

Q1 2024 SALT LAKE CITY MULTIFAMILY MARKET REPORT



MOUNTAIN WEST
COMMERCIAL REAL ESTATE

OVERVIEW

KEY TAKEAWAYS

- Vacancy is likely to remain high for the next year as construction deliveries will continue to outpace the six-year yearly average absorption of 1,631 units. Although, it would not be unexpected to see 2024 absorption outpace the six-year yearly average as housing affordability and high interest rates dampen home-buying activity and push would-be homebuyers to apartments.
- Much anticipated interest rate cuts in 2024 have the potential to draw out more home sellers and apply upward pressure to multifamily vacancy and downward pressure to absorption.
- Rents are down year over year overall (-1.5%) and across almost all building sizes. The Small Building segment (≤ 20 Units) did see rent growth of 1.9% as demand remains high in this more affordable segment.

Overall Market Key Performance Indicators

	Q4 2023	Q3 2023	Q4 2022
Vacancy	11.0%	11.6%	9.8%
Unit Absorption	394	618	246
Effective Rent per Unit	\$1,500	\$1,504	\$1,523
Effective Rent YOY Growth	-1.5%	-1.6%	3.9%
Under Construction Units	6,114	5,955	6,327
Construction Starts (Units)	348	0	500
Delivered Units	189	503	279



J.R. Howa

“Salt Lake City's economic and cultural vitality is a strong demand driver for multifamily housing as professionals flock to its diverse job market, vibrant cultural offerings and abundant outdoor recreation. Near-term supply issues aside, the market is poised for robust long-term growth.”

Salt Lake City Multifamily Market by the Numbers

Building Inventory

1,140

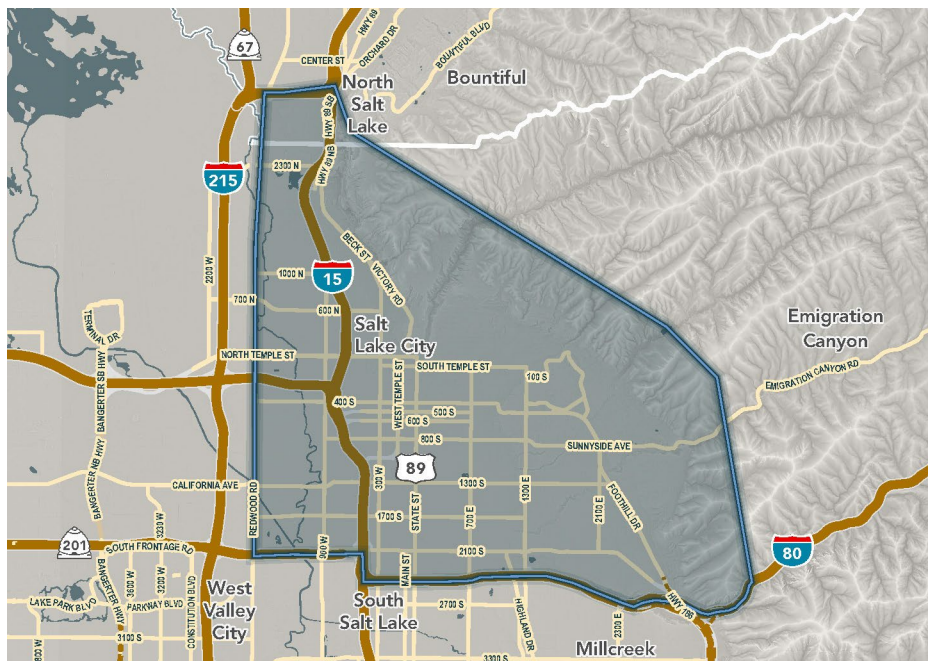
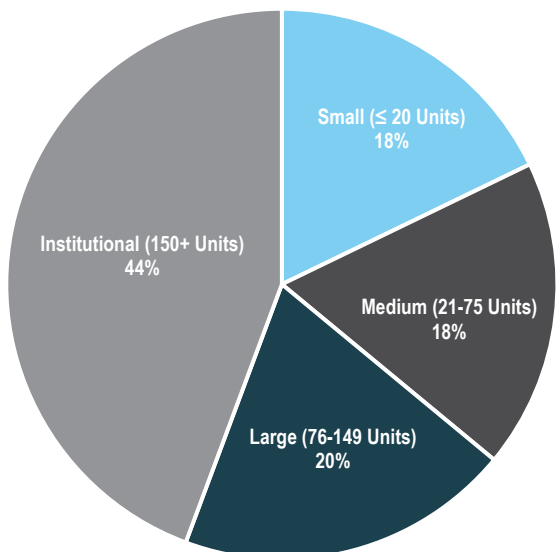
Unit Inventory

