

SALT LAKE CITY UT

INSTITUTIONAL MULTIFAMILY REPORT

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INSTITUTIONAL SOLUTIONS

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SALT LAKE CITY, UT EMPLOYMENT

JOBS ADDED / LOST

LAST 12 MONTHS

66,600
↑ 9.5%

NEXT 12 MONTHS*

42,200
↑ 5.5%

UNEMPLOYMENT

MID-YEAR 2021

2.9%
↓ 620 BPS YOY

MID-YEAR 2022*

2.4%
↓ 50 BPS YOY

*PROJECTED

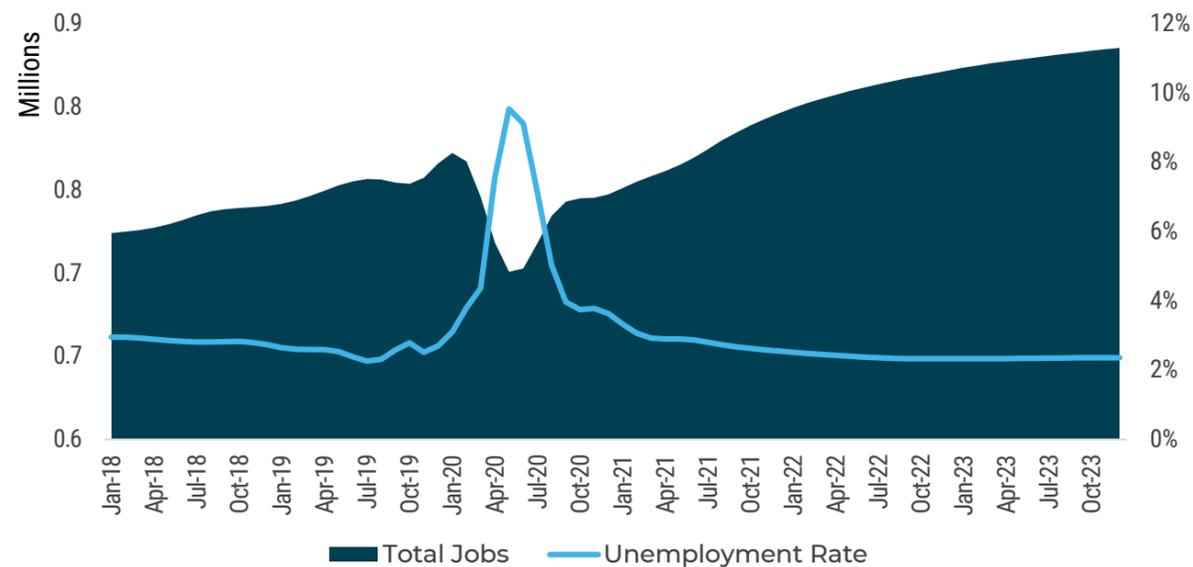
Salt Lake City's highly diverse business environment has been a major reason the local economy has rebounded so well. Since the pandemic-driven low point in May 2020, employment in the Salt Lake City metro area increased every month through June 2021. Businesses and institutions in the metro area created or reinstated 66,600 jobs from June 2020 to June 2021, a 9.5% gain.

Annual employment growth of at least 4% occurred in nine of the 11 job sectors. The greatest rate of growth was in the leisure and hospitality industry, boosted by the reopening of the economy. Approximately 20,100 new positions and reinstated jobs were filled through

the second quarter of 2021, a 48.3% year-over-year increase.

The largest employment sector—trade, transportation, and utilities—expanded 10.4% since mid-2020 with 14,800 new or restored jobs. Further hiring in the sector is expected as Amazon.com Inc. adds 1,400 workers at its fulfillment center near Salt Lake City International Airport. In the professional and business services segment, 8,000 new and reinstated positions were filled in the last 12 months, equating to 6.3% growth. Professional and business services provider Scorpion will aid continued expansion in the sector with 1,000 new jobs in the metro area through 2026.

