

Q1 2022

Utah

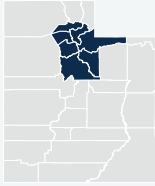
GARDNER

REPORT

This analysis of select counties of the Utah real estate market is provided by Windermere Real Estate Chief Economist Matthew Gardner to help you make informed real estate decisions.


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Q1 2022 Utah

ECONOMIC OVERVIEW

The Utah economy continues to impress, with total employment up 3.8% year over year. Of greater significance: current employment levels are now 78,600 higher than the pre-pandemic peak. The counties covered by this report added almost over 48,400 new jobs over the past year, representing a growth rate of 3.7%.

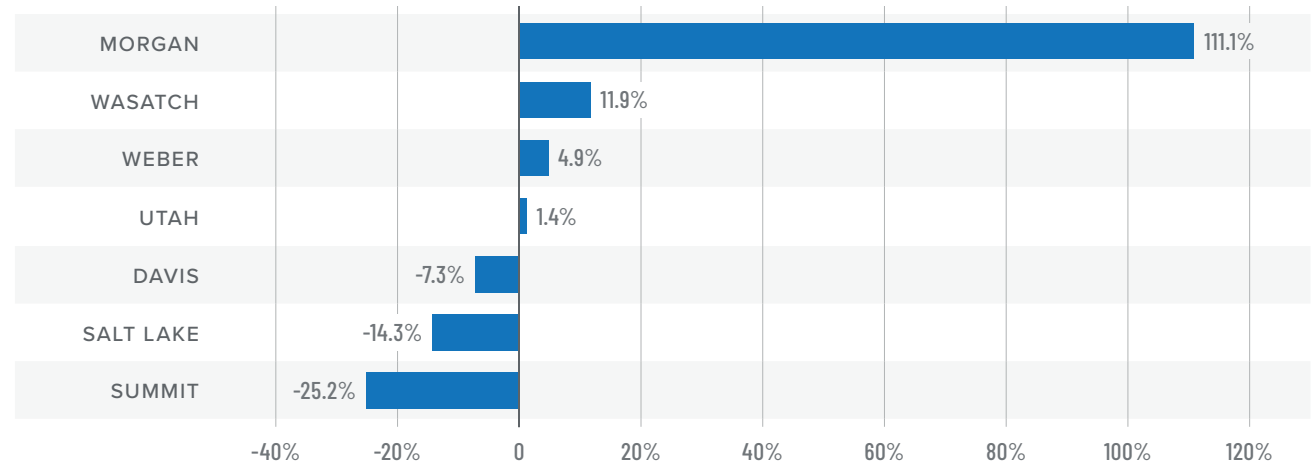
Thanks to the state's robust economy, the unemployment rate dropped to 2%, which is the lowest level recorded since the Labor Department started keeping records in 1976. Moreover, this remarkably low level of unemployment comes while the labor force rose above the 1.7 million mark—a level never before seen.

Home Sales



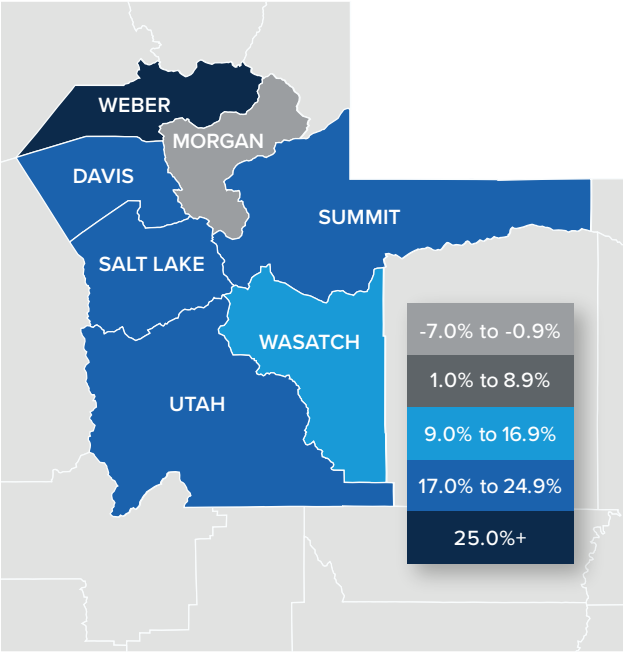
- › In the first quarter of 2022, 6,493 homes were sold, which is a drop of 7.5% year over year. There were 29.1% fewer sales than in the fourth quarter of 2021.
- › Year over year, sales rose in four of the seven counties contained in this report, but fell in the balance of the region.
- › Inventory levels remain well below the average, which is clearly limiting sales. The number of homes for sale was down 30.9% from the previous quarter, and down 5.6% from the same period a year ago.
- › Pending sales, which are an indicator of future closings, fell 9.2% from the final quarter of 2021, suggesting that second quarter closings may remain below average.

