



St. George, Utah

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of January 1, 2009



Housing Market Area



Located in the southwestern corner of Utah, the St. George Housing Market Area (HMA) consists of Washington County. The area is a tourist and retirement destination because of its proximity to national parks, numerous golf courses, and year-round outdoor recreational activities. Relatively affordable housing and quality-of-life factors have made the HMA one of the fastest growing metropolitan areas in the nation.

Market Details

- Economic Conditions2
- Population and Households5
- Housing Market Trends6
- Data Profile9

Summary

Economy

Economic conditions in the St. George HMA weakened in 2008 after a period of high growth from 2004 to 2006, when average annual nonfarm employment growth exceeded 10 percent. During 2008, nonfarm employment declined by 2,300 jobs, or 4.3 percent, to a total of 51,700 jobs. The previously fast-growing mining, logging, and construction sector lost 2,200 jobs in 2008, a 25-percent decline. Job gains continued in the education and health services sector, which increased by 370 jobs, or 5 percent. Nonfarm employment is expected to grow by an average of 1.8 percent a year during the 3-year forecast period.

Sales Market

The sales housing market in the HMA is soft. Slowing economic conditions and a decline in net in-migration since 2007 have contributed to a large inventory of unsold new and existing homes. During 2008, single-family sales totaled 1,500 homes, a 19-percent decline compared with sales in 2007; the average sales price dropped 11 percent to \$285,000. Accounting for the current excess supply of units that need to be absorbed, demand for 2,850 new sales housing units is expected during the

forecast period; the 100 homes currently under construction will meet some of this demand (see Table 1).

Rental Market

The rental housing market in the HMA is also soft, with an estimated rental vacancy rate of 8 percent. As vacancy rates increased, property managers dropped rents by nearly 10 percent during 2008. Competition from an increased number of rental single-family homes and condominiums has contributed to the soft market. Despite the soft market, continued population growth is expected to create demand for 180 new rental units in the HMA during the next 3 years (see Table 1). Currently, no rental units are under construction.

Table 1. Housing Demand in the St. George HMA, 3-Year Forecast, January 1, 2009 to January 1, 2012

	St. George HMA	
	Sales Units	Rental Units
Total Demand	2,850	180
Under Construction	100	0

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2009.

