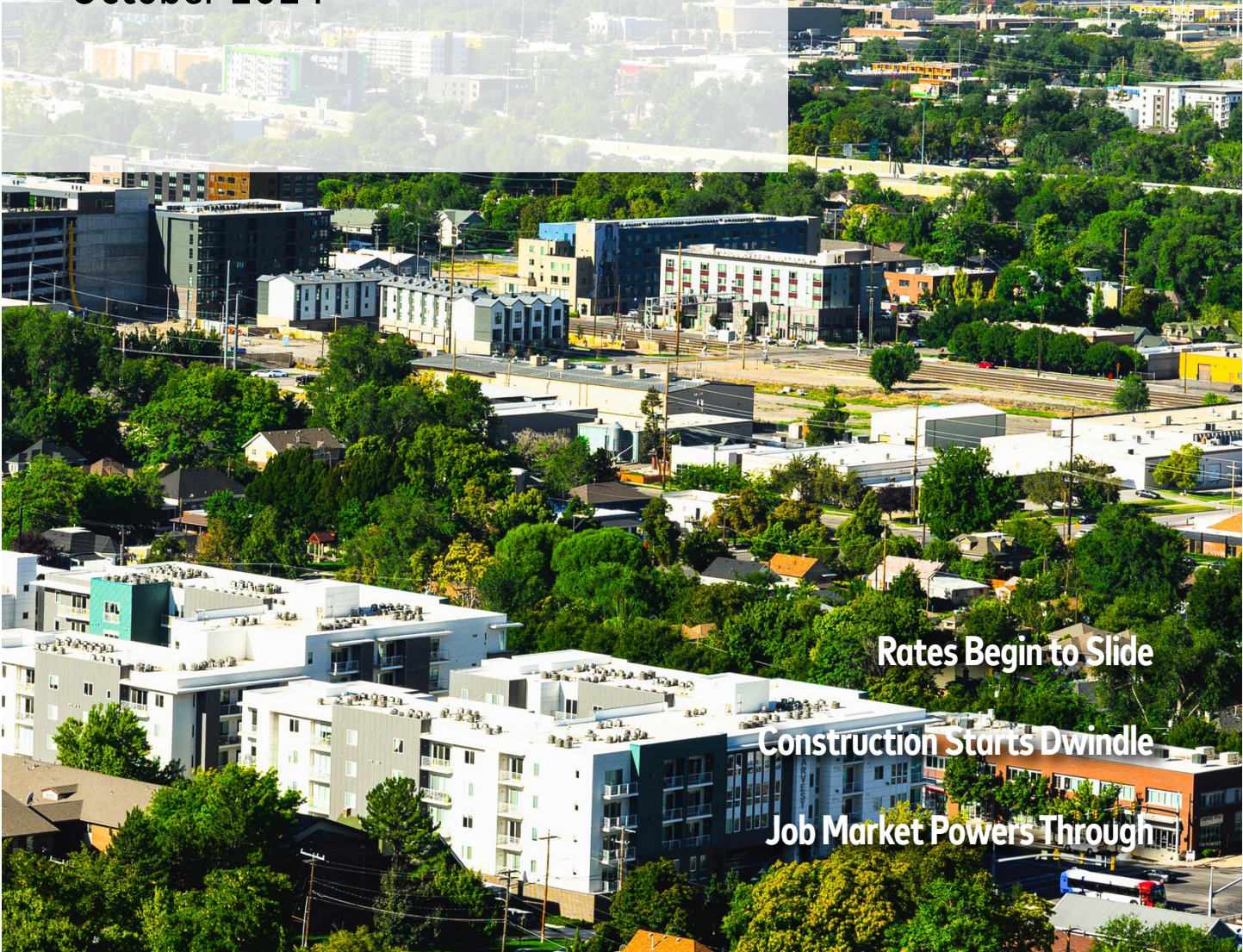




MULTIFAMILY REPORT

Salt Lake City Rents Slide

October 2024



Rates Begin to Slide

Construction Starts Dwindle

Job Market Powers Through

SALT LAKE CITY MULTIFAMILY



Rents Fall as Occupancy Holds Fast

Salt Lake City's strong economic performance has been a key driver of housing demand in the metro, though the industry faces some challenges. Average advertised asking rents fell 1.6% on a year-over-year basis, to \$1,561, while the U.S. average rose another 0.8%, to \$1,741. Occupancy trends indicate the market is absorbing robust supply, with stabilized rates dipping 0.1% year-over-year in July, reaching 94.5%.