Annual Change in Home Sales by County / Q1 2021 to Q1 2022

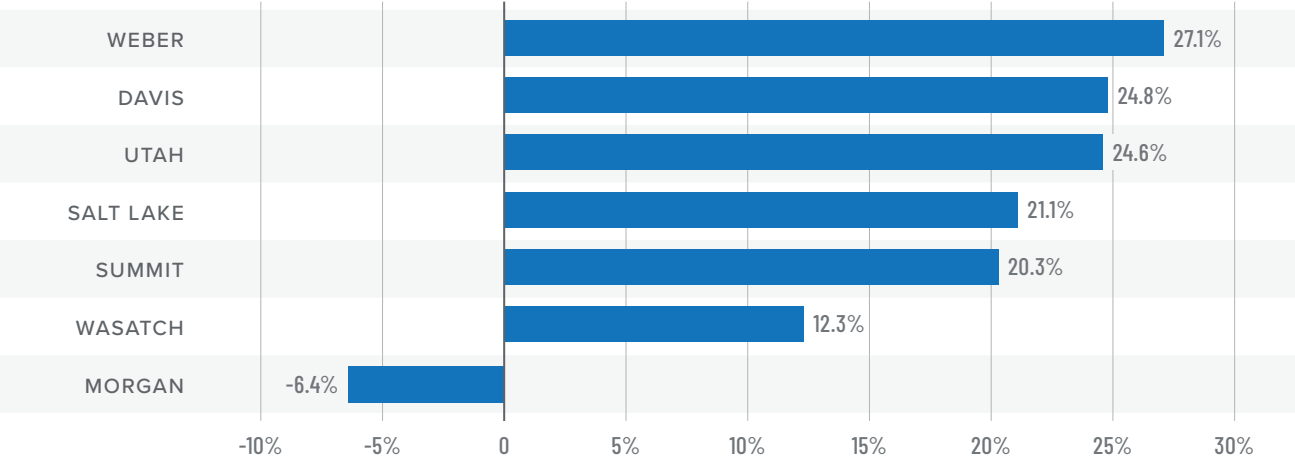


Home Prices

- With more demand than supply, it wasn't surprising that home prices picked up. Year over year, prices rose 19.5% to an average of \$639,131. Prices were 6.1% higher than in the fourth quarter of 2021.
- Compared to the final quarter of last year, prices rose in all counties other than Morgan, with Summit County jumping more than 20%.
- All areas contained in the report except for Morgan County saw prices increase by double digits. The pullback in Morgan County is not a concern given that it is a very small market.
- Mortgage rates increased in the first quarter but, as there is normally a lag between rising financing costs and their impact on sales or prices, it's too early to tell if the market will experience any slowing. We will have a better idea in the second quarter report.



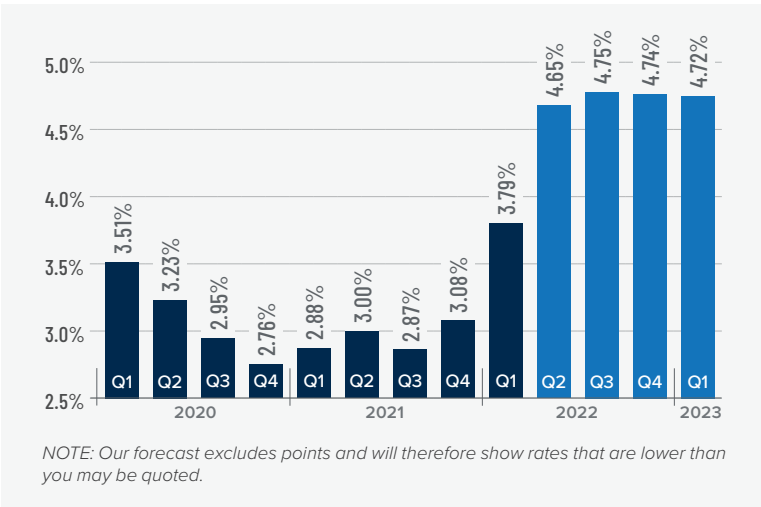
Annual Change in Home Sale Prices by County / Q1 2021 to Q1 2022



Mortgage Rates

Average rates for a 30-year conforming mortgage were 3.11% at the end of 2021, but since then have jumped over 1.5%—the largest increase since 1987. The surge in rates is because the market is anticipating a seven- to eight-point increase from the Federal Reserve later this year.