Source: Estimates by analyst

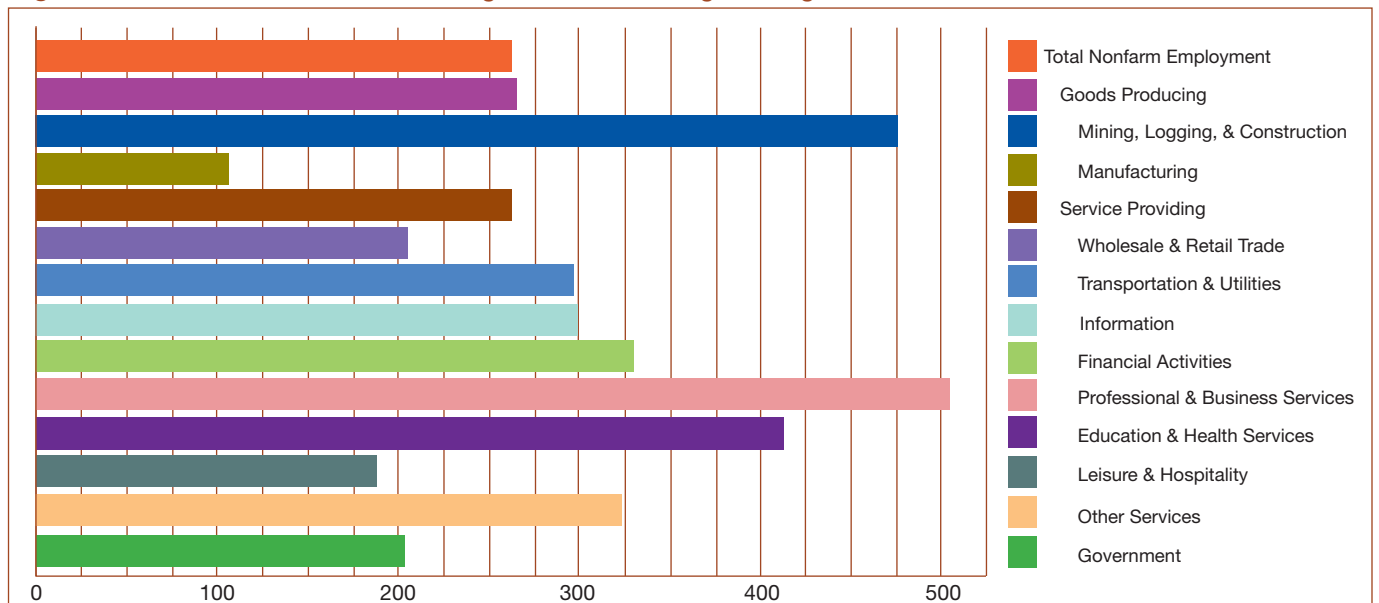
Economic Conditions

Since 2000, nonfarm employment in the St. George HMA has increased by an average of 2,300 jobs, or 5.6 percent, annually compared with an annual growth of 8.8 percent in the 1990s. Because the HMA is a retirement and tourism destination, the sale of retirement and second homes has a significant effect on the local economy. Since 1990, retirees moving to the HMA from neighboring states have created strong demand for new service-providing and construction jobs. Job growth in the 1990s was led by the mining, logging, and construction sector, which created an average of 320 jobs annually, representing a 27-percent average annual growth rate as new home construction expanded in response to a near doubling of the population during the decade. Job growth since 2000 has been led by the education and health services and the mining, logging, and construction sectors, which respectively added an average of 470 and 280 jobs annually. From 2004 to 2006, home sales volume peaked, and nonfarm employment

grew by an average of 4,150 jobs annually. Figure 1 illustrates sector growth in the HMA from 1990 to current date, and Figure 2 shows current employment in the HMA by sector.

The rate of employment growth has declined considerably from the peak year of 2005, when 4,350 jobs were created. During 2008, nonfarm employment declined by 2,300 jobs, or 4.3 percent, to an average of 51,700 jobs. Leading the decline was the mining, logging, and construction sector, which was down by 2,175 jobs, or 25 percent, due to a significant slowdown in residential construction activity. Softening home sales markets in the neighboring states of Arizona, California, and Nevada, where most of the in-migration had originated from, have significantly reduced the rate at which people move into the HMA. Fewer homes are being built and demand for construction and service-providing jobs has declined. The unemployment rate in the HMA increased from 2.9 percent in 2007 to 4.5 percent in 2008 (see Figure 3).

Figure 1. Sector Growth in the St. George HMA, Percentage Change, 1990 to Current



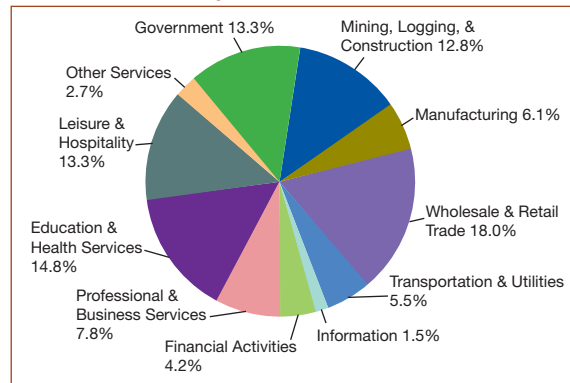
Note: Current is based on 12-month averages through December 2008.

Source: U.S. Bureau of Labor Statistics

Employment gains in the state and local government subsectors, which together increased by 425 jobs, or 6.6 percent, in 2008, helped offset some of the lost private-sector jobs. The only private sector that recorded job growth in 2008 was education and health services, which increased by 375 jobs, or 5.1 percent. New jobs at the expanding Dixie Regional Medical Center and other local healthcare service providers accounted for most of the growth in the education and health services sector. Table 2 presents average employment in the HMA for 2007 and 2008. Leading employers in the area include Intermountain Healthcare, SkyWest Airlines, and Dixie State College of Utah. See Table 3 for a list of the major employers in the HMA.