Employment growth improved 2.1%, or 36,100 jobs, in the 12 months ending in June, placing the metro among the top performers in the country and well above the 1.3% national rate. Three sectors lost jobs—information (-500 jobs), financial activities (-400 jobs) and trade, transportation and utilities (-200 jobs). Education and health services (10,600 jobs) and government (8,200) led gains, followed by mining, logging and construction (5,800). Unemployment stood at 3.6% in July, according to Bureau of Labor Statistics data, reaching the highest point since 2021, outperforming the U.S. (4.3%) and trailing the state (3.2%).

Deliveries through August totaled 4,136 units and developers had 17,340 units under construction. Of these, only 1,686 apartments broke ground in 2024. Meanwhile, investors traded \$250 million, which, while low by the metro's standards, was higher than last year's \$192 million annual total. The price per unit fell 11.9% year-to-date to \$183,461 in August, below the \$184,269 U.S. rate.

Market Analysis | October 2024

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Recent Salt Lake City Transactions

Remington



City: Midvale, Utah
Buyer: DiNapoli Capital Partners
Purchase Price: \$63 MM
Price per Unit: \$218,931

Valley View



City: Magna, Utah
Buyer: Millburn & Co.
Purchase Price: \$58 MM
Price per Unit: \$224,103

The Falls at Canyon Rim



City: South Ogden, Utah
Buyer: TruAmerica Multifamily
Purchase Price: \$32 MM
Price per Unit: \$110,417

White Pines

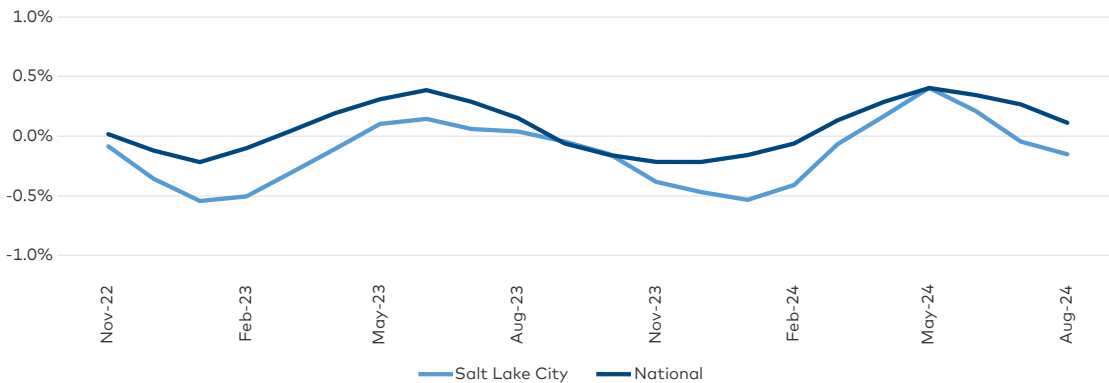


City: Salt Lake City
Buyer: Streamline Capital Group
Purchase Price: \$12 MM
Price per Unit: \$208,133