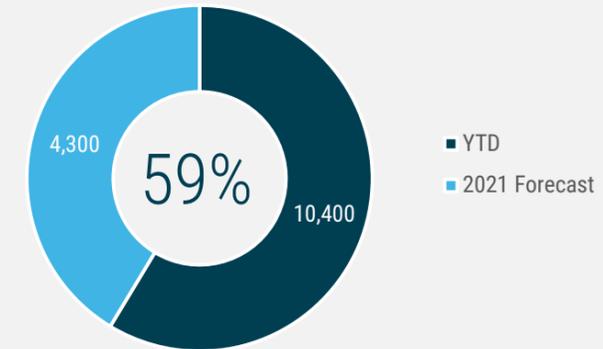
EMPLOYMENT TRENDS



SOURCE: MOODY'S ANALYTICS

WHO'S HIRING?

LEISURE & HOSPITALITY INDUSTRY



8%
OF ALL JOBS IN THE METRO

\$24,200
AVERAGE ANNUAL SALARY

TOP LEISURE & HOSPITALITY EMPLOYERS

LITTLE AMERICA 1,250 JOBS

Marriott 1,100 JOBS

500 JOBS

IN THE NEWS

Amazon adding 1,400 jobs in SLC

Home Depot to hire over 1,100 in SLC

UPS to fill over 200 positions in SLC area

Tech company to bring 1,000 jobs to Utah in next 5 years

TX Roadhouse to bring 160 new jobs to SLC



SALT LAKE CITY, UT

DELIVERIES & ABSORPTION

2021 UNITS*

DELIVERED

5,120

ABSORBED

5,472

2022 UNITS*

DELIVERED

4,821

ABSORBED

2,766

*PROJECTED

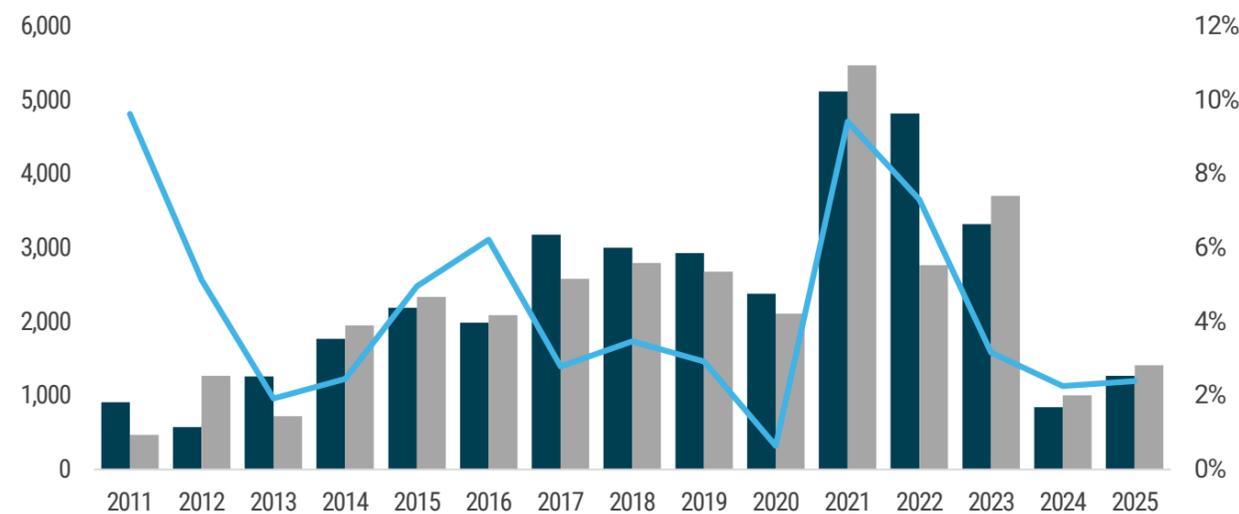
Beginning around 2015, multifamily developers in the Salt Lake City metro area were responding to healthy apartment demand as frequent major job announcements were fueling heightened in-migration. From mid-2016 to mid-2021, metrowide apartment inventory expanded by over 18%. Net apartment absorption remained close to the number of deliveries between 2017 and 2019, keeping metrowide quarterly occupancy typically between 95.5% and 96.5%.

