

# Salt Lake City

Investment Year-End 2023



	YoY Chg	12-Mo. Forecast
<b>7.00%</b> Blended Cap Rate	▲	▬
<b>5.75%</b> Multifamily Cap Rate	▲	▬
<b>9.75%</b> Office Cap Rate	▲	▬
<b>5.75%</b> Industrial Cap Rate	▲	▬
<b>6.75%</b> Retail Cap Rate	▲	▬

## ECONOMIC OVERVIEW

In Q4 2023, the Salt Lake City market recorded an employment level of 828,600 jobs and the unemployment rate increased from 2.4% in Q4 2022 to 2.7% in Q4 2023.<sup>1</sup> The metro area continues to record strong growth, as the number of households increased since 2020 by 5.0% to 448,536 in 2023. Wage growth continues to bring job seekers back into the labor market, as the median household income reached \$99,900 in Q4 2023, an increase of 4.9% year-over-year (YOY). The Salt Lake City economy of \$98.3 billion (B) as measured by 2023 gross metro product is forecasted to climb to \$100.7B in 2024 and \$104.4B in 2025.<sup>2</sup>

## INVESTMENT OVERVIEW

The Salt Lake City Investment market continued to soften in 2023, totaling \$1.3B traded across the four major asset classes, down 70% from 2022 at \$4.4B, in terms of total dollar volume. Contrary to 2022 where the highest activity was in the multi-family asset class at \$2.3B, the bulk of the volume in 2023 was seen in the industrial sector, with \$588 million (M), reflecting a continual demand for warehouse/distribution centers primarily due to e-commerce users, making it a desirable asset type to place capital for investors. Office assets have seen a decrease in total volume, with \$235M in 2023 compared to \$544M in 2022. Multi-family properties also experienced a 74% decline from \$1.1B in 2022 to \$285M in 2023. Retail, on the other hand, had the lowest activity, with only \$156M in total volume during 2023 compared to \$480M in 2022.

## CAP RATES

The overall weighted average cap rate rose YOY, ticking up 160 basis points to 7.0% from 5.4%. All four asset classes experienced cap rate expansion throughout 2023. Salt Lake City will remain an attractive haven for private and institutional investors in search of core real estate quality and economic fundamentals without the core market premium.

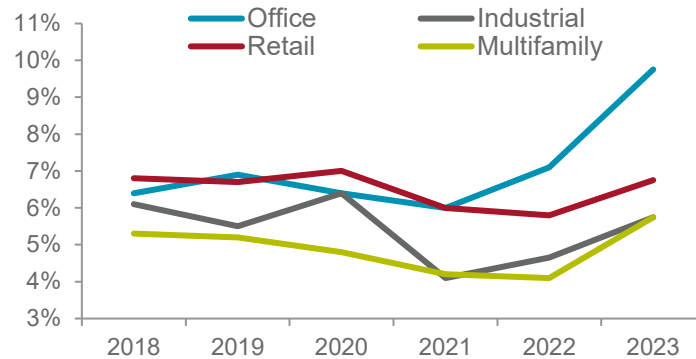
The real estate market fluctuates for different property types due to many changing variables, such as tenant behavior, economic uncertainty, interest rates, and hybrid work schedules. With low sales volume and market fluidity in 2023, determining precise cap rates remains challenging.

## ECONOMIC INDICATORS Q4 2023

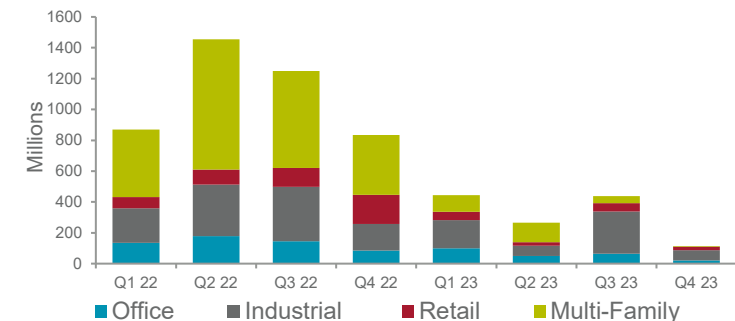
	YoY Chg	12-Mo. Forecast
<b>828.6K</b> Salt Lake City Employment	▲	▲
<b>2.7%</b> Salt Lake City Unemployment Rate	▲	▬
<b>3.7%</b> U.S. Unemployment Rate	▲	▲
<b>4.44%</b> U.S. 10-Yr Treasury Yield	▲	▬

Source: BLS, BEA, Federal Reserve, Moody's Analytics, Real Capital Analytics, Cushman & Wakefield Research