35,998

Inventory Average SF

758

PERCENT OF TOTAL UNIT INVENTORY BY BUILDING UNIT SIZE

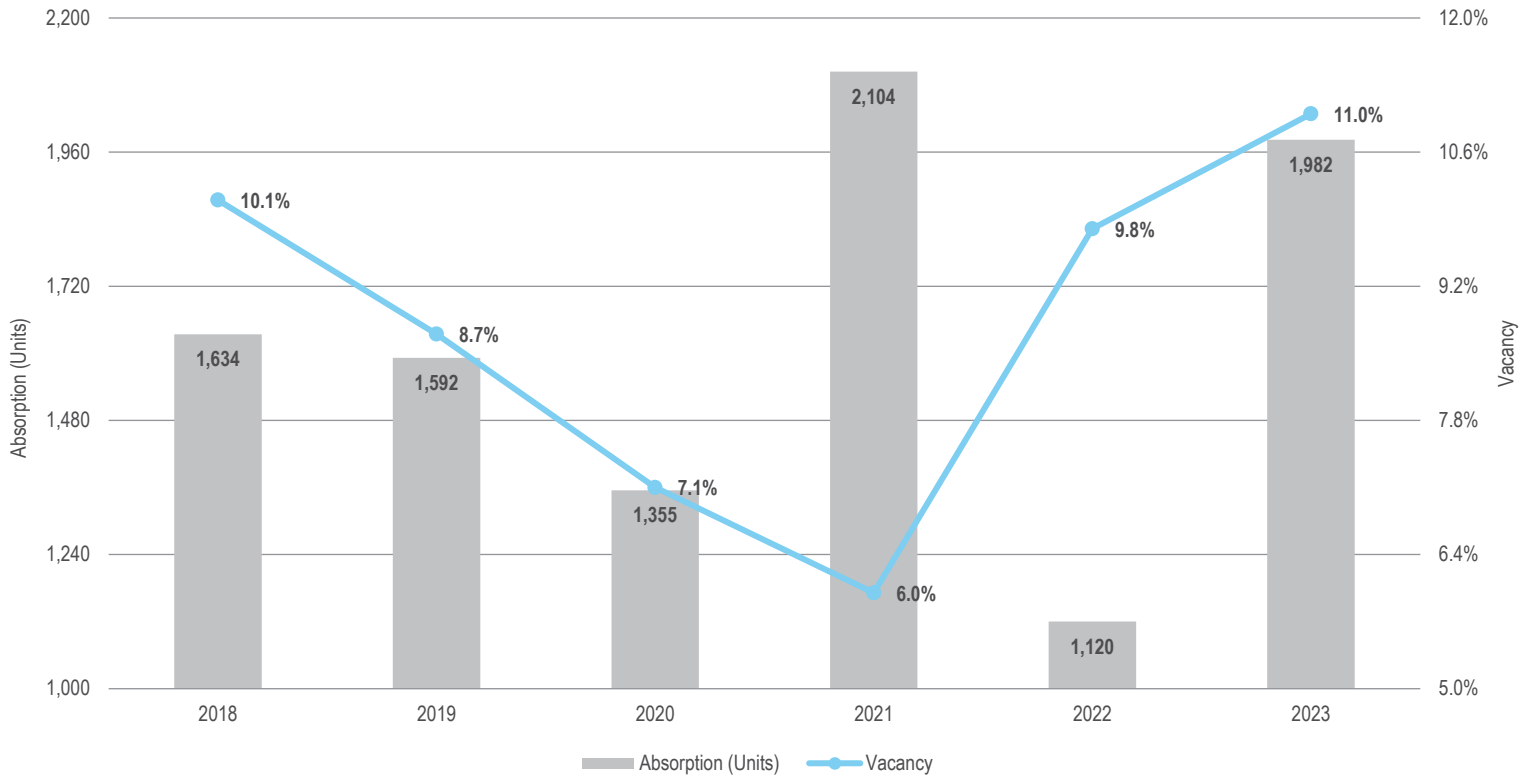


Sources: MWCRE Research, CoStar

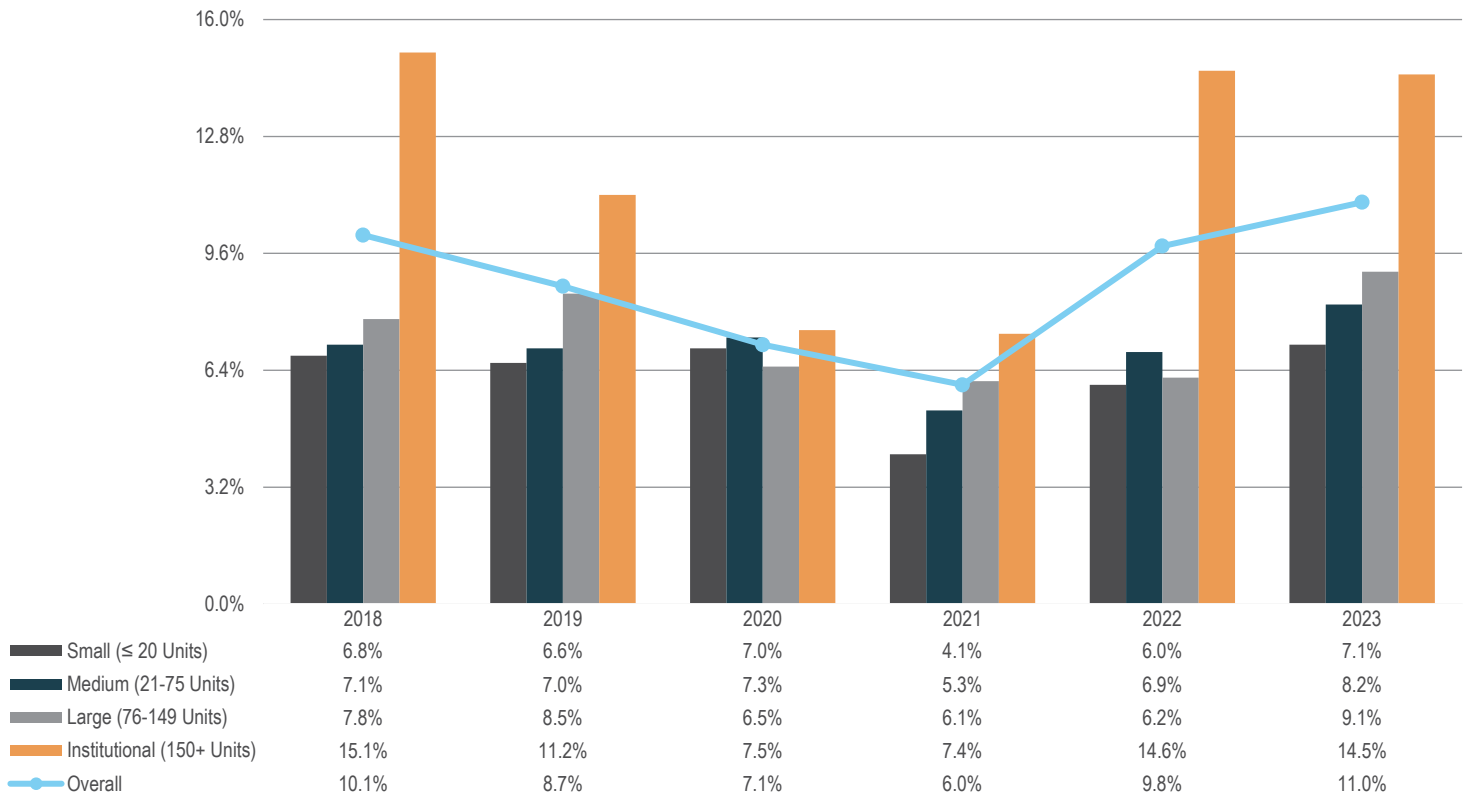


VACANCY AND ABSORPTION

OVERALL MARKET VACANCY AND ABSORPTION



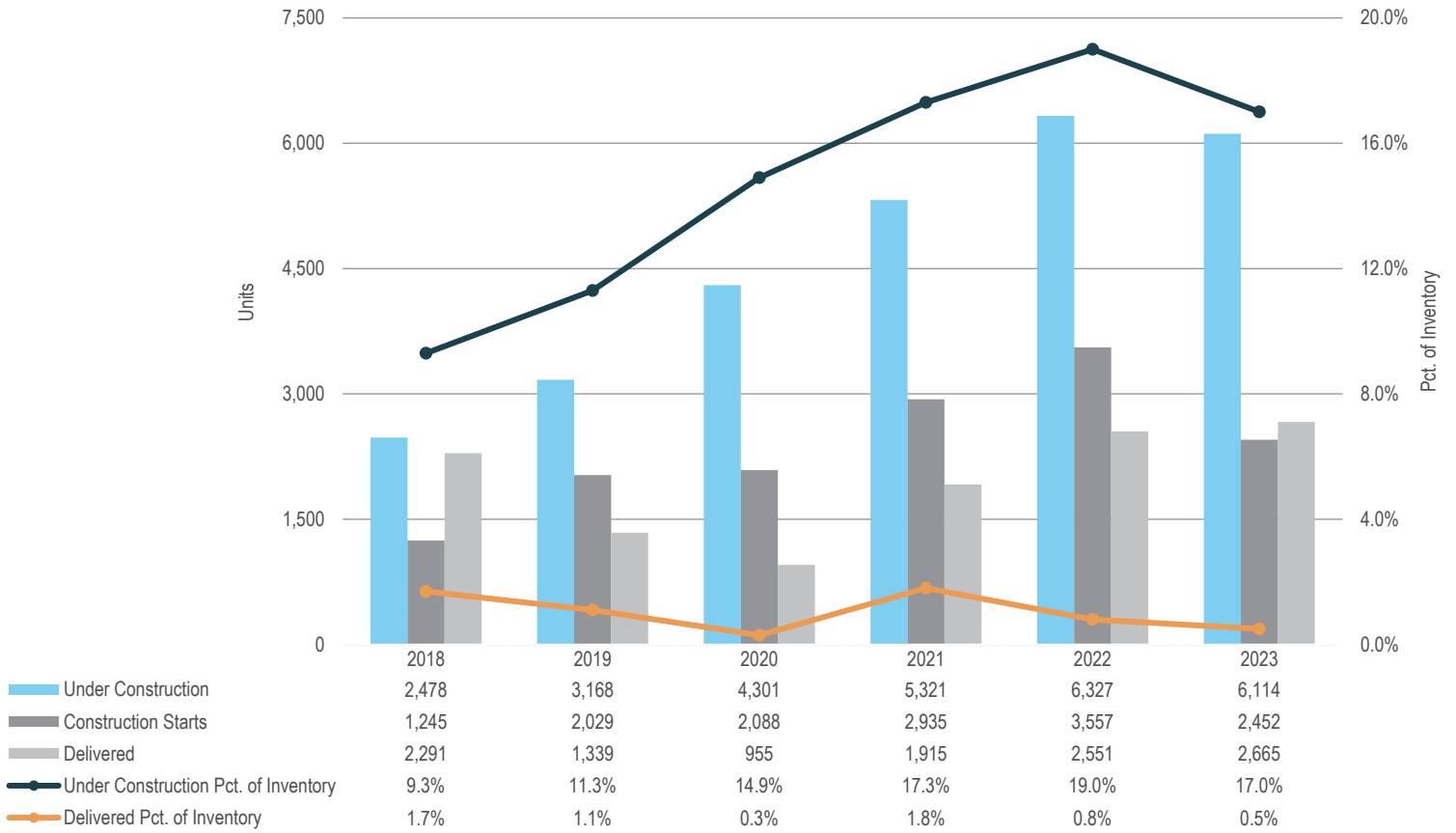
VACANCY BY BUILDING UNIT SIZE



Sources: MWCRE Research, CoStar

CONSTRUCTION

CONSTRUCTION UNITS AND CONSTRUCTION AS PCT. OF EXISTING INVENTORY

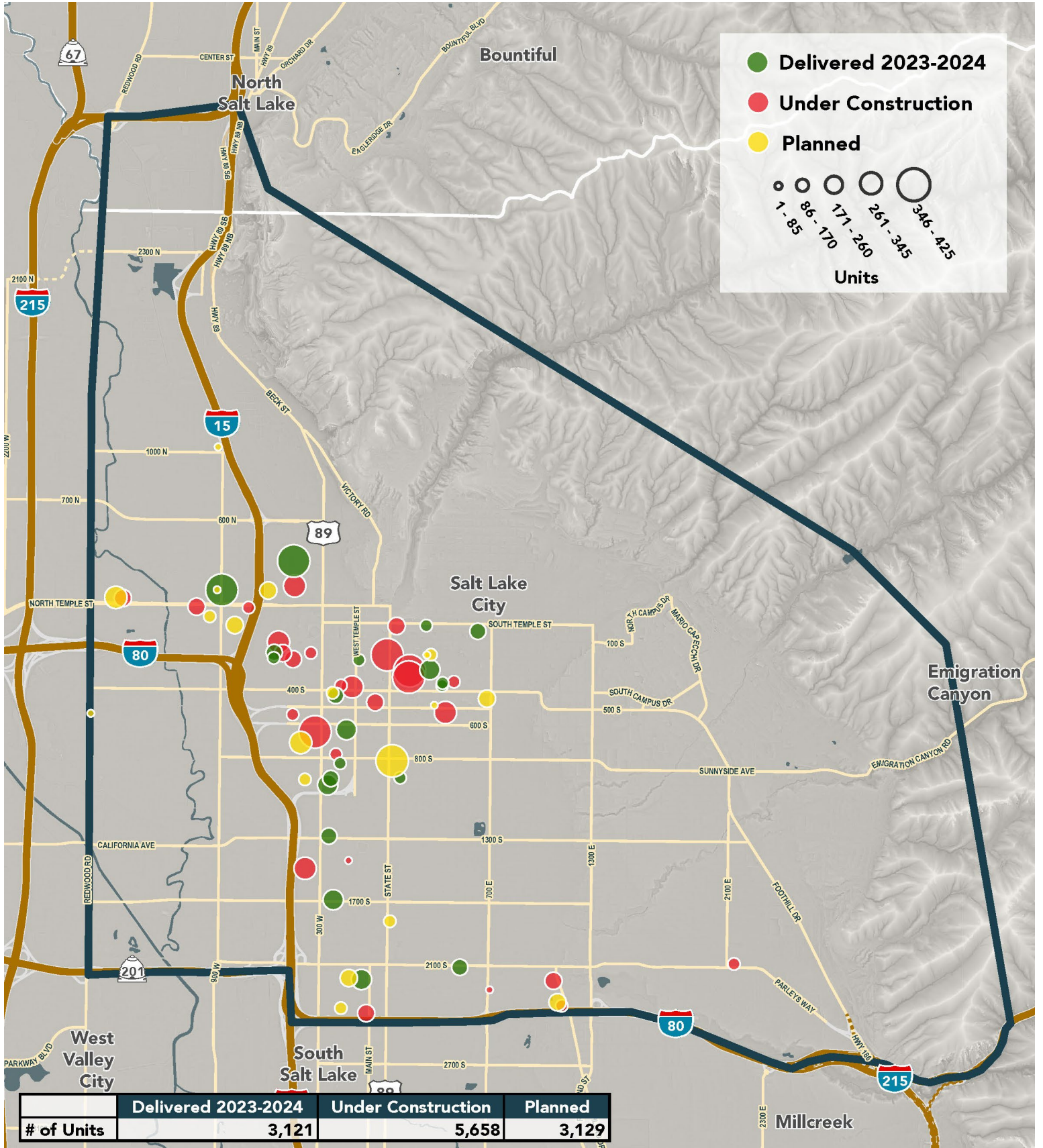


Select Top 2023 Deliveries and Construction Starts

Property/Address	Construction Status	Developer	Units	Delivered/Construction Started
Camber Apartments	Delivered	Endeavor Real Estate Group	422	May 2023
The Hendrey	Under Construction	Roers Companies	348	December 2023
South West Temple Apartments	Under Construction	The Domain Companies	340	January 2023
Salt Lake Crossing	Under Construction	SALT Development	300	March 2023
Cottonwood on Broadway	Delivered	Cottonwood Residential	254	June 2023
City Lofts Apartments	Delivered	Wasatch Group	237	January 2023