Tourism is an important industry in the St. George HMA. Visitors are attracted to the many national parks and forests located within 3 hours' driving distance from the HMA and 11 local golf courses open year round. According to a study by the Utah Office of Tourism, in 2007 tourists spent \$400 million while visiting the area, an increase of 14 percent from the amount spent in 2006. Local national park visitation increased by 9 percent in 2008. Although visitation activity has increased, tighter profit margins have pressured leisure and hospitality sector employment, resulting in a decline of 80 jobs, or 1.1 percent, to an average of 6,875 jobs in 2008. This decline is in contrast with the average annual increase of 270 jobs, or 5.6 percent, in the sector from 2000 to 2007.

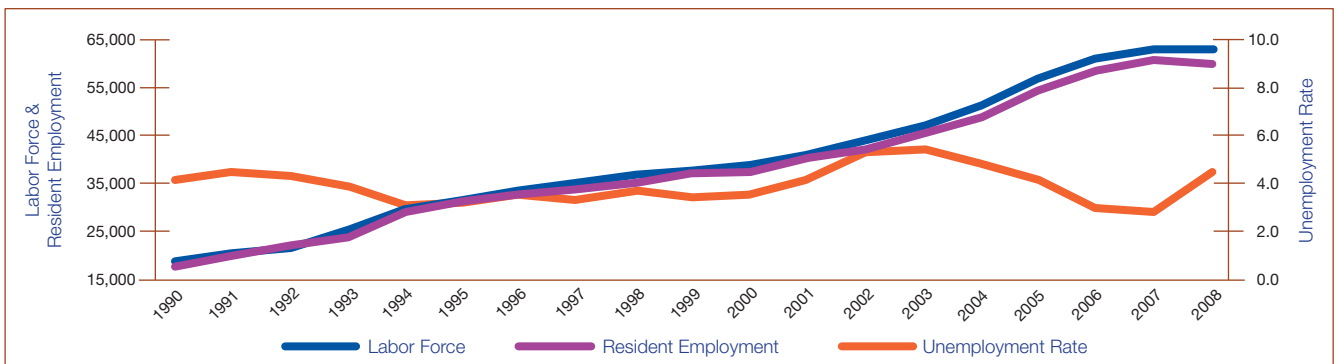
Figure 2. Current Employment in the St. George HMA, by Sector



Note: Based on 12-month averages through December 2008.
Source: U.S. Bureau of Labor Statistics

Due to increased commercial and passenger aviation activity in the HMA, the city of St. George is currently constructing a new airport that will be more than four times larger than the current St. George Municipal Airport. The city broke ground on the new airport in October 2008; completion is expected in early 2011. Approximately 1,300 acres surrounding the new airport have been designated as an airport-supporting business park. The new airport is expected to cost

Figure 3. Trends in Labor Force, Resident Employment, and Unemployment Rate in the St. George HMA, 1990 to 2008



Source: U.S. Bureau of Labor Statistics

approximately \$185 million and is the largest capital project ever undertaken by the city of St. George.

Retiree migration has slowed since 2007 and weaker job growth is expected to reduce the migration of workers to the HMA. Job losses in the construction, trade, and financial

activities sectors are expected through 2009. Modest job gains are expected in 2010, primarily in the construction and the education and health services sectors, with even stronger gains anticipated in 2011. Nonfarm employment is expected to grow by an average of 1.8 percent a year during the 3-year forecast period.

Table 2. 12-Month Average Employment in the St. George HMA, by Sector

	12 Months Ending December 2007	12 Months Ending December 2008	Percent Change
Total Nonfarm Employment	54,000	51,700	- 4.3
Goods Producing	12,150	9,800	- 19.3
Mining, Logging, & Construction	8,800	6,625	- 24.7
Manufacturing	3,325	3,150	- 5.3
Service Providing	41,850	41,950	0.2
Wholesale & Retail Trade	9,600	9,300	- 3.1
Transportation & Utilities	2,825	2,825	0.0
Information	860	800	- 7.0
Financial Activities	2,300	2,150	- 6.5
Professional & Business Services	4,100	4,050	- 1.2
Education & Health Services	7,300	7,675	5.1
Leisure & Hospitality	6,950	6,875	- 1.1
Other Services	1,450	1,375	- 5.2
Government	6,475	6,900	6.6

Notes: Based on 12-month averages through December 2007 and December 2008. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the St. George HMA

