

SALT LAKE CITY, UTAH

ANNUAL 2.5% RENT INCREASE PROJECTED IN 2021 AMID SURGE IN DELIVERIES

Apartment fundamentals in the Salt Lake City/Ogden/Clearfield metro area began to improve during the third quarter of 2020 following the pandemic-driven disruption to the economy in the prior two quarters. By the last quarter of 2020, however, a surge of 1,149 new apartments coinciding with the seasonal, fourth-quarter softening in leasing activity slowed the momentum. Fourth quarter apartment demand, while positive, trailed deliveries, resulting in a 40-basis-point, year-over-year reduction in occupancy to 95.3% in December. At the same time, average monthly effective rent settled at \$1,180, unchanged from December 2019. The 4.0% employment rebound from May to December 2020 is anticipated to lead to continued economic improvement, which will help stimulate renewed rent growth. Average effective rent is forecast to increase 2.5% in 2021 to \$1,209 per month. One concern for the apartment market in the near term, however, is the wave of new inventory on the way. More than 5,200 apartments are scheduled for delivery in 2021, approximately one-third of which will be placed into service in the Downtown Salt Lake City/University submarket. The influx of new product is projected to prolong the supply-demand imbalance metrowide. Net apartment absorption is expected to increase with rising employment in 2021, but will still lag deliveries, resulting in a 20-basis-point reduction in occupancy to 95.1% by December 2021. Over the near term and beyond, sustained increases in single-family home prices and robust in-migration are anticipated, and these trends should underpin apartment demand for the foreseeable future.



2021 MARKET AT A GLANCE



OCCUPANCY RATE

95.1%
Down 20 bps YOY



EFFECTIVE RENT

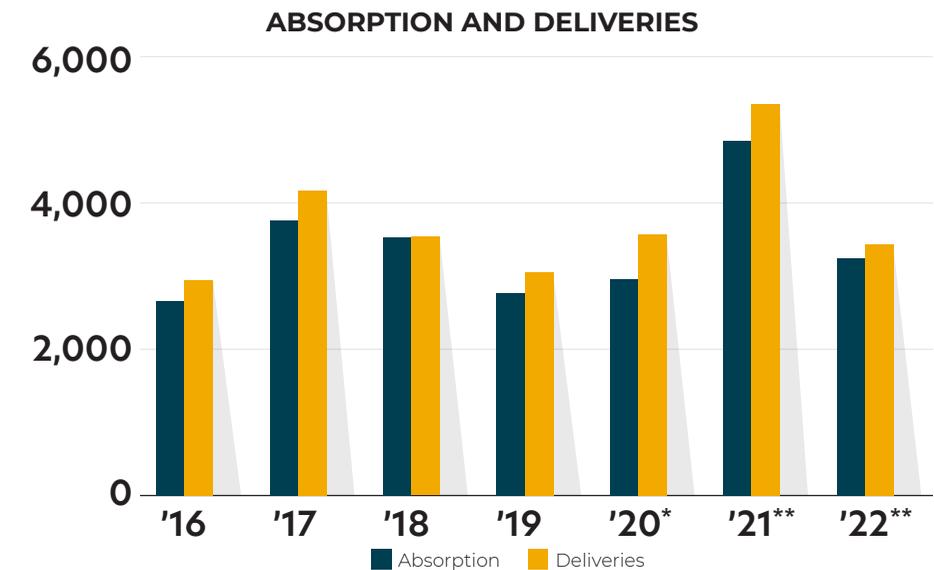
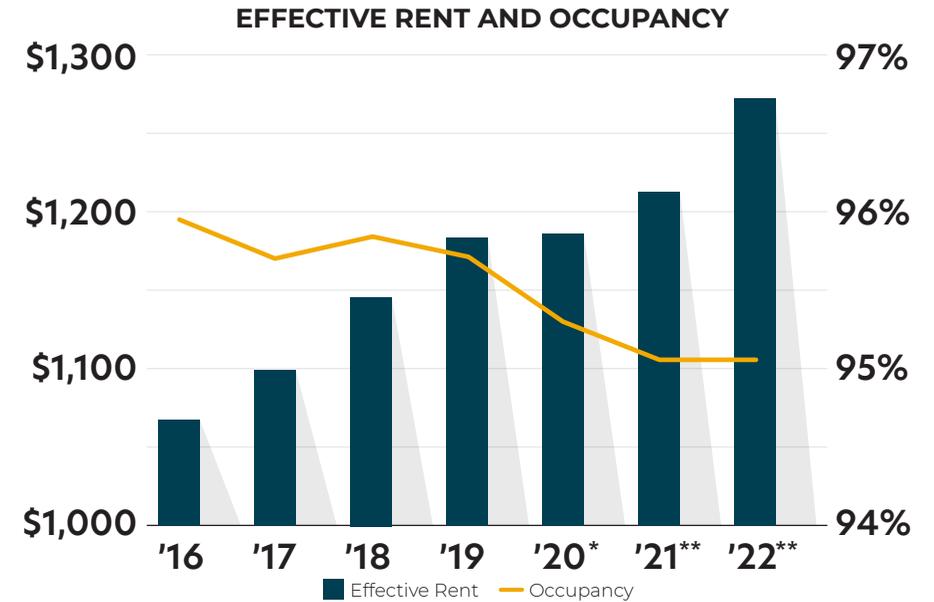
\$1,209
Up 2.5% YOY



