

Salt Lake City

Investment Mid-Year 2024



YoY Chg 12-Mo. Forecast

5.25%
Multifamily Cap Rate



9.75%
Office Cap Rate



5.50%
Industrial Cap Rate

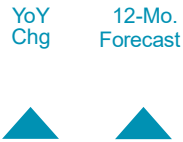


6.75%
Retail Cap Rate



ECONOMIC INDICATORS Q2 2024

831.9K
Salt Lake City Employment



2.9%
Salt Lake City Unemployment Rate



4.1%
U.S. Unemployment Rate



4.44%
U.S. 10-Yr Treasury Yield



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

ECONOMIC OVERVIEW

In Q2 2024, the Salt Lake City market recorded an employment level of 834,300 jobs and the unemployment rate increased year-over-year (YOY) from 2.6% to 2.9%.¹ Wage growth continues to bring job seekers back into the labor market, as the median household income reached \$102,400 in Q2 2024, an increase of 3.8% YOY. The Salt Lake City economy of \$112.8 billion (B), as measured by 2024 gross metro product, is forecasted to climb to \$115.5B in 2025 and \$118.7B in 2026.²

INVESTMENT OVERVIEW

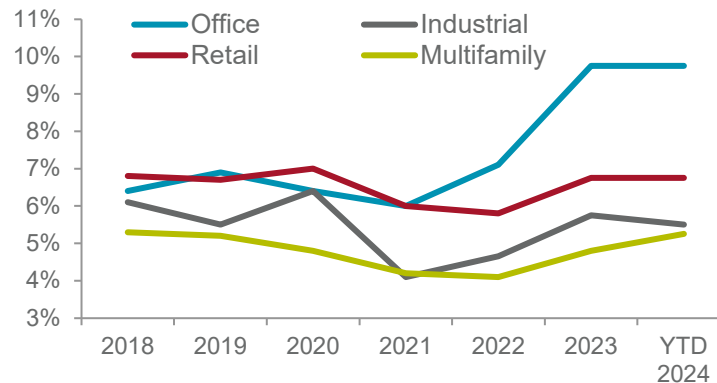
In the first half of 2024, the Salt Lake City investment market experienced a notable increase in sales, with total trading volume reaching \$1.2B across the four major asset classes. This represents a robust 46% rise compared to the same period last year. However, despite this growth, the market remains 55% below the peak seen in mid-year 2022, when trading volume was \$2.5B. During Q2 2024, the multifamily sector emerged as the leading driver of market demand, with \$557 million (M) in transactions. The industrial sector, which dominated the market by mid-year 2023 with a total volume of \$314M, has demonstrated remarkable stability, with YOY figures holding steady at \$315M. Office assets experienced the lowest volume, at \$130M, in Q2 2024, down from \$199M in mid-year 2023. This decrease reflects ongoing adjustments within the office space market, influenced by shifts in remote work and office utilization trends. Retail assets experienced a substantial rebound in Q2 2024, reaching \$145M. This represents a 132% increase from mid-year 2023, when the volume was just \$63M. This surge highlights a renewed interest in retail properties, especially for big-box centers.

CAP RATES

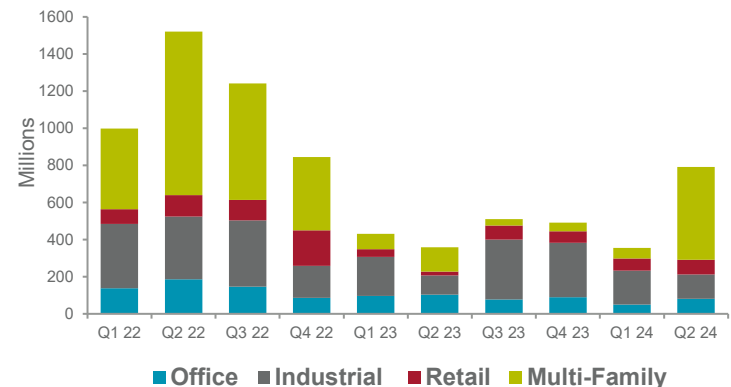
In 2024, cap rates fluctuated across the four major asset classes, reflecting shifting market dynamics. The multifamily sector held steady with a cap rate of 5.25%, unchanged from mid-2023. Similarly, the retail sector's cap rate also remained stable at 6.75% YOY. The office sector experienced the most significant increase, with its cap rate climbing from 8.0% in mid-2023 to 9.75%. The industrial sector also saw a slight uptick, with cap rates rising from 5.25% to 5.5% YOY.

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 2024, determining precise cap rates remains challenging.

CAP RATE TREND



INVESTMENT SALES VOLUME BY PROPERTY TYPE



■ Office ■ Industrial ■ Retail ■ Multi-Family

DEBT / CAPITAL MARKETS

Commercial lending is approaching a period of stabilization. Inflation has eased to its lowest level since 2021, the debt market is experiencing a rally, and the Fed/treasury yields have dipped below 4.2%, slightly under their long-term average of 4.25%. The Private Capital Sector is leading in investment sales, making up \$721M, or 66%, of all asset purchases in 2024 to date. Additionally, public institutions in the Salt Lake City market are capitalizing on attractive acquisition opportunities and expanding their presence in the region. Salt Lake City will continue to be a desirable destination for both private and institutional investors seeking high-quality real estate and strong economic fundamentals without the premium associated with core markets.

