

2022 MID-YEAR

SALT LAKE CITY UT

Multifamily Report

BERKADIA[®]
INSTITUTIONAL SOLUTIONS

a Berkshire Hathaway and Jefferies Financial Group company





SALT LAKE CITY, UT EMPLOYMENT

Jobs Added / Lost

LAST 12 MONTHS

28,200

↑ 3.7%

NEXT 12 MONTHS*

20,100

↑ 2.5%

Unemployment

MID-YEAR 2022

1.9%

↓ 100 BPS YOY

MID-YEAR 2023*

1.9%

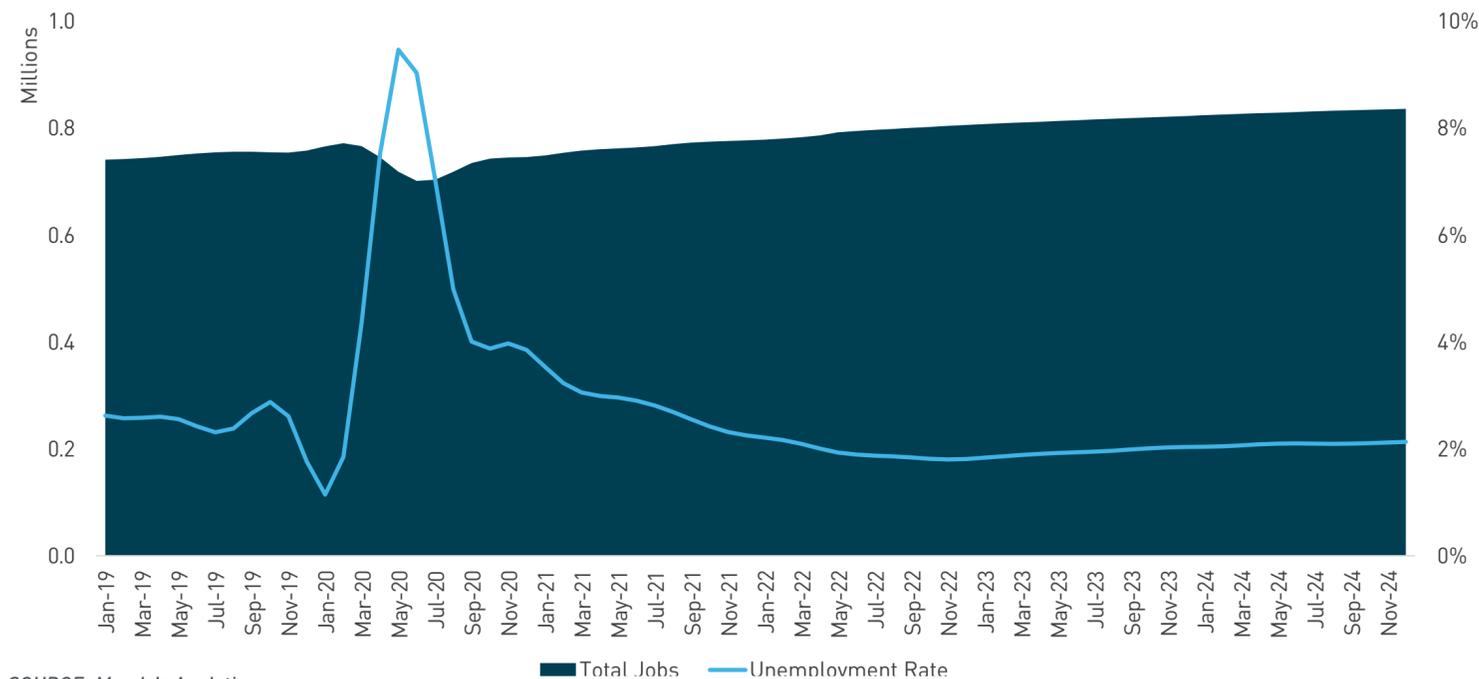
⊙ 0 BPS YOY

*Projected

Greater Salt Lake City has become home to multiple tech start-ups, earning the “Silicon Slopes” nickname. As more technology companies moved to the area, attracting job seekers, Salt Lake City employment and population started to expand. Over the past decade, the economy across the metro flourished. Payrolls increased 27.8% annually and the unemployment rate was a low 1.9% in June 2022. More than 28,200 jobs were added metrowide since last June. This past year the construction sector added 3,700 jobs to local payrolls, second behind the dominant trade, transportation, and utilities sector. The metro area has had billions of invested into construction projects in the city. Most notably, the Salt Lake City