RENT SHARE OF WALLET

18.8%
Down 10 bps YOY

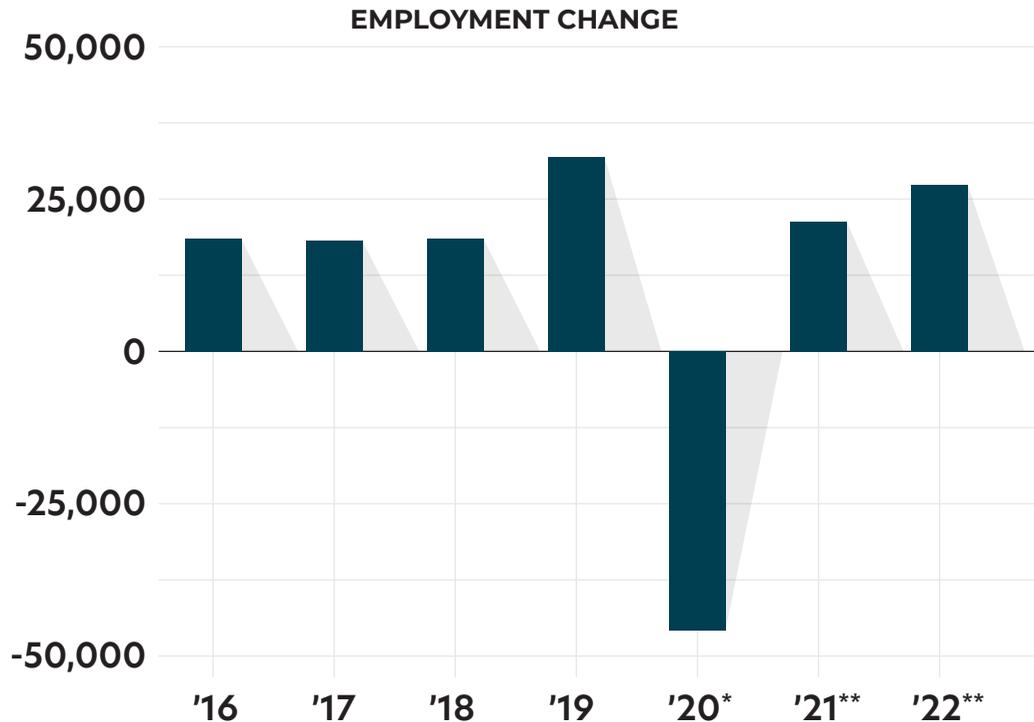
MARKET TRENDS



Data and images pertaining to employment, income, permits, population, rents, single-family housing, and occupancy are year-end figures. Absorption, construction, and apartment sales figures are full-year totals. *Numbers for 2020 are projected values; **2021/2022 figures are forecast projections. Apartment market data criteria and methodologies vary by market.

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EMPLOYMENT TRENDS



2019	YOY CHANGE	2020*	YOY CHANGE	2021**
771,800	-5.9%	726,300	2.8%	746,900

2019	YOY CHANGE	2020	YOY CHANGE	2021
1.8%	300 BPS	4.8%	-110 BPS	3.7%

2019	YOY CHANGE	2020	YOY CHANGE	2021
1,241,500	1.3%	1,257,100	1.2%	1,272,200

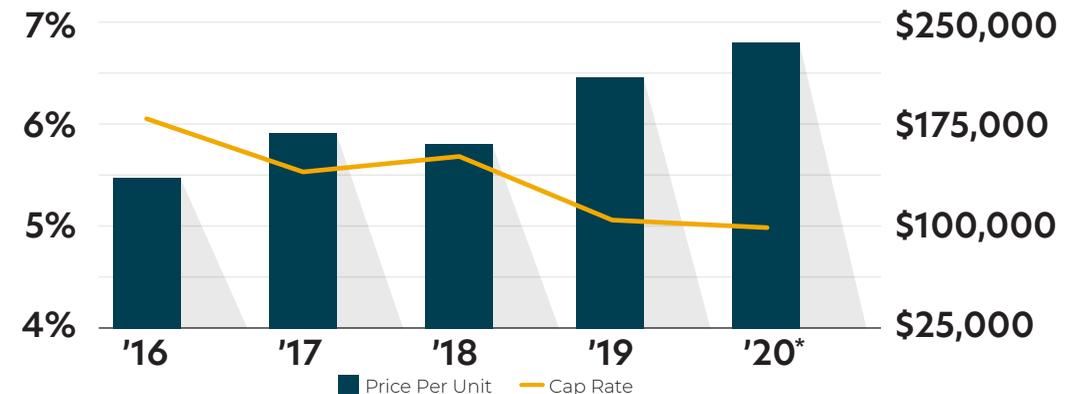
2019	YOY CHANGE	2020	YOY CHANGE	2021
423,800	1.5%	430,300	1.5%	436,900

2019	YOY CHANGE	2020	YOY CHANGE	2021
\$81,079	-7.4%	\$75,063	3.0%	\$77,311

SALES TRENDS

2019	YOY CHANGE	2020*
\$208,033	11.8%	\$232,669

2019	YOY CHANGE	2020
5.1%	-10 BPS	5.0%



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