Sources: MWCRE Research, CoStar

CONSTRUCTION

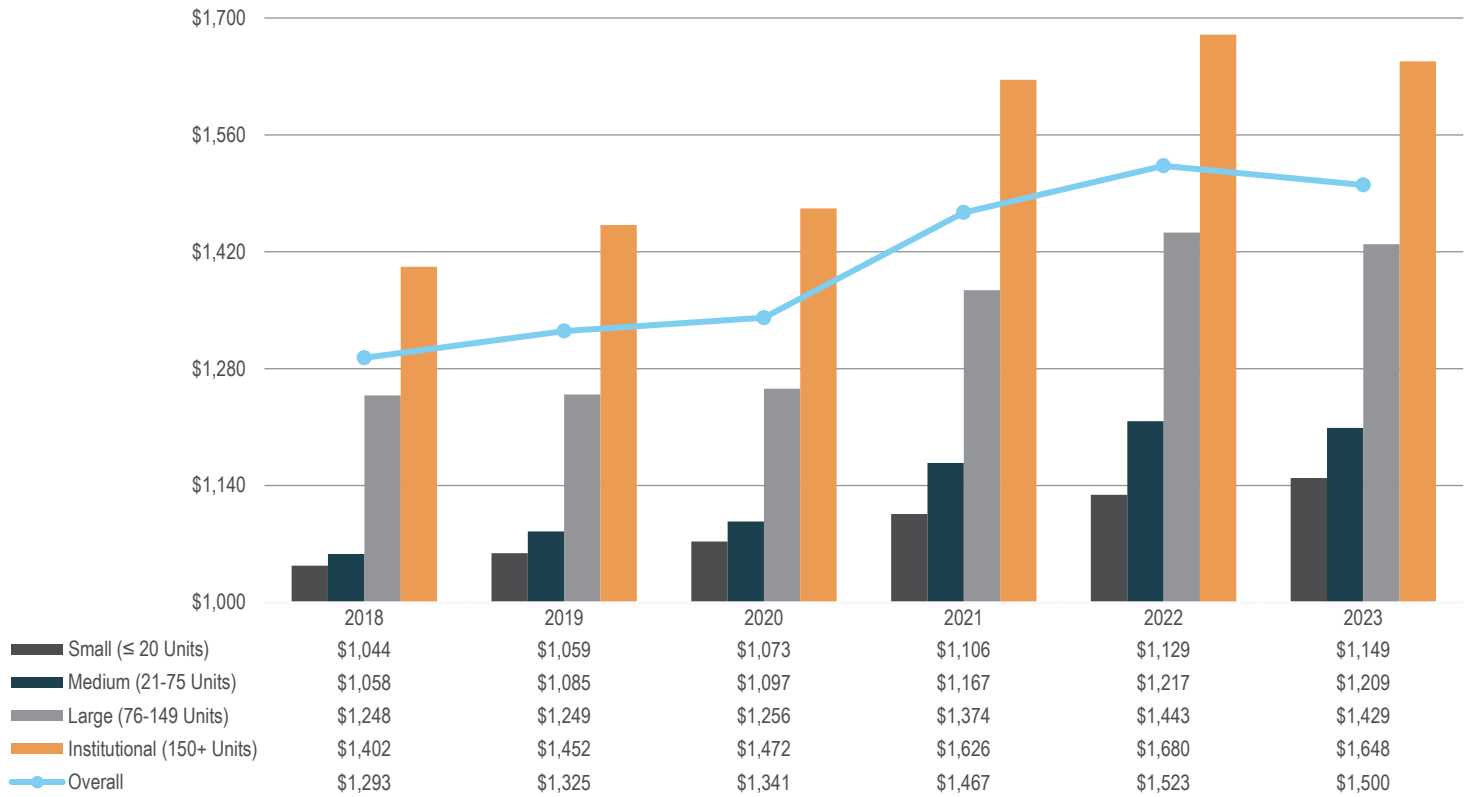


Sources: MWCRE Research, CoStar

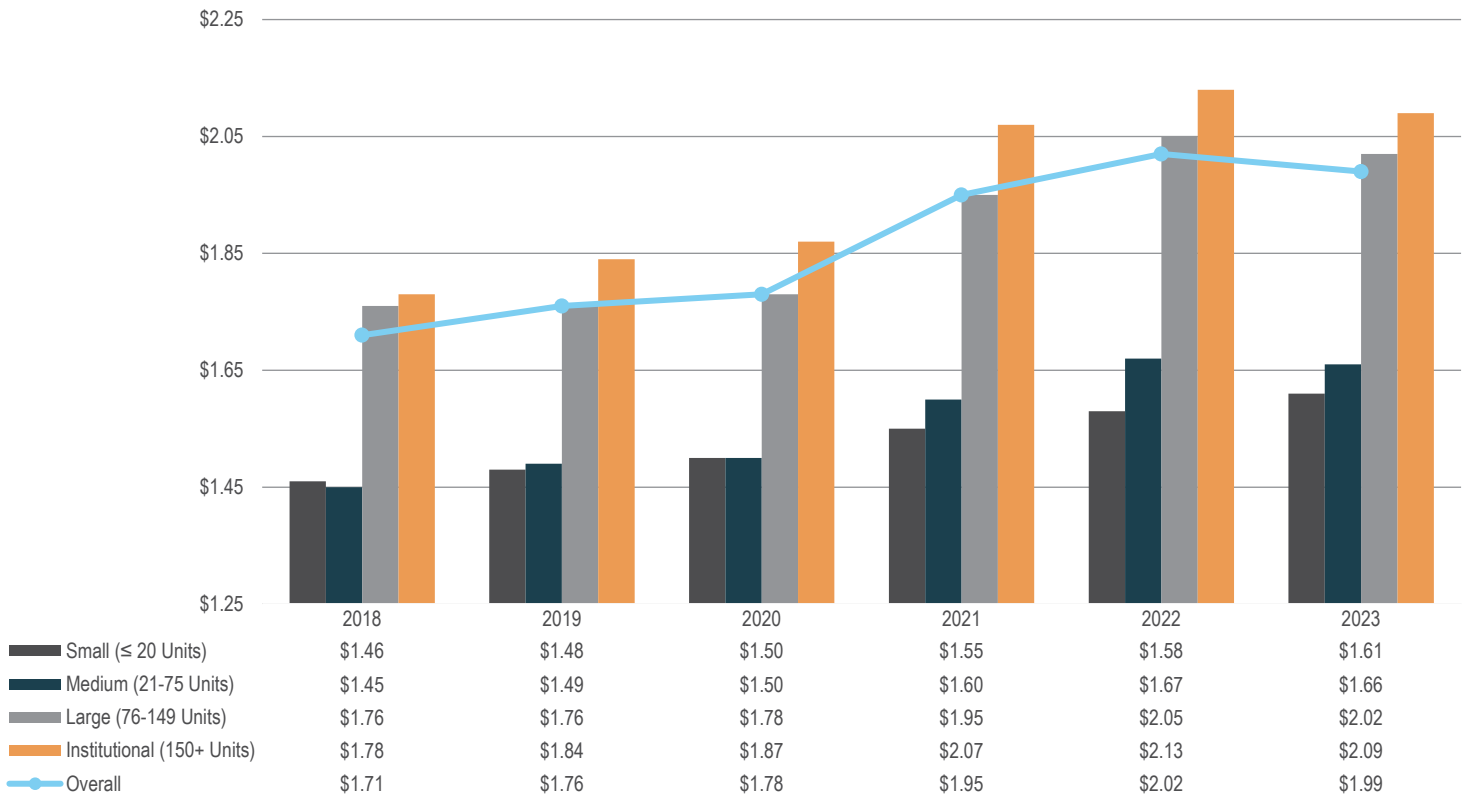