International Airport expansion project. About \$3.6 billion was invested into the project and will generate 24,000 jobs and \$1 billion in wages through 2024. Phase I of the project was completed in 2020, while the second phase is underway. Meanwhile, the Utah Inland Port (UIP) project will be comprised of 20,000 acres transforming Salt Lake City into a global trade port where products shipped from coastal regions will arrive via rail or truck to UIP warehouses. It is projected that the project will have a huge impact on the area’s economy, adding 32,000 new jobs, 100,000 construction jobs, and millions of investment dollars over the next decade.

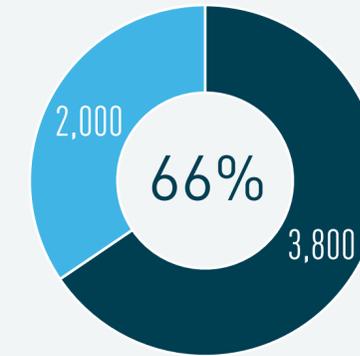
Employment Trends



SOURCE: Moody's Analytics

Who's Hiring?

TRADE, TRANSPORTATION, & UTILITIES INDUSTRY



21%
OF ALL JOBS IN THE METRO

\$44,000
AVERAGE ANNUAL SALARY

Top Trade, Transportation, & Utilities Employers

| | |
|--------------|------------|
| DELTA | 4,000 JOBS |
| C.R. England | 3,300 JOBS |
| MAVERIK | 2,800 JOBS |

In The News

- [Lumio Inc. plans to expand operations in Salt Lake City](#)
- [Fabral opens new manufacturing facility in Salt Lake City](#)
- [Stitch Fix opens new distribution center, hiring 400](#)



SALT LAKE CITY, UT

DELIVERIES & ABSORPTION

2022 Units*

DELIVERIES

4,131

ABSORPTION

2,995

2023 Units*

DELIVERIES

8,179

ABSORPTION

6,407

*Projected

Within the last five years, the Salt Lake City MSA inventory has grown 18.9% with the addition of nearly 13,900 units. The ever-growing metro is projected to continue to expand this year. Approximately 4,100 units are scheduled to come online in 2022, and nearly double that forecast for 2023.

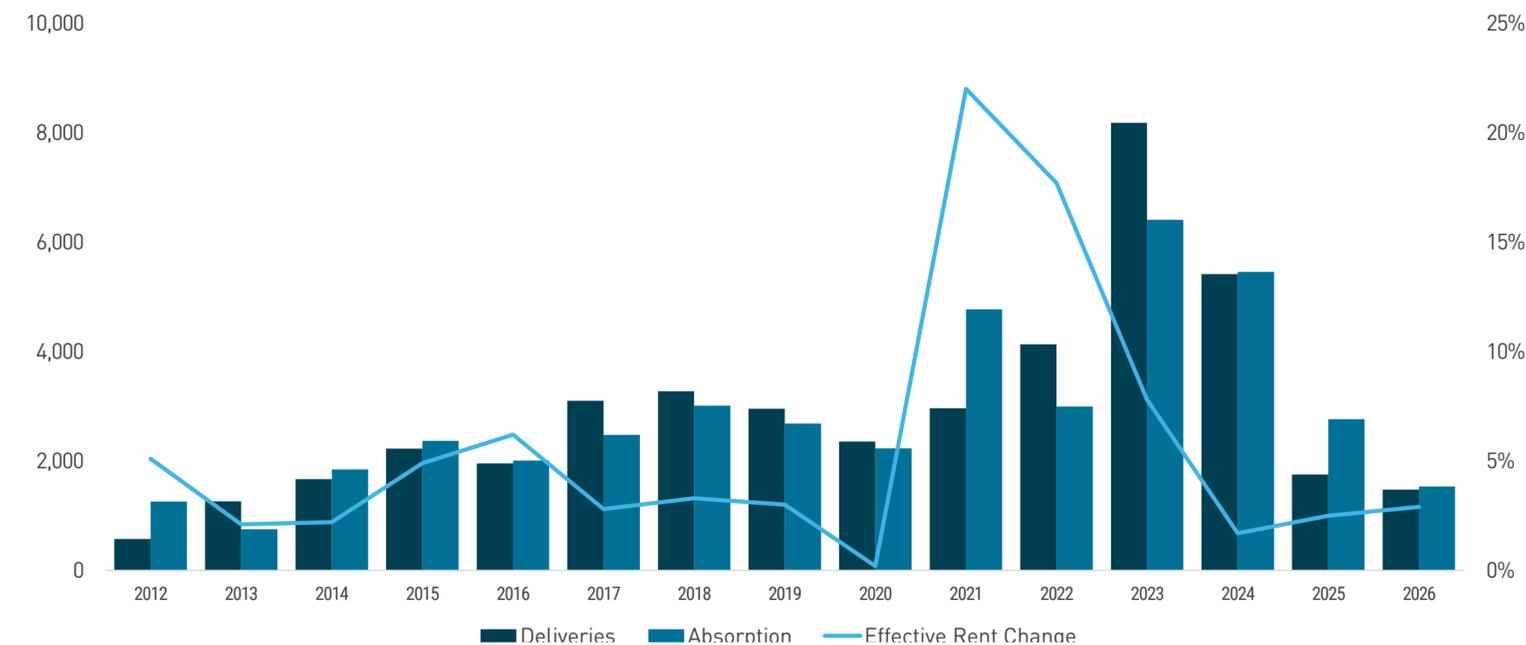
The large influx of new units are due to supply shortages and construction delays, which multifamily developers have been struggling with over the past few years. The Downtown Salt Lake City/University submarket accounts for nearly half of the expected deliveries in 2022 with nearly 2,000 units.

