

SALT LAKE CITY, UT MULTIFAMILY REPORT

2023 | MIDYEAR



BERKADIA[®]
INSTITUTIONAL SOLUTIONS



SALT LAKE CITY, UT EMPLOYMENT

Jobs Added / Lost

LAST 12 MONTHS

27,400

↑ 3.4%

NEXT 12 MONTHS*

10,600

↑ 1.3%

Unemployment

MIDYEAR 2023

2.3%

⊙ 0 BPS YOY

MIDYEAR 2024*

2.6%

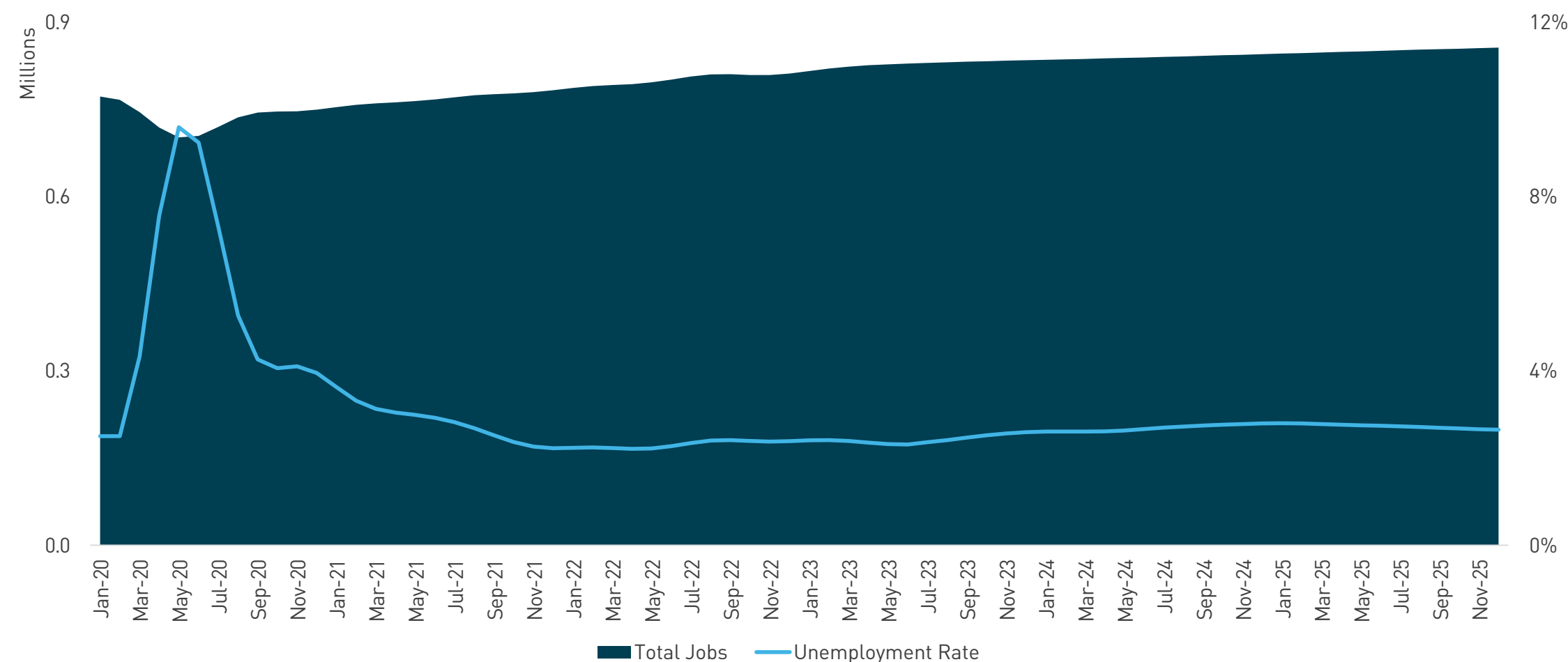
↑ 30 BPS YOY

*Projected

Salt Lake City's economy flourished over the past year, with a 3.4% increase in employment that outpaced the national average. The professional business and services sector heavily contributed to the market's recent economic growth with the addition of 5,600 jobs to the sector year-over-year. Companies in Salt Lake City are continually adding more jobs in the biotech and fintech industries, further cementing the metro as the "Silicon Slopes." Fidelity added 200 jobs in the first quarter of 2023 and announced that they will create 300 more by year-end. Companies' interest in investing and expanding into the Salt Lake City area is a testament to the metro's business-friendly environment. With the median age in

