

UTAH'S Economy

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RENTERS INCREASE BY 60,000 IN TEN YEARS

In the past 10 years the number of renter households in Utah increased by 60,000. Of the 877,000 households in Utah in 2010 260,000 were renters. While the most recent decade saw the largest absolute increase in new renters, in relative terms the 30 percent increase between 2000 and 2010 was about average, *Table 1*.

Table 1 Change in Renter Households in Utah

	Number of Renter Households	Absolute Change	Percent Change
1950	65,225		
1960	68,236	3,011	4.6%
1970	91,364	23,128	33.9%
1980	120,629	29,265	32.0%
1990	171,263	50,634	42.0%
2000	199,734	28,471	16.6%
2010	259,555	59,821	30.0%

Source: U.S. Census Bureau

The decade with the largest gain in renters was the 1980s when the number of renters grew by 42 percent while the 1960s was the slowest growing decade with only a 4.6 percent increase. In 2010 30 percent of all households were renters. Over the last 50 years renter occupied units (as a percent of total occupied units) has fluctuated in a narrow range of 28 percent to 34 percent.

In August the Census Bureau published the estimates of housing by tenure (owner and renter occupied units).

The estimates show that the number of renters grew at a faster pace than owners. From 2000 to 2010 the average annual growth rate for renter occupied units was 2.65 percent compared to 2.11 percent for owner occupied units. At this growth rate the number of renters statewide would increase in 2011 by about 7,000 households; very unlikely given the recession but an indication of potential growth. Of the five major Utah counties Salt Lake had the slowest growth in renter occupied units at 2.06 percent while Washington County led with a growth rate of 5.77 percent, *Table 2*.

Perhaps the most surprising aspect of the renter data from the 2010 Census is the apparent role played by single-family homes, townhomes and condominiums as a source of rental housing. A comparison of new construction to the changes in number of renters is revealing. For example, from 2000 to 2010 the number of new apartment units built statewide was 21,137, but

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Table 2 Renter Occupied Housing in Utah and Selected Counties

	2000	2010	Change	AAGR *
State	199,734	259,555	59,821	2.65%
Davis	16,006	20,474	4,468	2.49%
Salt Lake	91,544	112,203	20,659	2.06%
Utah	33,151	44,549	11,398	2.99%
Washington	7,811	13,691	5,880	5.77%
Weber County	16,508	21,619	5,111	2.73%

*AAGR = average annual growth rate.

Source: U.S. Census Bureau.

as noted the number of renter households increased over the same period by nearly 60,000. These numbers show that new apartment construction met only about one-third of the increased demand for rental units. The remaining two-thirds was met by “for rent” homes and condominiums, *Table 3*. In Salt Lake City 75 percent of the increased demand was met by new apartments, but in St. George only 31 percent.

We know from the 2000 Census that a significant share of the rental inventory was comprised of single-family homes. Unfortunately the 2010 Census does not include any data on “tenure by units in structure.” But in 2000 single-family homes (including basement apartments) accounted for 31 percent of all rental housing. That number is certainly higher now as foreclosed homes and many new condominium units have moved into the rental inventory.

Over the past 10 years the number of new apartments units added annually to the rental inventory in Utah has been quite consistent, averaging 2,100 units and in most years moving within the range of 2,000-

Table 3 Selected Cities: Comparison of New Apartment Construction to Increase in Renters 2000-2010

	New Apt. Const.	Increase in Renters	Difference Col 2 & 3	Demand met by New Const.
Salt Lake City	2,658	3,571	913	74.4%
West Jordan	2,195	3,406	1,211	64.4%
St. George	1,050	3,386	2,336	31.0%
Provo	818	1,588	770	51.5%
Orem	767	1,998	1,231	38.4%
Riverton	648	1,048	400	61.8%
Logan	567	1,308	741	43.3%
Draper	526	1,428	902	36.8%
North Salt Lake	509	562	53	90.6%
Cedar City	509	1,592	1,083	32.0%
State	21,137	59,821	38,684	35.3%

Source: U.S. Census Bureau and Bureau of Economic and Business Research, University of Utah.

3,000 units, *Figure 1* and *Table 4*. During the 1990s apartment construction was much more volatile. From a low of 1,154 units in 1992, new construction peaked in 1996 at over 5,300 units, a level far above any subsequent year. Through June 2011 permits for new apartment units totaled 948 indicating this year will likely be quite typical in terms of new construction. New construction again will represent only a fraction of the demand for rental units as market conditions, credit worthiness and tighter mortgage standards push more households into the rental market.

Figure 1 Permits Issued for New Apartment Units in Utah

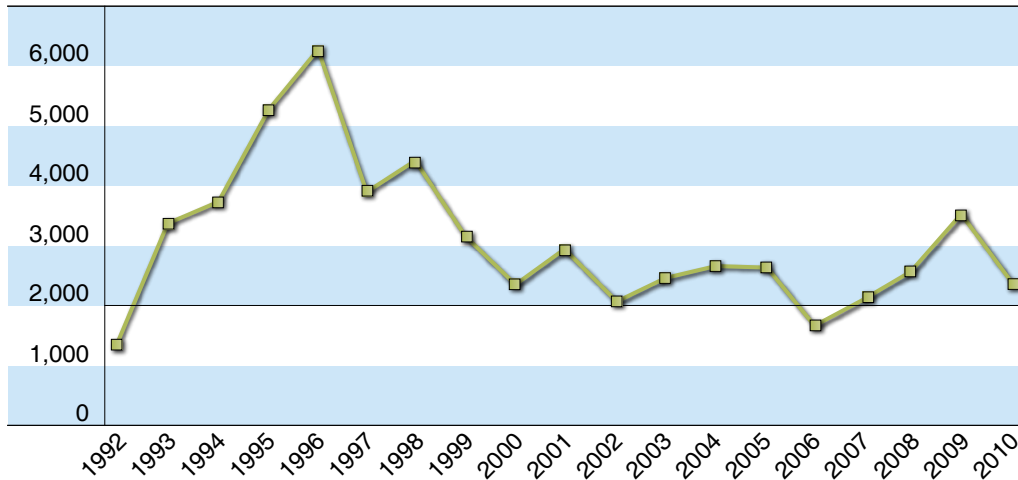


Table 4 New Construction: Apartment Units as Percent of Total

Year	Apartment Units	Total Residential Units	Apartments Percentage of Total
1992	1,154	13,001	8.9%
1993	2,924	17,804	16.4%
1994	3,159	19,747	16.0%
1995	4,513	21,558	20.9%
1996	5,326	23,737	22.4%
1997	3,356	20,687	16.2%
1998	3,766	21,743	17.3%
1999	2,668	20,350	13.1%
2000	2,012	18,154	11.1%
2001	2,498	19,675	12.7%
2002	1,750	19,941	8.8%
2003	2,066	22,836	9.0%
2004	2,233	24,293	9.2%
2005	2,236	28,285	7.9%
2006	1,427	26,322	5.4%
2007	1,738	20,539	8.5%
2008	2,199	10,603	20.7%
2009	2,978	10,488	28.4%
2010	2,001	9,364	21.4%
June 2011	948	4,398	21.6%

Source: Bureau of Economic and Business Research, University of Utah.