Metrowide inventory growth is predicted to continue into 2023. The Ritchie Group is developing 6.45 acres and

replacing the Royal Wood Plaza building with The Charles, an 11-story tower with 240 luxury apartments and over 11,600 square feet of ground-level retail space.

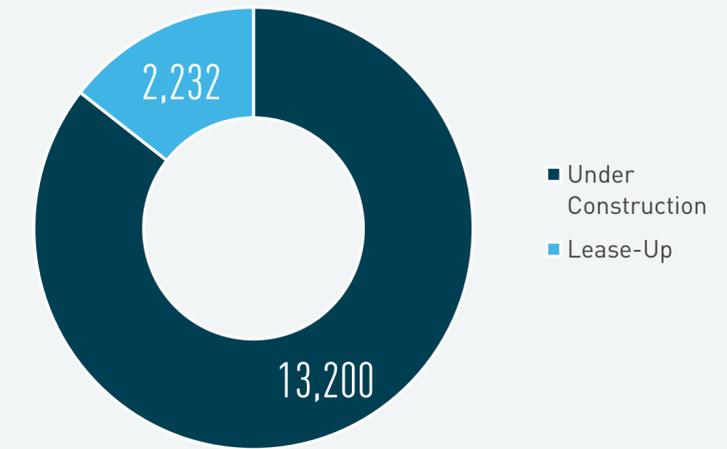
Apartment net absorption is forecast to cool down in 2022 from the record pace during the year prior. Apartment operators metrowide are predicted to see nearly 3,000 net move-ins by the end of 2022. The pace would be higher than the pre-pandemic annual average of approximately 2,500 net units absorbed. Similar to inventory, apartment demand is expected to pick up in 2023, doubling 2022 figures.