the metro being 32.9, Salt Lake City is filled with young professionals. Major universities such as University of Utah, Brigham Young University, and Utah Valley University located in and around the metro are constantly producing a new wave of employees for white collar jobs. Beyond the professional business and services sector, leisure and hospitality payrolls expanded the most year-over-year, with the addition of 6,200 net jobs. Salt Lake City is responsible for about 40% of the state's tourist-generated tax revenue. With a newly renovated international airport and over 1,000 new hotel rooms added within the past year, Salt Lake City had the ability to host major events, such as NBA All-Star Weekend in February 2023.

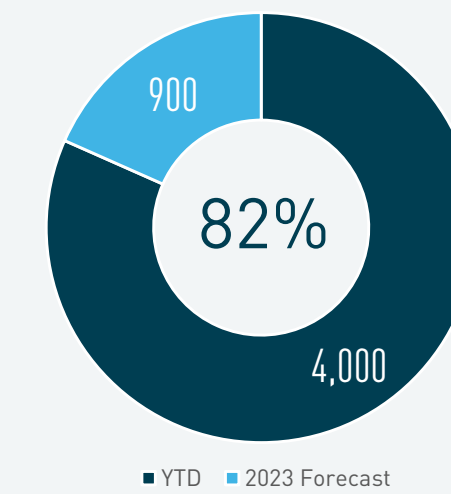
Employment Trends



Source: Moody's Analytics

Who's Hiring?

PROFESSIONAL & BUSINESS SERVICES INDUSTRY



18%
OF ALL JOBS IN THE METRO

\$76,000
AVERAGE ANNUAL SALARY

Top Professional & Business Services Employers

E Edwards Lifesciences

2,000 JOBS

BIO FIRE
BY BIOMERIEUX

1,400 JOBS

SPS | SELECT
Portfolio
SERVICING, inc.

1,000 JOBS

In The News

- [Fidelity adds 300 tech-focused jobs in Salt Lake City](#)
- [Texas Instruments to invest \\$11B, bringing 800 new jobs to Utah](#)
- [Medline to relocate to Salt Lake City](#)