In 2020, the COVID-19 pandemic negatively affected apartment demand, spurring a dip in net apartment absorption. But in the first half of 2021, while builders delivered 1,919 apartments, pent-up demand drove a surge of 3,226 net units absorbed. In comparison, during the prior 10

years, first-half net apartment absorption in the metro area averaged 1,195 units.

Heightened deliveries are anticipated in the last half of 2021, with more than 3,200 units scheduled for completion. Approximately 46% of that new inventory will emerge in the Downtown Salt Lake City/University submarket. In 2022, 4,821 units are projected to come online metrowide; 50% of the new inventory will be in the Downtown Salt Lake/University submarket. The following year, 3,324 units are expected to be completed across the metro. Deliveries in 2024 and 2025 are anticipated to diminish significantly. In three of the next four years, net apartment absorption in the metro area is forecast to outpace deliveries.

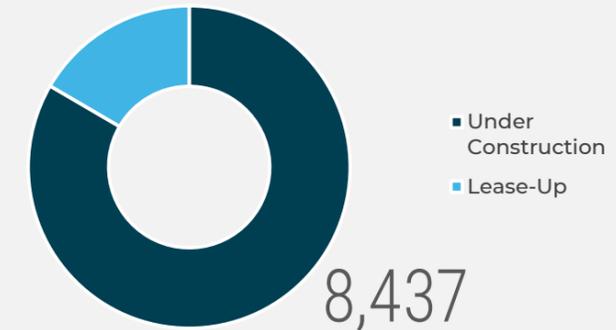
DELIVERIES, ABSORPTION, & EFFECTIVE RENT CHANGE



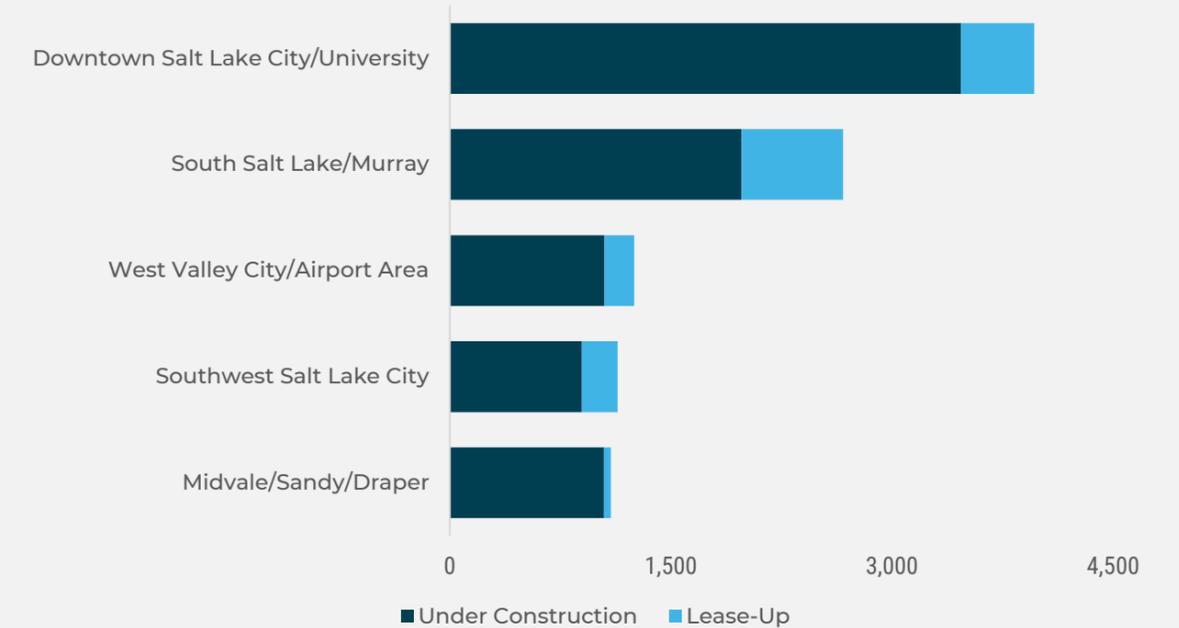
SOURCE: REALPAGE

MARKET PIPELINE

1,680



TOP 10 SUBMARKET PIPELINES



For a complete list of properties in the pipeline, [CLICK HERE](#)