Deliveries, Absorption, & Effective Rent Change

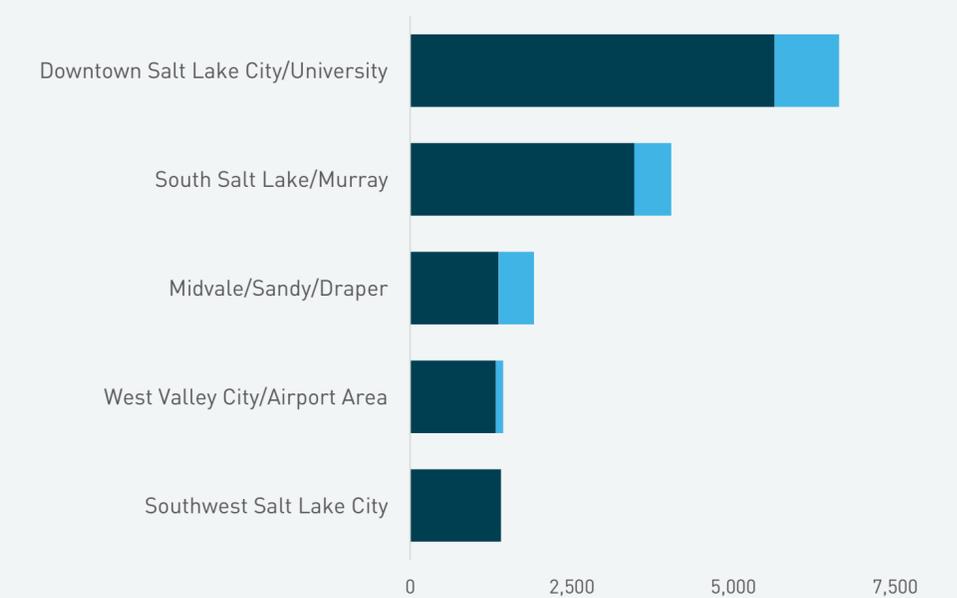


Source: RealPage

Market Pipeline



Top 10 Submarket Pipelines

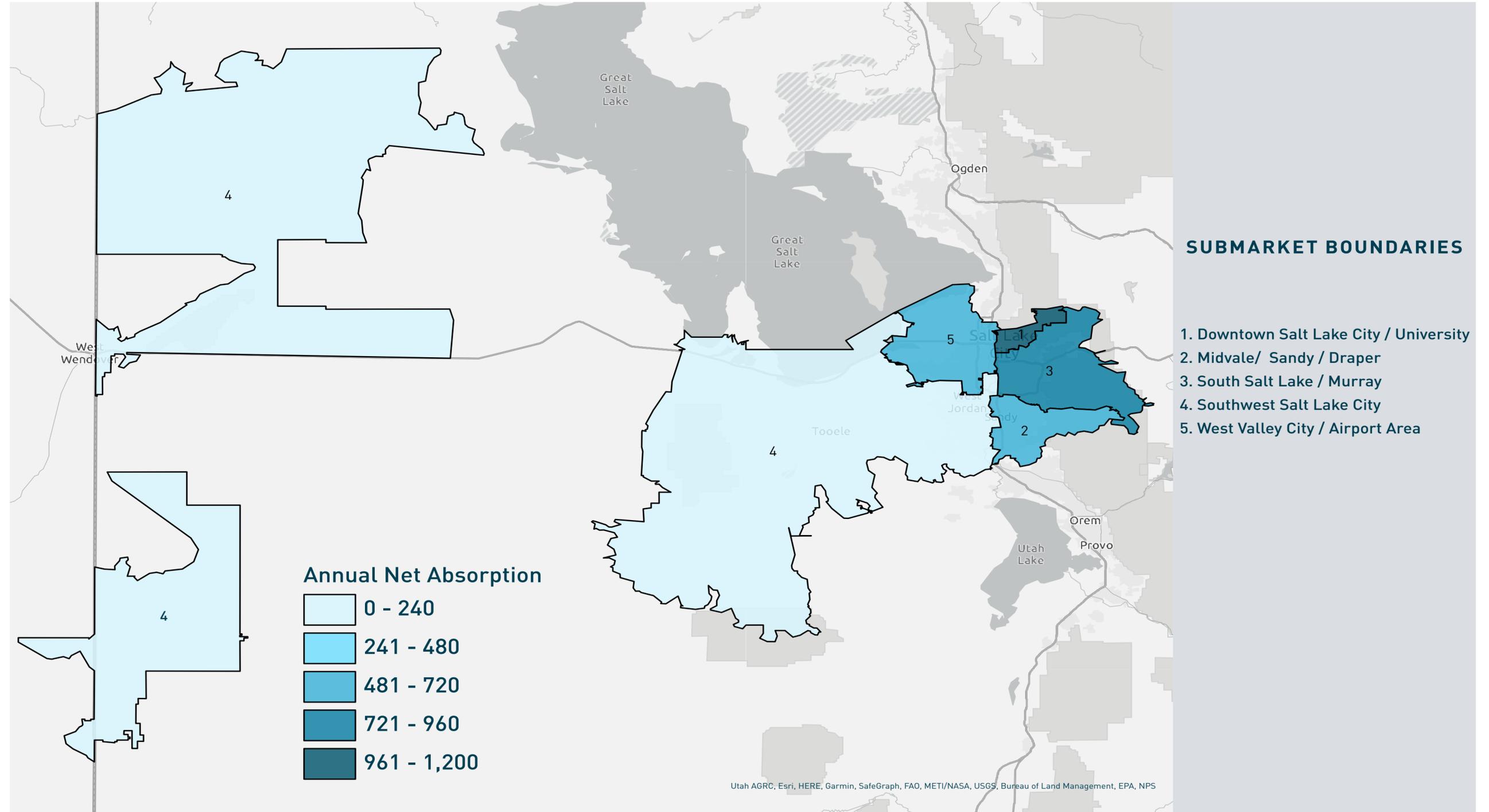




SALT LAKE CITY, UT

SUBMARKET ANNUAL ABSORPTION

Of the nearly 3,000 units projected to be absorbed in the Salt Lake City metro in 2022, most of the demand is found in the Downtown Salt Lake City/University submarket. By the end of 2022, the submarket is forecast to have approximately 1,800 net units absorbed, 59.5% of the total leasing activity in the metro. The submarket is within the heart of the city. It features Downtown Salt Lake, home to companies such as Wells Fargo and Goldman Sachs, the University of Utah, and the Utah State Capitol Building. The University of Utah and downtown are the main employment hubs in the city, attracting young professionals and students. Beyond the submarket's job and educational opportunities, it features the urban amenities of trendy restaurants and bars, sport teams, and music venues. High demand for this submarket is almost expected since it offers a great balance to residents looking for the work-live-play lifestyle.