DEVELOPMENT PIPELINE

New construction starts are expected to be delayed for all sectors until capital markets, inflation, rising construction costs, and lending conditions begin to improve. The office sector has virtually ground to a halt, with only one building under construction and limited new projects in the pipeline. The office sector is seeing a notable trend with buildings being repositioned as multi-family product. These include: American Plaza 1, 220 S. 200 E., 675 E. 500 S., 1095 E. 2100 S., 205 E. 200 S., and South Temple Tower. 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 in the coming years, with nothing in the pipeline after 2027. Salt Lake City currently has 33,450 units in the pipeline. However, it's important to note that approximately 95% of these projects are on hold due to market challenges. The industrial sector has 3.4 msf under construction, while the retail sector currently has 258,000 sf in development.

TOP ACTIVE LISTINGS

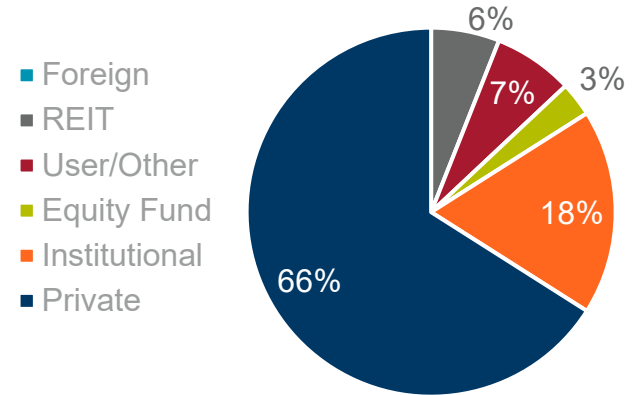
PROPERTY NAME	TYPE	SELLER	TOTAL SF / UNITS	PURCHASE PRICE / PSF	CAP RATE	MARKET
257 Tower	Office	Nearon	258,823	Undisclosed	Confidential	CBD
Peace Coliseum Campus	Office	Overstock	249,506	Undisclosed	Confidential	Central East
City Centre	Office	Unico Properties	238,805	Undisclosed	Confidential	CBD
Jordan Landing Shopping Ctr.	Retail	CTO Relalty Growth	203,278	\$21,222,000 / \$104	8.0%	Central West
East Bay Shopping Center	Retail	Chapman Ducote	171,042	\$27,500,000 / \$161	7.04%	Provo
The Shops at Fort Union	Retail	Liberty Santa Monica / Stanton Road Capital	89,051	\$18,200,000 / \$204	6.8%	Central East

SIGNIFICANT 2024 SALES

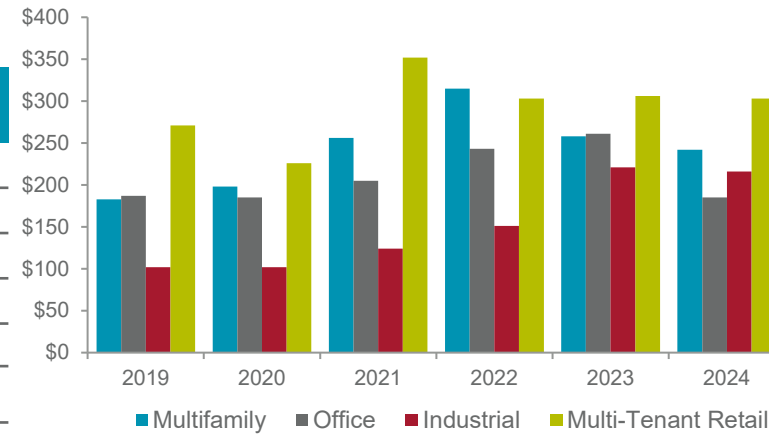
**SF includes office, industrial and retail. Unit calculation for apartment only*

PROPERTY NAME / ADDRESS	TYPE	BUYER	SELLER	TOTAL SF / UNITS	PURCHASE PRICE	PRICE / UNIT (\$ PSF)	CAP RATE	MARKET
Stillwater / 5560 S. Vine St.	Multifamily	Brookfield Properties	Starwood Capital Group	456 Units	\$96,795,576	\$212,271 / Unit	4.5%	Central East
The Falls at Canyon Rim / 6045 S. Ridgeline Dr.	Multifamily	TruAmerica Multifamily, Inc.	Investors Capital Group	340,964	\$65,500,000	\$192	5.45%	Weber County
Ascend at Little Valley / 8548 W. Henderson	Multifamily	Milburn Company	D.R. Horton	260,000	Confidential	Confidential	Confidential	North West
Desert Village / 2540 Lava Cove Dr.	Multifamily	ICG LLC	CW Desert Village Partnership	185 Units	\$58,250,000	\$314,864 / Unit	4.6%	Utah County
1378 S. 1600 W.	Industrial	Fortress Investment Group	US Synthetic Corp.	253,802	\$45,500,000	\$179	7.3%	Utah County