RENT TRENDS

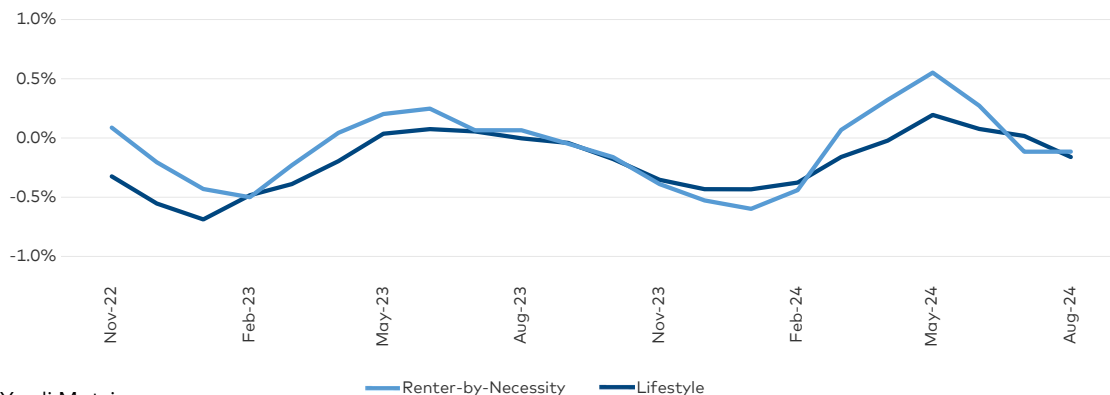
- ▶ Salt Lake City's advertised asking rents fell 0.1% on a trailing three-month (T3) basis through August, to \$1,561, while the U.S. rate was up 0.1%, to \$1,741. On a year-over-year basis, rents in the metro were down 1.6%, while the national rate rose 0.8%. Salt Lake City has been consistently lagging the U.S. average since November 2022.
- ▶ The decline was slightly higher in the Lifestyle segment, down 20 basis points on a T3 basis through August, to \$1,681. This was the first dip into negative territory after four consecutive months of incremental gains or flat performance. Meanwhile, Renter-by-Necessity advertised asking rents decreased 10 basis points for the second straight month, to \$1,452.
- ▶ Despite the high volume of deliveries, demand endured, with the occupancy rate in stabilized properties down 10 basis points year-over-year through July, to 94.5%. The decline was driven by a 0.5% decrease in the Lifestyle segment, down to 94.2%, while RBN occupancy rose 10 basis points to 94.8%.
- ▶ Year-over-year rents increased in eight of the 33 submarkets tracked by Yardi Matrix, including in Salt Lake City–Southeast (0.6% to \$1,859)—the second most expensive submarket—trailing Salt Lake City–Downtown, where rents fell 0.2% to \$2,380.
- ▶ The single-family rental segment posted a 0.2% rent decline year-over-year through August, to \$2,149, below the \$2,164 U.S. average. Meanwhile, occupancy inched up 0.2% year-over-year through July, to 94.6%.

Salt Lake City vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Salt Lake City Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- Salt Lake City's unemployment rate remained at 3.6% for the second consecutive month in July, the highest level since February 2021, according to BLS data. The rate was also higher than the average recorded during the five years preceding the pandemic. It outperformed the U.S. (4.3%) and trailed Utah (3.2%).
- Salt Lake City's job market improved 2.1% year-over-year, or 36,100 jobs, as of June. It outperformed the national rate (1.3%) and was almost on par with Austin and Phoenix (2.2% each). Employment idled in the 2.0-3.0% range for the past 16 months, while the national rate fell below the 2.0% mark 10 months ago. Three sectors lost 1,100 jobs combined—information, financial activities and trade, transportation and utilities. Gains were led by education and health services (10,600 jobs) and government (8,200 jobs).
- As the SLC Airport undergoes expansion, with the next phase set for completion in 2026, construction is also underway on a 700-acre site located about 40 miles south of downtown, along the east shore of Utah Lake. Dubbed Utah City, the mixed-use project will encompass residential units, restaurants, entertainment, a grocery store and a medical campus. Construction is already underway on two multifamily buildings, with completion set for 2025. Furthermore, legislators approved funding for Huntsman Cancer Institute's expansion into the project.