Name of Employer	Employment Sector	Number of Employees
Intermountain Healthcare	Education & Health Services	2,000–2,999
Wal-Mart Stores, Inc.	Trade	1,000–1,999
SkyWest Airlines	Transportation & Utilities	500–999
Dixie State College of Utah	Government	500–999
Sunroc Corporation	Mining, Logging, & Construction	250–499
Cabinetec, Inc.	Manufacturing	250–499
Lin's Marketplace of St. George	Trade	250–499
Cinnamon Hills Youth Crisis Center	Education & Health Services	250–499
Red Mountain Resort & Spa	Leisure & Hospitality	250–499
Boulevard Home Furnishings	Trade	250–499

Source: Utah Department of Workforce Services

Population and Households

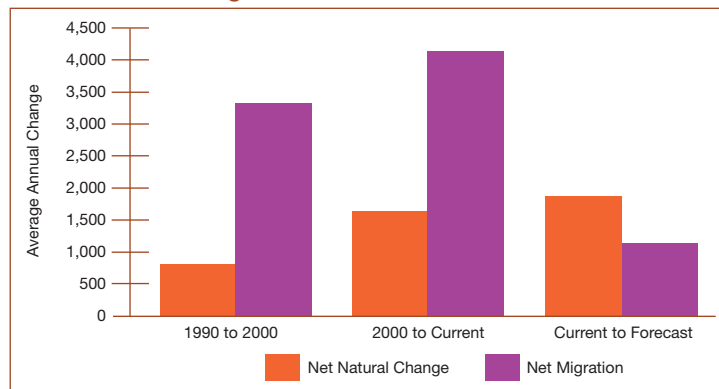
As of January 1, 2009, the population of the St. George HMA is estimated at 141,000; this figure reflects an average annual increase of 5,800, or 5.2 percent, since 2000. According to the Census Bureau, the population of the St. George HMA has grown at the second fastest rate of all metropolitan areas in the United States since 2000, behind Palm Coast, Florida. More than 70 percent of population growth since 2000 is the result of net in-migration due to the attractiveness of the area as a retirement location, strong job prospects, affordable housing relative to that of nearby cities, and access to outdoor recreational activities. The 65-and-over segment of the population has accounted for nearly 20 percent of the total population growth since 2000, increasing from 15,343 in 2000 to a current estimate of

24,700, indicating an average annual increase of 7 percent. Figure 4 illustrates components of population change in the HMA from 1990 to the forecast date. During the 3-year forecast period, population growth is expected to slow to an average annual rate of 2.1 percent, or 3,000 people a year, primarily due to soft sales housing market conditions in neighboring markets, causing delayed in-migration to the HMA.

Since 2000, the number of households in the HMA has grown by an average of 1,950, or 5.3 percent, annually. Currently, 47,050 households are in the HMA, up significantly from the 29,939 households reported in the 2000 Census. Of the 17,100 households added to the area since 2000, 12,800, or 75 percent, are owner households. Most of the new households have settled in the cities of St. George, Washington, Santa Clara, and Hurricane, which together account for 80 percent of the total households in the HMA. The city of St. George alone accounts for approximately 55 percent of total households in the HMA. Figure 5 illustrates population and household growth in the HMA from 1990 to the forecast date. Record low interest rates and the relatively affordable sales housing market in the HMA contributed to a nearly 7-percent average annual increase in the number of owner-occupied households, from 22,128 in 2000 to the current total of 34,950. Figure 6 shows the number of households by tenure in the HMA from 1990 to the current date.

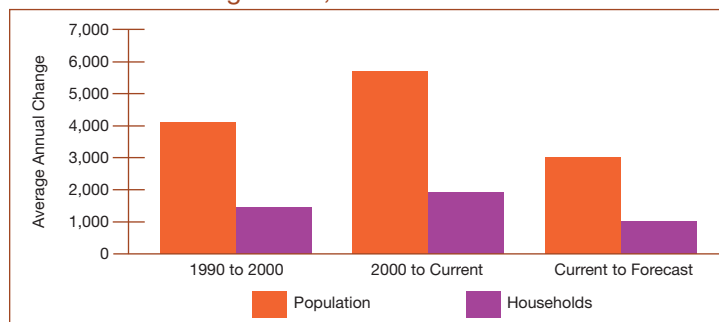
Due to anticipated slower net in-migration, household growth is forecast to slow to an average of 1,000 households, or 2.1 percent, annually during the next 3 years. See Table DP-1 at the end of this report for employment, household, and population trends in the HMA.