SALT LAKE CITY, UT

RENT & OCCUPANCY

EFFECTIVE RENT

2Q 2021

\$1,333

↑ 9.7% YOY

OCCUPANCY

2Q 2021

96.9%

↑ 180 BPS YOY

The economic recovery's positive impact on local apartment fundamentals became apparent in the second quarter of 2021. Operators recorded average apartment occupancy of 96.9% in the second quarter, 180 basis points higher than one year earlier. The 230-basis-point annual increase in occupancy in the Southwest Salt Lake City submarket led the other submarkets. The rise in occupancy in this submarket resulted from the net absorption of 1,550 units in the last four quarters, fueled by 1,111 new apartments delivered during the same period, the most in any submarket in the metro.

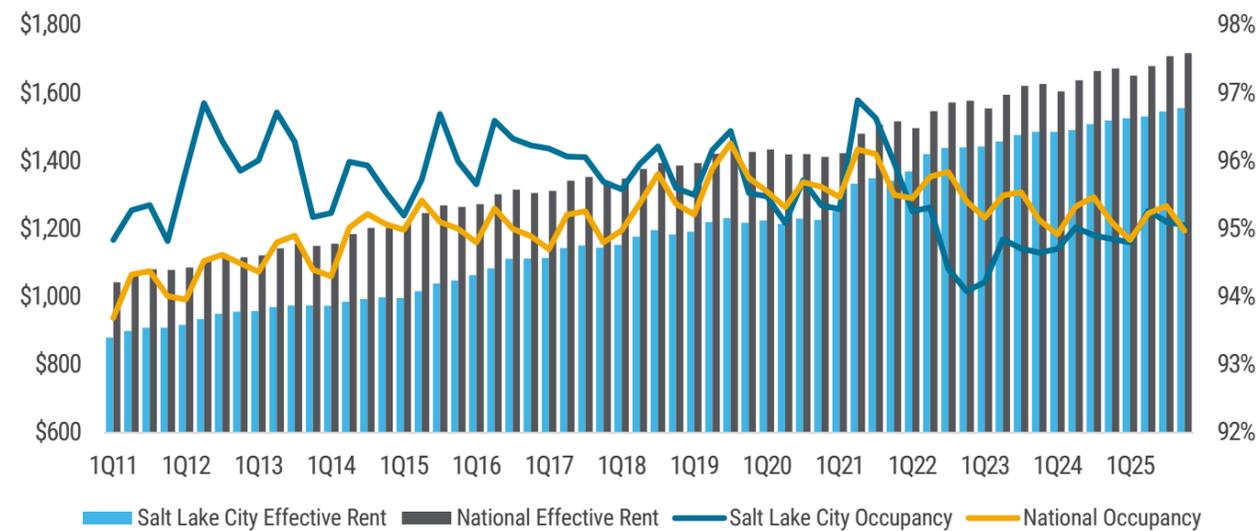
Average monthly effective rent reached \$1,333 in the second quarter of 2021, a 9.7% year-over-year increase. Annual rent growth of 4.5% in the

Downtown Salt Lake City/University submarket trailed metrowide growth, reflecting heightened competition among apartment communities in a high-rent submarket that has had a 22.8% increase in inventory in the last five years. In the four other submarkets, annual effective rent growth through the second quarter of 2021 exceeded 11%. Notably, most of the year-over-year escalation in occupancy and rent in the metro area occurred during the second quarter of 2021, spurred by a surge in apartment demand. From the first quarter of 2021 to the second quarter, apartment occupancy rose 160 basis points, while effective rent vaulted 6.5%.