Salt Lake City Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	211.3	13.8%
90	Government	233.4	15.2%
15	Mining, Logging and Construction	125.5	8.2%
60	Professional and Business Services	238.2	15.6%
70	Leisure and Hospitality	138.3	9.0%
30	Manufacturing	144	9.4%
80	Other Services	40.6	2.7%
40	Trade, Transportation and Utilities	270.6	17.7%
55	Financial Activities	89.6	5.8%
50	Information	40.3	2.6%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- Salt Lake City gained 10,004 residents in 2022, up 0.8% and double the U.S. rate.
- The gap between local and national rates is significant, with Salt Lake City recording a 13.3% population growth over the decade ending in 2022, double the U.S. average of 6.3%.

Salt Lake City vs. National Population

	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Salt Lake City	1,201,043	1,215,955	1,244,671	1,254,675

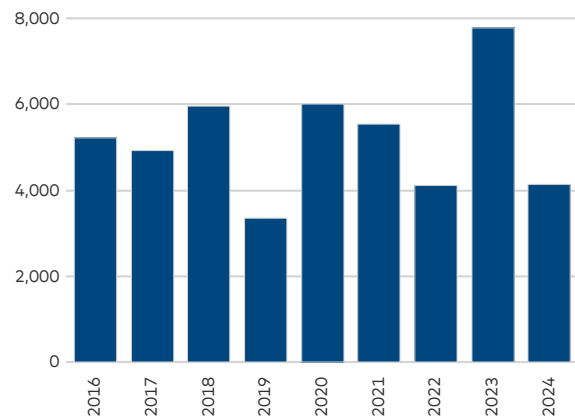
Source: U.S. Census

SUPPLY

- ▶ Developers added 4,136 units through August, representing 3.3% of existing stock and nearly double the 1.7% national rate. Nearly 95% of completions were upscale apartments.
- ▶ The rental pipeline had 17,340 units under construction as of August and another 50,000 in the planning and permitting stages. Fully affordable projects accounted for 20% of the pipeline.
- ▶ New construction moderated considerably, with just 1,686 units across 11 properties breaking ground in 2024 through August, well below the 4,755 units across 22 properties that started construction during the same period in 2023. Furthermore, roughly 20% of the projects that broke ground in 2024, were fully affordable.
- ▶ More than 80 projects were under construction across Salt Lake City as of August, with 23 of the 33 submarkets tracked by Yardi Matrix having at least 100 units underway. Four submarkets had more than 1,000 units under construction, led by Salt Lake City–West (2,381 units), Ogden (2,191 units) and Salt Lake City–West Central (1,858 units).

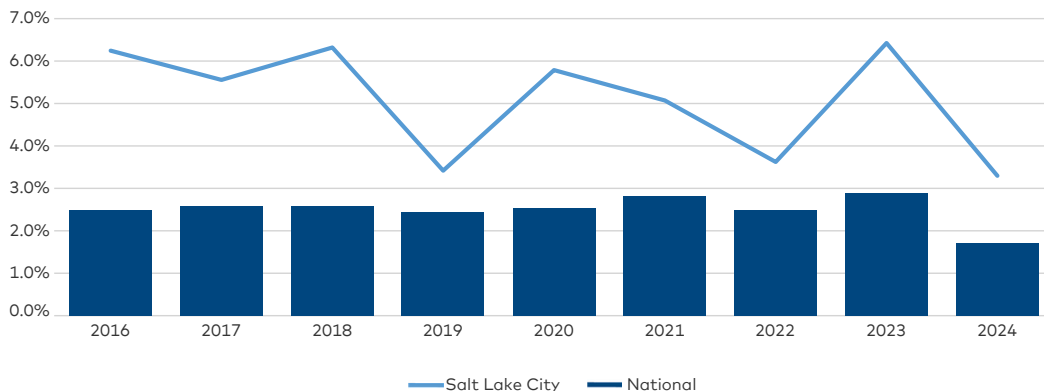
- ▶ Salt Lake City–West also houses the largest project underway as of August, the 769-unit The Village at North Station. Owned by Gardner Batt, the development is fully affordable and is slated for completion in 2024. It was built with \$135 million in funding issued in 2021, by Utah Housing Corp. and Citibank.