SALT LAKE CITY, UT RENT & OCCUPANCY

Effective Rent

2Q 2022
\$1,630
↑ 20.1% YOY

Occupancy

2Q 2022
96.9%
↓ 10 BPS YOY

Since mid-2021, the Salt Lake City MSA's effective rent rose 20.2%, reaching \$1,630 per month. The new record high rent marks a 70.1%-decade increase. The annual effective rent change is supported by sustained elevated levels of leasing activity, along with skyrocketing single-family home prices and a growing population. With a 2.2% rise in local population over the past year, home prices jumped by more than 23% in 2021, pricing out potential home buyers and pushing them to rent.

With more residents turning to multifamily housing as their alternative, occupancy rates in the metro have been historically high the past few quarters. With the influx of new inventory that came online in the past 12 months,

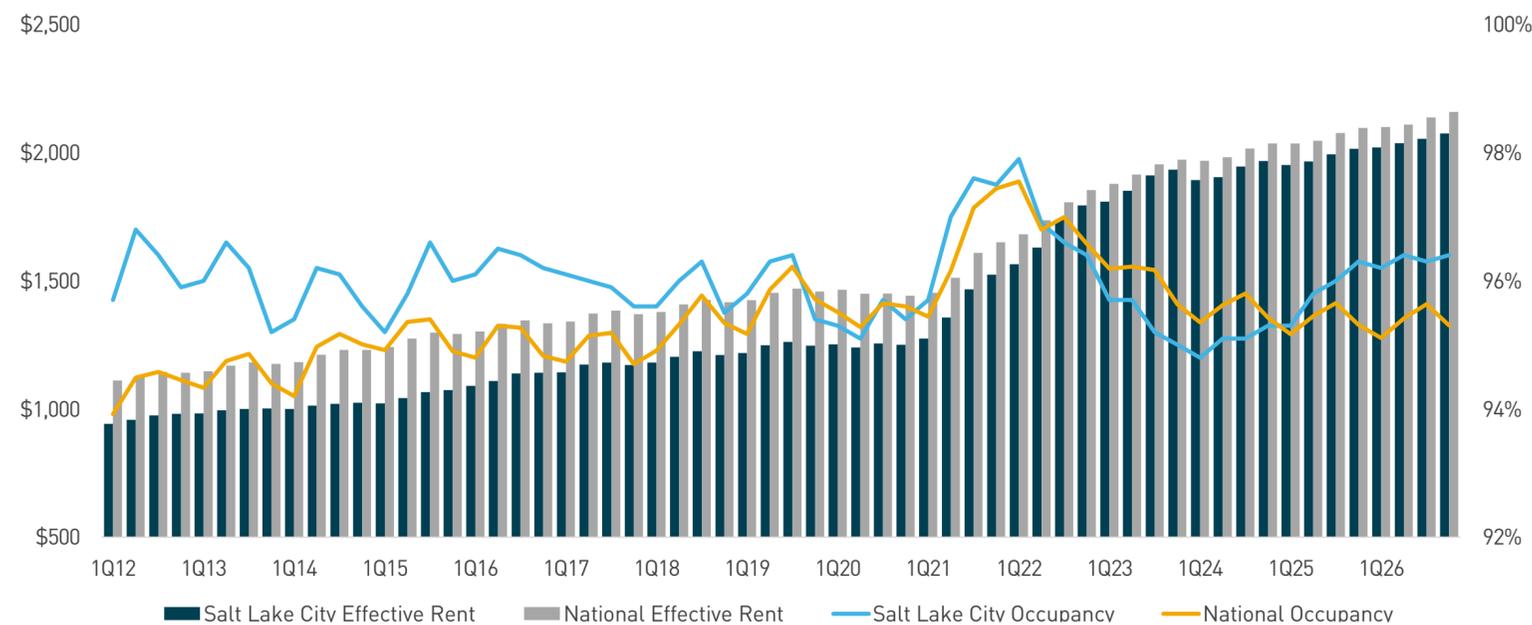
occupancy dipped 10 basis points, though it remained at a sturdy 96.9%.

