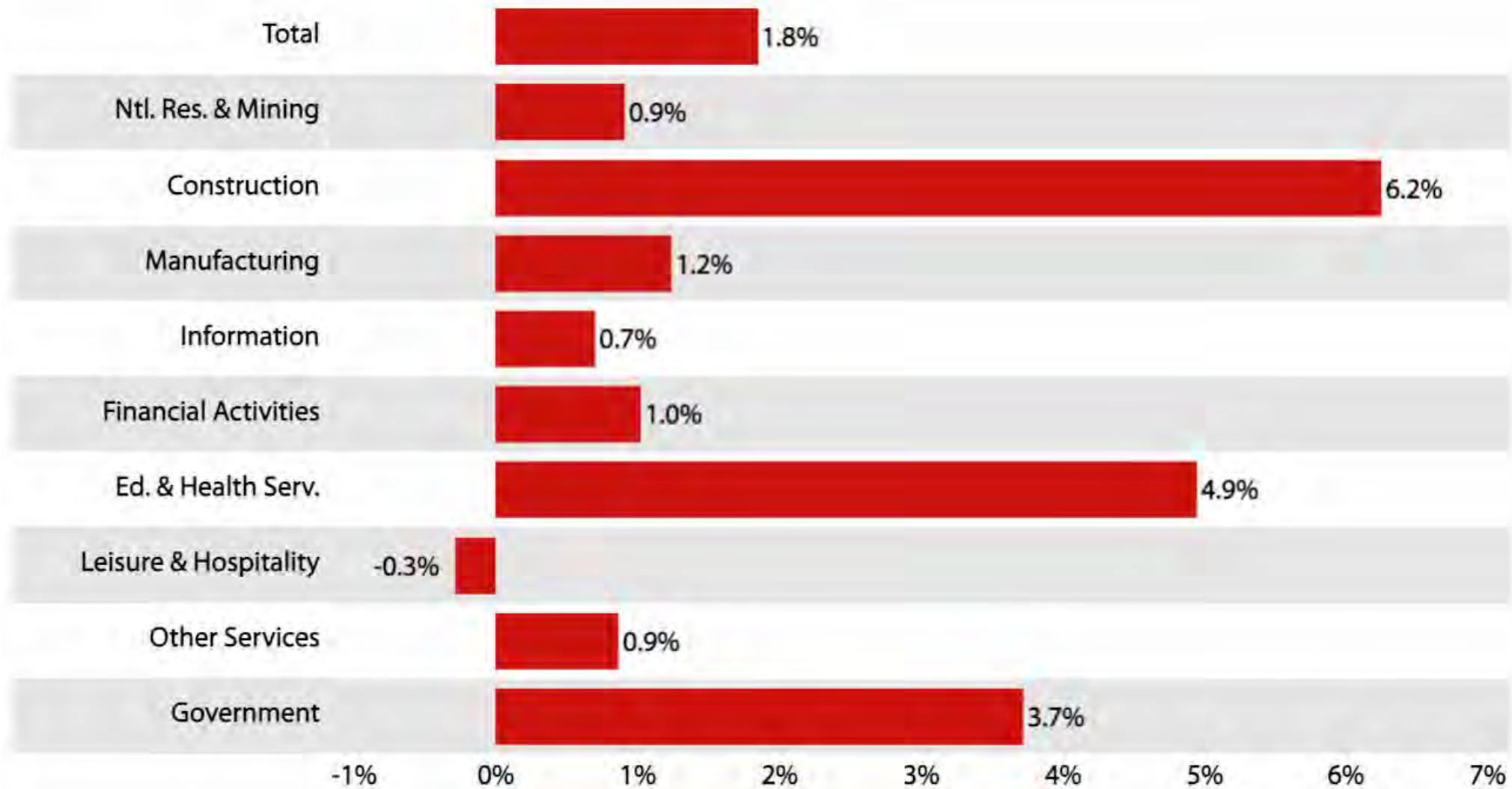
Very Low Unemployment, Even with Upticks



Source: U.S. Bureau of Labor Statistics

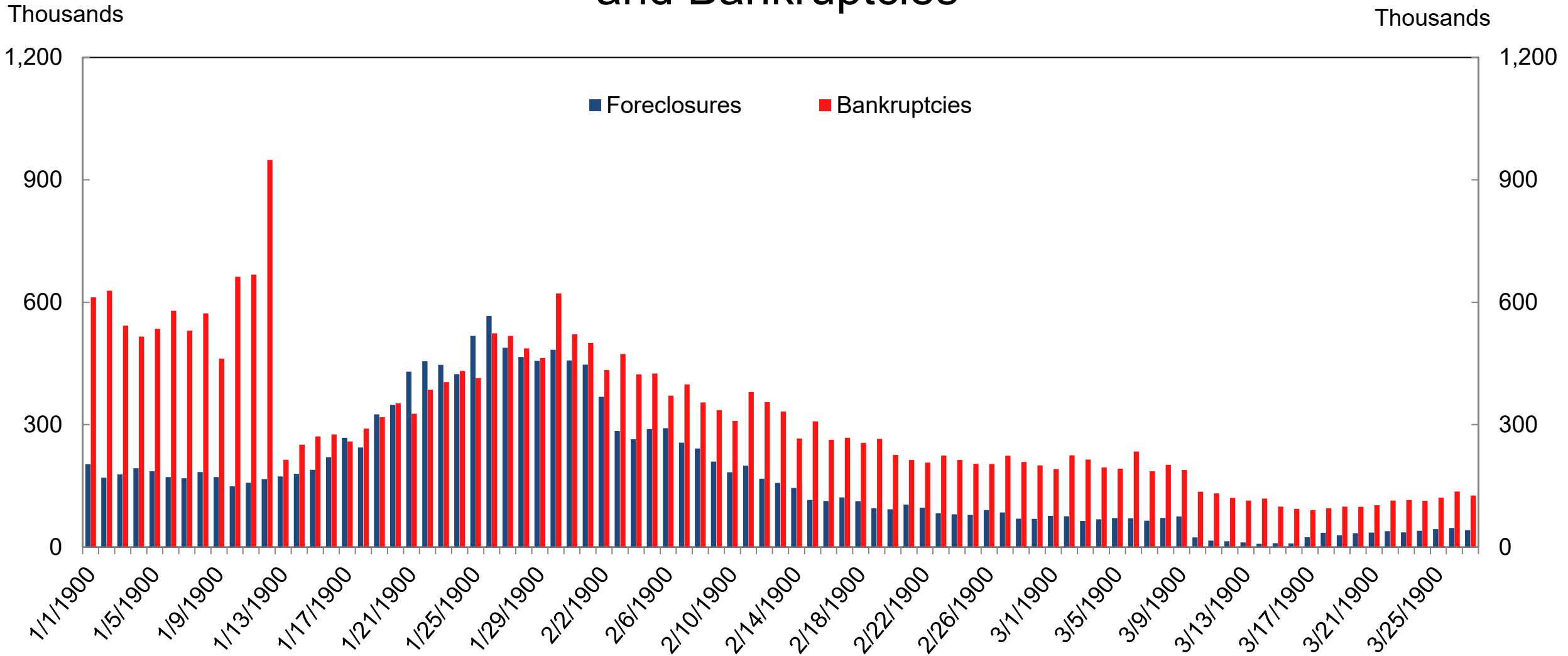
Construction and Ed & Health Leading Job Growth

Utah Nonfarm Industry Year-Over Job Growth, September 2024



Source: U.S. Bureau of Labor Statistics

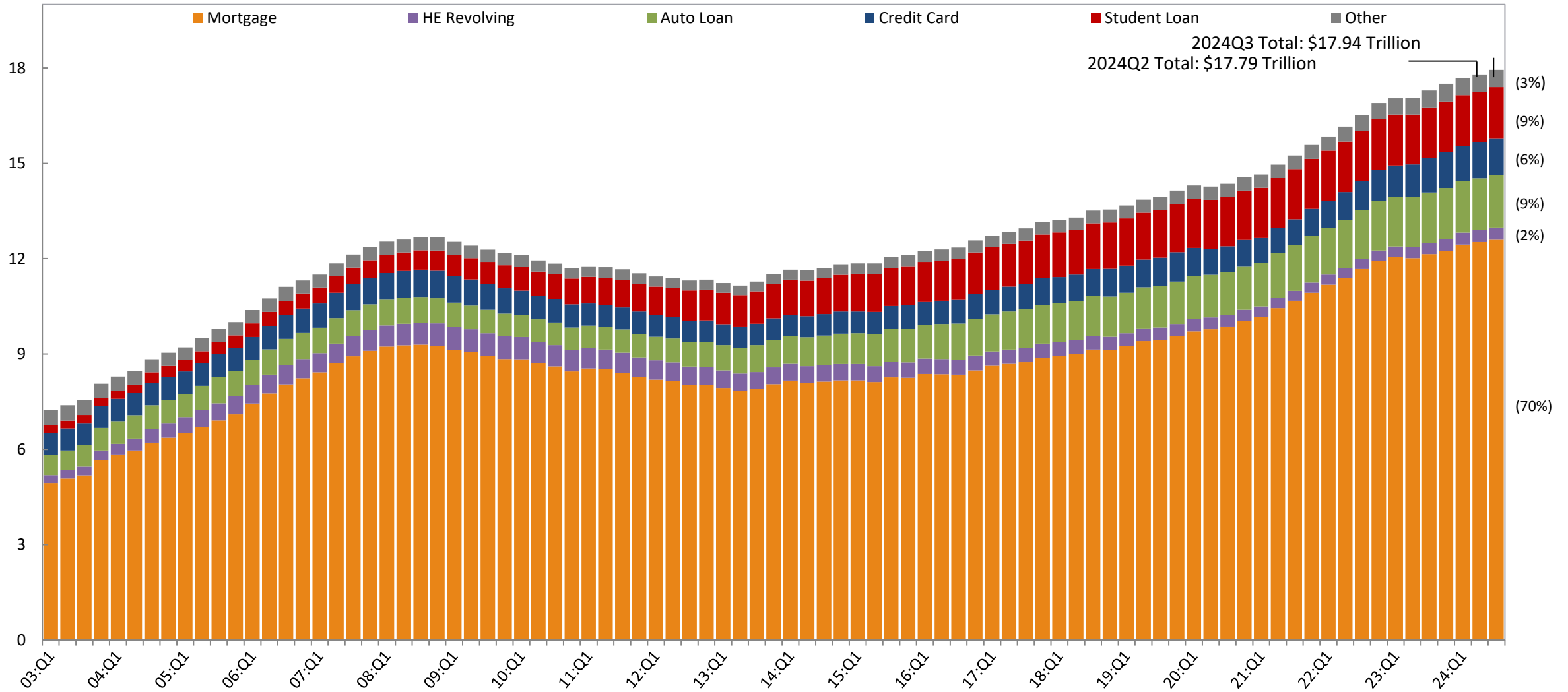
Number of Consumers with New Foreclosures and Bankruptcies