Salt Lake City Completions (as of August 2024)



Source: Yardi Matrix

Salt Lake City vs. National Completions as a Percentage of Total Stock (as of August 2024)

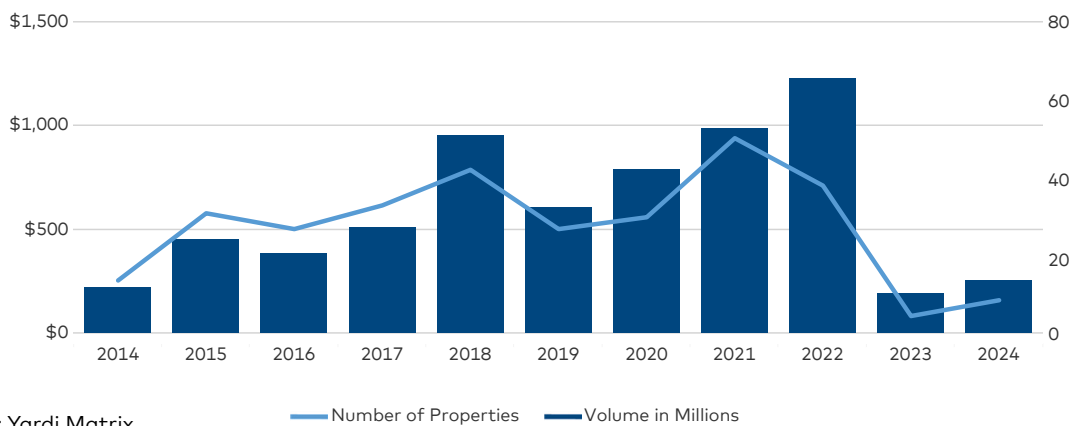


Source: Yardi Matrix

TRANSACTIONS

- ▶ Investment activity remained tepid in Salt Lake City but improved from last year. Through August, \$250 million in multifamily assets traded in the metro, surpassing the \$192 million total volume recorded in 2023.
- ▶ The per-unit price continued to decline from the all-time high recorded in 2022 (\$241,309), and the year's sales composition didn't favor a change in the trend. One Lifestyle and nine RBN properties were sold in 2024, leading to an 11.9% year-to-date drop in the price per unit to \$183,461 in August, falling below the U.S. average of \$184,269 for the first time in a decade. In 2020, the metro's per-unit price climbed above the \$200,000 mark and remained there until this year.
- ▶ Notable recent transactions include DiNapoli Capital Partners' acquisition of the 288-unit Remington from Wasatch Group for \$63 million, with a \$47 million CMBS loan issued by CBRE Capital Markets.

Salt Lake City Sales Volume and Number of Properties Sold (as of August 2024)



Source: Yardi Matrix

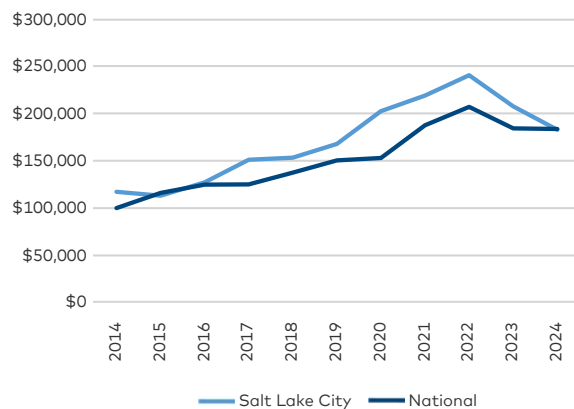
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Midvale	81
Magna	58
West Valley City	43
Ogden	32
Millcreek	23
Murray	16
South Salt Lake	12