SUBMARKET PERFORMANCE

SUBMARKET NAME	2Q21 OCCUPANCY	YOY (BPS)	2Q21 EFFECTIVE RENT	YOY
Downtown Salt Lake City/University	95.9%	240	\$1,425	4.5%
Midvale/Sandy/Draper	97.0%	130	\$1,360	11.5%
South Salt Lake/Murray	96.7%	160	\$1,313	11.7%
Southwest Salt Lake City	97.7%	230	\$1,337	11.3%
West Valley City/Airport Area	97.4%	100	\$1,186	11.3%

SALT LAKE CITY VS. NATIONAL EFFECTIVE RENT & OCCUPANCY



SOURCE: REALPAGE



SALT LAKE CITY, UT

POPULATION & MIGRATION

2021 RESIDENTS*

1,271,500

↑ 1.1% YOY

2022 RESIDENTS*

1,287,800

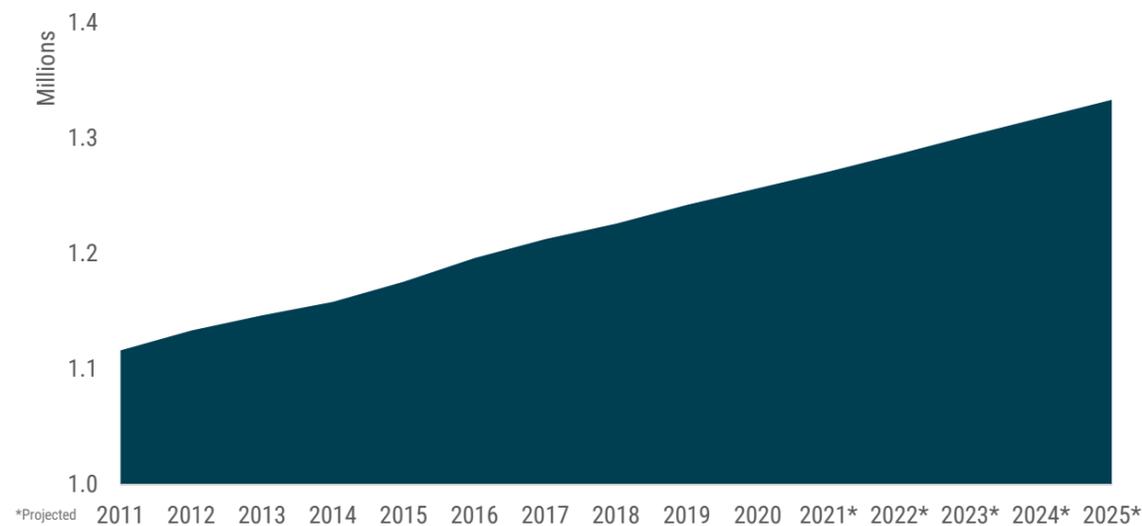
↑ 1.2% YOY

*PROJECTED

Net migration to the Salt Lake City metro area in 2020—amid a pandemic—totaled approximately 5,100 persons, in line with the annual average migration from 2015 to 2019. While new residents entered the metro area in 2020, slightly more than 23,000 people left Salt Lake City's urban core. Of these, nearly 60% stayed in the metro area, but simply relocated to one of the suburbs. Approximately 12% of those departing inner Salt Lake City relocated to a larger metro area, while slightly more than 16% moved to a similar-sized metro area outside Utah. Fewer than 12% of the residents who left Salt Lake City's urban core moved to a smaller metro area.

Numerous factors prompted departure from the urban core. Many of the amenities enjoyed by residents in inner Salt Lake City were closed during the pandemic. Absent these amenities, some of those who departed the urban core were renters who could not justify the higher rent compared to the suburbs. And since 48% of renter households in the Salt Lake City/University submarket are comprised of one person—compared to 21% metrowide—last year's economic uncertainty made relocation to a lower-rent suburb an attractive option for some of those households.