Source: New York Fed Consumer Credit Panel/Equifax

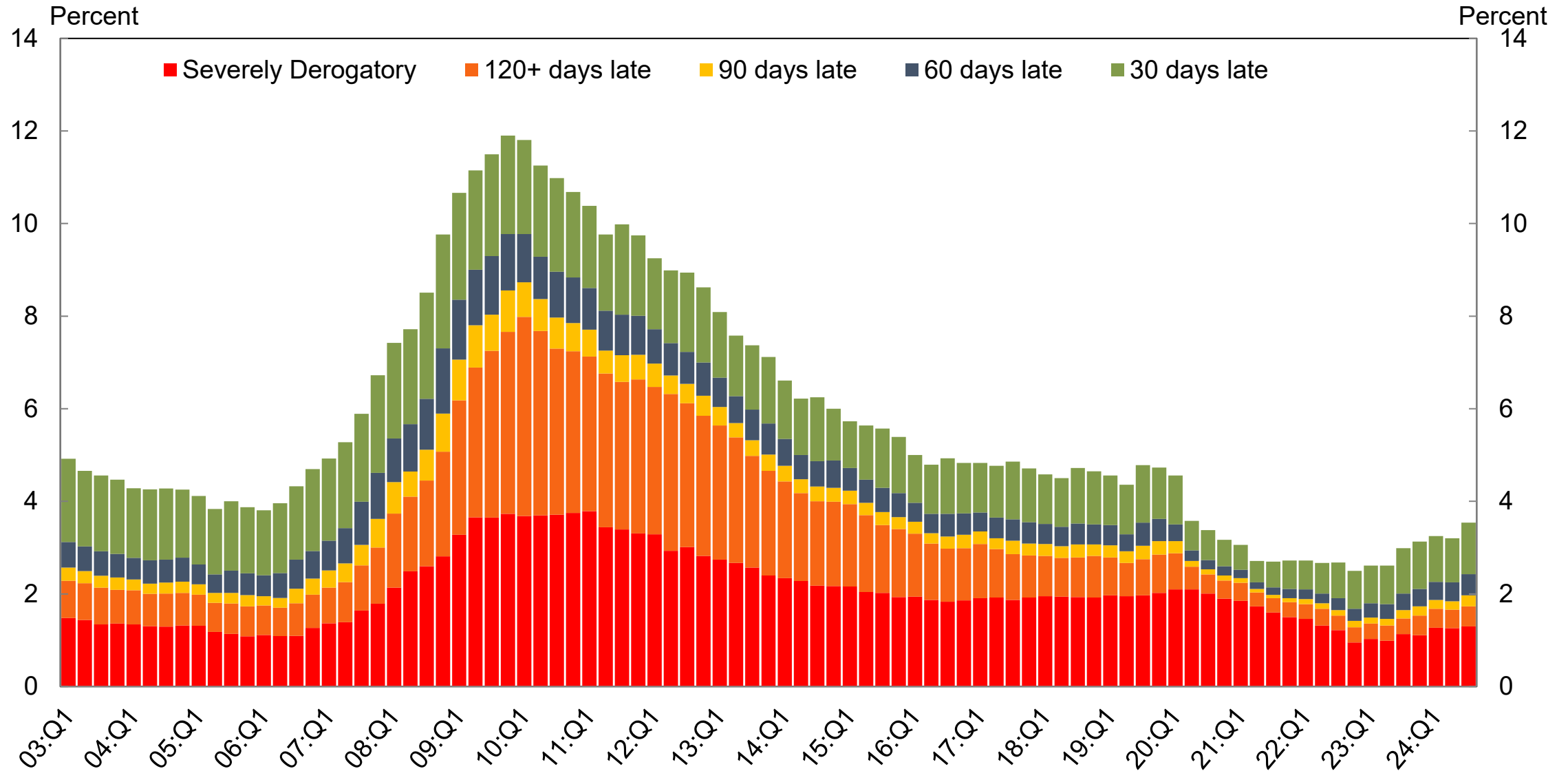
Total Debt Balance and its Composition

Trillions of Dollars



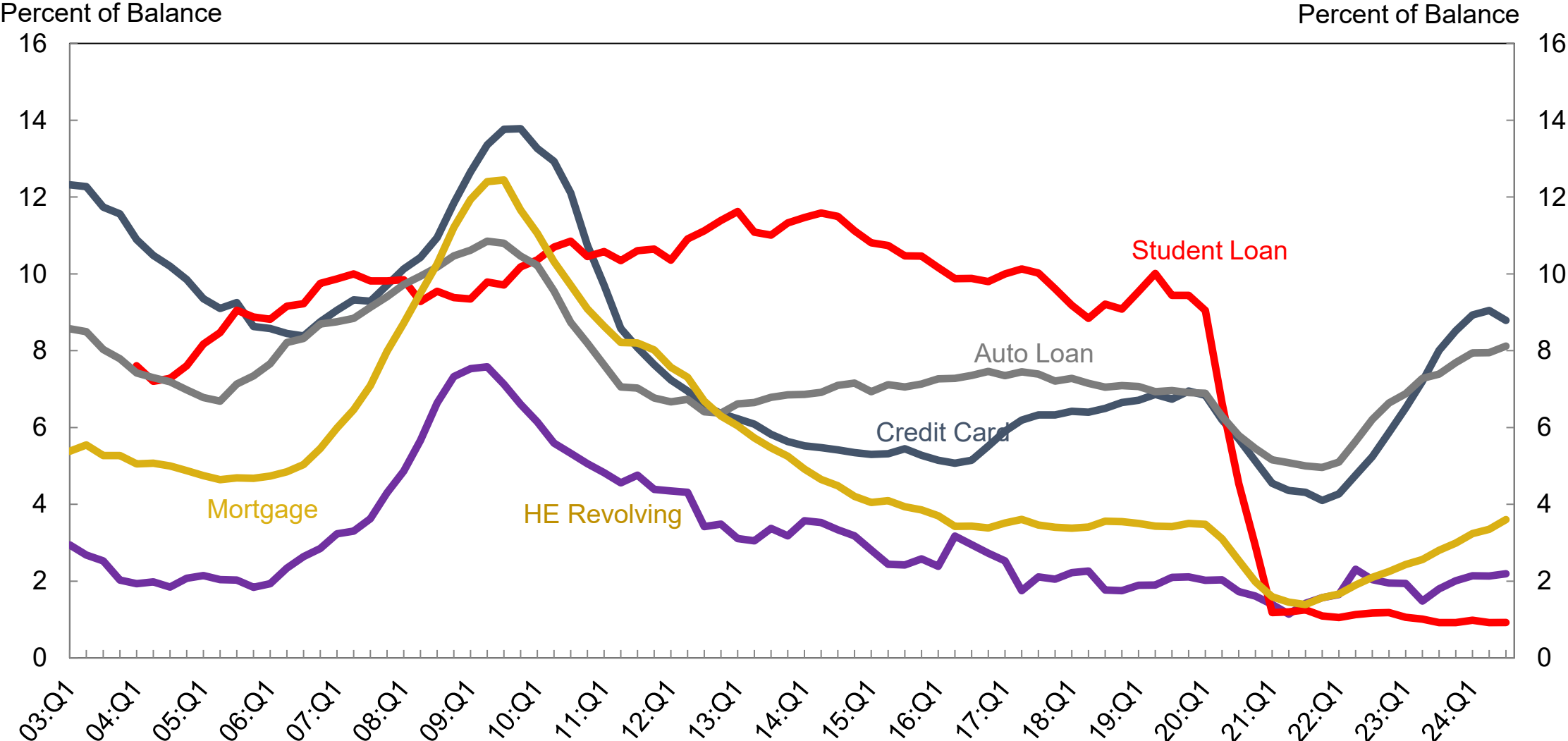
Source: New York Fed Consumer Credit Panel/Equifax

Total Balance by Delinquency Status – 2024Q3



Source: New York Fed Consumer Credit Panel/Equifax

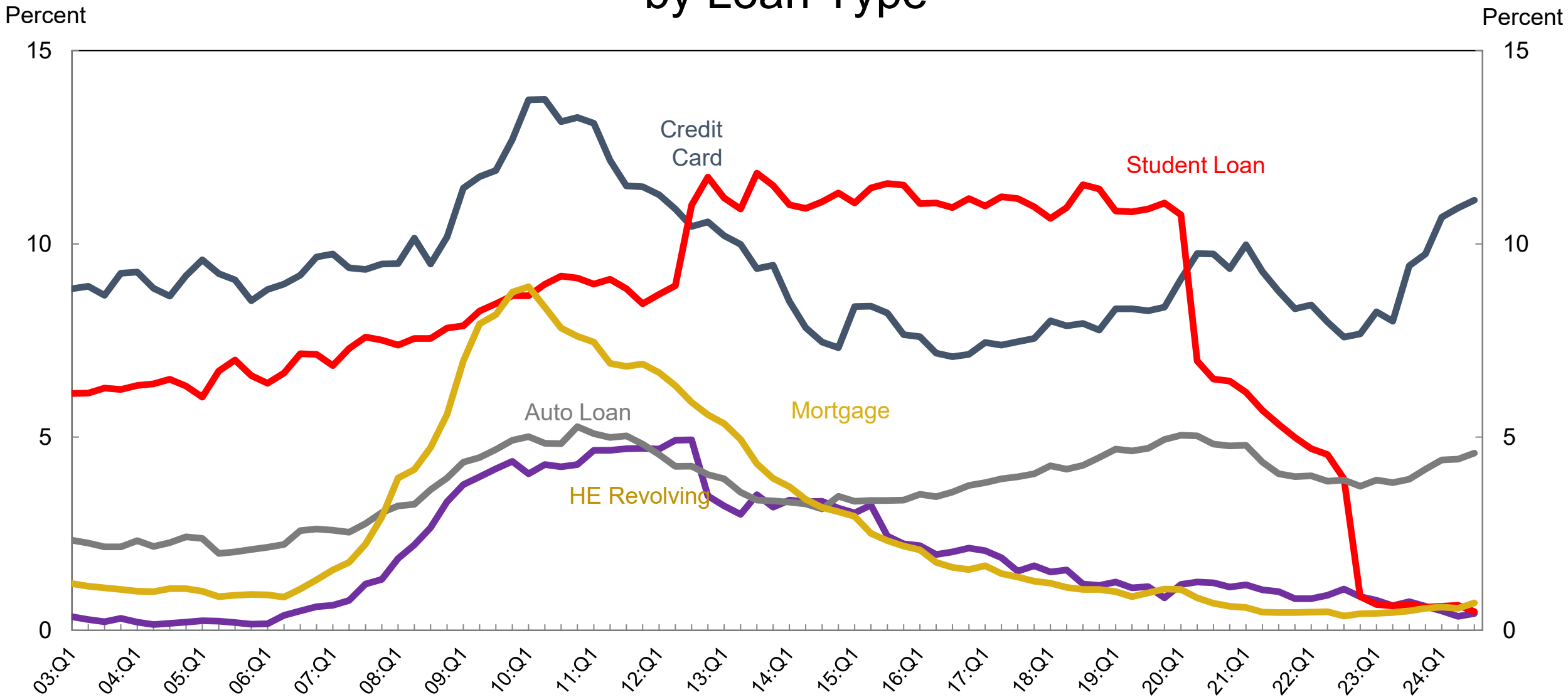
Transition into Delinquency (30+) by Loan Type



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

Percent of Balance 90+ Days Delinquent by Loan Type

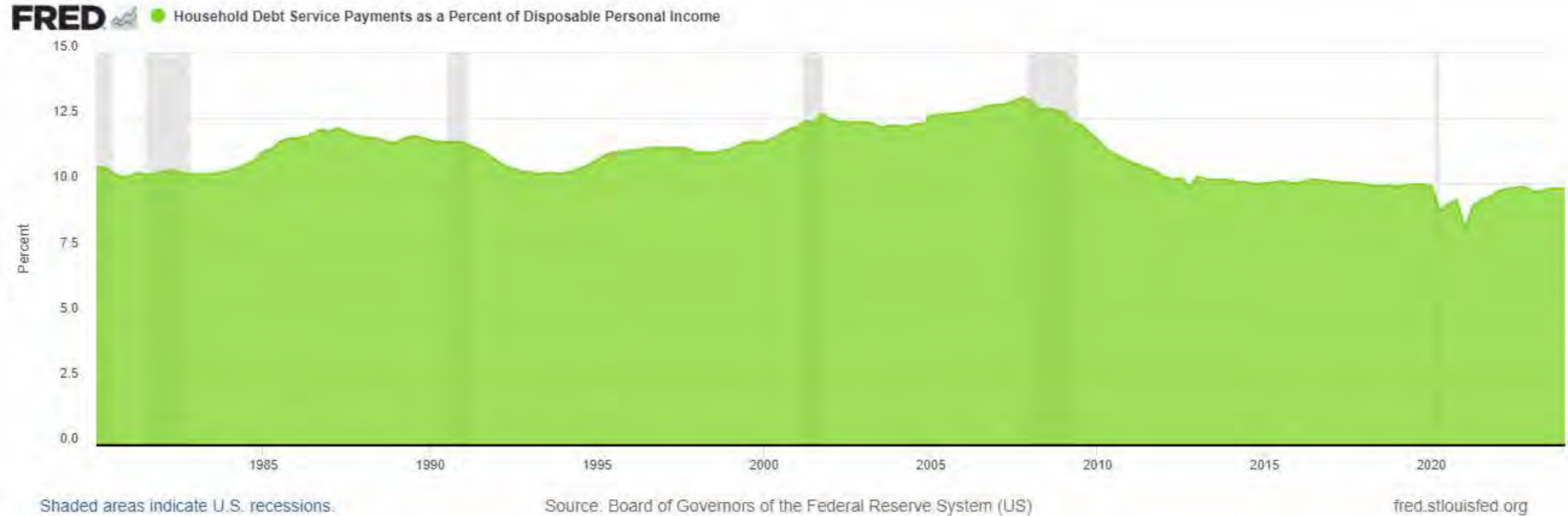


Source: New York Fed Consumer Credit Panel/Equifax

Household Saving Flows Low



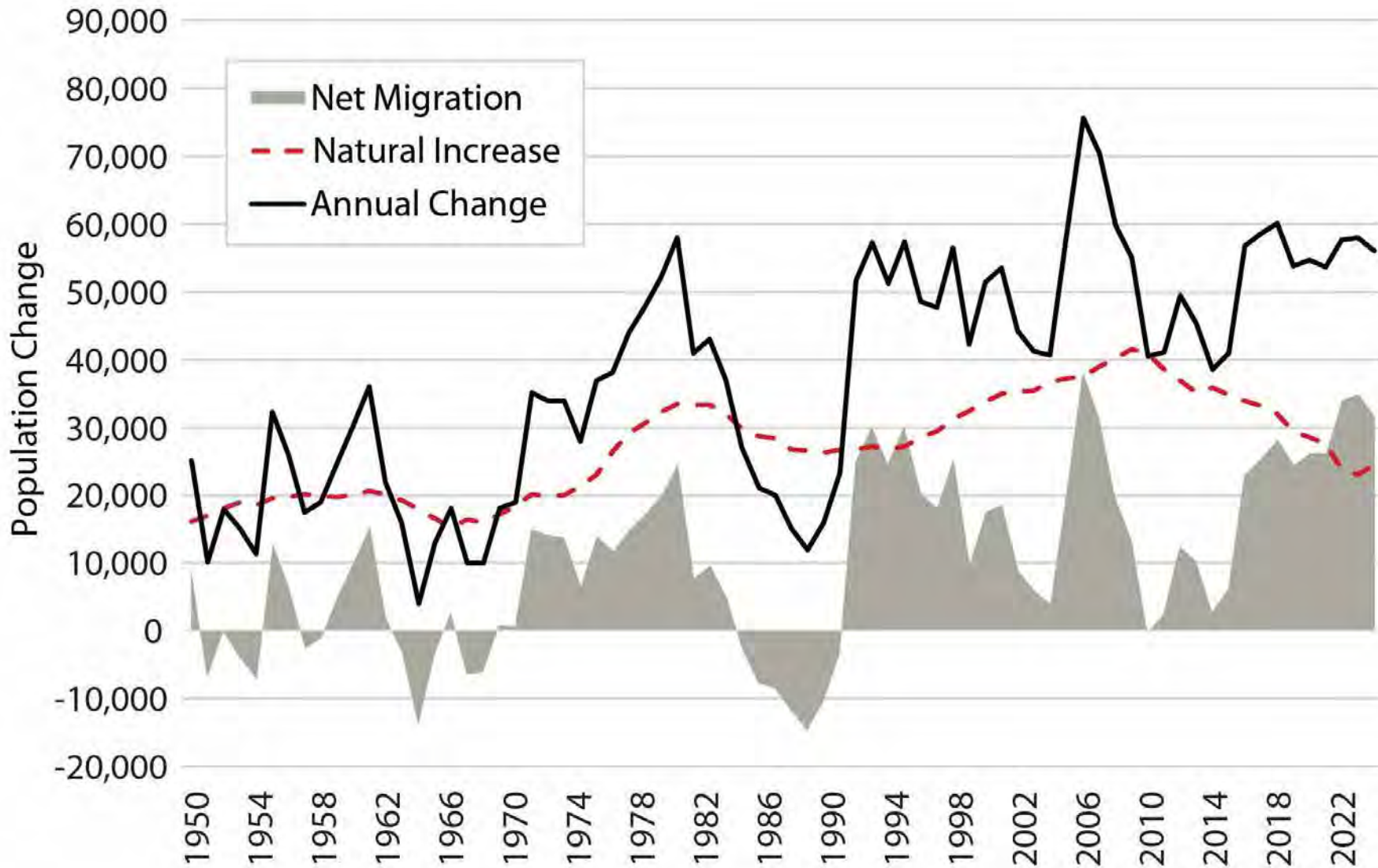
Strength Signal: Monthly Debt Service Flow Low, Even with Rising Debt



30-Year Fixed UP After Fed Cuts



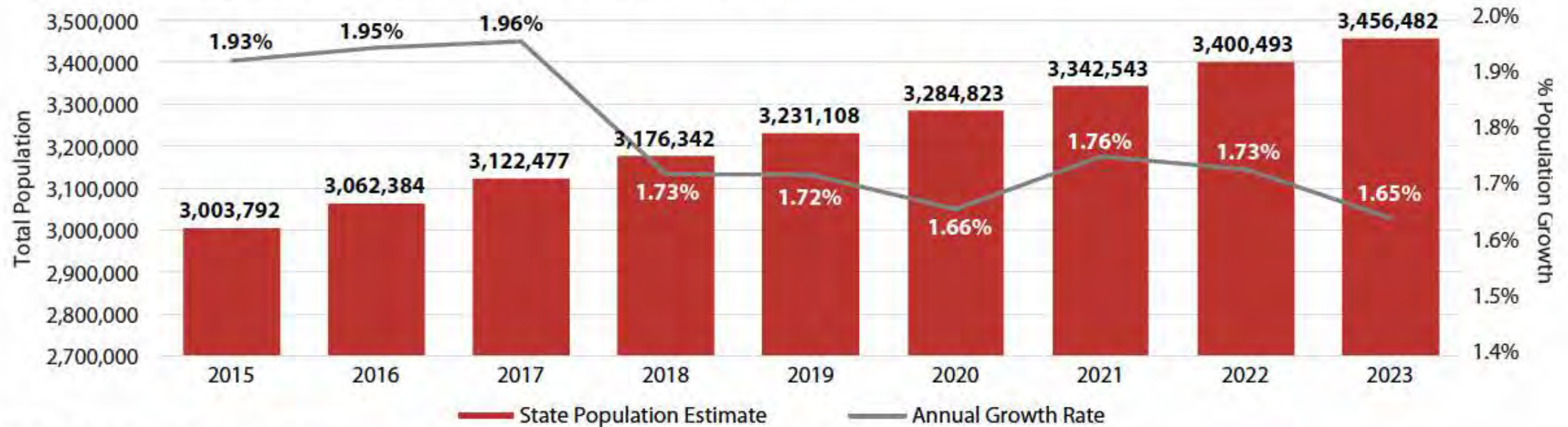
Utah's Population Continues Growing...



