

ECONOMIC OUTLOOK FOR 2011

2011: STABLE PRICES, INCREASING SALES

Housing Prices – The median sales price of a home in Salt Lake County peaked in the third quarter of 2007 at \$256,000. Prices drifted down over the next three years to a low of \$218,000 in the first quarter of 2010 before finally finding some support as the median sales price moved-up 5.5 percent in the third quarter to \$230,000. Over the last few quarters prices seem to be showing signs of stabilizing although for the year the median sales price will probably be down around 5 percent.

In year-over comparison (e.g. third quarter 2010 versus third quarter 2009) the median price was down only 1.1 percent in the third quarter; the year-over comparison is definitely improving. The rate of price decline has narrowed substantially in the past two quarters as shown by the upward bend in the line of *Figure 4*. After three years, price declines are not as steep. Prices will likely be stable through the first two quarters of 2011 with very slight gains in the third and fourth quarters. However, for the year, continued price pressure from foreclosures and short sales will prevent any meaningful upward movement thus leaving 2011 prices pretty much unchanged from 2010.



Figure 4
Percent Change in Median Sales Price
of Homes in Salt Lake County

Real Estate Sales – Utah's real estate industry should get a boost from the Federal Reserve's eight-month effort to inject some \$900 billion into the U.S. economy in 2011. The purpose of this "quantitative easing" is to keep long-term interest rates low, raise asset prices and nudge banks to make more loans; outcomes that would benefit the real estate industry.

A study commissioned by the Salt Lake Board of Realtors and conducted by James Wood, Director of the University of Utah's Bureau of Economic and Business Research.

Economic Indicators Improve - In November the Revenue Assumption Committee* released projections of Utah's major economic indicators *Table 2*. All of Utah's major economic indicators turn positive by 2011 with the exception of permit authorized nonresidential construction, which is projected to decline by 22 percent.

Forecast of Utah's Major Economic Indicators

| | 2010 | 2011 | Percent Change |
|-------------------------------------|----------|----------|----------------|
| Nonagricultural Employment (000) | 1,180.00 | 1,196.50 | 1.40% |
| Unemployment Rate | 7.60% | 7.10% | NA |
| Total Wages (billion) | \$45.40 | \$47.20 | 4.00% |
| Average Annual Wage | \$38,547 | \$39,433 | 2.30% |
| Total Personal Income (billion) | \$90.30 | \$94.00 | 4.10% |
| Population (000) | 2,849 | 2,896 | 1.70% |
| Net Migration (000) | 10 | 10 | --- |
| New Auto/Truck Sales (000 vehicles) | 70.7 | 80.7 | 14.10% |
| Residential Units (000) | 9.3 | 11 | 18.30% |
| Residential Valuation (million) | \$1.70 | \$2.00 | 17.60% |
| Nonresidential Valuation (million) | \$0.90 | \$0.70 | -22.20% |
| Taxable Retail Sales (billion) | \$25.40 | \$26.40 | 3.90% |

A second measure, the \$858 billion extension of the Bush tax cuts plus the 2 percent reduction of the payroll tax and extension of unemployment benefits for one year will stimulate economic and employment growth in 2011. Again, these measures should help expand the demand for housing and benefit Utah's real estate industry. These federal initiatives combined with an improving Utah economy and the release of some pent-up demand will support the first increase in home sales in Salt Lake County in six years. Sales in 2011 should approach 9,500 homes and 2,000 condominiums, a 12 percent increase in homes sales and a 10 percent increase in condominium sales.

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and click my blog.



Sold their home *or*
Purchased a home

Dan Lyman
Sean Foley
Tom Sanchez
Bruce Green
Mike Litche

RECOMMENDED READING



By Tony Hsieh



By Chip & Dan Heath

Happy New Year

With each new year, comes new resolutions and goals! I believe that setting goals is very vital to becoming the best you!

Some of my goals are:

- * Find a baby name (we are due at the end of February)
- * Learn something new every day.
- * Read 2 books a month.
- * Run a half marathon.
- * Close 50 properties.

I love to see other people's goals! E-mail your goals to me, and I look forward to doing everything I can to help you achieve them!

I hope to work with you in the new year, and I take pride in being the REALTOR you refer to others!

Thank you for your continued support.

"Your Home Is My Passion"

EXCITING NEWS...

I was chosen to appear on HGTV's "Bang For Your Buck" as Utah's Real Estate expert. Watch for my episode to run in early spring, April or May. Check my Facebook for updates!

I was also on x96 FM for their "Ask A" Feature, about Real Estate. Listen online to the podcast http://x96.com/pages/podcast/124649_rss January 20th 8am hour.



For the new year, are you considering Life Insurance?
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