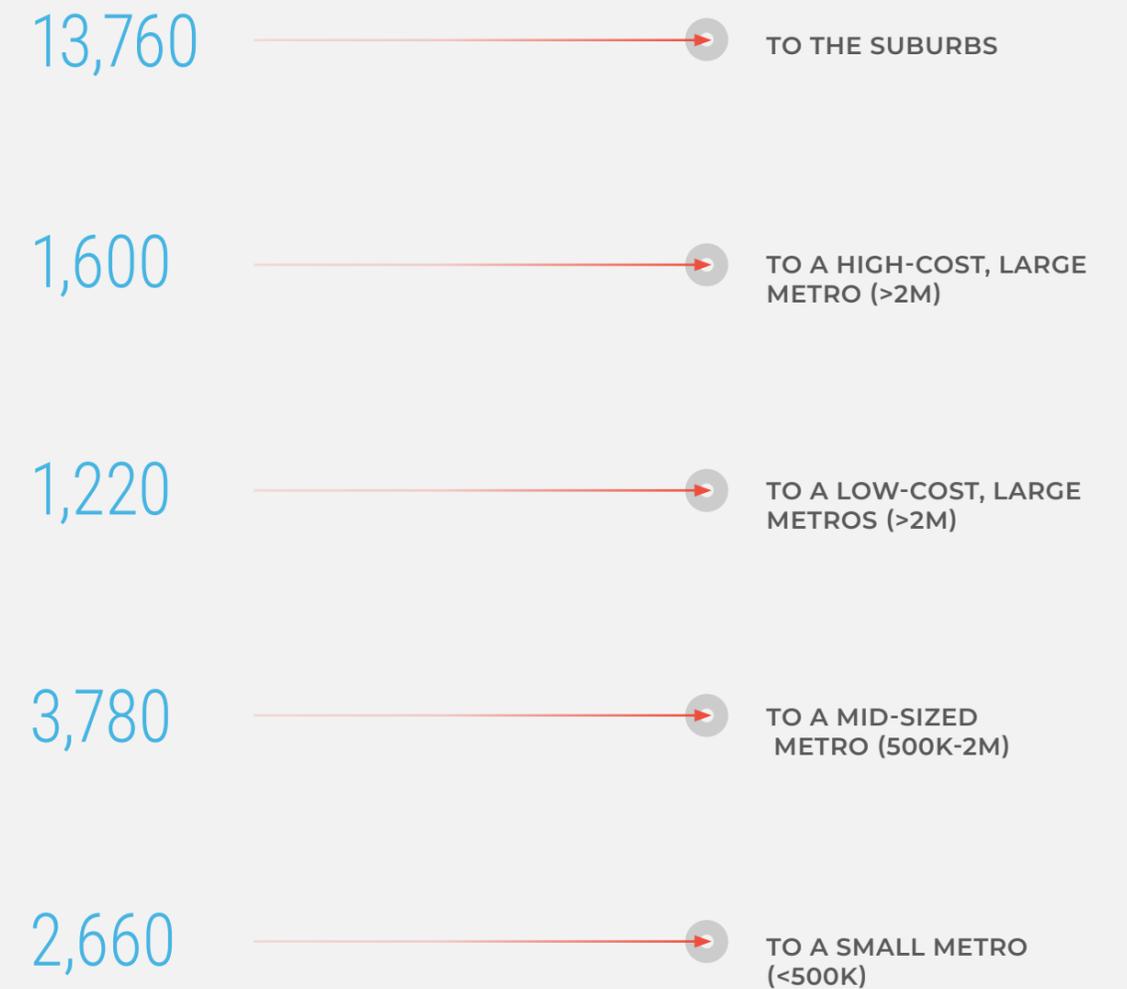
SALT LAKE CITY POPULATION



SOURCE: MOODY'S ANALYTICS

URBAN MIGRATION DURING THE PANDEMIC

2Q 2020 - 1Q 2021



SOURCE: FEDERAL RESERVE BANK OF CLEVELAND



Sources: RealPage; Moody's Analytics; Real Capital Analytics; Federal Reserve Bank of Cleveland

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