RENTS

EFFECTIVE RENTS PER UNIT BY BUILDING UNIT SIZE



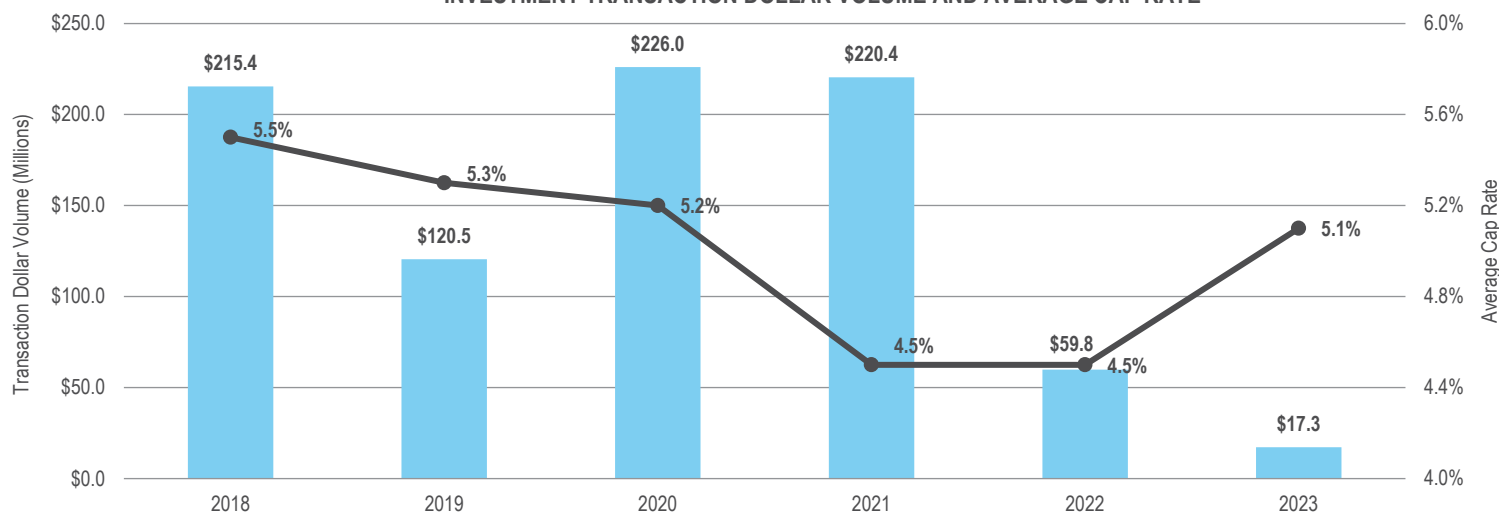
EFFECTIVE RENTS PSF BY BUILDING UNIT SIZE