Source: Yardi Matrix

¹ From September 2023 to August 2024

Salt Lake City vs. National Sales Price per Unit



Source: Yardi Matrix

Top Western Markets for Multifamily Development

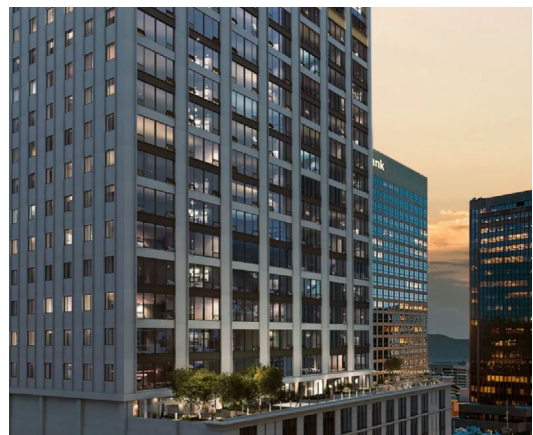
By Tudor Scolca

Multifamily development across the U.S. stalled at the beginning of the year, with major Western markets also recording a slowdown in new construction starts. Economic headwinds and high interest rates have led to developers slowing or halting activity nationwide. Still, a few metros stood out from the rest with significant construction pipelines, according to the latest Yardi Matrix data.

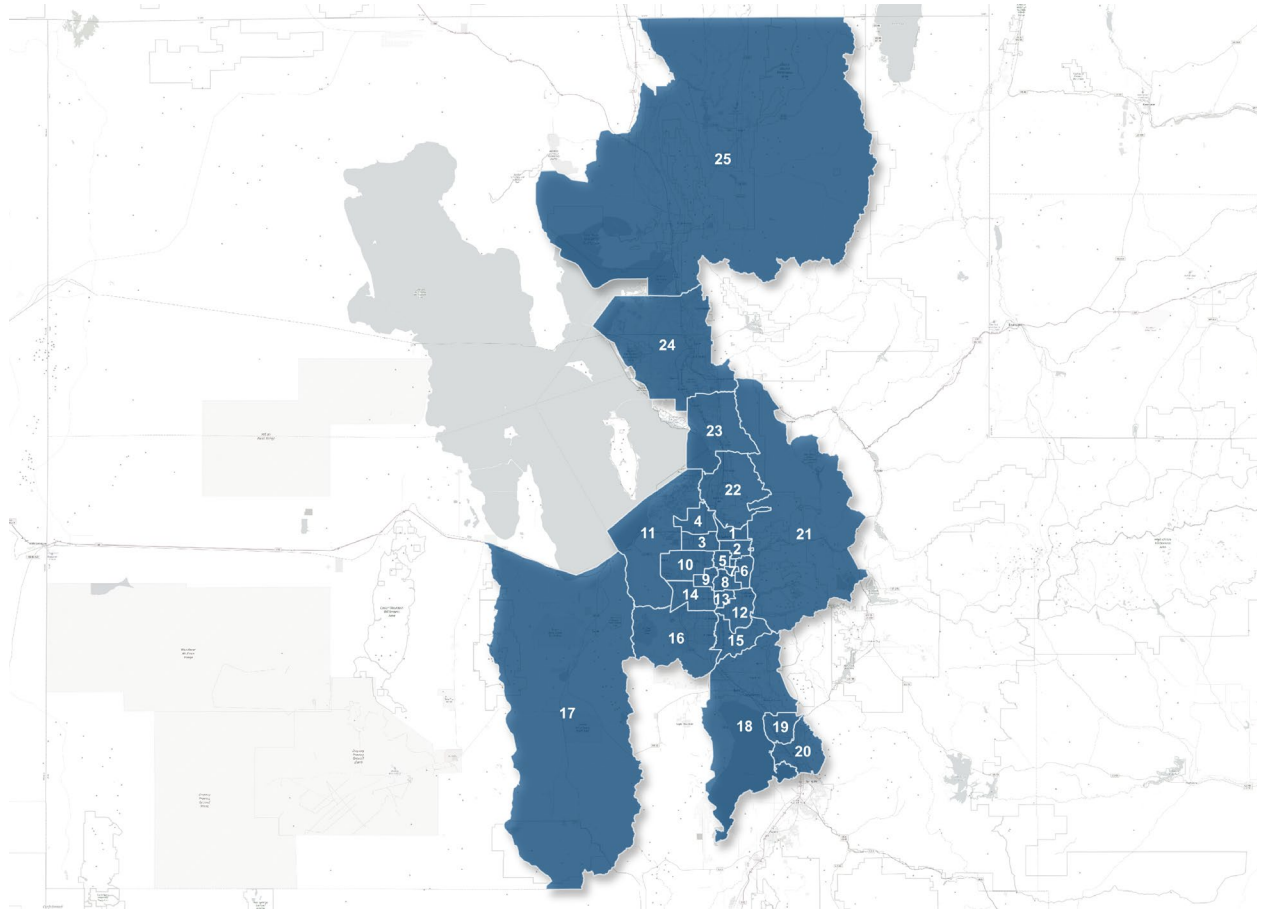
Rank	Metro	Region	Units Under Construction	Deliveries Year-to-Date
1	Phoenix	Western	45,384	6,807
2	Denver	Western	41,086	5,286
3	Los Angeles	Southern California	32,226	2,789
4	Salt Lake City	Western	18,057	3,949
5	San Francisco	Northern California	16,519	3,622