SALT LAKE CITY, UT

DELIVERIES & ABSORPTION

2023 Units*

DELIVERIES

9,608

ABSORPTION

7,641

2024 Units*

DELIVERIES

12,017

ABSORPTION

12,169

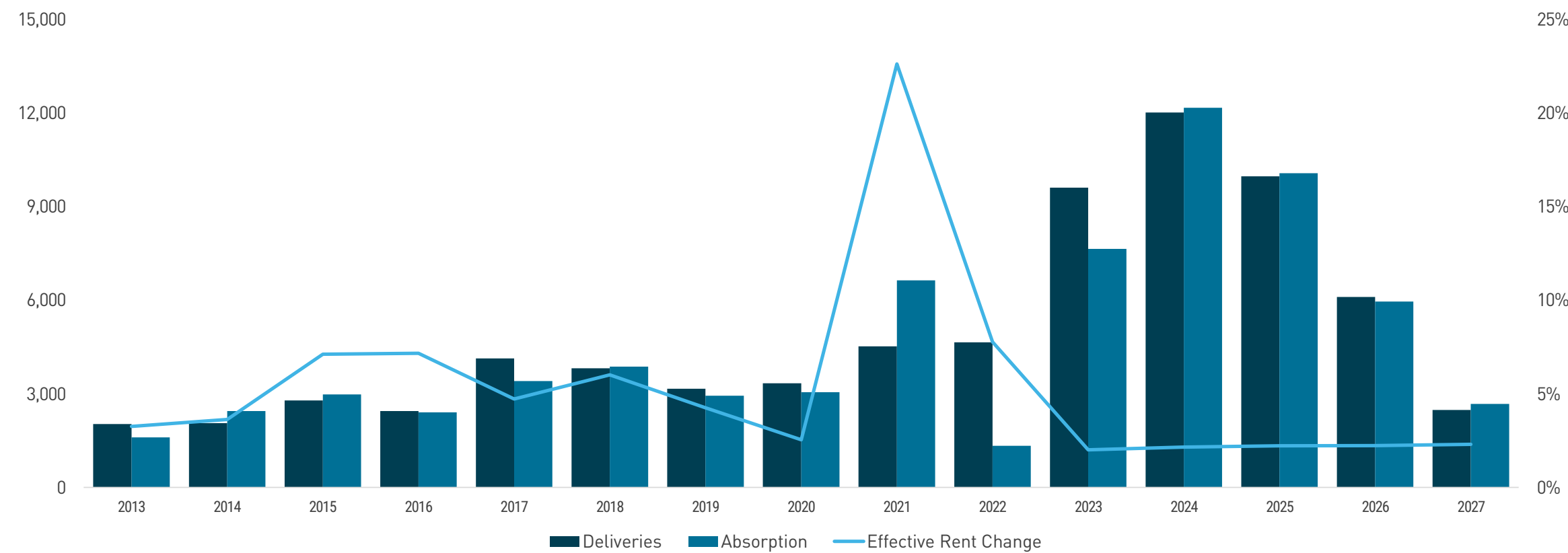
*Projected

Salt Lake City is on pace to have a record-breaking year in multifamily housing. By the end of 2023, the metro is expected to have over 7,600 net move-ins, eclipsing the previous record from 2021 by roughly 1,000 move-ins. Demand is forecast to pick up in the last two quarters of 2023 and continue into 2024 and 2025. Downtown Salt Lake City/University and Layton/Davis County submarkets drive the lion share of renter activity due to their proximity to major employment and entertainment hubs.