Because the mortgage market has priced this into the rates they are offering today, my forecast suggests that we are getting close to a ceiling in rates, and it is my belief that they will rise modestly in the second quarter before stabilizing for the balance of the year.

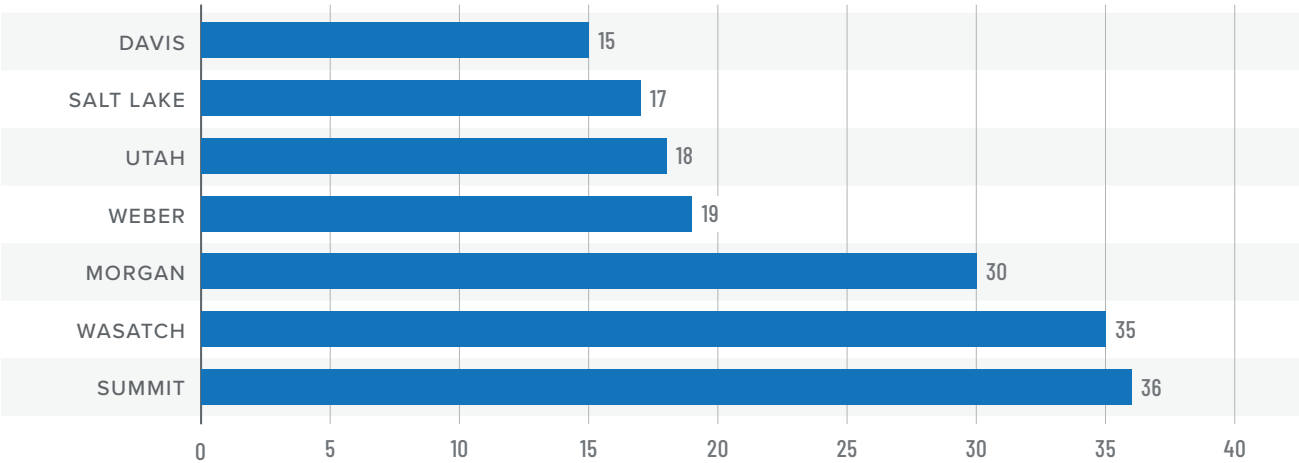


Days on Market



- The average time it took to sell a home in the counties covered by this report dropped eight days compared to the first quarter of 2021.
- Homes again sold fastest in Davis County, and market time dropped in all but three counties compared to a year ago. The greatest decline in market time was in Summit County, where it took 31 fewer days to sell a home.
- During first quarter, it took an average of 24 days to sell a home in the region. Market time fell year over year. It also took 4 fewer days for a home to sell than in the final quarter of last year.
- With days on market dropping across the board compared to the prior quarter, it's clear that there is significant demand for the few homes that are available.

Average Days on Market by County / Q1 2022



Conclusions



In last quarter's *Gardner Report*, I suggested that home prices would continue to rise in 2022 but at a modestly slower pace than in 2021. Although it would be easy to assume that the jump in mortgage rates will cause price growth to slow more significantly, I am not sure whether that will be the case. As tight as the labor market is, rising incomes will likely offset most of the potential pain from higher mortgage payments.

The region clearly heavily favors sellers, and I don't expect this to

change this year. While the full impact of rising mortgage rates has yet to be felt, I don't believe it will be overly burdensome for buyers.

Given all of this, I have left the needle in the same position as last quarter. Though the data points to another very solid year for housing, I am waiting for the spring figures to determine if rising mortgage rates will cause any slowing to this supply-starved market.



This speedometer reflects the state of the region's real estate market using housing inventory, price gains, home sales, interest rates, and larger economic factors.

About Matthew Gardner

As Chief Economist for Windermere Real Estate, Matthew Gardner is responsible for analyzing and interpreting economic data and its impact on the real estate market on both a local and national level. Matthew has over 30 years of professional experience both in the U.S. and U.K.