Salt Lake City

Ranking fourth among Western markets for development, Salt Lake City had 18,057 units under construction as of May, as well as an additional 50,000 units in the planning and permitting stages. Following national trends, economic challenges have affected Salt Lake City's fundamentals, but the city has remained resilient, according to the latest Yardi Matrix report. As the office sector undergoes significant shifts, developers are looking to transform underutilized assets into multifamily.



SALT LAKE CITY SUBMARKETS



Area No.	Submarket
1	Salt Lake City–Downtown
2	Salt Lake City–Central City
3	Salt Lake City–West Salt Lake
4	Salt Lake City–Northwest
5	South Salt Lake
6	Holladay
7	Millcreek
8	Murray
9	Taylorsville
10	West Valley City
11	Magna
12	Sandy
13	Midvale

Area No.	Submarket
14	West Jordan
15	Draper
16	South Jordan/Herriman
17	Tooele
18	Pleasant Grove/Lehi
19	Orem
20	Provo
21	Park City
22	North Salt Lake/Bountiful
23	Layton
24	Ogden/Clearfield
25	Logan

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

To learn more about Yardi® Matrix and subscribing, please visit www.yardimatrix.com or call Ron Brock, Jr., at 480-663-1149 x14006.



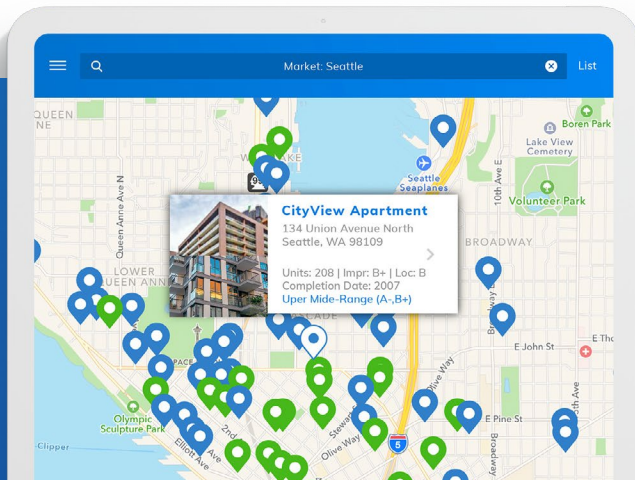
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MULTIFAMILY KEY FEATURES

- Pierce the LLC every time with true ownership and contact details
- Leverage improvement and location ratings, unit mix, occupancy and manager info
- Gain complete new supply pipeline information from concept to completion
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access aggregated and anonymized residential revenue and expense comps



Yardi Matrix Multifamily
provides accurate data on
22.3+ million units, covering over
92% of the U.S. population.



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