Growing apartment activity is underpinned by the strong, expanding economy in Salt Lake City causing more positive net-in migration from nearby western states such as California, Arizona, Washington, and Idaho. Multifamily

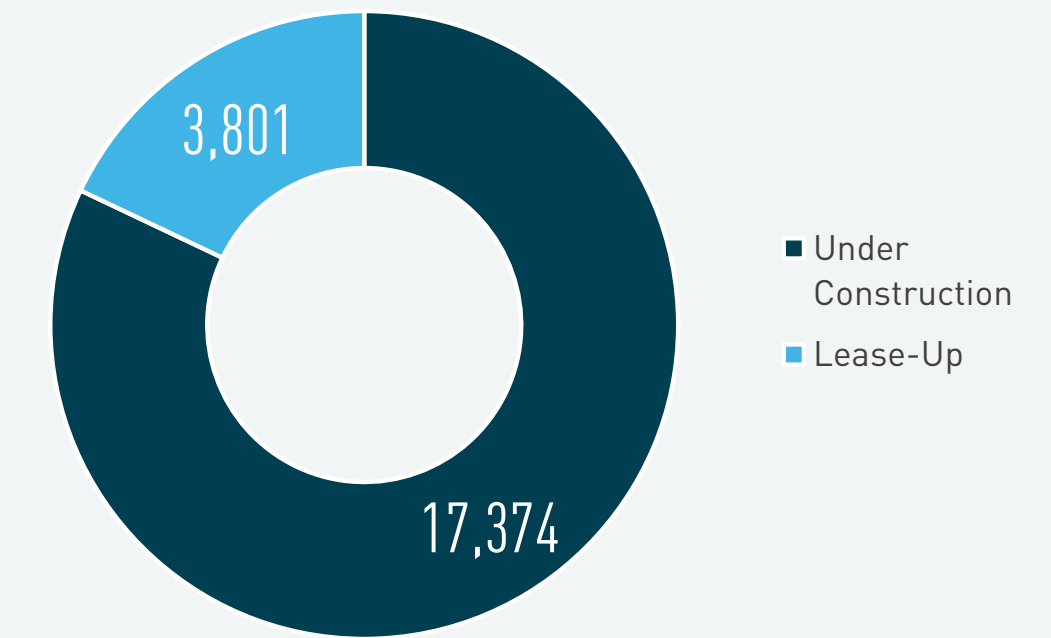
developers responded to the metro's popularity with a wave of construction. By the end of 2023, approximately 9,600 new units are scheduled to come online, the highest the metro has seen in the past decade. The pipeline will remain stacked over the next two years, with each submarket claiming 1,000 or more units in the under construction or lease-up phase. Currently, over 4,200 units are under construction in Downtown Salt Lake City. New apartment complexes forming in the submarket are revitalizing older neighborhoods within the downtown area creating a new balanced community with business and residential space.