Source: Kem C. Gardner Policy Institute

...but Utah Population Growth Rate Slowing

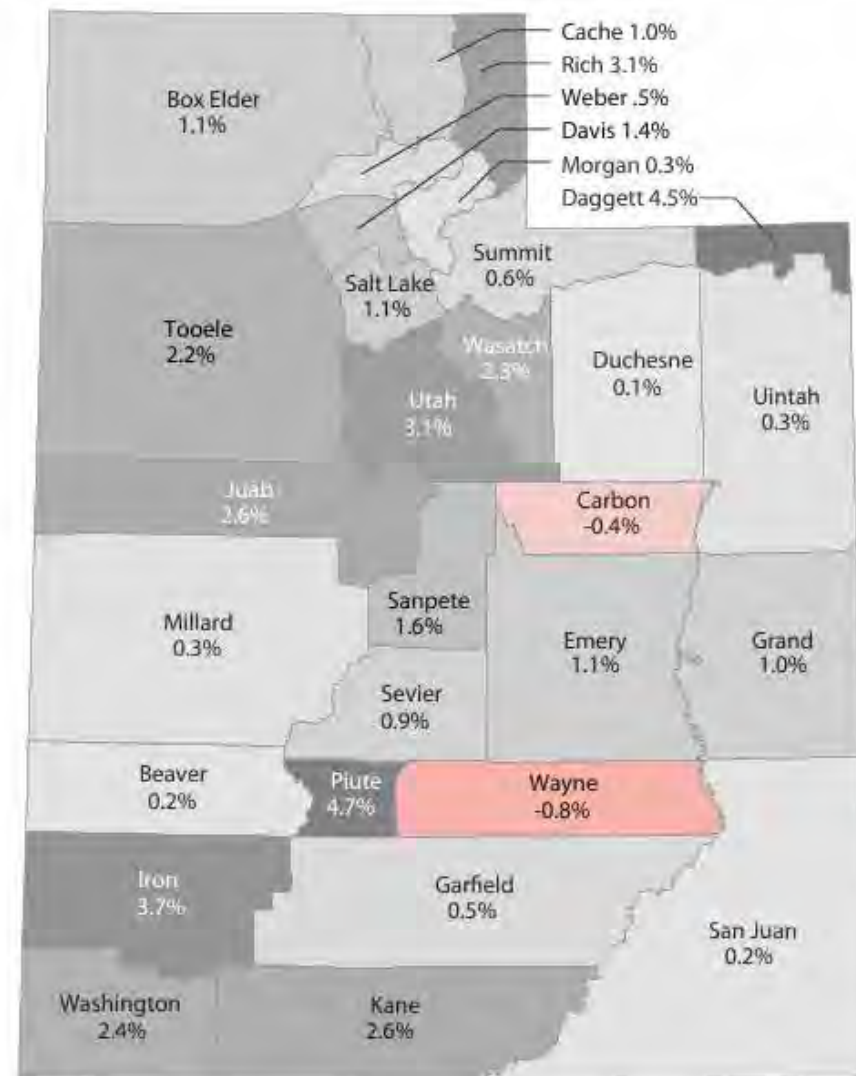
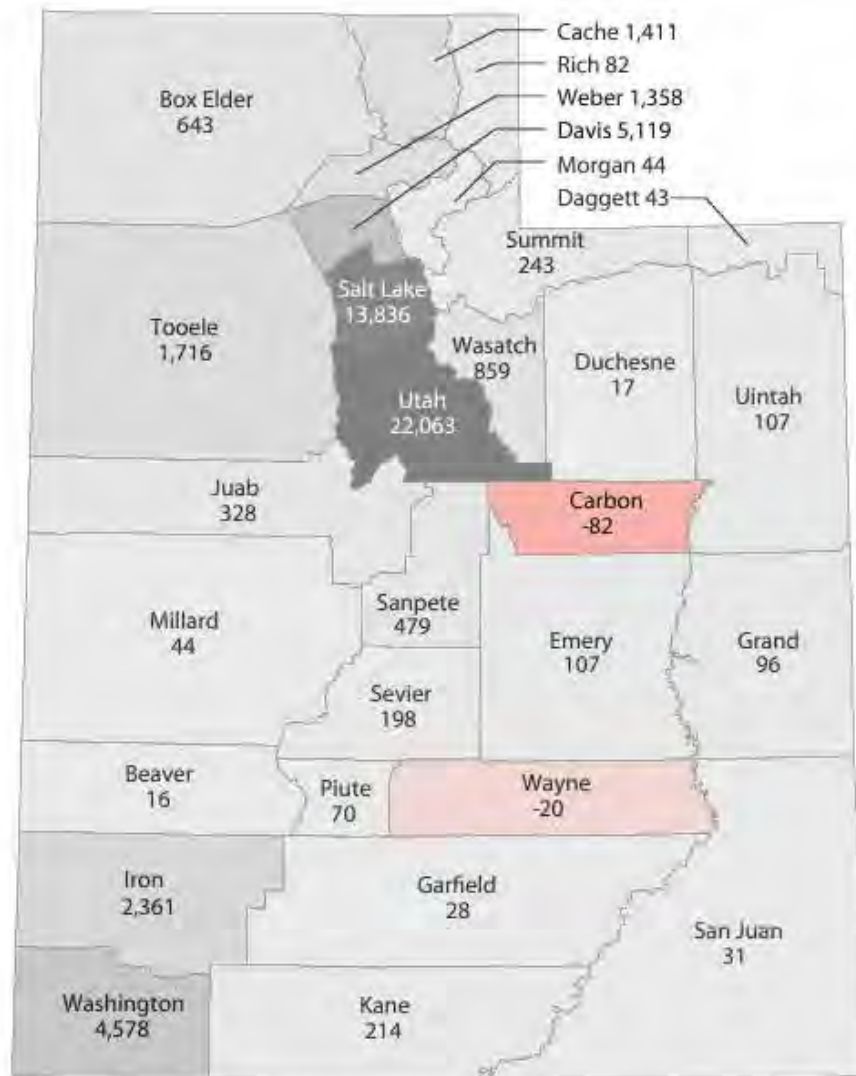
Figure 2: Utah Population and Annual Growth Rates, 2015-2023



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

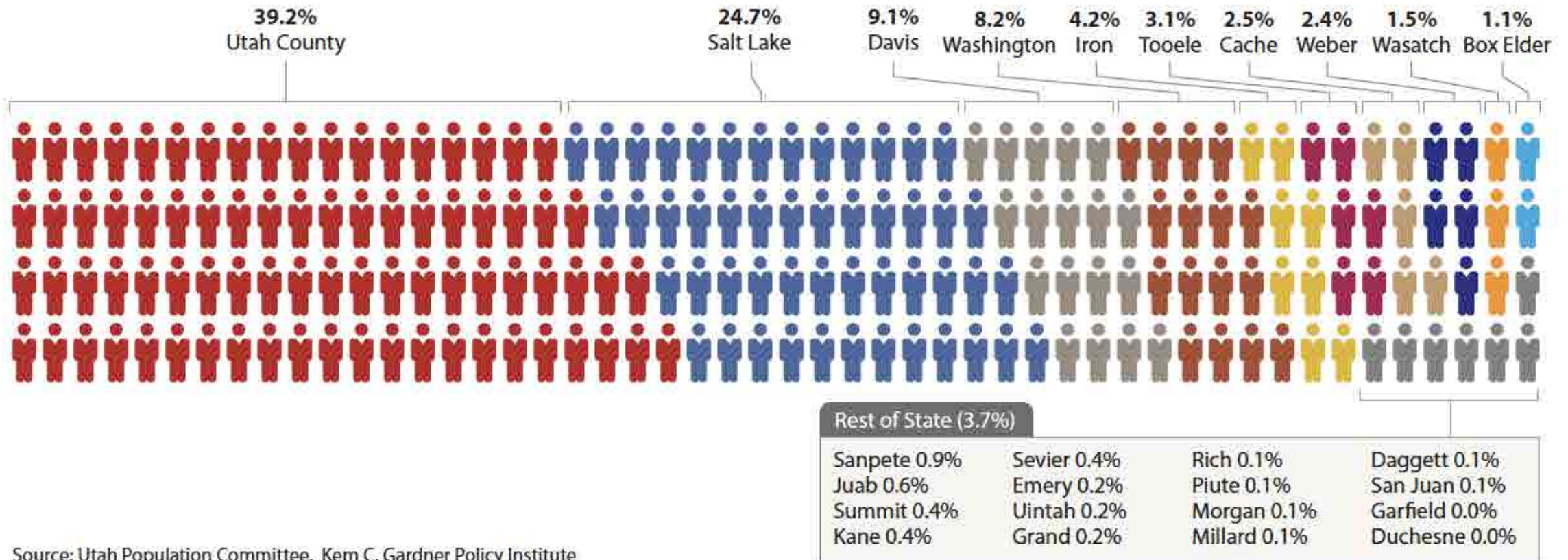
Source: Kem C. Gardner Policy Institute

Utah Population Growth by County, 2022-2023



Largest Growth In Utah County

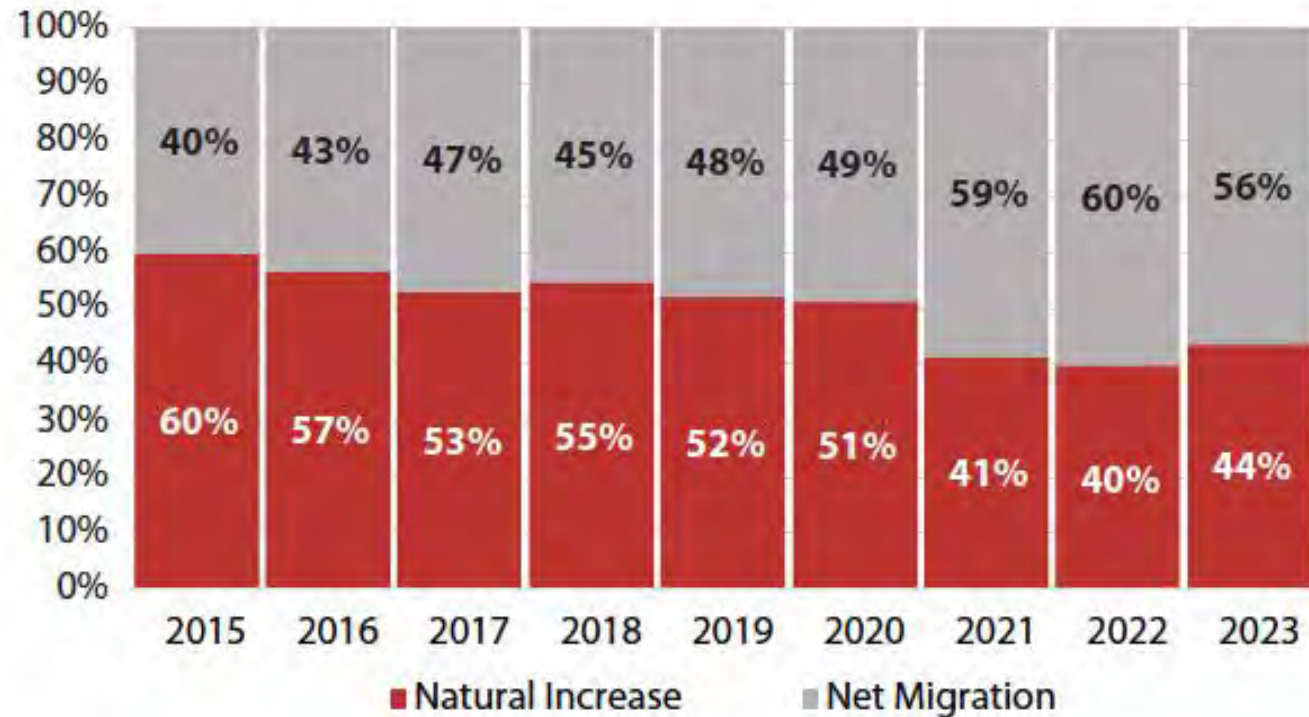
Figure 8: County Share of State Population Growth, 2022-2023



Source: Utah Population Committee, 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

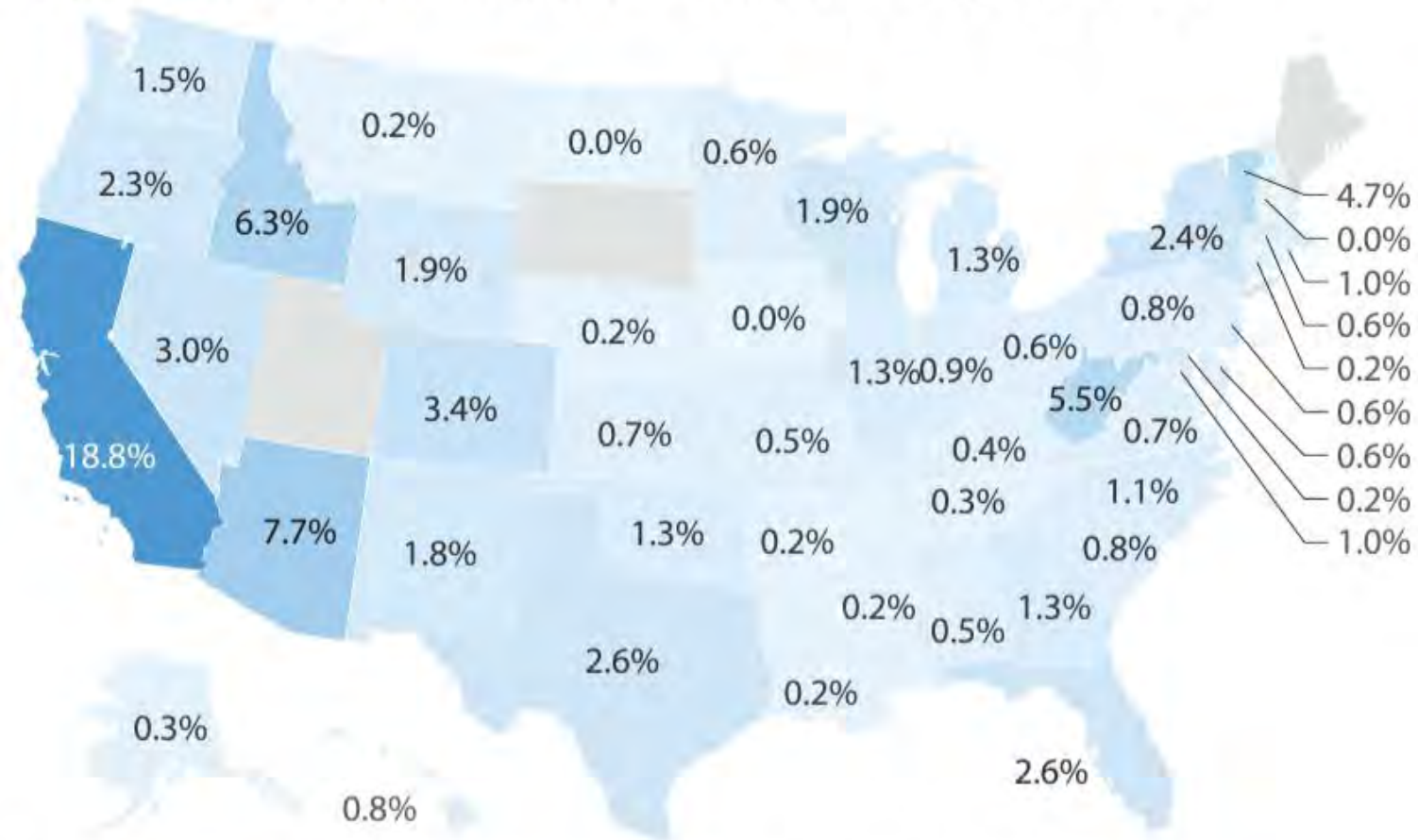


Note: 2021 and 2022 population estimates and net migration have been revised due to methodological improvements.

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

Where are New Utahns Coming From?