Figure 4. Components of Population Change in the St. George HMA, 1990 to Forecast

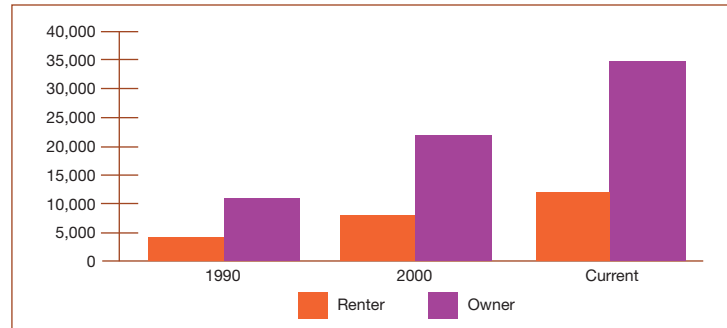


Sources: 1990 and 2000—1990 Census and 2000 Census; current and forecast—estimates by analyst

Figure 5. Population and Household Growth in the St. George HMA, 1990 to Forecast



Sources: 1990 and 2000—1990 Census and 2000 Census; current and forecast—estimates by analyst

Figure 6. Number of Households by Tenure in the St. George HMA, 1990 to Current

Sources: 1990 and 2000–1990 Census and 2000 Census; current—estimates by analyst

Housing Market Trends

Sales Market

The sales housing market in the St. George HMA is currently soft. Current market conditions are the result of the slowing economy, reduced net in-migration, and tighter lending standards. Record numbers of foreclosures and lower home sales volume have increased the inventory of unsold homes in the area. According to RealtyTrac® Inc., during 2008, approximately 3,000 foreclosure filings were recorded in the HMA. As a result, many potential sellers have held their homes off the market until conditions improve. According to the Washington County Board of REALTORS®, as of December 2008, approximately 2,800 properties were listed for sale in the county, down nearly 6 percent from the 2,975 properties listed a year ago. Nevertheless, at the current pace of sales, the current inventory represents a nearly 2-year supply of existing homes.

During 2008, existing single-family home sales totaled 1,500, a 20-percent decrease compared with the number sold during 2007. The current rate of

existing home sales is less than one-half the 3,150 home sales recorded in the record year of 2005. In 2008, the average sales price of an existing single-family home was \$284,500, an 11-percent decline from the average price recorded in 2007. Current average home prices are down 16 percent from the record \$337,900 average price recorded in 2006. Soft housing markets in neighboring states such as Nevada, Arizona, and California have significantly slowed in-migration and exacerbated the soft market conditions in the St. George HMA.

A decreased level of interest from retirees and potential seasonal residents has decreased demand for condominiums in the HMA. As a result, condominium sales have declined from 27 percent of total sales volume in 2000 to a current low of 21 percent of total sales volume in 2008. In the past year, the number of condominium units sold declined by 33 percent to 390 units; this figure is 60 percent below the record-setting 970 units sold in 2004. The average price of a condominium

Housing Market Trends

Sales Market *Continued*

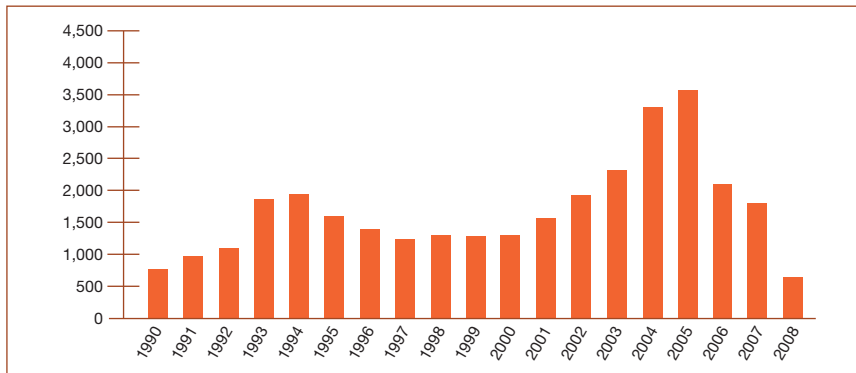
unit declined 1 percent to \$177,500 in 2008 but is currently down 10 percent from the record \$197,300 posted in 2006.