Deliveries, Absorption, & Effective Rent Change

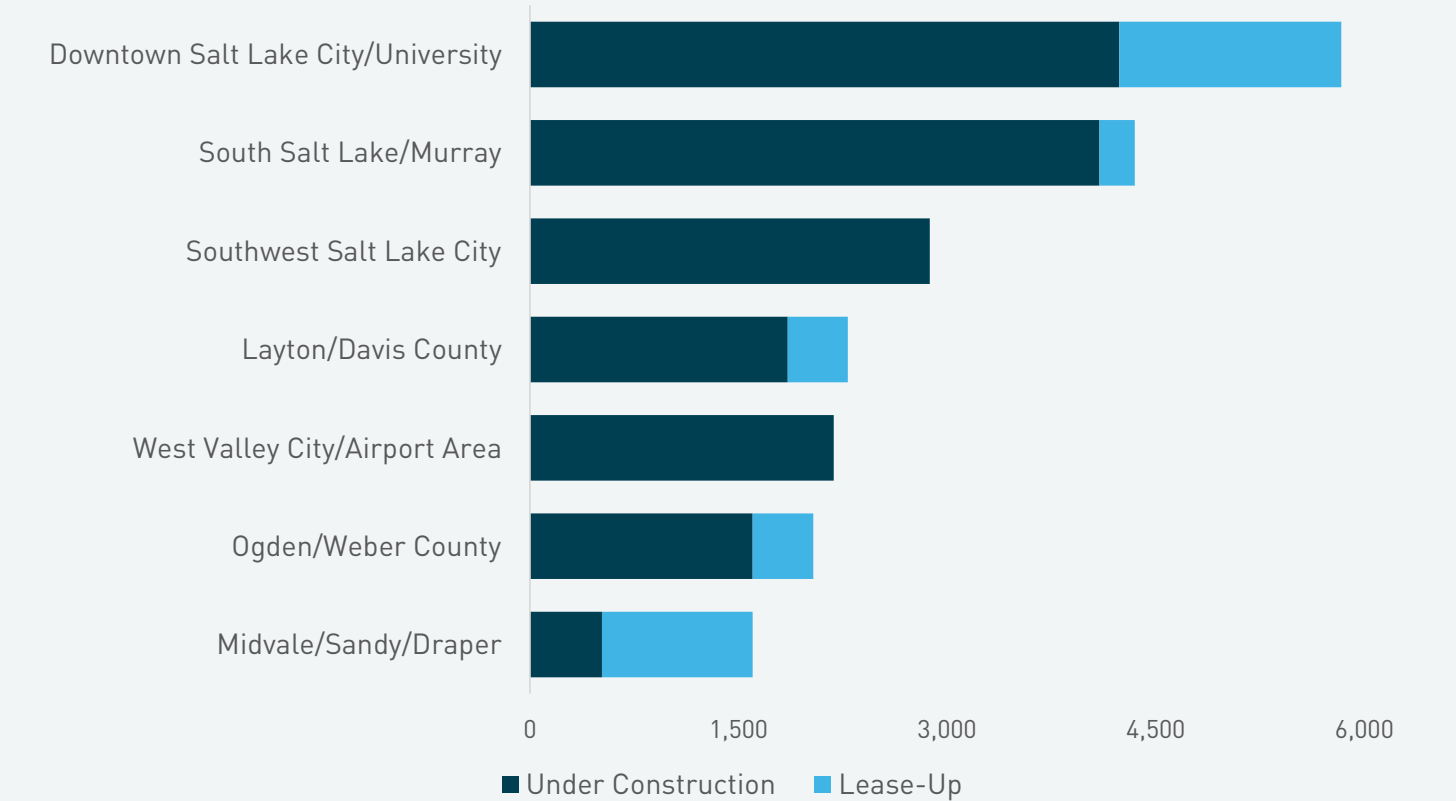


Source: RealPage

Market Pipeline



Top 10 Submarket Pipelines

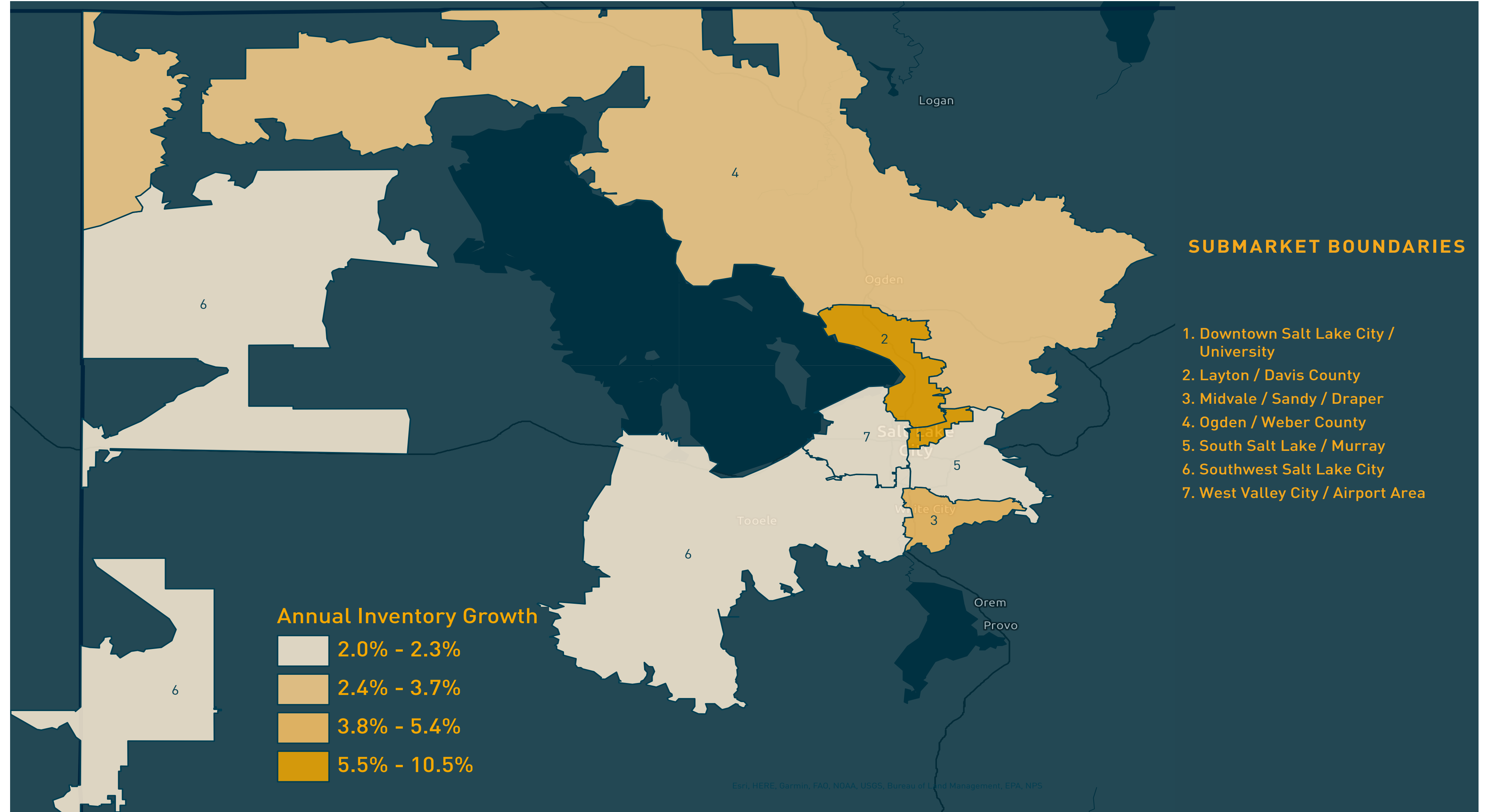




SALT LAKE CITY, UT

SUBMARKET ANNUAL INVENTORY CHANGE

Over the past year, the Layton/Davis County submarket had the highest inventory growth in the metro area at 10.5%. In the past 12 months, 1,297 new units have come online to the submarket Home to the Hill Air Force Base, largest single employer in the state of Utah, multifamily developers targeted Layton for its strong employment sector. The base has an annual economic impact of \$7.1 billion and supports \$3.8 billion in indirect jobs. Meanwhile, Layton/Davis County also neighbors the Downtown Salt Lake City/University submarket, offering residents proximity to entertainment and major employers located downtown. Looking ahead, builders are still focusing on the Layton/Davis County submarket for their next projects. With 1,855 units under construction in the metro, a consistent amount of new inventory will be coming online over the next few years.





SALT LAKE CITY, UT

RENT & OCCUPANCY

Effective Rent

Q2 2023
\$1,592
 ⬆️ 0.7% YOY

Occupancy

Q2 2023
94.3%
 ⬇️ 270 BPS YOY

An upswing in renter interest during the second quarter of 2023 coincided with the return of rent growth. This followed two consecutive quarters of decline in rent following record gains post-pandemic. A 0.7% increase over the past year brought Metro Salt Lake City's average effective rent to \$1,592 per month in the second quarter of 2023.

Large volumes of new units hitting the market will continue to abate large rent increases over the next few years, particularly in 2024, but rates are still projected to show annual gains. Due to the more subtle rate of rent growth, concessions were low in the second quarter, with only 16.0% of landlords offering them, compared to 33.3%