Sources: MWCRE Research, CoStar

INVESTMENT

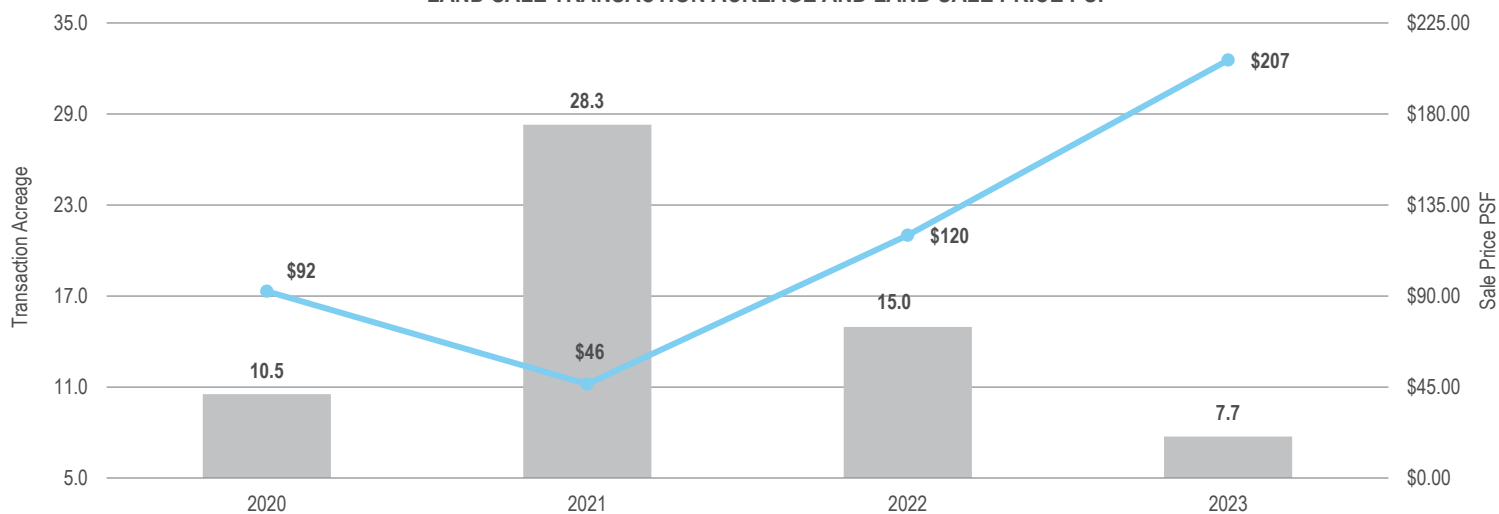
INVESTMENT TRANSACTION DOLLAR VOLUME AND AVERAGE CAP RATE



Select Top 2023 Multifamily Sale Transactions

Property/Address	Buyer	Units	Date Sold
Tortugas Apartments	Preserve Partners	96	March 2023
The Eleanor Rigby	Streamline Capital Group	40	October 2023
The Piccadilly Apartments	Matt G. Oviatt	33	May 2023

LAND SALE TRANSACTION ACREAGE AND LAND SALE PRICE PSF



Select Top 2023 Multifamily Land Sale Transactions

Address	Buyer	Acreage	Date Sold
205 East 200 South	Dart Interests	2.32	November 2023
326 West 700 South	Ground Lease REIT	2.03	July 2023
1095 East 2100 South	Harbor Bay Ventures	1.22	February 2023