Though, as more units come online, occupancy is projected to drop slightly. The occupancy rate in the South Salt Lake City/Murray submarket, rose 50 basis points annually to 97.2% in the second quarter of 2022. As rents increased metrowide, the submarket offered residents more affordable housing options, yet it still neighbors the Downtown Salt Lake City/University submarket. The submarket experienced elevated net move-ins during the last year.

Submarket Performance

| SUBMARKET NAME | 2Q22 OCCUPANCY | YOY (BPS) | 2Q22 EFFECTIVE RENT | YOY |
|-------------------------------|----------------|-----------|---------------------|--------|
| Downtown Salt Lake/University | 96.10% | -10 | \$1,833 | 18.80% |
| Midvale/Sandy/Draper | 96.80% | -10 | \$1,607 | 19.20% |
| South Salt Lake/Murray | 97.20% | 50 | \$1,578 | 20.00% |
| Southwest Salt Lake City | 97.40% | -20 | \$1,615 | 20.30% |
| West Valley City/Airport Area | 97.10% | -40 | \$1,453 | 23.60% |

Salt Lake City vs. National Effective Rent & Occupancy



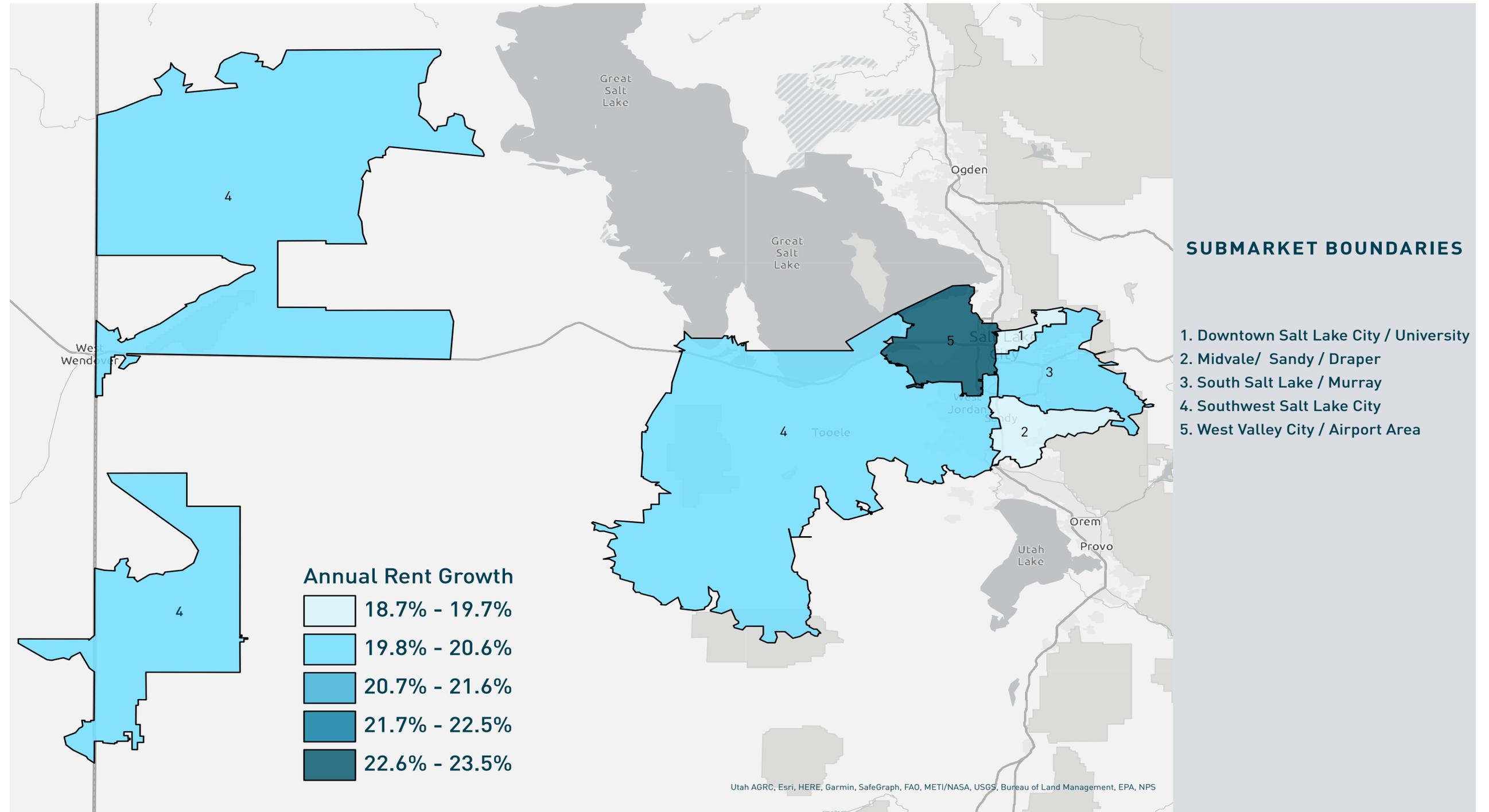
Source: RealPage



SALT LAKE CITY, UT

SUBMARKET ANNUAL RENT CHANGE

All five submarkets in the metro had an annual rent growth of over 18.5%. The West Valley City/Airport Area submarket had the greatest effective rent change, increasing 23.6% year over year to \$1,453 per month. Though the submarket had the biggest annual change, it offers the most affordable rent in the metro. With increased leasing activity in the past 12 months, property owners were able to raise rent to match the speed of the market. Meanwhile, the Southwest Salt Lake City