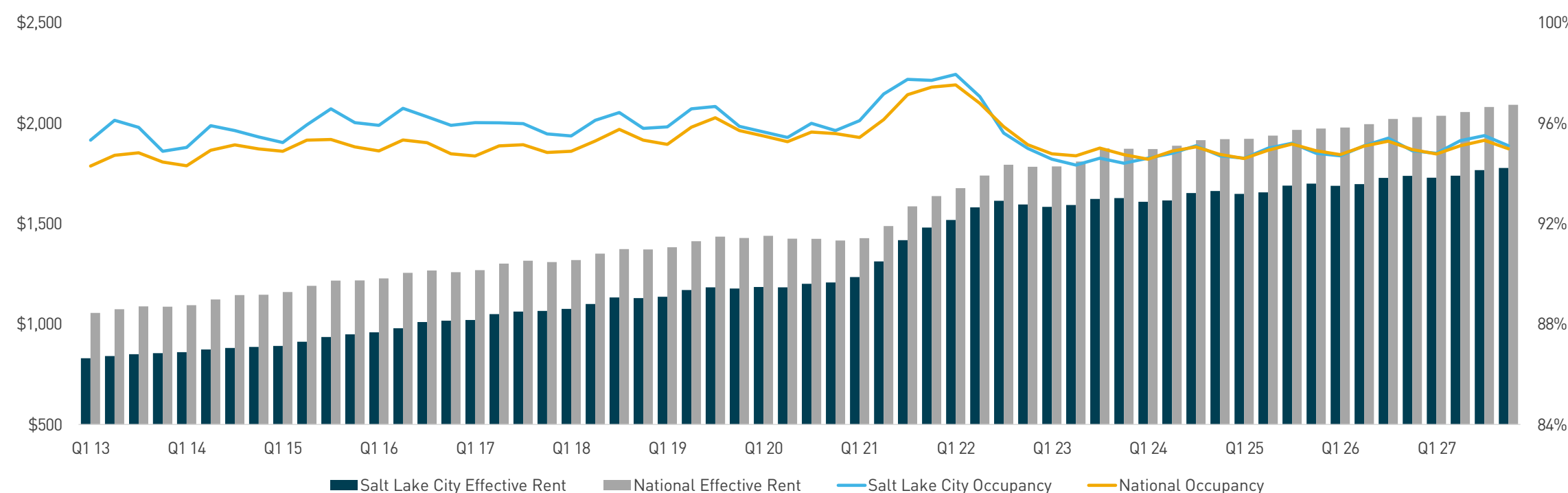
offered in the fourth quarter of 2020.

Without further dramatic spikes in rent, Metro Salt Lake maintains desirability amongst student renters and young professionals who will be essential in keeping occupancy healthy in the midst of new apartments pouring into the urban core. Though occupancy rested at 94.3% in the second quarter of 2023, the influx of new inventory pressures it to bobble between increasing and decreasing over the next few years.

Submarket Performance

SUBMARKET NAME	Q2 2023 OCCUPANCY	YOY (BPS)	Q2 2023 EFFECTIVE RENT	YOY
Downtown Salt Lake City/University	93.3%	-300	\$1,856	1.4%
Layton/Davis County	94.6%	-230	\$1,484	0.3%
Midvale/Sandy/Draper	94.7%	-230	\$1,616	0.7%
Ogden/Weber County	94.4%	-260	\$1,472	2.2%
South Salt Lake/Murray	94.5%	-290	\$1,601	1.1%
Southwest Salt Lake City	94.7%	-270	\$1,619	-0.5%
West Valley City/Airport Area	93.6%	-350	\$1,472	1.3%