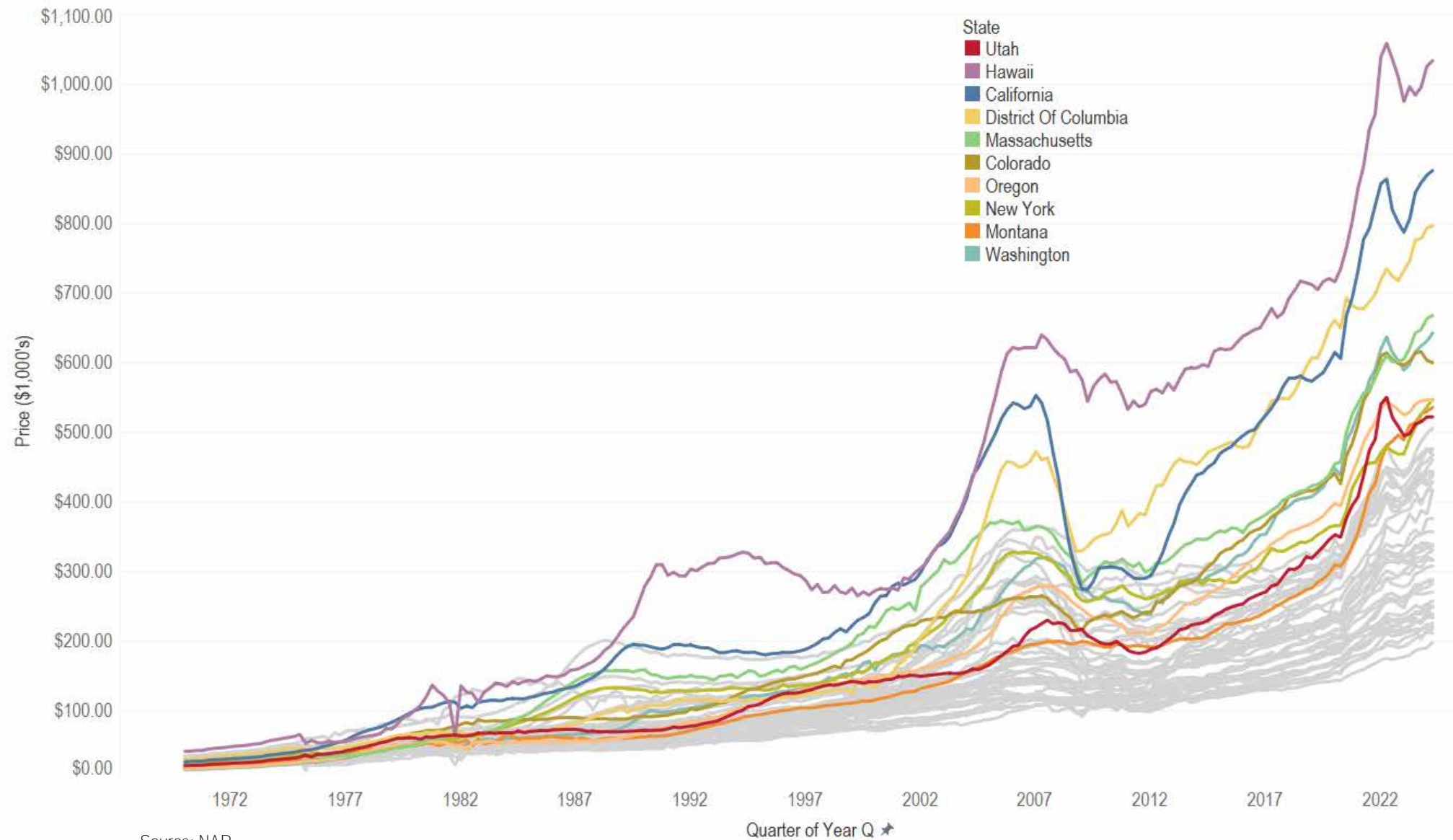
Figure 3: Utah In-Migrant Domestic Origins, 2021



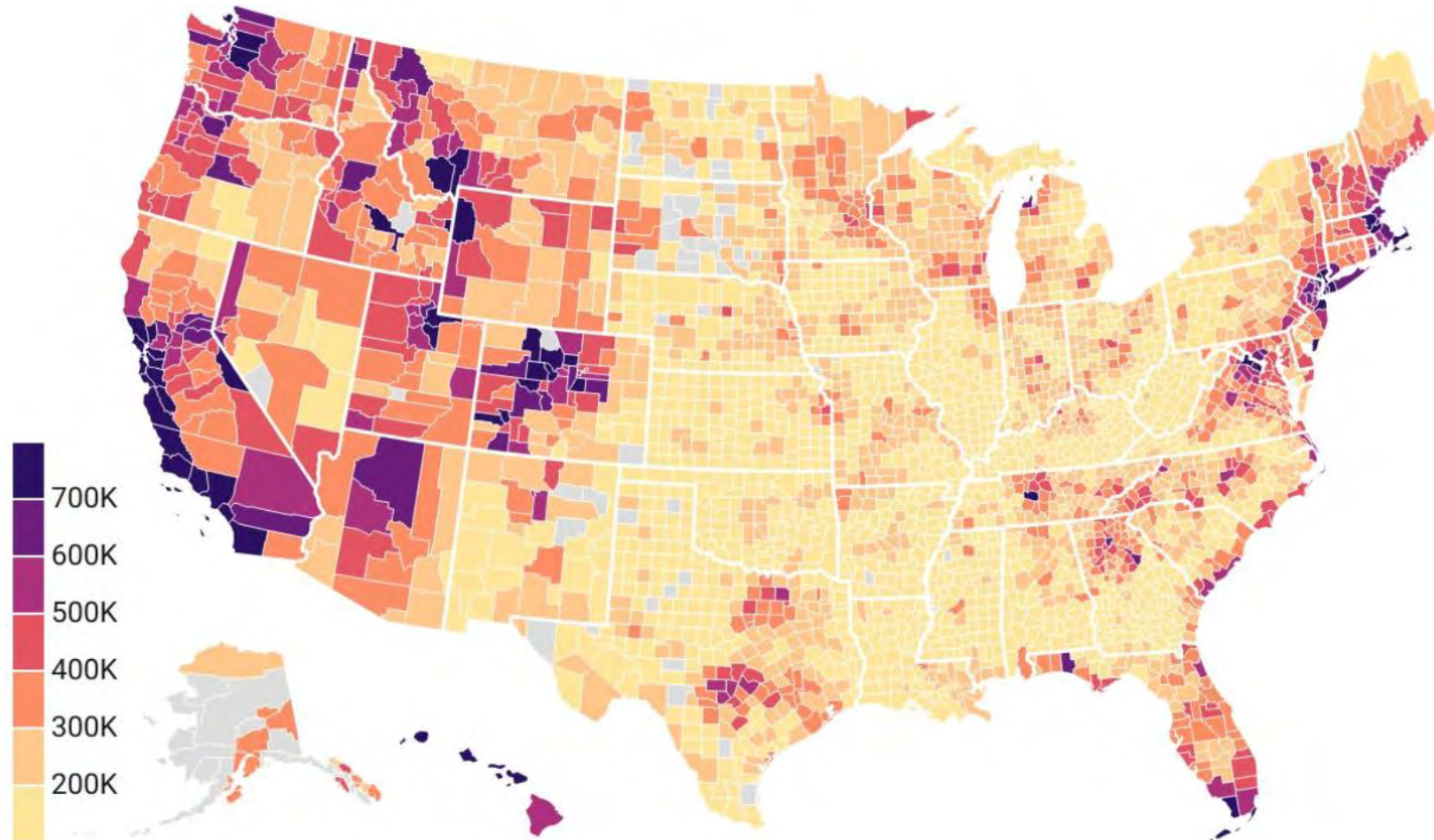
Note: International out-migrants are not included in the data or analysis

Source: U.S. Census Bureau, 2021 American Community Survey 1-Year Estimates, Integrated Public Use Microdata Series

Utah Ranks 10th in Median Sales Price of SF Homes

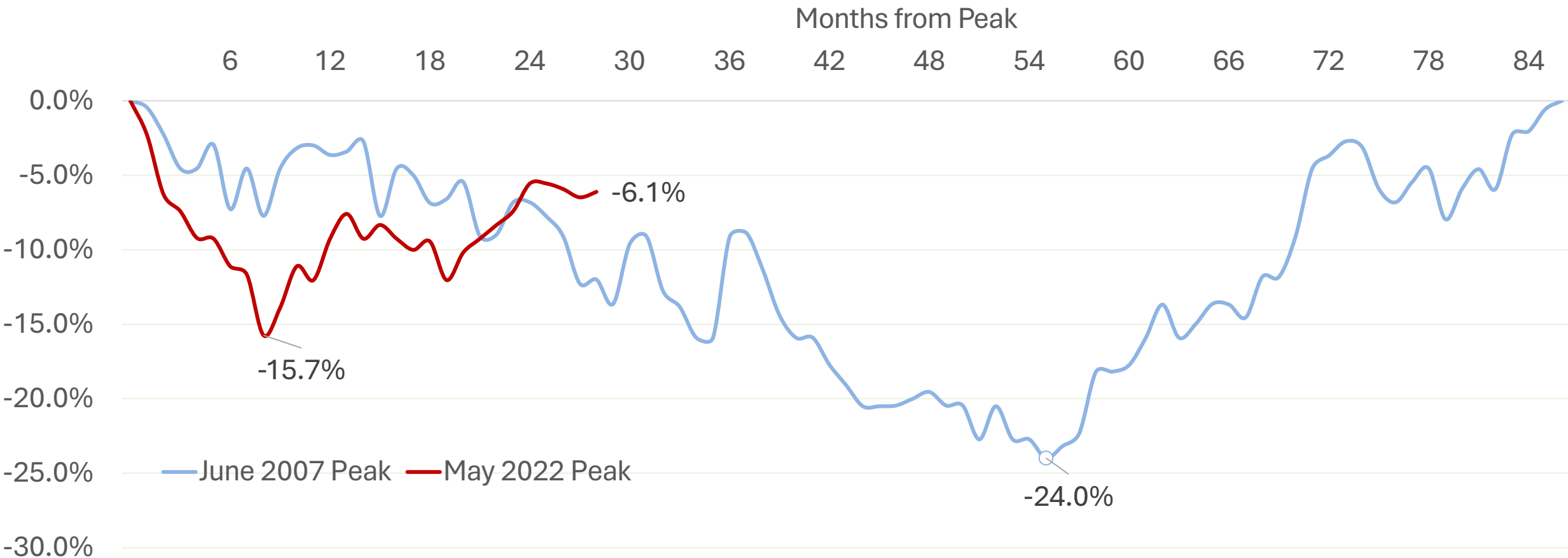


Median Sales Price: 2024Q3



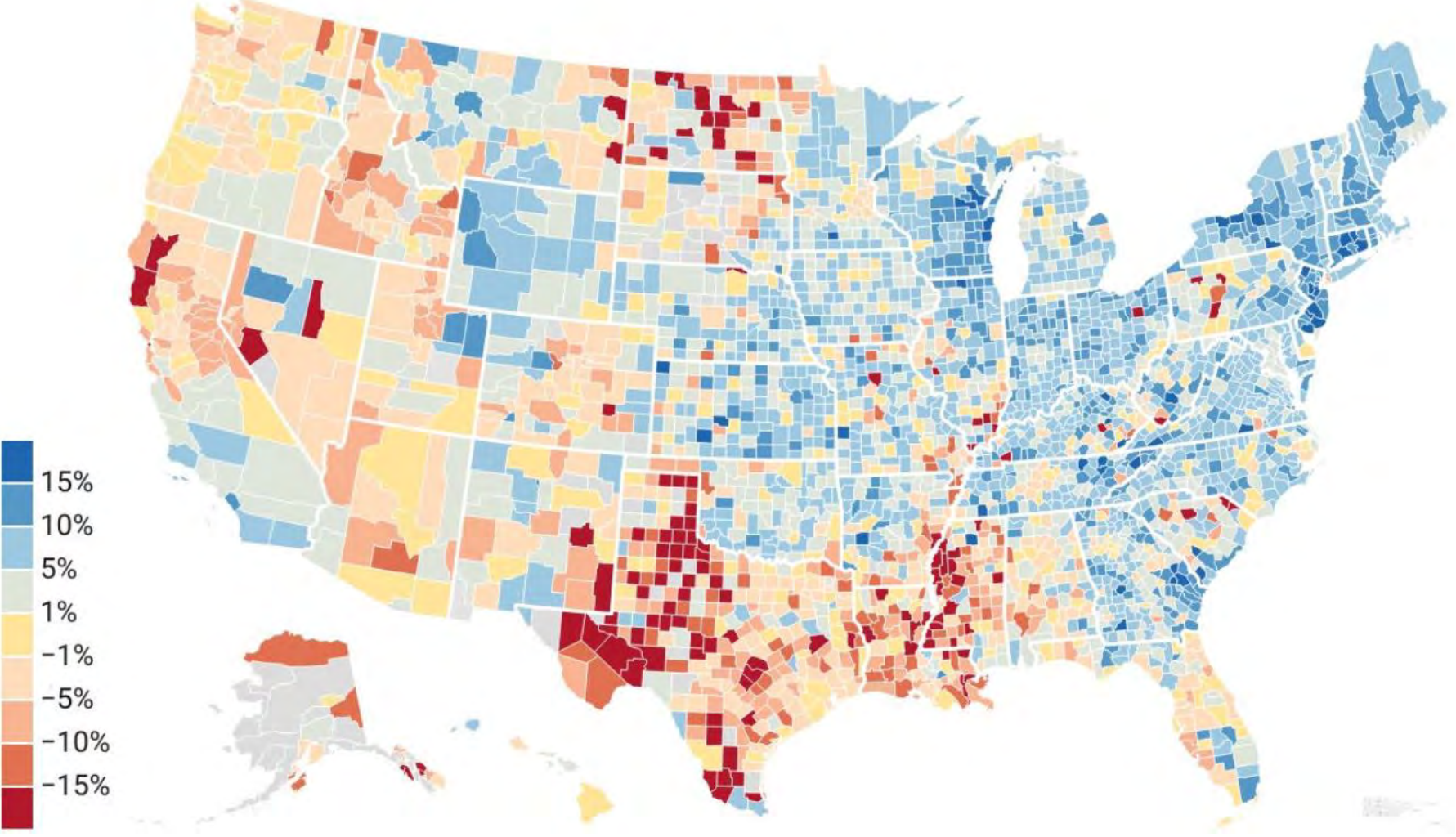
Price Recovery Stalls

% Change in Median Sales Price from Peak, Utah



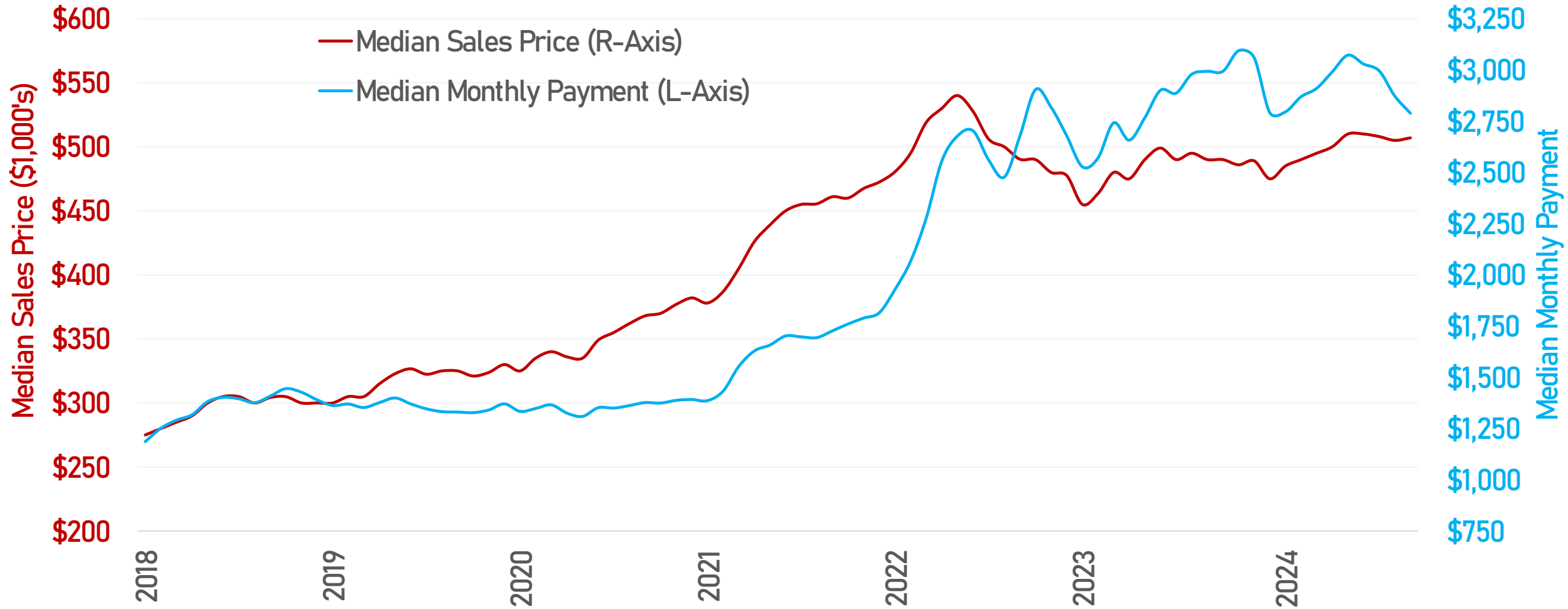
Source: Kem C. Gardner Analysis of UtahRealEstate.com Data