Sources: MWCRC Research, CoStar



CMBS DEBT

Salt Lake City Multifamily CMBS Debt by the Numbers

Percent of Properties with CMBS Debt

17.0%

Total Current Balance

\$760.3 Million

Median Year Debt Matures

2031

Percent of Properties with Fixed Interest Rates

94.8%

Average Interest Rate

3.9%

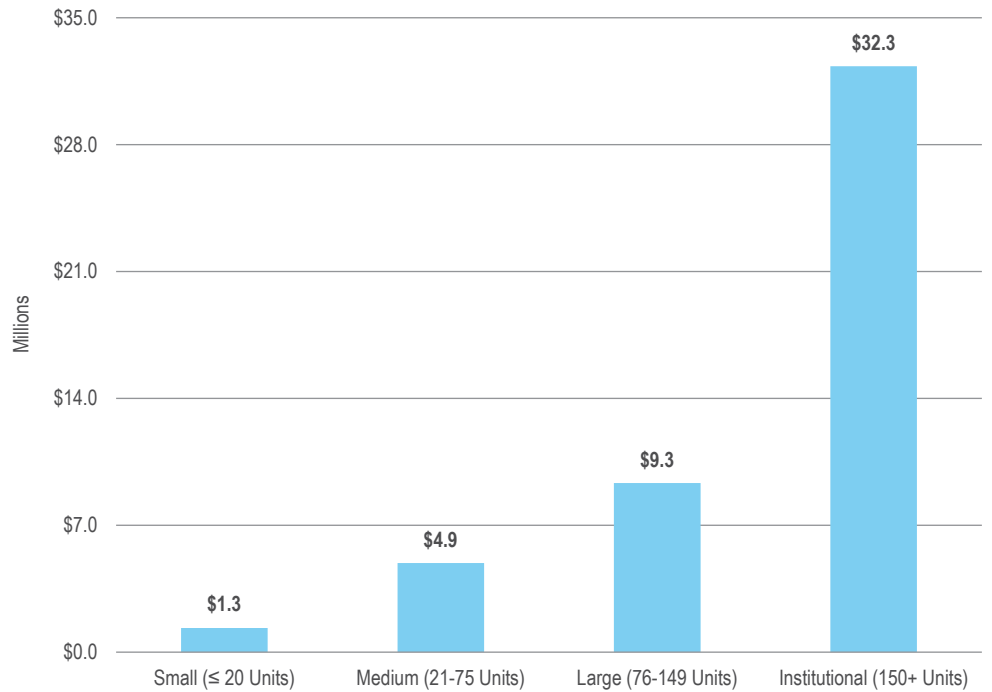
Percent of Performing Loans

100.0%

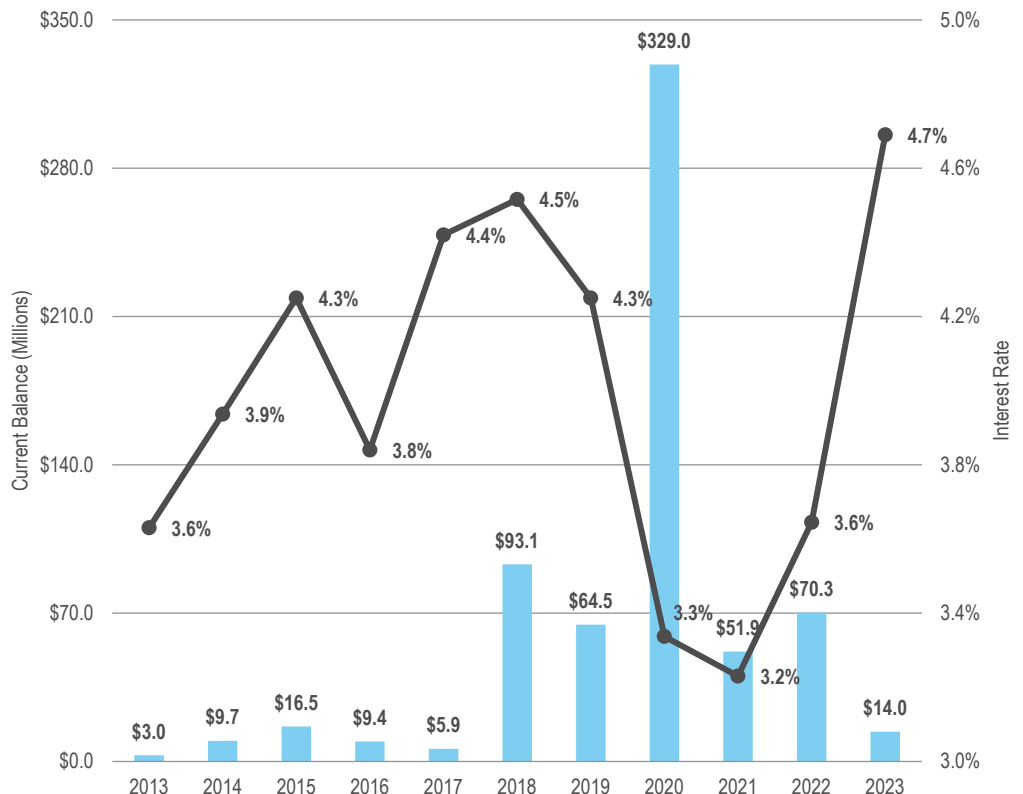
Average Property Size (Units)