## CAP RATE TREND



## INVESTMENT SALES VOLUME BY PROPERTY TYPE



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## DEBT / CAPITAL MARKETS

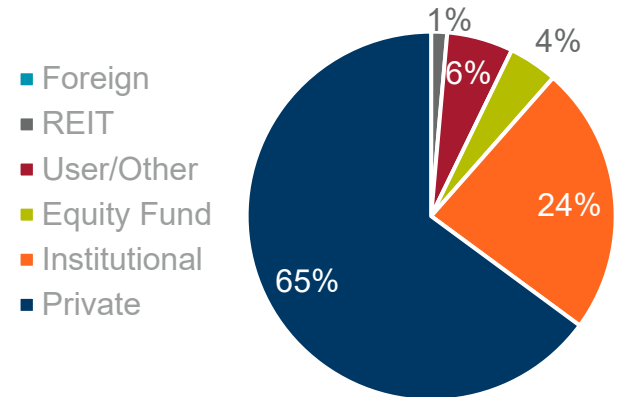
Commercial lending is expected to remain unstable due to slower growth, hybrid/remote work and e-commerce. The Private Capital Sector is dominating investment sales, accounting for \$597M, or 65%, across all asset purchases in 2023.

## DEVELOPMENT PIPELINE

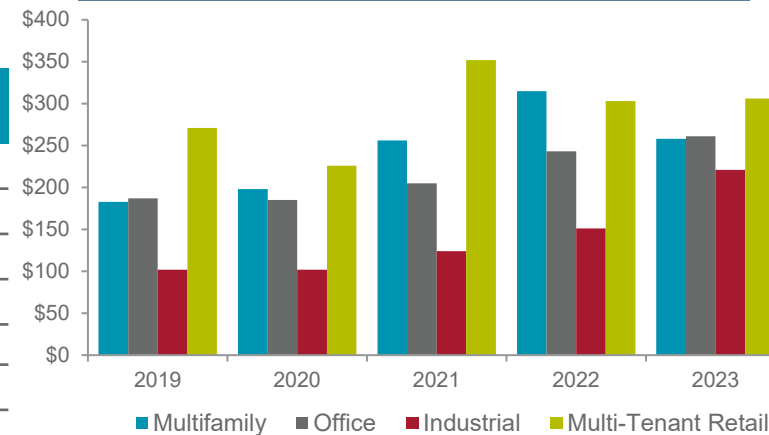
New construction starts are expected to be delayed until capital markets, inflation, and lending conditions begin to improve. Due to current economic conditions, especially in the multifamily and office sectors, new construction has been delayed. Heavy multifamily deliveries over the next 24 months will temporarily increase vacancy levels. However, with few new construction starts in the past 12 months, vacancy levels are positioned to decrease again in the coming years. The office sector is seeing a notable trend with buildings being repositioned as multi-family product. These include: American Plaza I, South Temple Tower, HK Tower, 675 E. 500 S. (formerly Xerox), and 200 E. 300 S. (formerly Brain Trace). Salt Lake County currently has 44 apartment projects with a total of 9,683 units under construction. Sixty-two percent of these units (5,995 units) are located in Salt Lake City. Additionally, there are 30 proposed apartment developments (6,850 units) in the county, with 56 percent of those units (3,838 units) located in Salt Lake City.

*\*SF includes office, industrial and retail. Unit calculation for apartment only*

## TOTAL 2023 ACQUISITIONS BY CAPITAL SECTOR



## AVERAGE SALE PRICE PSF BY ASSET TYPE



## TOP ACTIVE LISTINGS

PROPERTY NAME	TYPE	SELLER	TOTAL SF / UNITS	PURCHASE PRICE / PSF	CAP RATE	MARKET
Peace Coliseum Campus	Office	Overstock	249,506	Undisclosed	Confidential	Central East
City Centre	Office	Unico Properties	238,805	Undisclosed	Confidential	CBD
Rockwell Ridge Business Park	Industrial	Simple Products Corp.	78,291	\$22,060,000 / \$282	5.25%	South West
Jordan Landing Shopping Ctr.	Retail	CTO Relalty Growth	203,278	\$21,222,000 / \$104	8%	Central West
2525 Lake Park Blvd.	Office	Colleen Cortese	125,130	\$20,000,000 / \$160	Vacant	North West
XPEDX Building	Industrial	Melcon Investments	177,258	\$19,900,000 / \$112	Confidential	North West