Change in County-Level Home Prices Since 2022 Peak



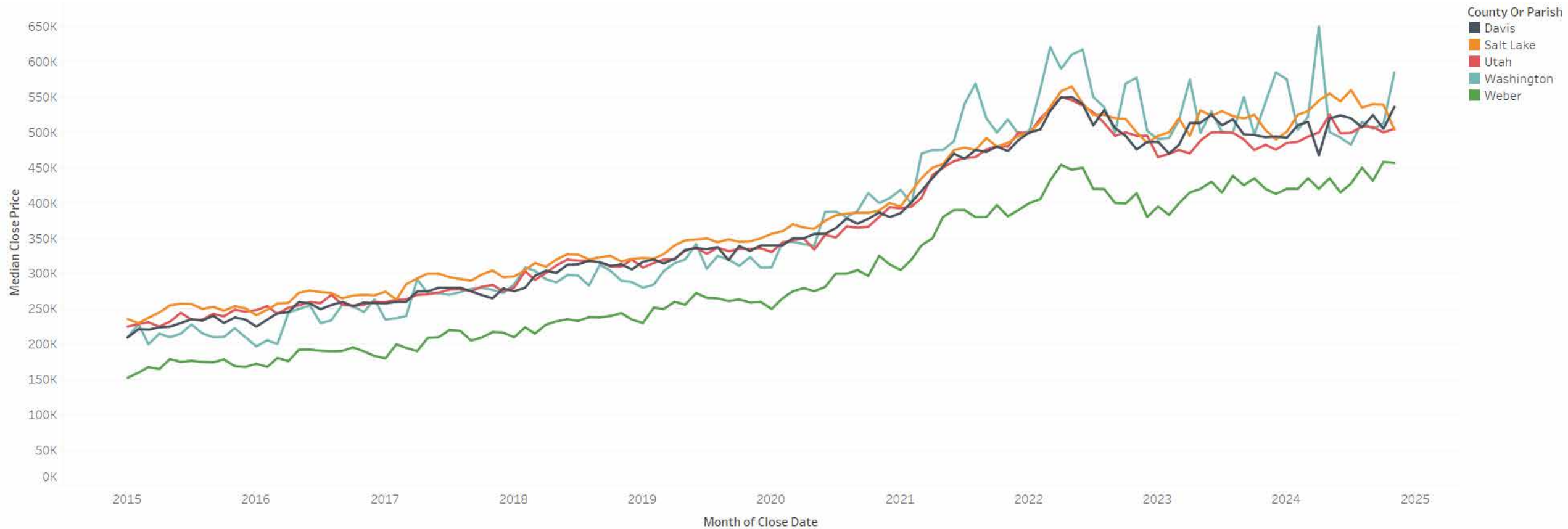
Median Sales Price & Monthly Mortgage Payment

(Through Sept 2024)



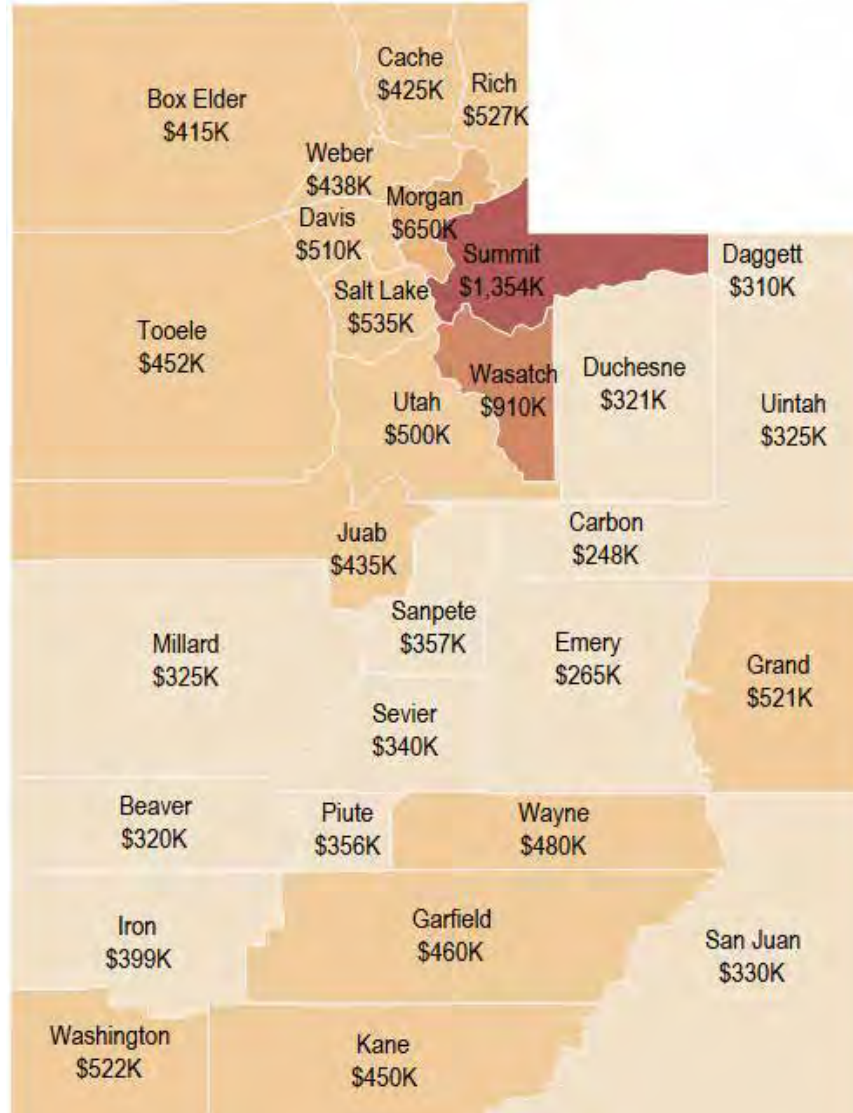
Source: Kem C. Gardner Policy Institute, UtahRealEstate.com Sales Data, FreddieMac Mortgage Survey Data

Monthly Median Sales Price by County

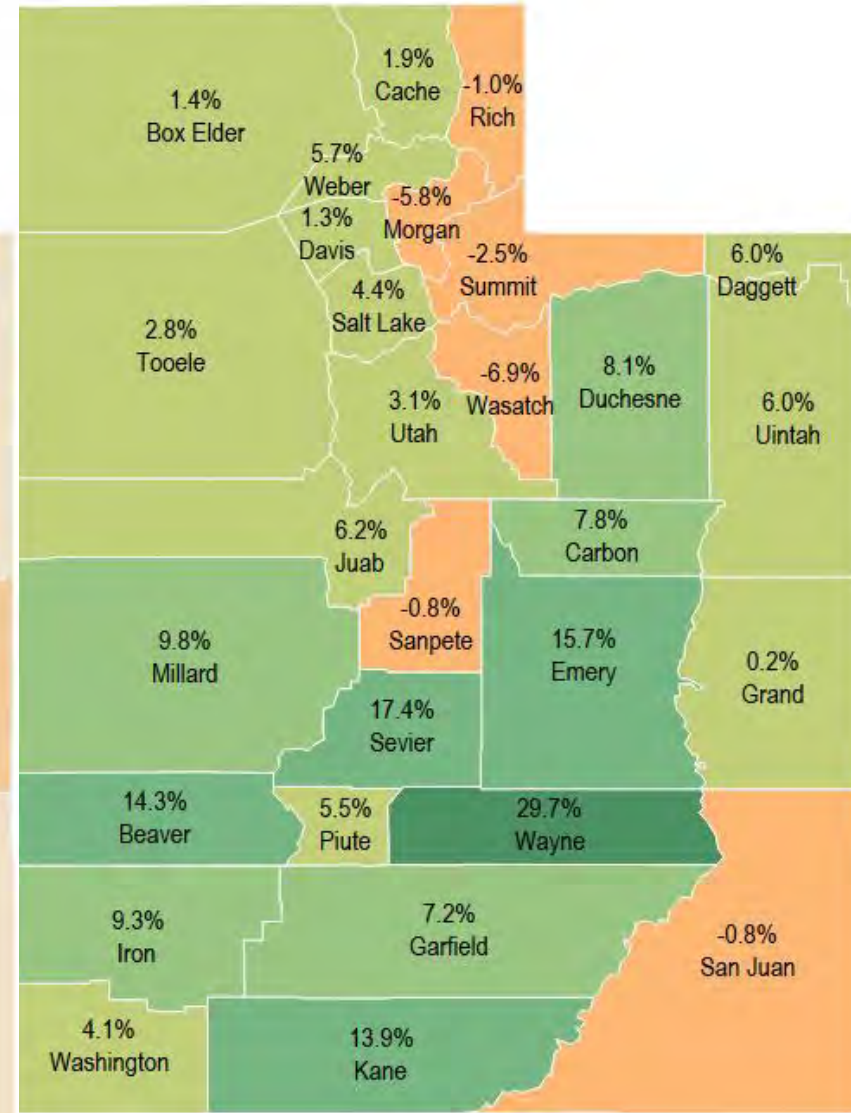


County Level Price and Change: Jan-Oct 2024

Median Price: Jan-Oct 2024

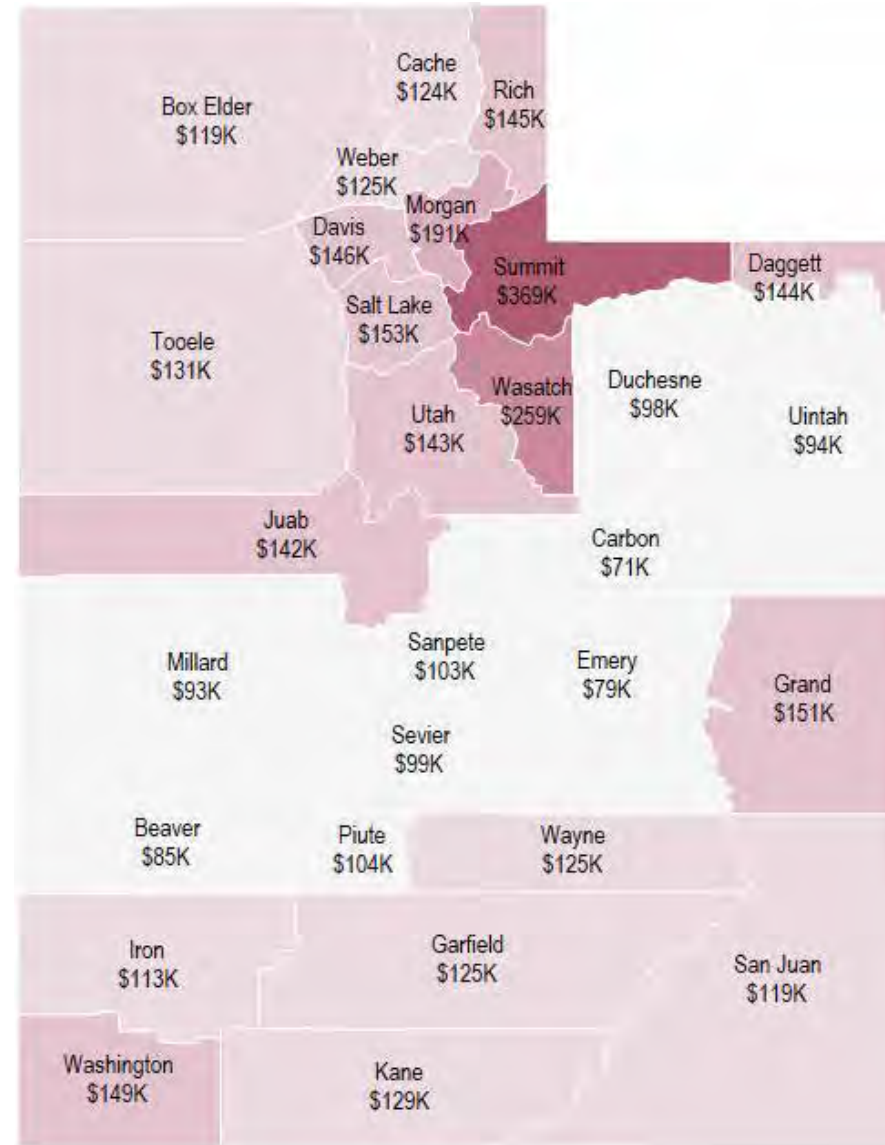


YoY % Change: Jan-Oct 2024



Source: Utah Association of Realtors

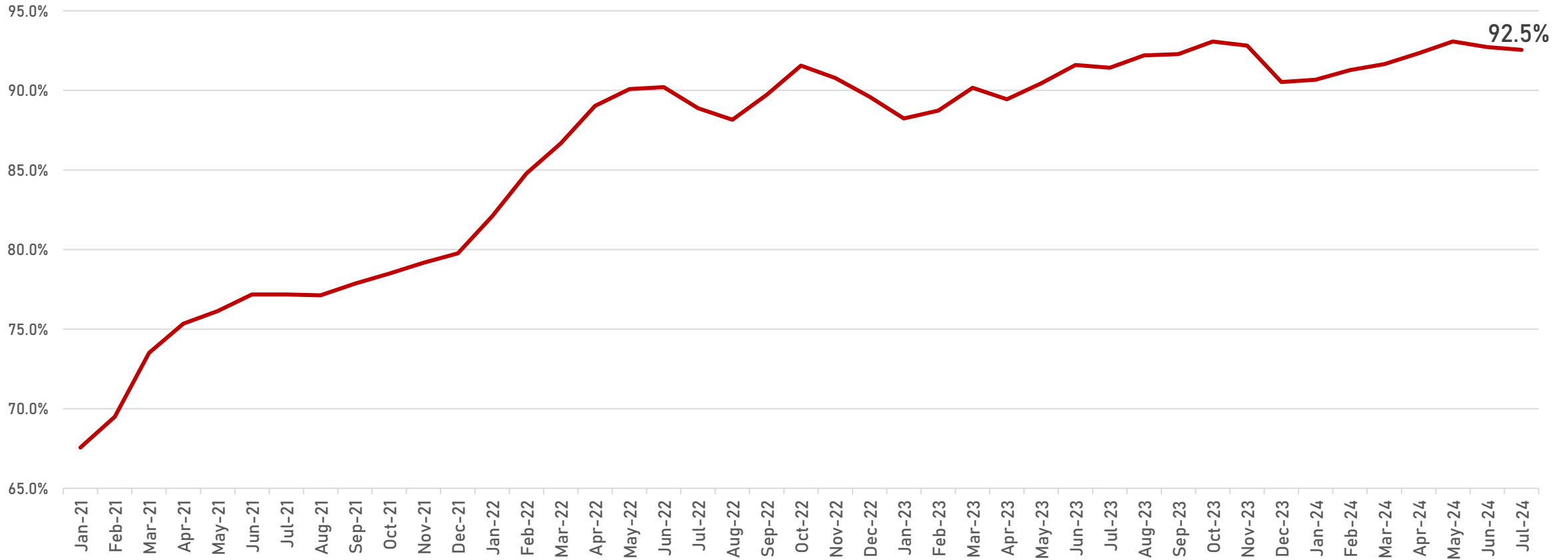
Income Needed to Afford the Median Priced Home mid-2024