YTD 2024 ACQUISITIONS BY CAPITAL SECTOR



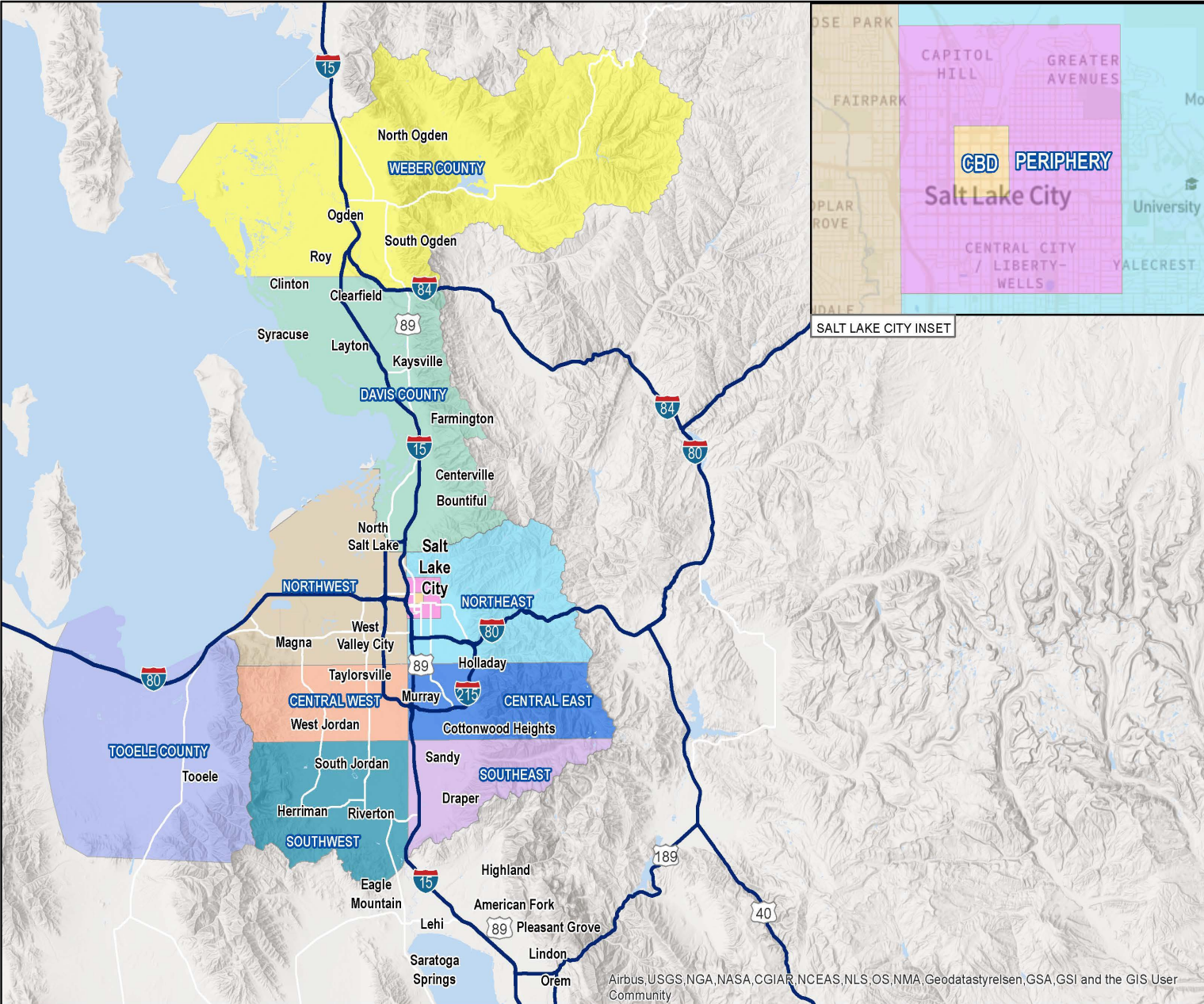
AVERAGE SALE PRICE PSF BY ASSET TYPE



Salt Lake City

Investment Mid-Year 2024

INVESTMENT SUBMARKETS



Rebecca Lloyd
 Research Manager
 Tel: +1 801 303 5444
Rebecca.Lloyd@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in approximately 400 offices and 60 countries. In 2023, the firm reported revenue of \$9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), Environmental, Social and Governance (ESG) and more. For additional information, visit www.cushmanwakefield.com.

©2024 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy

cushmanwakefield.com

Airbus, USGS, NGA, NASA, CGIAR, NCEAS, NLS, OS, NMA, Geodatastyrelsen, GSA, GSI and the GIS User Community