105

AVERAGE CURRENT BALANCE BY BUILDING UNIT SIZE

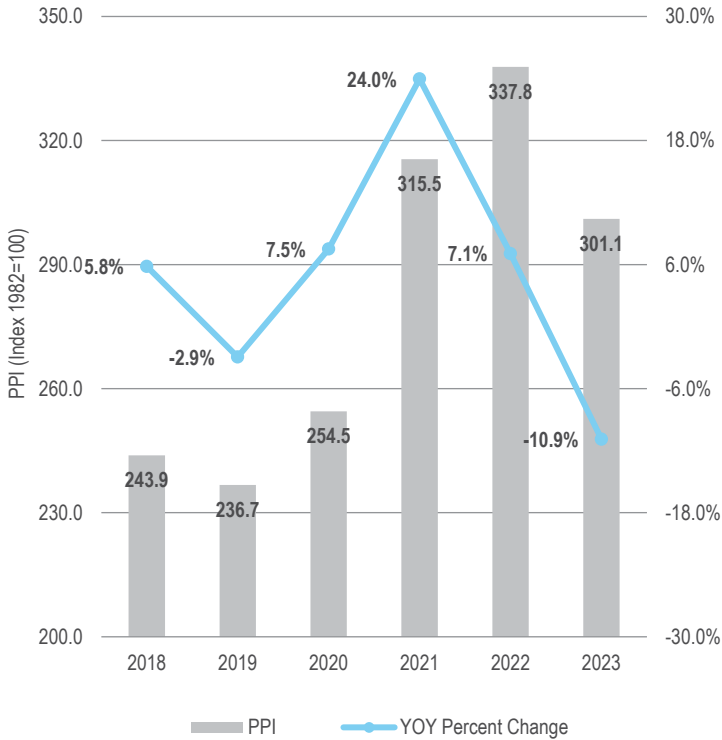


CURRENT BALANCE AND AVERAGE FIXED INTEREST RATE BY ORIGINATION DATE

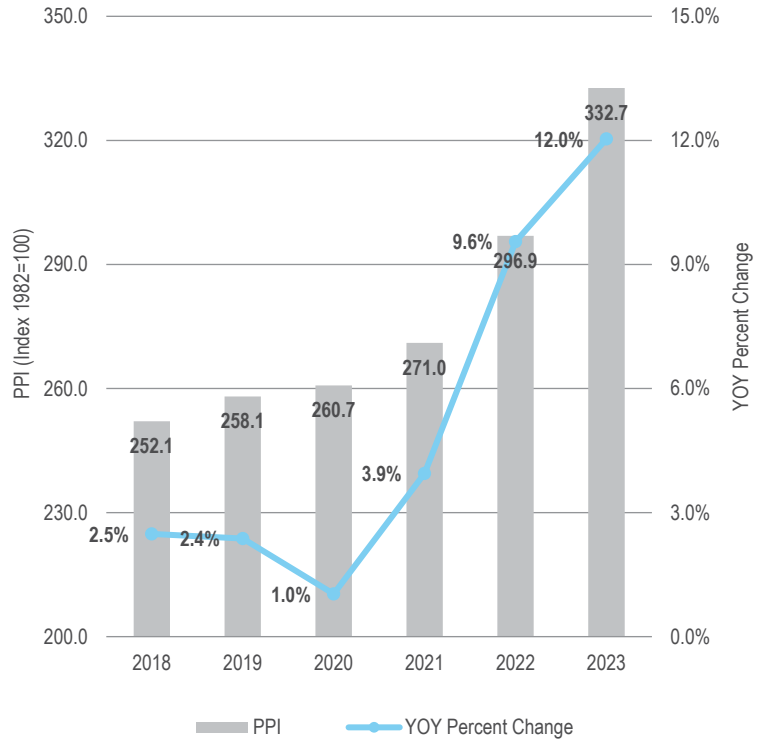


CONSTRUCTION PRODUCER PRICE INDEX

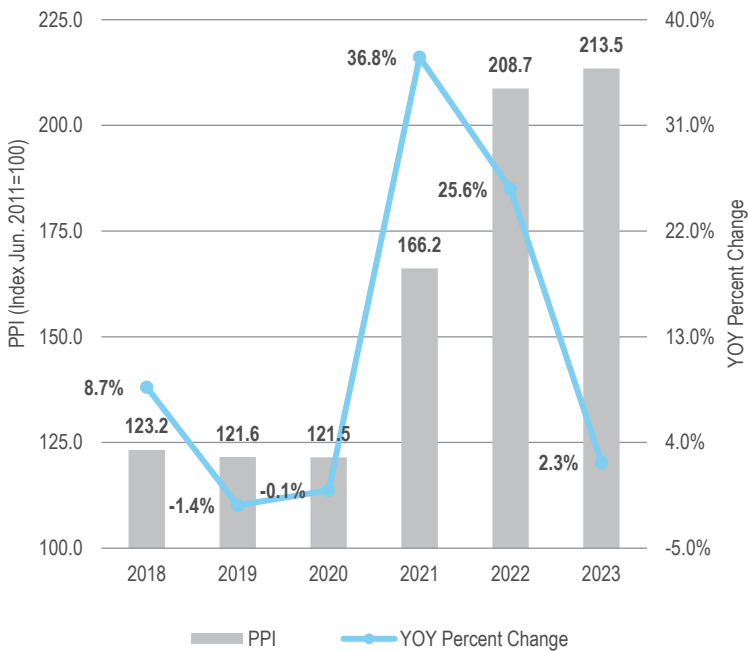
NATIONAL PPI: LUMBER AND WOOD PRODUCTS



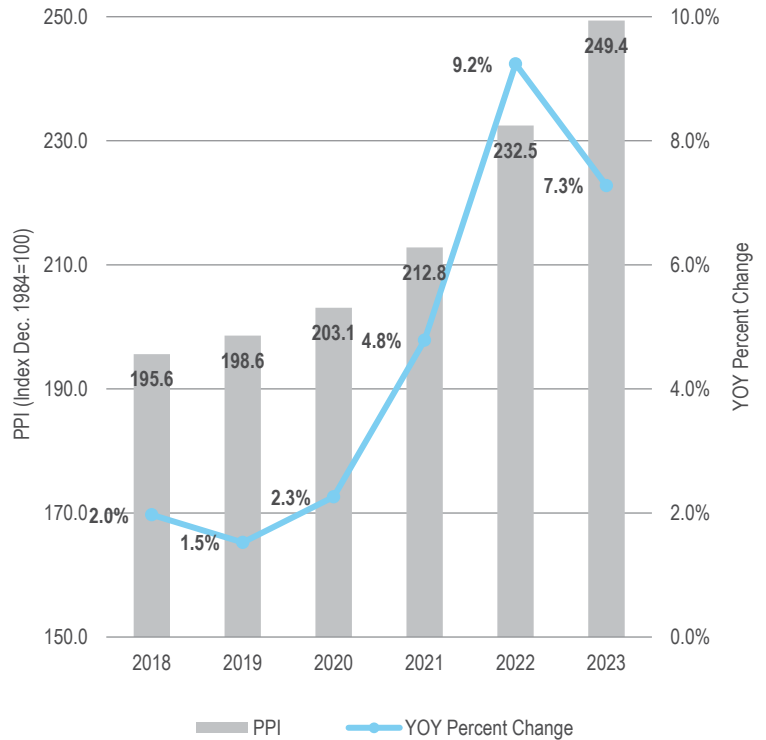
NATIONAL PPI: CEMENT, HYDRAULIC



NATIONAL PPI: FABRICATED STRUCTURAL IRON AND STEEL FOR COMMERCIAL, RESIDENTIAL, INSTITUTIONAL AND PUBLIC BUILDINGS



NATIONAL PPI: BUILDING OR COMMON BRICK



Sources: MWCRC Research, FRED, U.S. BLS

MWCRE LAUNCHES PROPERTY MANAGEMENT PLATFORM

Mountain West Commercial Real Estate's property management division understands the unique challenges and opportunities that come with owning and managing commercial properties in the Mountain West region. Led by Jesse Smith, the new property management platform will offer property owners and investors a comprehensive suite of tools to streamline management, enhance property performance, and make informed decisions.

"Jesse's expertise and vision align perfectly with our commitment to excellence and innovation," said Nick Wood, CEO at MWCRE. "With the introduction of our new property management platform, we're confident that our clients will benefit immensely from the enhanced services."



Product Types

- Retail
- Office
- Industrial



Our Unique Approach

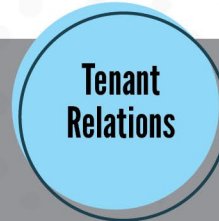
- Review client goals & objectives
- Create short & long term management plan for asset
- Execute plans with efficiency and expertise



Experience

- Team has managed over \$750MM in commercial real estate assets in the Intermountain West
- Experience with large Class A Office, Industrial and Retail projects throughout region

SERVICES



JESSE SMITH

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Jesse Smith is a respected commercial real estate executive who is currently the President of Management Services for Mountain West Commercial Real Estate. In this role, he is responsible for all aspects of the division's growth, operations, and client service delivery. Jesse has worked in office, industrial and retail property management

since 2012. Prior to joining Mountain West, Jesse worked for Hines, Newmark and a boutique firm in Salt Lake City, Utah.

Jesse loves to mountain bike, play pickleball and travel. He has been married to his wife Heidi since 2010 and has 4 active kids.

PROFESSIONAL AFFILIATIONS

Certified Property Manager (CPM) designation – IREM
Certified Commercial Investment Member – CCIM Institute
Licensed Real Estate Broker in Utah and Wyoming

EDUCATION

Master's of Real Estate Development (MRED) – University of Utah
Bachelor of Science – Facility and Property Management – Brigham Young University



MOUNTAIN WEST
COMMERCIAL REAL ESTATE

Mountain West Commercial Real Estate



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Retail, Land, Investment, Urban,
Office, Multifamily

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