submarket followed, rising to \$1,615 per month, a 20.3% annual growth rate. The close-in submarkets provide an urban feel while being close to the lifestyle amenities in Downtown Salt Lake City. They both experienced positive demand in the last 12 months and are predicted to continue experiencing steady inventory growth matched by rental demand. The Downtown Salt Lake City/University submarket increased 18.8%, reaching a metro-leading \$1,833.



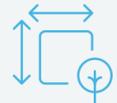


SALT LAKE CITY, UT SALES

2022 Year to Date*

| | | | |
|---|--------------------------------|---|---|
|  | VOLUME Nondisclosure |  | PRICE PER AVERAGE (AVG) Nondisclosure |
|  | TRANSACTIONS 7 |  | CAP RATE (AVG) Nondisclosure |

What's Trading?*

| | | | |
|---|-----------------------------|---|-----------------------------------|
|  | UNITS (AVG) 231 |  | YEAR BUILT (AVG) 2020's |
|  | BUILDINGS (AVG) 2 |  | ACRES (AVG) 4.33 |

Source: Real Capital Analytics
*\$50m+

Top Buyers**

| BUYER | LOCATION |
|-------------------|-----------------|
| SREIT | Miami Beach, FL |
| Graycliff Capital | Greenville, SC |
| Cadre Group | New York, NY |
| BlackRock | New York, NY |
| Maxx Properties | Harrison, NY |

Top Sellers**

| SELLER | LOCATION |
|-----------------------|------------------|
| Watt Cos | Santa Monica, CA |
| Walton Street Capital | Chicago, IL |
| Rockworth Cos | Sandy, UT |
| DiNapoli Cap Prtnrs | Walnut Creek, CA |
| Graycliff Capital | Greenville, SC |

**Past 24 Months



Sources: RealPage; Moody's Analytics; Real Capital Analytics

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