Salt Lake City vs. National Effective Rent & Occupancy



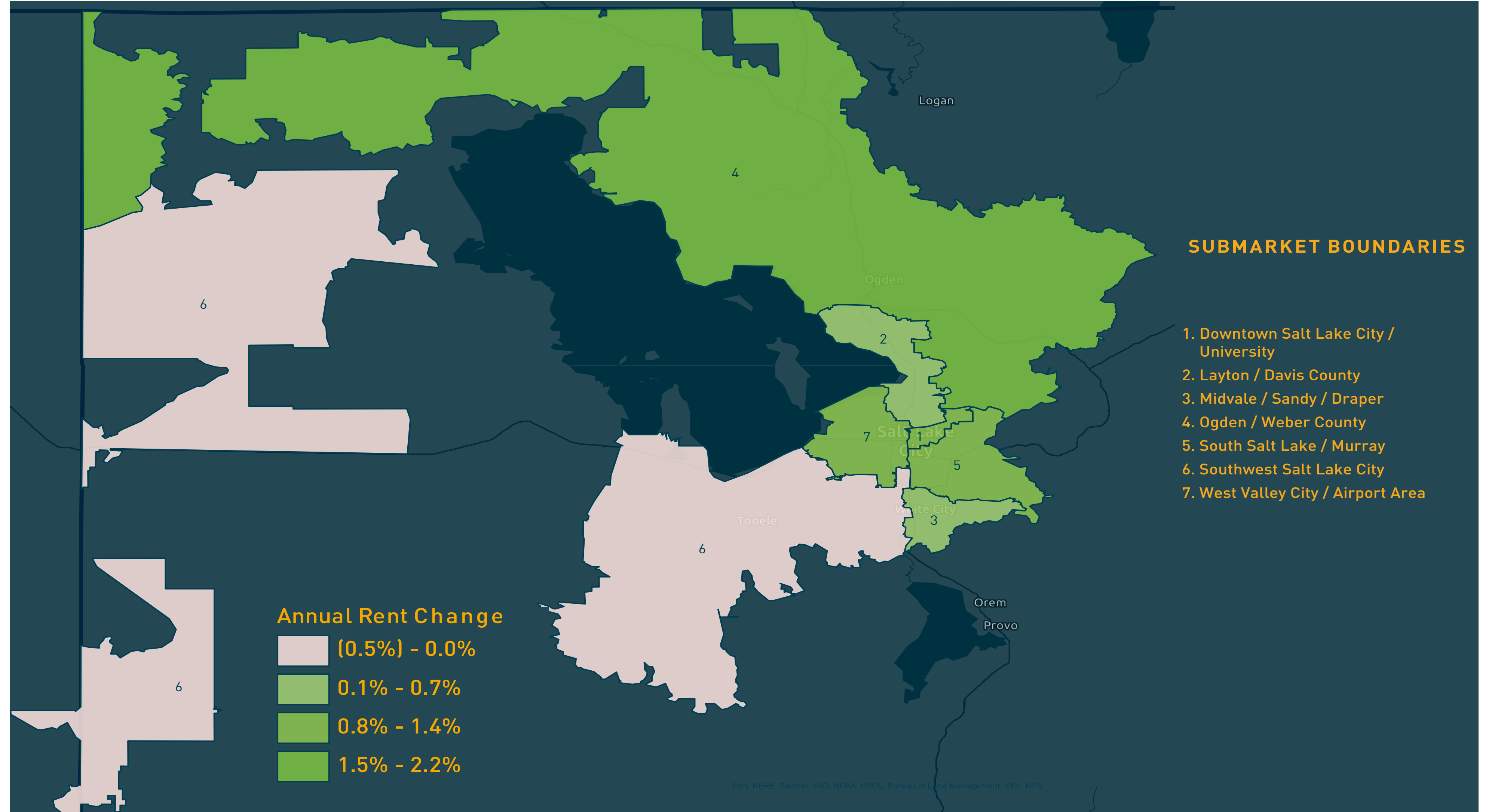
Source: RealPage



SALT LAKE CITY, UT

SUBMARKET ANNUAL RENT CHANGE

All but one of the submarkets experienced positive effective rent changes in the last year. The Ogden/Weber County submarket experienced the highest growth, increasing 2.2% year-over-year to \$1,472 per month in the second quarter of 2023. Meanwhile the Downtown Salt Lake City/University submarket saw the second-highest increase, rising 1.4% annually to \$1,856 per month. Downtown Salt Lake City/University is one of the more desirable submarkets for renters. Despite dropping occupancy rates in the submarkets, it boasts high demand and is being targeted from an array of developers. With a growing population and tourism on the rise, Salt Lake City has entertained adding an MLB team to the city. The proposed \$4 billion stadium would be built in the Downtown Salt Lake City/University submarket. Other development projects in the submarket include the Rocky Mountain Power mixed-use neighborhood.





SALT LAKE CITY, UT SALES

2023 Year to Date*



What's Trading?*



Source: Real Capital Analytics
*\$10m+

Top Buyers**

BUYER	LOCATION
Starwood Capital	Miami Beach, FL
State of Utah	Salt Lake City
MetLife	New York
Cadre	New York
Maxx Properties	Harrison, NY

Top Sellers**

SELLER	LOCATION
Rockworth Companies	Sandy, UT
Green Leaf Partners	Danville, CA
Watt Companies	Santa Monica, CA
Walton Street Capital	Chicago
Graycliff Capital	Greenville, SC

**Past 24 Months



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

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