Eroding Affordability- Renter are Stuck Renting

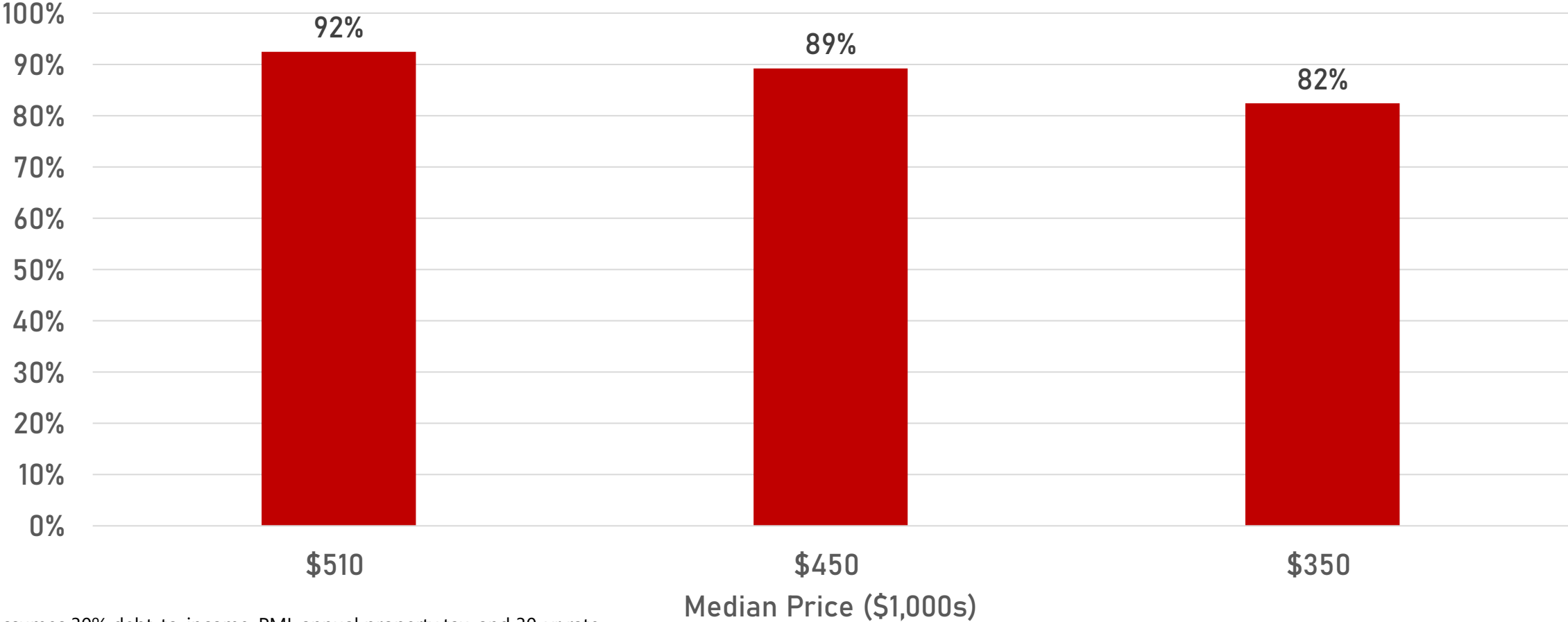
Share of *Renter* Households that **Can't Afford** a Median Priced Home, Utah

Share of Renters Priced Out



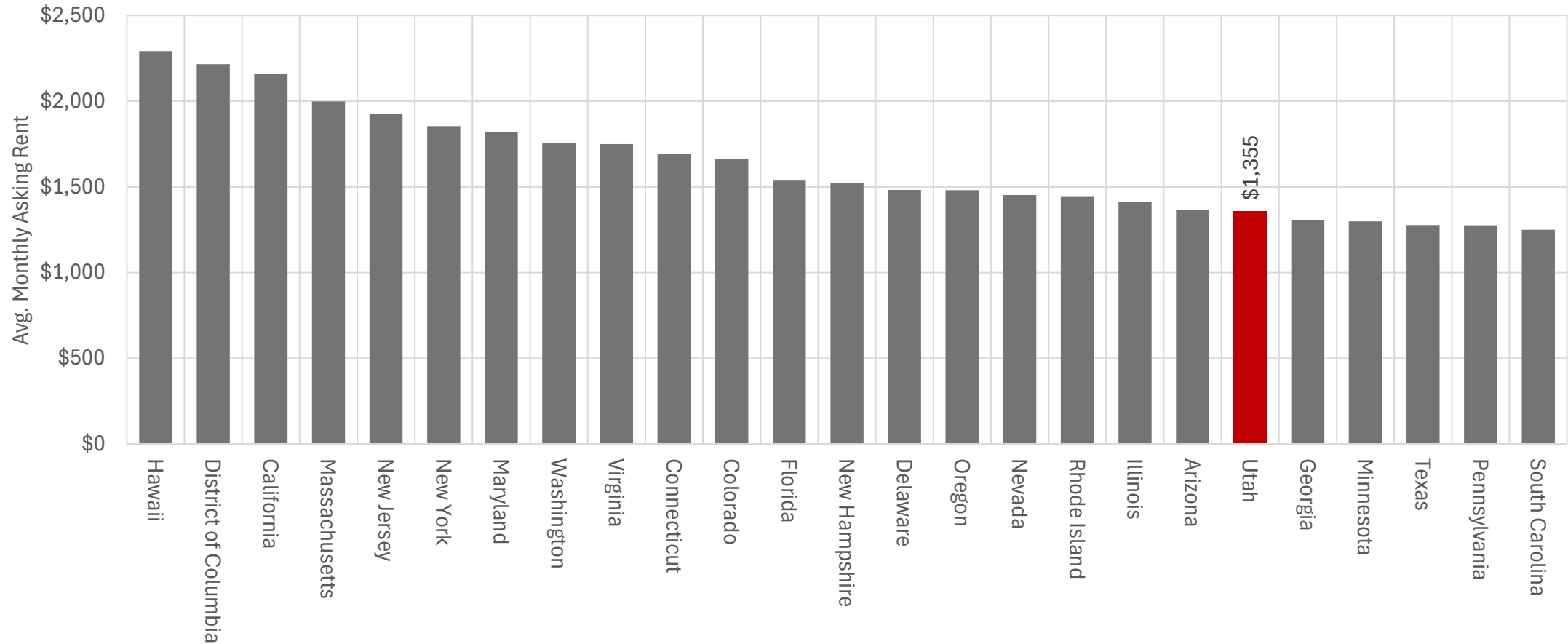
Note: Assumes 30% debt-to-income, PMI, annual property tax, and 30-yr rate.
Source: Calculations based on U.S. Census Bureau 2021 1-year ACS Survey Income Data (adjusted to 2022), UtahRealEstate.com Median Sales Price data.

Share of Renter Households that Can't Afford a Median Priced Home by Price Point



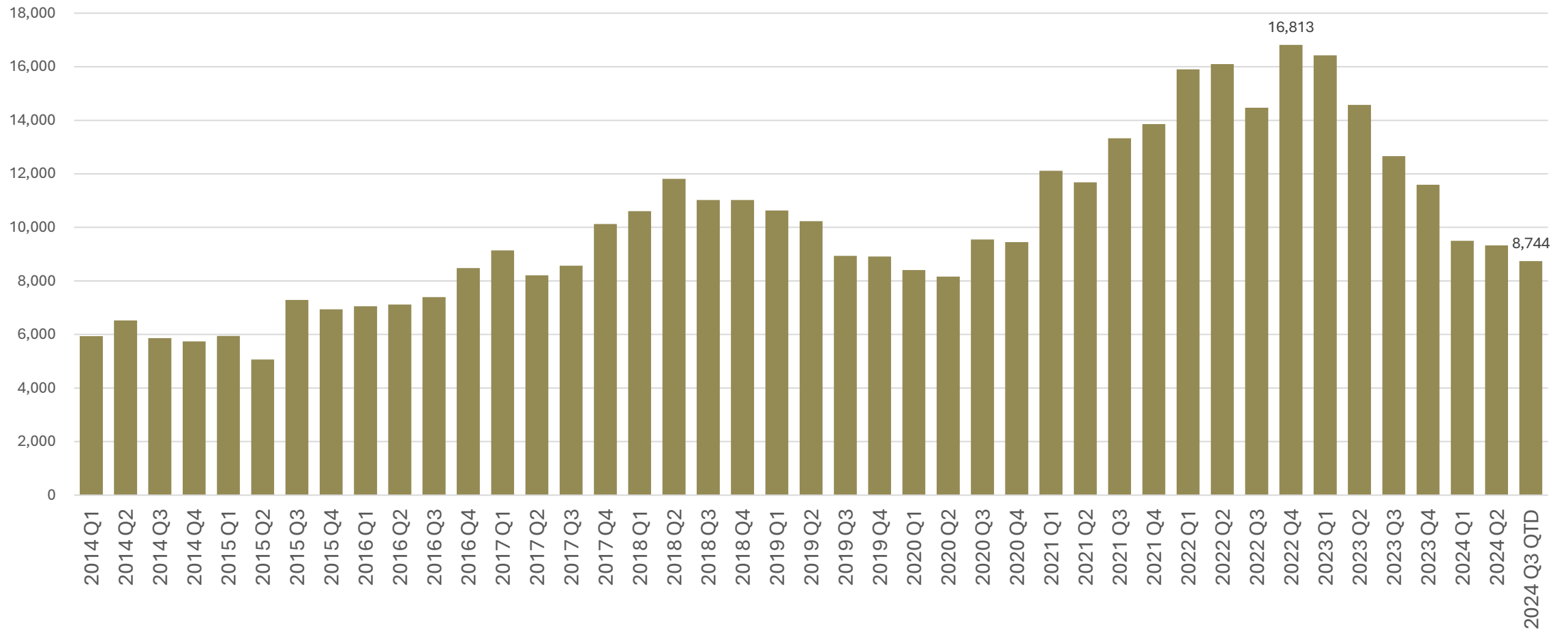
Note: Assumes 30% debt-to-income, PMI, annual property tax, and 30-yr rate.
Source: Calculations based on U.S. Census Bureau 2021 1-year ACS Survey Income Data (adjusted to 2022), UtahRealEstate.com Median Sales Price data.

Utah Ranks 20th in Asking Rents, Fall 2024



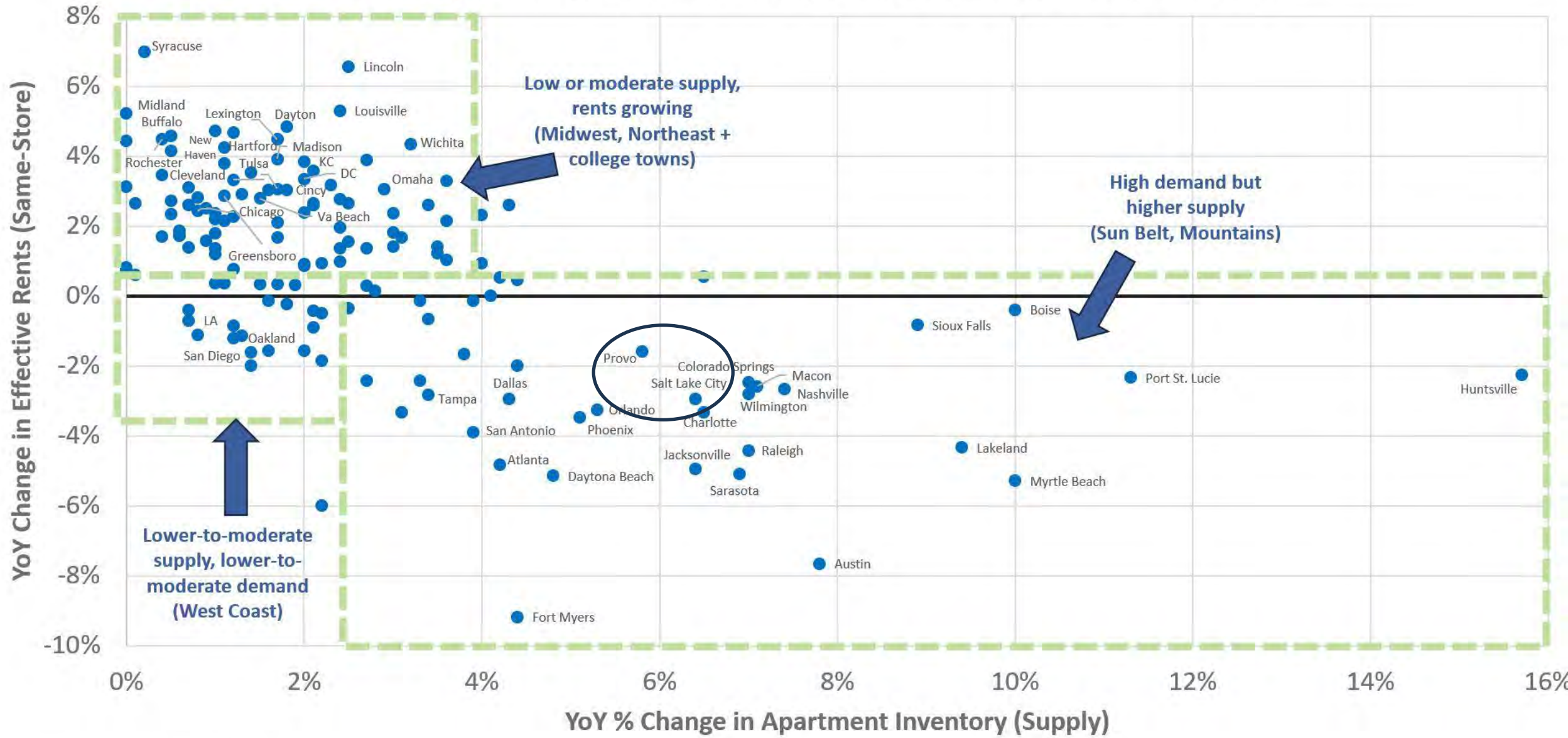
Source: ApartmentList.com

Record Apartment Construction: SL Co. & UT Co.