Builders have responded to the soft sales housing market by reducing single-family home construction activity throughout the HMA. Single-family home construction, as measured by the number of building permits issued, declined 63 percent from the number of homes permitted in 2007 to 660 homes permitted in 2008, 82 percent lower than the peak of

3,565 homes permitted in 2005. Figure 7 illustrates the number of single-family building permits issued in the HMA from 1990 to 2008. Nearly one-half of new single-family homes are constructed in the city of St. George. The nearby towns of Washington and Hurricane account for a combined 40 percent of new home construction, with prices starting in the low \$160,000s for 1,025-square-foot, two-bedroom detached homes. According to New-Reach, Inc., in 2008, the number of new homes sold in the HMA declined by 24 percent to 1,000 homes. Competition from the inventory of existing homes for sale and the overall soft market conditions caused the average price of a new home to decline by 15 percent to \$269,900 in 2008.

Due to the current high inventory of unsold new and existing homes, forecast demand for sales housing units is significantly below recent levels of production. During the 3-year forecast period, demand for a total of 2,850 new sales housing units is expected. Most of the new units should be made available in 2010 and 2011 to allow for the current excess supply of homes and the 100 homes currently under construction to be absorbed. Approximately 50 percent of the demand is expected to be for homes priced below \$250,000. Table 4 shows estimated demand for new market-rate sales housing by price range in the HMA.

Figure 7. Single-Family Building Permits Issued in the St. George HMA, 1990 to 2008



Notes: Includes only single-family units. Includes data through December 2008.

Source: U.S. Census Bureau, Building Permits Survey

Table 4. Estimated Demand for New Market-Rate Sales Housing in the St. George HMA, January 1, 2009 to January 1, 2012

Price Range (\$)		Units of Demand	Percent of Total
From	To		
150,000	199,999	570	20.0
200,000	249,999	860	30.2
250,000	299,999	500	17.5
300,000	349,999	360	12.6
350,000	399,999	180	6.3
400,000	499,999	140	4.9
500,000	and higher	240	8.4

Source: Estimates by analyst

Rental Market

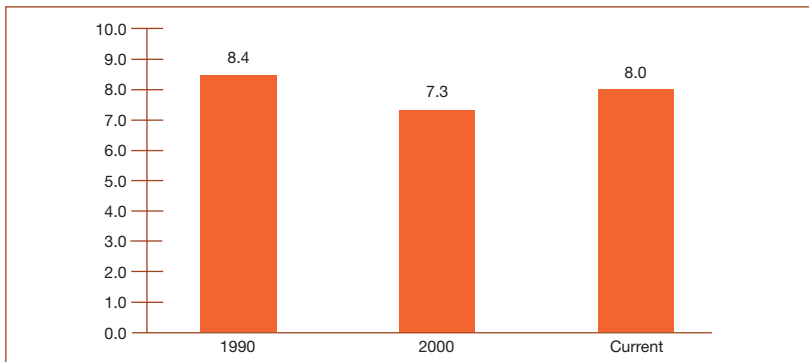
The rental housing market in the St. George HMA is soft. The current rental vacancy rate is estimated at 8 percent, compared with 6 percent a year ago. Vacancies increased in 2008 because of the slower economy and reduced level of in-migration. In addition, the number of single-family homes and condominium units being offered for rent has increased. Figure 8 shows rental vacancy rates in the HMA from 1990 to the current date. Property managers have responded to the softer market by lowering rents by an average of approximately 10 percent compared with rents recorded a year ago. Average rents for newer market-rate apartments are \$675 for a one-bedroom unit, \$750

for a two-bedroom unit, and \$900 for a three-bedroom unit.