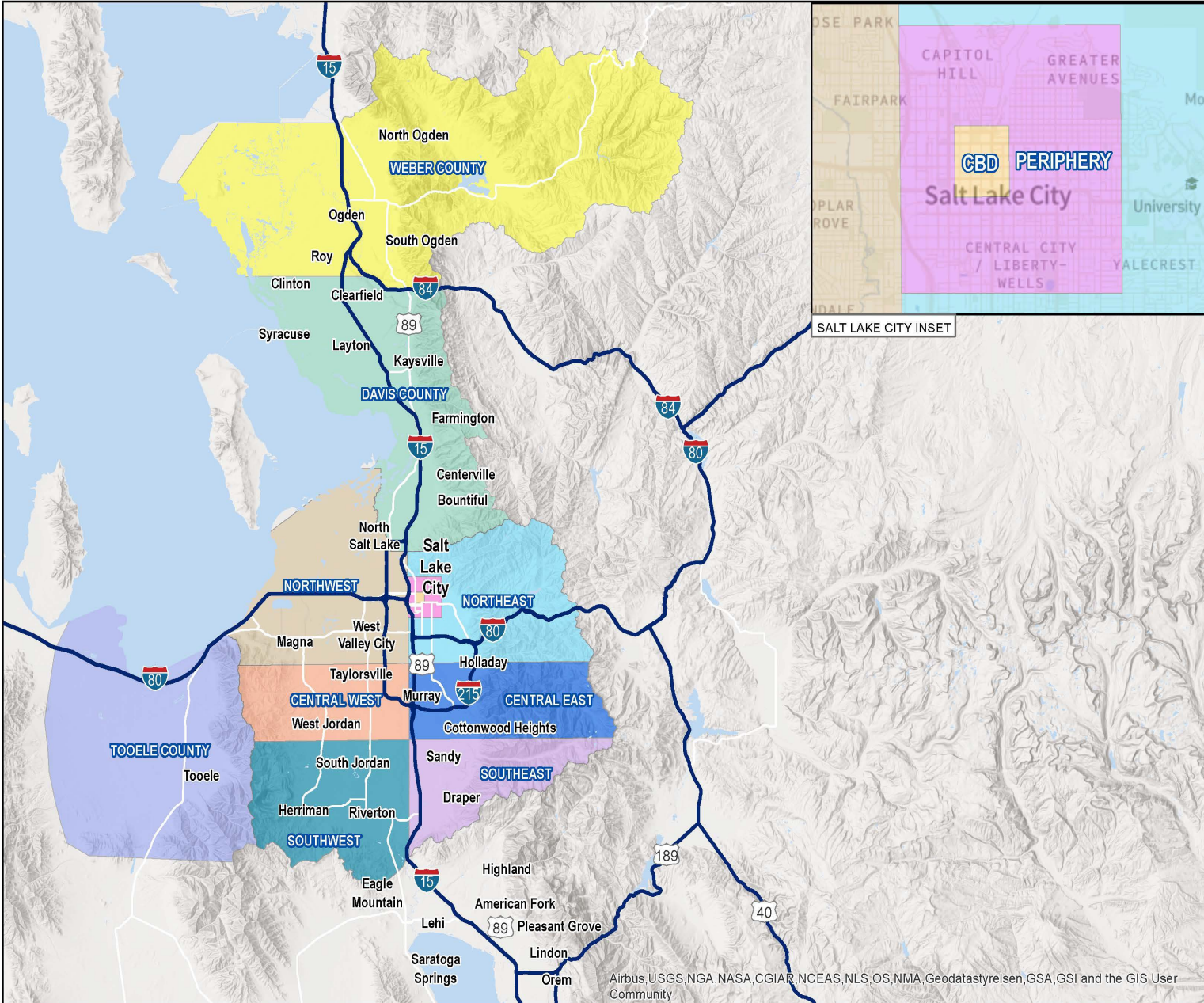
## SIGNIFICANT 2023 SALES

PROPERTY NAME / ADDRESS	TYPE	BUYER	SELLER	TOTAL SF / UNITS	PURCHASE PRICE	PRICE / UNIT (\$ PSF)	CAP RATE	MARKET
Ascend Apartments	Multi-family	Milburn & Company	DHI Communities	230 Units	\$77,500,000	\$336,957 - Unit	5.0%	Utah County North
I-215 Commerce Center	Industrial	Ares Management	Hamilton Partners	477,000	\$77,000,000	\$161	5.4%	North West
2215 S. 7200 W.	Industrial	Fortstreet Partners	UBS Asset Management	328,000	\$56,650,000	\$173	Confidential	Central West
Raceway Commerce Center	Industrial	Westcore Properties	Brennan Investment Group	397,894	\$52,220,000	\$131	Confidential	North West
2179 S. Commerce Center Dr.	Industrial	Lincoln Property Company	Layton Construction	307,935	\$51,500,000	\$167	3.8%	North West
Mountain View Industrial Park - Bldg. C	Industrial	Nuveen	Crow Holdings	243,232	\$49,000,000	\$201	Confidential	North West

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## INVESTMENT SUBMARKETS



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