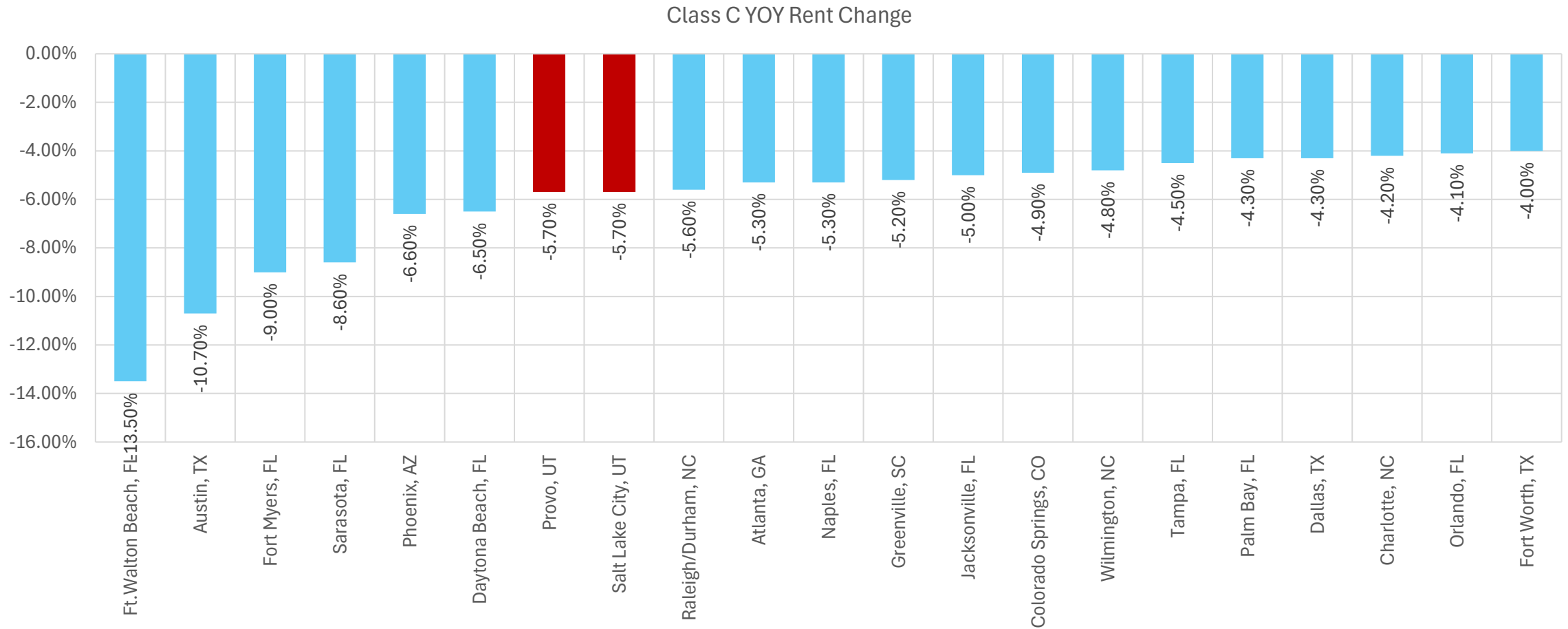
Apartment Rents Slow Where Supply Goes, Grow Where It Doesn't

T-12 Supply Change vs. Rent Change, Top 150 U.S. Markets, June 2024



Sources: Madera Residential research, RealPage Market Analytics

Filtering Occurring: Class-C Apt Rent Change YoY, June 2024

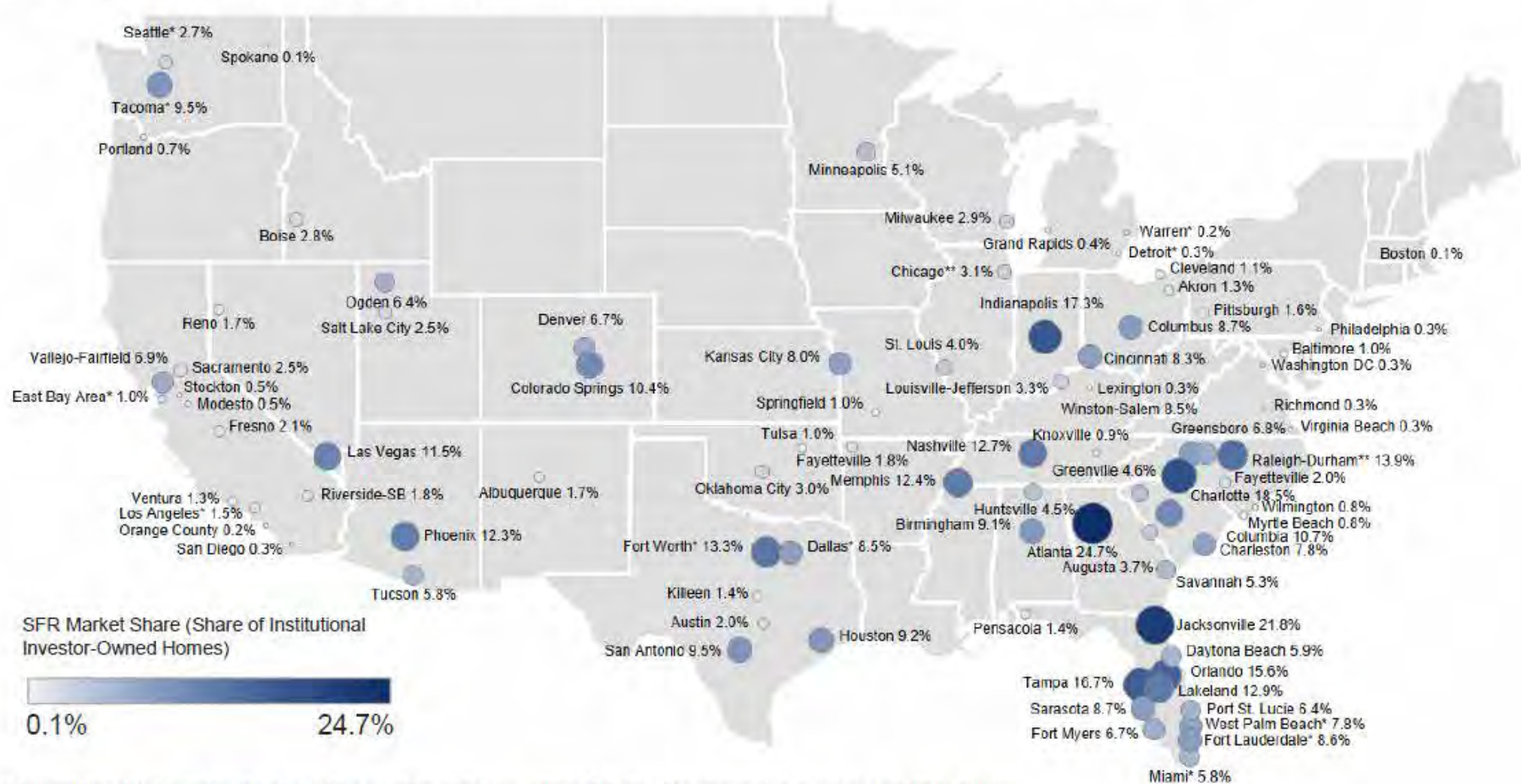


Sources: Madera Residential Research, RealPage Market Analysis

The Southeast, Florida, Texas, and Southwest generally have a larger share of SFR institutional ownership (with 1,000+ homes)

Single-Family Rental Market Share (Share of Institutional Investor-Owned Homes)

Institutional investors (1,000+ properties owned nationwide)



*Metropolitan division **Combination of metropolitan divisions, except Raleigh-Durham, which is a combination of metros.

† Note: We base the national rollup on a weighted average of 99 markets. Actual values may vary slightly due to rounding.

Source: John Burns Research and Consulting based on public records, LLC (Data: Jan-24, Pub: Mar-24)

Ownership of market-level SFR homes by portfolio size of investor-owned properties (all 99 SFR markets)

See the methodology notes on [page 67](#).

Distribution portfolio size of investor-owned single-family rental homes

All 99 Single-Family Rental Markets (January 2024)

Metro	Current				Metro	Current				Metro	Current				Metro	Current			
	1 TO 9	10 TO 99	100 TO 999	1000+		1 TO 9	10 TO 99	100 TO 999	1000+		1 TO 9	10 TO 99	100 TO 999	1000+		1 TO 9	10 TO 99	100 TO 999	1000+
Atlanta	55%	17%	4%	25%	Kansas City	61%	25%	5%	8%	Salt Lake City	82%	14%	1%	3%	Modesto	86%	13%	1%	1%
Jacksonville	59%	16%	3%	22%	Charleston	76%	14%	2%	8%	Sacramento	86%	10%	2%	2%	Grand Rapids	79%	18%	2%	0%
Charlotte	57%	22%	3%	18%	West Palm Beach*	76%	15%	2%	8%	Fresno	77%	17%	4%	2%	Washington DC	83%	13%	3%	0%
Indianapolis	57%	21%	5%	17%	Vallejo-Fairfield	80%	11%	2%	7%	Austin	80%	15%	2%	2%	Richmond	71%	25%	5%	0%
Tampa	65%	16%	3%	17%	Greensboro	63%	25%	4%	7%	Fayetteville	73%	23%	3%	2%	Virginia Beach	78%	17%	4%	0%
Orlando	65%	17%	2%	16%	Fort Myers	72%	17%	5%	7%	Riverside-SB	84%	13%	1%	2%	Philadelphia	77%	19%	4%	0%
Raleigh-Durham**	66%	18%	2%	14%	Denver	78%	11%	3%	7%	Fayetteville	70%	23%	5%	2%	San Diego	88%	10%	2%	0%
Fort Worth*	63%	20%	4%	13%	Ogden	74%	15%	5%	6%	Reno	83%	12%	3%	2%	Lexington	56%	35%	8%	0%
Lakeland	68%	16%	3%	13%	Port St. Lucie	74%	17%	3%	6%	Albuquerque	87%	11%	1%	2%	Detroit*	76%	18%	6%	0%
Nashville	59%	23%	5%	13%	Daytona Beach	76%	16%	2%	6%	Pittsburgh	75%	19%	4%	2%	Warren*	80%	15%	4%	0%
Memphis	58%	24%	6%	12%	Miami*	74%	18%	2%	6%	Los Angeles*	86%	12%	1%	1%	Orange County	87%	10%	3%	0%
Phoenix	71%	13%	3%	12%	Tucson	82%	10%	3%	6%	Pensacola	78%	18%	2%	1%	Boston	87%	11%	2%	0%
Las Vegas	70%	16%	3%	11%	Savannah	70%	20%	5%	5%	Killeen	74%	20%	4%	1%	Spokane	85%	12%	3%	0%
Columbia	68%	17%	5%	11%	Minneapolis	72%	20%	4%	5%	Ventura	90%	8%	0%	1%	Wichita	67%	28%	5%	0%
Colorado Springs	74%	11%	5%	10%	Greenville	68%	23%	4%	5%	Akron	66%	26%	6%	1%	New Orleans	80%	16%	3%	0%
Tacoma*	80%	9%	1%	10%	Huntsville	76%	18%	2%	4%	Cleveland	69%	25%	5%	1%	Bakersfield	79%	16%	5%	0%
San Antonio	72%	16%	3%	9%	St. Louis	68%	24%	5%	4%	East Bay Area*	87%	10%	2%	1%	Chattanooga	72%	25%	4%	0%
Houston	71%	16%	3%	9%	Augusta	72%	21%	3%	4%	Tulsa	63%	29%	7%	1%	Newark*	88%	10%	1%	0%
Birmingham	66%	20%	5%	9%	Louisville-Jefferson	66%	27%	4%	3%	Springfield	61%	31%	8%	1%	San Francisco**	91%	8%	1%	0%
Columbus	63%	22%	6%	9%	National†	77%	16%	3%	3%	Baltimore	76%	16%	6%	1%	Des Moines	52%	30%	17%	0%
Sarasota	77%	12%	2%	9%	Chicago**	74%	17%	6%	3%	Knoxville	73%	22%	3%	1%	New York*	89%	10%	1%	0%
Fort Lauderdale*	65%	19%	7%	9%	Oklahoma City	60%	28%	9%	3%	Myrtle Beach	89%	9%	1%	1%	Nassau*	87%	11%	2%	0%
Winston-Salem	67%	22%	3%	9%	Milwaukee	75%	19%	4%	3%	Wilmington	83%	15%	1%	1%	Visalia	79%	17%	4%	0%
Dallas*	69%	19%	3%	8%	Boise	81%	15%	1%	3%	Portland	83%	13%	3%	1%	El Paso	83%	14%	3%	0%
Cincinnati	63%	23%	5%	8%	Seattle*	88%	8%	1%	3%	Stockton	84%	15%	1%	1%	San Jose	91%	8%	0%	0%

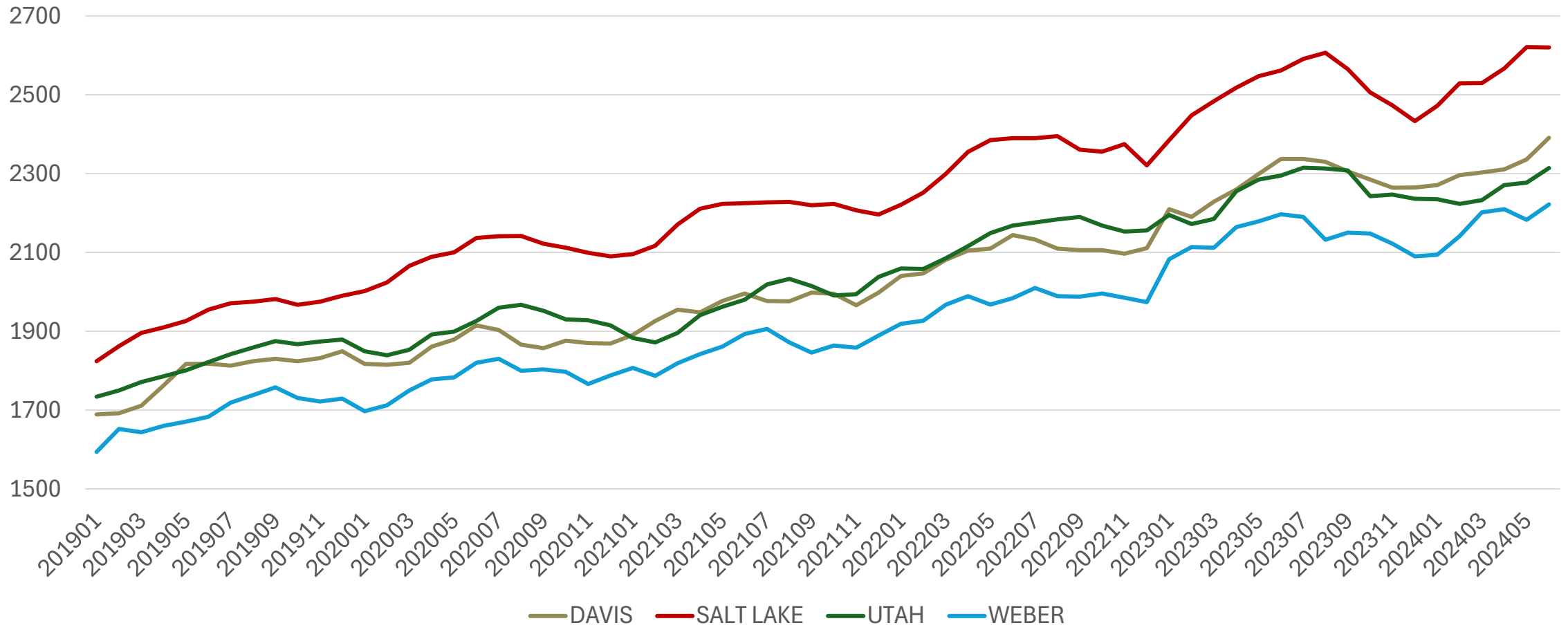
Note: Our investor methodology may include second homes and vacation homes.