Multifamily construction, as measured by the number of units permitted, totaled just 15 units during 2008 compared with 160 units permitted in 2007 and a record 480 units permitted in 2004. Figure 9 shows the number of multifamily units permitted in the HMA from 1990 to 2008. From 2000 to 2005, approximately 70 percent of the multifamily units permitted were owner-occupied condominium units and townhomes. During this period, approximately 170 apartment units were constructed annually. Since 2006, apartment construction activity has been virtually nonexistent; nearly 90 percent of multifamily permitting activity has been for townhomes, condominium units, and duplexes.

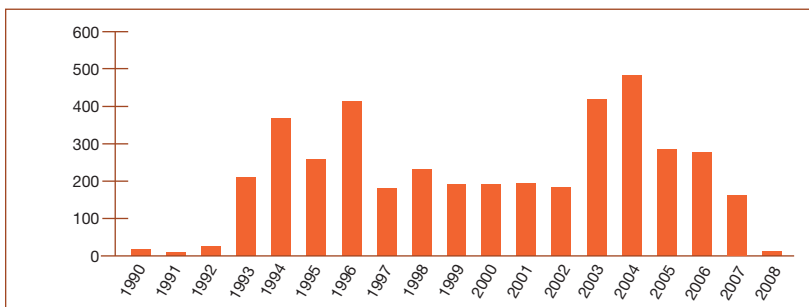
Due to continuing competition with sales units being offered as rental units and the forecast indicating a slowing in the rate of population and household growth, the rental housing market is expected to continue softening through mid-2010. No additional rental units should be constructed in the first 2 years of the forecast period to allow for the absorption of excess supply. As a result of economic growth expected in 2010 and 2011, the construction of new apartments should begin in the latter part of 2010 to meet the demand for 180 new market-rate rental units in the last year of the forecast period. Table 5 provides estimated demand distribution for new market-rate rental housing by rent level and number of bedrooms in the HMA. Currently, no rental units are under construction.

Figure 8. Rental Vacancy Rates in the St. George HMA, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Figure 9. Multifamily Building Permits Issued in the St. George HMA, 1990 to 2008



Notes: Includes all multifamily units in structures with two or more units. Includes data through December 2008.

Source: U.S. Census Bureau, Building Permits Survey

Housing Market Trends

Rental Market *Continued*

Table 5. Estimated Demand for New Market-Rate Rental Housing in the St. George HMA, January 1, 2009 to January 1, 2012

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
675	35	750	85	900	60
725	30	800	70	950	55
775	30	850	65	1,000	50
825	25	900	55	1,050	40
875	20	950	50	1,100	35
925	15	1,000	40	1,150	30
975	10	1,050	35	1,200	30
and higher		and higher		and higher	

Notes: Distribution above is noncumulative. Demand shown at any rent represents demand at that level and higher.

Source: Estimates by analyst

Data Profile

Table DP-1. St. George HMA Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	18,500	37,800	60,750	7.4	6.1
Unemployment Rate (%)	4.1	3.4	4.5		
Nonfarm Employment	14,300	33,350	51,700	8.8	5.6
Total Population	48,560	90,350	141,000	6.4	5.2
Total Households	15,256	29,939	47,050	7.0	5.3
Owner Households	10,805	22,128	34,950	7.4	5.4
Percent Owner (%)	70.8	73.9	74.3		
Renter Households	4,451	7,811	12,100	5.8	5.1
Percent Renter (%)	29.2	26.1	25.7		
Total Housing Units	19,523	36,478	57,550	6.5	5.3
Owner Vacancy Rate (%)	3.5	3.8	4.0		
Rental Vacancy Rate (%)	8.4	7.3	8.0		
Median Family Income	\$25,600	\$40,100	\$51,500	4.6	2.8

Notes: Median family income data are for 1989, 1999, and 2008. Employment data represent annual averages for 1990, 2000, and the 12 months through December 2008.

Sources: Estimates by analyst; U.S. Census Bureau; U.S. Department of Housing and Urban Development

Data Definitions and Sources

1990: 4/1/1990—U.S. Decennial Census

2000: 4/1/2000—U.S. Decennial Census

Current date: 1/1/2009—Analyst's estimates

Forecast period: 1/1/2009–1/1/2012—Analyst's estimates

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_St.GeorgeUT_09.pdf.

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This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (HUD) in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to www.huduser.org/publications/econdev/mkt_analysis.html.