*Metropolitan division **Combination of metropolitan divisions, except Raleigh-Durham, which is a combination of metros.

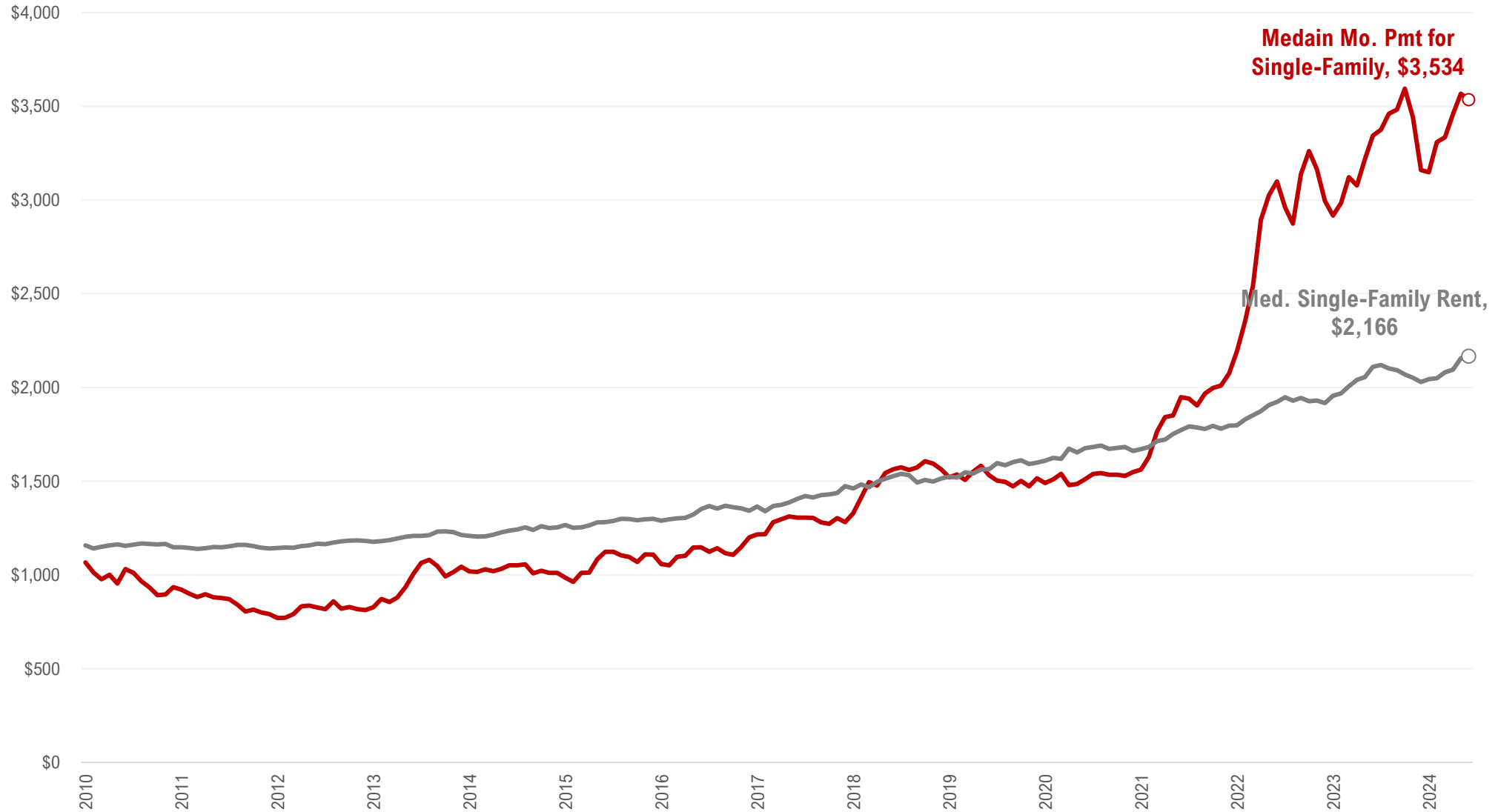
† Note: We base the national rollup on a weighted average of 99 markets. Actual values may vary slightly due to rounding.

Source: John Burns Research and Consulting based on public records, LLC (Data: Jan-24, Pub: Mar-24)

Single-Family Rents Recover



Cost of Renting vs. Owning - Wasatch Front

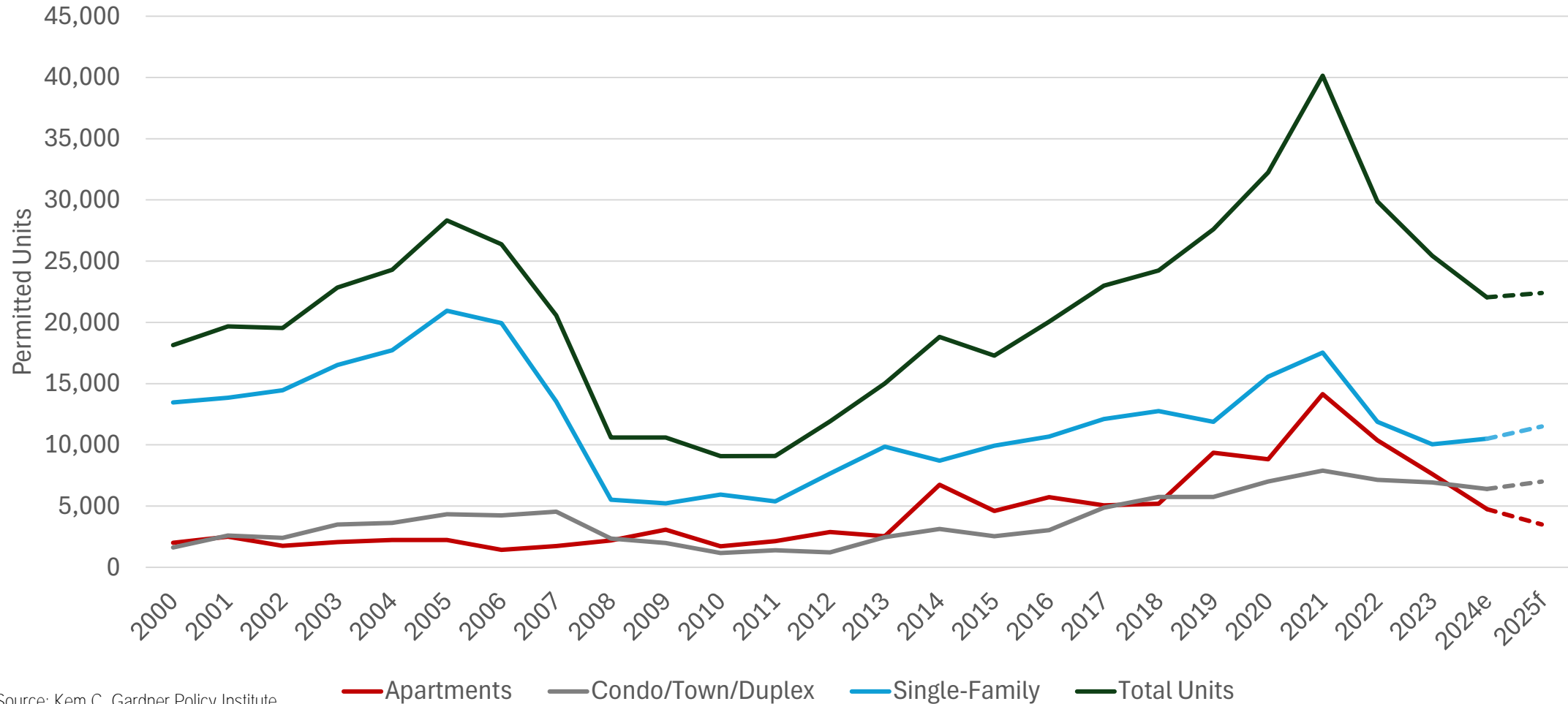


Source: Kem C. Gardner Analysis of UtahRealEstate.com and RentRange Data

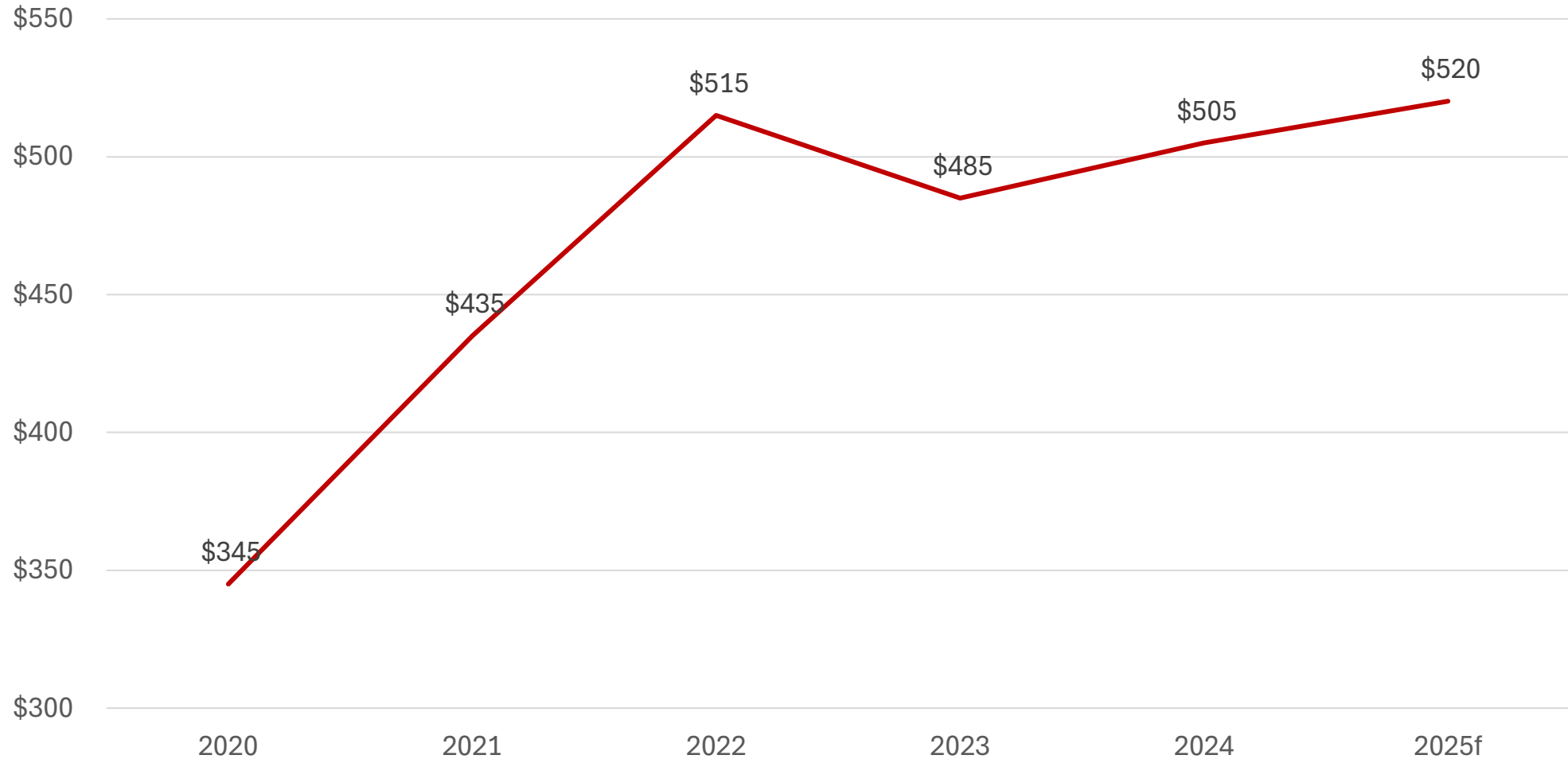
Mortgage Rates Remain Elevated



Permitted Housing Units Outlook



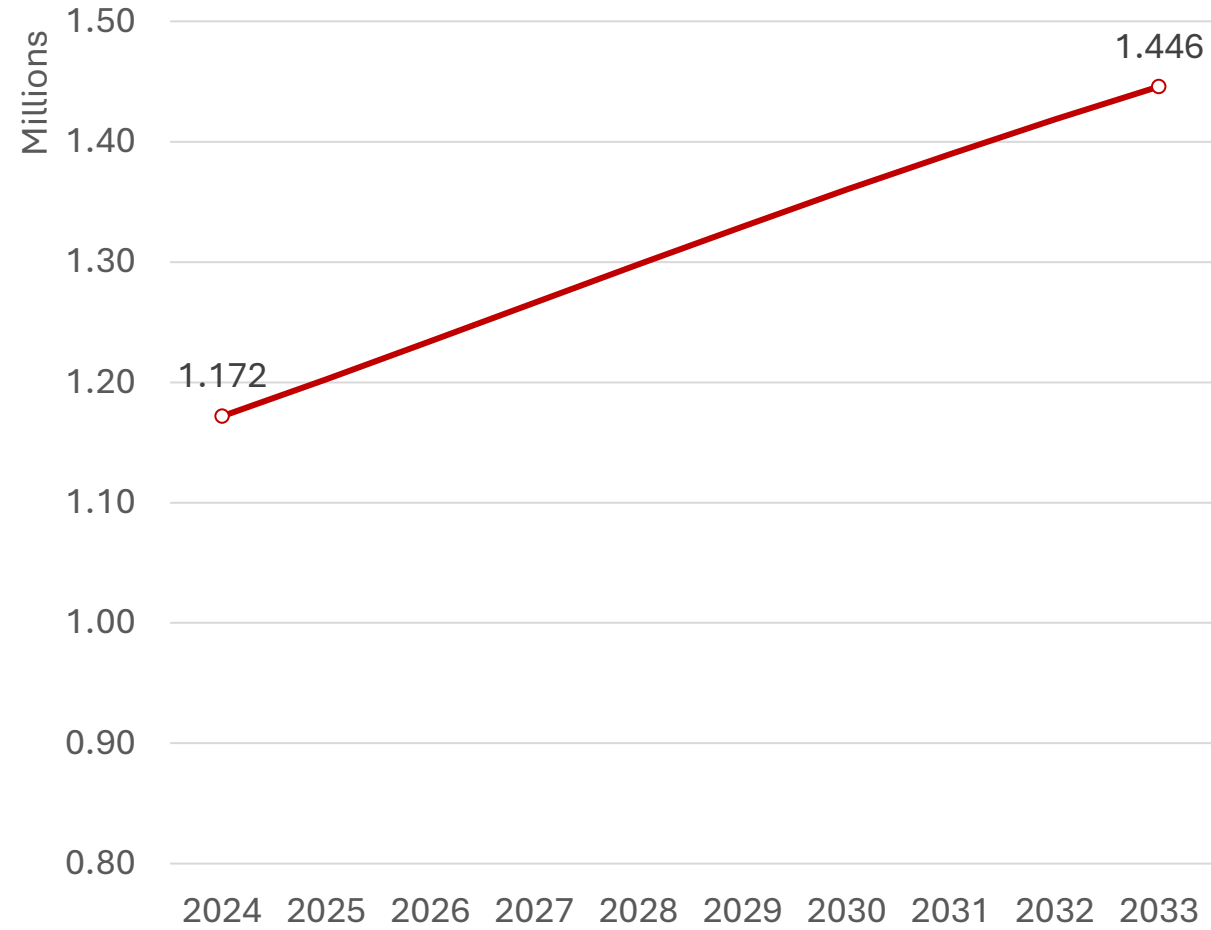
Annual Price Growth 3% into 2025



A Place for Young and Old Age Structure, Washington Co

Housing Demand 2024-2033

Total Households



Source: Kem C. Gardner Policy Institute

